

MITIGATING PERCEIVED EXTERNAL EXPORT BARRIERS FOR SMALL AND
MEDIUM-SIZED ENTERPRISES THAT MANUFACTURE AND SELL "MADE IN
THE USA" CONSUMER APPAREL PRODUCTS IN WASHINGTON STATE

BY


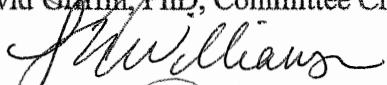

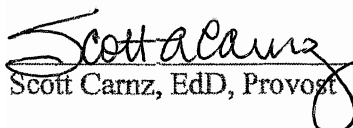
Jordan Lucas Knox

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Approval Signatures:

	2/28/2020
David Griffin, PhD, Committee Chair	Date
	3/2/2020
Laura Williamson, EdD, Committee Member	Date
	2/24/2020
John Elmer, DBA, Committee Member	Date
	3/2/2020
Scott Carnz, EdD, Provost	Date

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ABSTRACT

The rapid decline of the U.S. apparel industry has not gone unnoticed by U.S. politicians and decision-makers, yet the vertical disintegration of apparel manufacturing is still commonplace in America. Robock (1993) and Rowan (2014) contend that the revitalization of the domestic apparel manufacturing industry depends upon the export of “Made in the USA” consumer apparel products to other industrialized nations. The perceptions of external barriers among employees of Washington State small and medium-sized enterprises (SMEs) that manufacture and sell “Made in the USA” consumer apparel products were examined in this study to shed light on the factors inhibiting internationalization and preventing firms from exporting at higher levels. A case study research design and stratified purposeful criterion sampling approach were utilized to collect qualitative data using semi-structured interview questions and document analysis. Cross-case analysis and inductive coding were utilized to identify key themes and reveal lessons learned for Washington State SMEs that manufacture and sell “Made in the USA” consumer apparel products. Hybrid exporters have the greatest degree of flexibility when it comes to internationalization, enabling them to get closer to customers in all locations, instead of just those in nearby areas. The external barriers that seem to affect hybrid exporters relate to taxes and customs delays, but qualitative data from this dissertation indicate that using export promotion programs might be a model for mitigating these obstacles. Utilizing the international entrepreneurship approach with the addition of direct-to-consumer export options could also increase internationalization

among firms considering exporting to Canada and those using indirect internationalization strategies. Additionally, despite the inclusion of document analysis and the introduction of the cross-case analysis table, more complete data from the semi-structured interviews may result in different lessons learned and key themes, particularly concerning indirect exporting or exports through wholesale agreements with other stores. Finally, researchers should replicate this study in different geographic locations, particularly the mid-west and the northeastern U.S., which border Canada and have a significant amount of apparel manufacturing activity, to determine if and how the findings differ.

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I would like to dedicate my dissertation to my parents Ronald Joseph Knox and Venerria Lucas Thomas who taught me that a person's true character is determined by how they choose to respond to life's challenges.

CHAPTER 1: INTRODUCTION TO THE STUDY

The United States is home to one of the largest apparel markets in the world, with expenditures equaling approximately 250 billion dollars annually and representing about 21% of the 1.2 trillion-dollar global fashion industry (Maloney, 2015). Since the consumption of apparel is increasing in America, the United States government has attempted to meet consumer demand by maintaining a viable level of domestic production while becoming the most significant single importer of textiles and apparel in the world (Rees & Hathcote, 2004). Additionally, the vertical disintegration and offshoring of apparel manufacturing to a global network of independent subcontractors is mostly a result of low labor costs and international trade deals, which cut tariffs on imported goods and create incentives for countries exporting apparel to the United States (Perry & Towers, 2013).

While the substantial reduction of apparel manufacturing in the U.S. has led to a surge in fast fashion or inexpensive apparel produced quickly in developing countries in response to the latest trends, evolving consumer purchasing behavior has resulted in customers buying fewer and longer-lasting garments, indicating that significant changes are underway in the U.S. apparel industry (Stein, 2019). Three common arguments in support of fast fashion are examined in Appendix A.

As a corporate strategy, offshoring the production of apparel has had a devastating impact on U.S. apparel manufacturing employment, which has declined more than 80% over the last two decades (U.S. Bureau of Labor and Statistics, 2012; U.S.

Bureau of Labor and Statistics, 2019). The apparel, leather, and allied manufacturing industries are expected to continue losing jobs at a rate of 5.9 percent until 2024 (U.S. Bureau of Labor and Statistics, 2015). The rapid decline of this labor-intensive industry has to do with import competition, consolidation of firms, the shift to overseas production, and automation (U.S. Bureau of Labor and Statistics, 2015). While offshoring has cost the U.S. a large number of apparel production positions, automation, and the increased productivity of textile mills have also resulted in fewer apparel manufacturing jobs (Mercer, 2014).

Hicks and Deveraj (2015) estimate that increases in automation and productivity were responsible for 58.5% of apparel job losses from 2000-2010, while trade accounted for 44.6% of apparel job losses during the same period. It is difficult to know exactly how much automation or offshoring has led to the decline of the textiles and apparel industry in America throughout its existence, as the production of textiles and apparel is one of the oldest types of manufacturing in the nation. The vertical disintegration of U.S. apparel manufacturing has resulted in perceived external barriers among employees of Washington State small and medium-sized enterprises (SMEs) that manufacture and sell “Made in the USA” consumer apparel products.

The examination of employees’ perceptions of external barriers sheds light on the factors inhibiting internationalization and preventing firms from exporting at higher levels. A case study research design and stratified purposeful criterion sampling approach were used to collect qualitative data using semi-structured interview questions and

document analysis. Cross-case analysis and coding were utilized to identify key themes and reveal lessons learned for Washington State SMEs that manufacture and sell “Made in the USA” consumer apparel products. The identification of best practices will lead to higher levels of internationalization among hybrid, indirect, and direct exporters. Actionable insights regarding hybrid, indirect, direct and potential exporters that manufacture and sell “Made in the USA” consumer apparel products in Washington State include the realization that there are stages to exporting, and any program or policy intended to ensure higher levels of internationalization must be contextualized to the realities of the individual firm.

Study Background/Foundation

An overview of the current state of the domestic apparel manufacturing industry is provided in Chapter 1, with a full review of the literature in Chapter 2. The current state of the field in which the problem exists, a historical background, and deficiencies in the evidence are covered in Chapter 1.

Current State

Several factors have created the current state of the field, including importing and the Trade Adjustment and Assistance (TAA) Program, Federal Prison Industries, and government competition to the domestic apparel industry and international labor standards in the apparel and textiles industry. A detailed explanation of each factor will be discussed in Chapter 2. A brief description of each factor is below.

The effects of offshoring textiles and apparel manufacturing have not gone unnoticed by politicians and decision-makers, who introduced the Trade Adjustment and Assistance (TAA) program as part of the Trade Expansion Act in 1962 (Lu, 2016). The TAA was intended to help displaced workers whose jobs were lost due to trade liberalization secure employment and training in new, in-demand fields (Lu, 2016). Accounts of workers who lost their jobs due to the proliferation of imported apparel tell a very different story regarding the success of the TAA program (Minchin, 2013). Many displaced textile mill workers experienced difficulty completing the TAA training and took significant pay cuts in their new positions (Minchin, 2013). Furthermore, the low wages earned by workers who completed the TAA program meant they were more likely to shop at low-cost stores that relied on imports, rather than upscale retailers that utilized domestic manufacturing (Minchin, 2013).

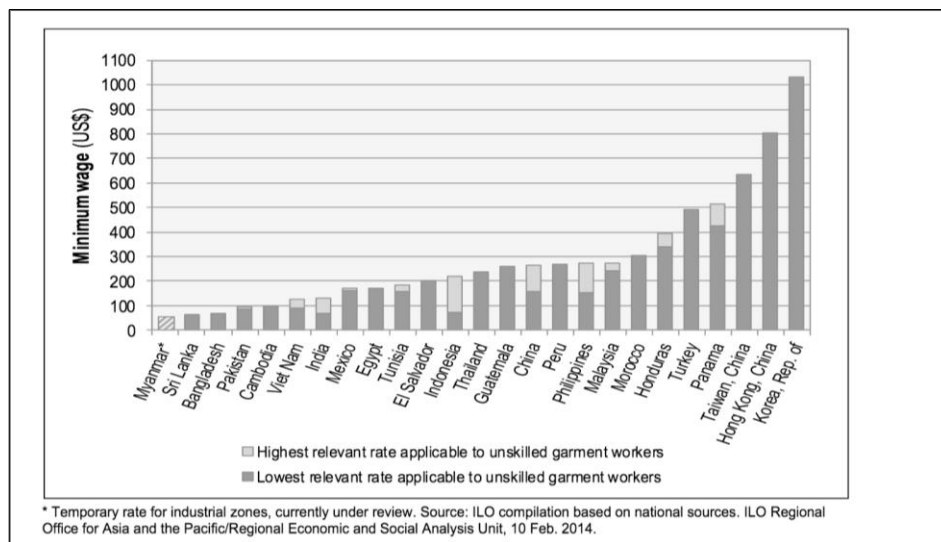
In addition to competition from developing country suppliers, the U.S. has struggled to protect the domestic apparel industry from Federal Prison Industries (FPI). FPI is a government-owned collective of national prison factories that competes as an SME due to federal acquisition regulations, even though it employs more than 12,000 inmates, some of which are paid as little as 23 cents per hour. According to the American Apparel and Footwear Association (2016), 46 percent of FPI inmates are dedicated to clothing and textile production, accounting for 59 percent of FPI's annual earnings, which are estimated to be over \$500 million, roughly 45 times the total value of shipments and receipts (\$11 million) for U.S. apparel manufacturers with a North

American Industry Classification System (NAICS) code of 315 (excluding accessories and footwear manufacturers) in the 2016 Annual Survey of Manufacturers (U.S. Census Bureau, 2019). While there are not currently any active FPI factories in Washington State, Oregon, Idaho, or Montana, there are several in California and across the East Coast, South, and Midwest (UNICOR, 2019).

Finally, while the International Labor Organization has worked towards the adoption of labor standards that assist governments in establishing legislation to regulate wages and hours, the labor costs associated with producing apparel in developing nations are still much lower than those linked with United States apparel production (International Labor Organization, 2014; International Labor Organization, 2019). Many of the top country apparel and textile suppliers in the world, such as Bangladesh, Vietnam, India, Pakistan, Cambodia, and Sri Lanka, have some of the lowest minimum wages in the industry (International Labor Organization, 2014; International Labor Organization, 2019). Myanmar clothing workers were paid the lowest minimum wage in the industry, under 100 dollars a month, whereas the lowest minimum wage for U.S. apparel workers was 1,256.67 dollars monthly (International Labor Organization, 2014; U.C. Davis, 2019). Figure 1 provides an overview of some of the minimum monthly wages in the clothing industry in 2014 in selected countries.

Figure 1

Overview of the Minimum Monthly Wages in the Clothing Industry in 2014, in Selected Countries



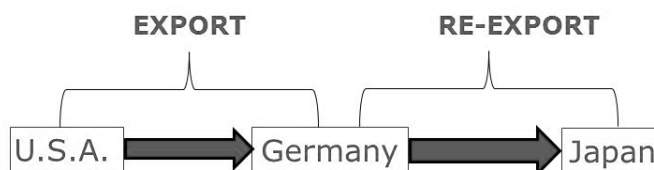
(International Labor Organization, 2014)

Meanwhile, in North America, monthly apparel wages in Mexico during 2014 were at \$180, just above those in India, Vietnam, Cambodia, Pakistan, Sri Lanka, and Myanmar (International Labor Organization, 2014). Substandard wages in Mexico, which participated in the North American Free Trade Agreement (NAFTA), resulted in concerns that multinational apparel companies would use cheap labor south of the U.S. border to get around the employment and environmental standards associated with apparel production in Canada and the United States. With the election of U.S. President Donald Trump, the NAFTA was renegotiated. The United States, Mexico, and Canada Agreement (USMCA) which will replace NAFTA has been ratified by the necessary U.S. legislative bodies necessary to become law and is part of the Trump Administration's

strategy to level the playing field concerning international trade (Rogers, 2018). One of the reasons why the USMCA's predecessor, the North American Free Trade Agreement (NAFTA), was viewed by many in the Trump Administration as unfair is related to Mexico and the phenomenon of re-exports. Figure 2 provides a visual example of a re-export.

Figure 2

Re-Export Example



(International Aerospace Quality Group, 2010)

Re-exports are exports of foreign goods in the same state as previously imported that are included in another country's export total (United Nations, 2016). U.S. Statistics count exports flowing into NAFTA countries, which move through U.S. customs as U.S. exports, even if that is not their ultimate destination or where they were manufactured. Mexico and Canada use similar statistical models to record re-exports (U.S. Trade Representative, 2018).

Re-exports are important in this regard because they must be subtracted from the total amount of exports leaving the United States to determine what percentage of goods

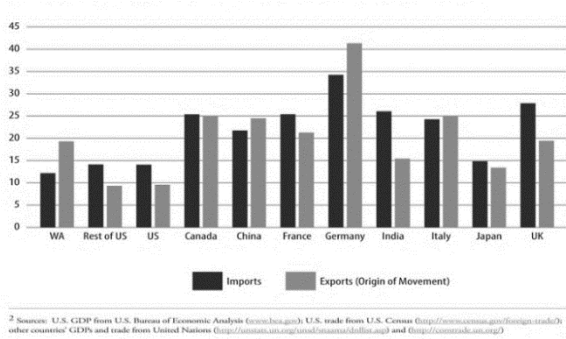
are actually "Made in the USA." Re-exports play a significant role in the argument that U.S. President Donald Trump and others have advanced, which faults U.S. and Canadian multinational corporations for using NAFTA to take advantage of low labor costs and relaxed environmental standards at factories along the Mexican border known as Maquiladoras and then shipping them back to the U.S. and Canada where we treat them in the same way as goods that were manufactured within our borders (Jan, 2017).

Historical Background

Washington State has a rich history when it comes to textiles and apparel, particularly in the outdoor gear and sportswear segments. Nordstrom, Amazon, Eddie Bauer, REI, Zumiez, Tommy Bahama, Zu-Lily, Cutter and Buck, Outdoor Research, Brooks Sports, Union Bay, ExOfficio, SanMar, and Costco are among the Washington State companies that have grown into international brands (Mefford, 2010). There are also many Washington State apparel SMEs that have kept production in Washington State, contributing to Washington's economy and making it comparable to the countries of Italy, Germany, and China, which have also benefitted from a surplus in exports (Davidson, Storer & Trautman, 2015). Figure 3 shows imports and exports as a percentage of GDP in 2012.

Figure 3

Imports and Exports as a Percentage of GDP



(Davidson, Storer & Trautman, 2015)

Washington State small and medium-sized enterprises that manufacture and sell "Made in the USA" consumer apparel products are especially dependent upon Canadian markets for consumption of their goods (Knox, 2018). More than 80 percent of U.S. apparel companies are SMEs, and Washington State is no exception (Letizia, 2013). While Washington State apparel was not one of the top twenty-five export categories when examining goods shipped to Canada, "Made in the USA" apparel shipments amounted to approximately 4.2 million dollars during 2017 (Jones, 2014; Knox, 2018; U.S. Census Bureau, 2016). Figure 4 shows the top 25 exports from Washington State in 2018-dollar value. Figure 5 shows Canadian apparel imports from Washington State by province.

Figure 4

Total U.S. Exports (Origin of Movement) from Washington State

Top 25 6-digit HS Commodities Based on 2018-Dollar Value

Rank	HS Code	Description	2015 Value	2016 Value	2017 Value	2018 Value	2015 % Share	2016 % Share	2017 % Share	2018 % Share	% Change, 2017 - 2018
---	---	Total Washington Exports and % Share of U.S. Total	86,375	79,562	76,351	77,968	5.7	5.5	4.9	4.7	2.1
---	---	Total, Top 25 Commodities and % Share of State Total	66,817	62,298	58,000	59,910	77.4	78.3	76.0	76.8	3.3
1	880000	CIVILIAN AIRCRAFT, ENGINES, AND PARTS	51,149	46,465	41,575	41,751	59.2	58.4	54.5	53.5	0.4
2	100590	CORN (MAIZE), OTHER THAN SEED CORN	1,418	2,103	1,880	3,714	1.6	2.6	2.5	4.8	97.5
3	120190	SOYBEANS, NESOI	3,775	4,048	3,788	2,389	4.4	5.1	5.0	3.1	-36.9
4	100199	WHEAT AND MESLIN, NESOI	1,838	1,631	2,135	2,057	2.1	2.0	2.8	2.6	-3.6
5	271019	PETROL OIL BITUM MINERA	1,529	1,237	938	1,451	1.8	1.6	1.2	1.9	54.7
6	901812	ULTRASONIC SCANNING APPARATUS	703	697	731	871	0.8	0.9	1.0	1.1	19.2
7	200410	POTATOES, PREPARED ETC., NO VINEGAR ETC., FROZEN	721	782	753	797	0.8	1.0	1.0	1.0	5.8
8	080810	APPLES, FRESH	797	718	723	761	0.9	0.9	0.9	1.0	5.4
9	120810	FLOURS AND MEALS OF SOYBEANS	548	466	503	705	0.6	0.6	0.7	0.9	40.1
10	271012	LT OILS, PREPS GT=70% PETRO	474	560	596	646	0.5	0.7	0.8	0.8	8.3
11	440320	CONIFEROUS WOOD IN THE ROUGH, NOT TREATED	681	693	760	526	0.8	0.9	1.0	0.7	-30.7
12	121490	FORAGE PRODUCTS NESOI (HA	471	422	465	485	0.5	0.5	0.6	0.6	4.2
13	720449	FERROUS WASTE & SCRAP NESOI	222	187	327	473	0.3	0.2	0.4	0.6	44.9
14	851762	MACH FOR RECP/CONVR/TRANS/R	239	186	267	392	0.3	0.2	0.3	0.5	47.2
15	080929	CHERRIES, FRESH, NESOI	274	304	359	350	0.3	0.4	0.5	0.4	-2.4
16	271312	PETROLEUM COKE, CALCINED	249	191	225	303	0.3	0.2	0.3	0.4	34.8
17	681510	NONELECTRICAL ARTICLES OF GRAPHITE OR CARBON NESOI	262	217	233	280	0.3	0.3	0.3	0.4	20.0
18	950450	VIDEO GAME CONSOLES & MACH, EXC OF SUBHEAD 9504.30	109	92	259	273	0.1	0.1	0.3	0.3	5.1
19	381800	CHEM ELEM DOPED, USED IN ELECT	145	147	204	262	0.2	0.2	0.3	0.3	28.4
20	271112	PROPANE, LIQUEFIED	105	180	224	260	0.1	0.2	0.3	0.3	16.0
21	853710	CONTROLS ETC W ELECT APPR	214	219	249	252	0.2	0.3	0.3	0.3	1.2
22	842720	SELF-PROPELLED WORKS TRUCKS AND FORKLIFTS, NESOI	270	201	223	248	0.3	0.3	0.3	0.3	11.1
23	271113	BUTANES, LIQUEFIED	204	115	165	229	0.2	0.1	0.2	0.3	38.9
24	854231	PROCESSORS AND CONTROLLERS, ELECTRONIC INTEG CIRCT	214	215	230	224	0.2	0.3	0.3	0.3	-2.4
25	901890	INSTR & APPL F MEDICAL SURGICAL DENTAL VET, NESOI	206	221	188	211	0.2	0.3	0.2	0.3	12.1

(Z) indicates a percent change greater than 500.

(U.S. Census Bureau, 2018)

Figure 5

Canadian Apparel Imports from Washington State by Province

Title	Canadian imports		
Industries	Naics 315 - clothing manufacturing		
Origin	Washington		
Destination	Distribution by province		
Period	Year to date - current year vs. previous year		
Units	Value in U.S. dollars		
	Jan-Dec 2016	Jan-Dec 2017	% Change 2017/2016
Ontario	\$ 1,413,333.00	\$ 2,013,664.00	42.5
British Columbia	\$ 1,436,229.00	\$ 1,906,297.00	32.7
Quebec	\$ 52,452.00	\$ 156,036.00	197.5
Manitoba	\$ 9,564.00	\$ 72,684.00	660.0
Alberta	\$ 73,564.00	\$ 40,462.00	-45.0
New Brunswick	\$ 2,526.00	\$ 2,483.00	-1.7
Saskatchewan	\$ 4,407.00		
Nunavut			
Northwest Territories			
Yukon Territory			
Newfoundland and Labrador			
Nova Scotia			
Prince Edward Island			
Sub-total	\$ 2,992,075.00	\$ 4,191,626.00	40.1
Others	\$ 9,410,583,561.00	\$ 9,928,290,445.00	5.5
Total All Countries	\$ 9,413,575,636.00	\$ 9,932,482,071.00	5.5

Source: Trade Data Online (accessed: February 27, 2018)

(Government of Canada, 2018)

One explanation for the low total number of apparel exports from Washington State to Canada is that since virtually no regulatory barriers are preventing the export of "Made in the USA" products to Canada, Washington State's apparel SMEs face other external barriers, such as an economic environment, which supports importing and the TAA. Additionally, public sector interference with the private sector apparel manufacturing industry, competition with low wage developing country apparel suppliers, and trade deals have inhibited internationalization and prevented firms from exporting at higher levels (International Labor Organization, 2014; Minchin, 2013; Wharton, 2014; Public Citizen, 2015; Knox, 2019). The academic literature on country-

of-origin preferences of Canadian consumers reinforces the idea that U.S. apparel products are seen as desirable and high quality in Canada, since U.S. apparel is produced in a nation that is economically developed and politically free (Ha-Brookshire & Yoon, 2012).

Deficiencies in the Evidence

While there are many studies regarding external barriers to exporting in the United States, researchers have not examined employees' perceptions of external barriers affecting SMEs in Washington State's apparel industry. It is necessary to study SMEs and not just apparel businesses in Washington State which export "Made in the USA" consumer products because more than 80 percent of U.S. apparel companies are SMEs and States that are highly dependent on international trade, such as Hawaii, produce almost 90% of their apparel exports through SMEs (Bahng, Yang, & Reilly, 2016; Letizia, 2013).

Since United States textile producers shipped over eleven billion dollars in products to Canada and Mexico during 2016, the renegotiation of NAFTA could hit the apparel industry particularly hard, as the international trade deal is a vital component of the global supply chain for apparel companies in America (Aguirre, 2017). In conclusion, no researchers have examined Washington State's small and medium-sized apparel enterprises (SMEs) employees' perceptions of external barriers. Exploring the external barriers employees perceive is particularly important because apparel and textile

businesses depend upon strict compliance with and enforcement of international trade agreements to counter imports from developing countries (Irwin, 2017).

General Business Administration Problem

Restoring the prominence of the U.S. apparel manufacturing industry is a problem of high importance to the American public for social, economic, and environmental reasons; however, few developed nations (e.g., Italy) have prioritized exporting domestically produced consumer apparel products to other industrialized countries (Robock, 1993; Rowan, 2014; Muret, 2017).

Specific Business Administration Problem Statement

The primary focus of this study is to assist Washington State manufacturers of apparel goods that sell "Made in the USA" consumer products, in determining to what extent they are affected by external barriers, such as an economic environment, which supports importing and the TAA. Additionally, public sector interference with the private sector apparel and textile manufacturing industry, competition with low wage developing country apparel suppliers, and trade deals such as the NAFTA have exacerbated these problems (International Labor Organization, 2014; Minchin, 2013; Wharton, 2014; Public Citizen, 2015; Knox, 2019). The results of this study shed light on the factors inhibiting internationalization and preventing firms from exporting at higher levels, revealing key themes and lessons learned for Washington State small and medium-sized enterprises (SMEs) that manufacture and sell "Made in the USA" consumer apparel products.

Purpose of the Study

The purpose of this qualitative study is to understand information about the perceived external barriers preventing Washington State SMEs from exporting “Made in the USA” consumer apparel products to Canada. The identification of key themes and lessons learned for Washington State small and medium-sized enterprises (SMEs) that manufacture and sell “Made in the USA” consumer apparel products, ensures hybrid, direct, and indirect exporters have the information necessary to increase internationalization levels.

Methodology Overview

A qualitative methodology and case study research design were employed to understand information about the perceived external barriers preventing Washington State SMEs from exporting “Made in the USA” consumer apparel products to Canada. According to the Qualitative Research Consultants Association (2019), qualitative research can help understand the feelings, values, and perceptions that influence behavior, which is equivalent to examining perceived external barriers to exporting by twelve employees of Washington State apparel SMEs.

A quantitative methodology was not used in this dissertation, as the purpose of using a quantitative methodology is to classify, count, and construct statistical models to explain what is observed (USC Libraries, 2019). While examining research methodologies for this dissertation on perceived external barriers to exporting among Washington State apparel SMEs, it became clear that using a quantitative approach

would not understand the qualitative data necessary to shed light on perceived external export barriers among employees of Washington State small and medium-sized enterprises (SMEs). A quantitative methodology could be used to measure the effects perceived external export barriers have on internationalization, but it would not provide the kind of descriptive data necessary to identify them as the cause of the problem. Establishing a causal relationship between perceived export barriers and lower levels of internationalization would be problematic for the same reason when conducting a mixed-methods study.

Yin (2018) recommends utilizing a case study research method when your primary research questions begin with how, why, or (a descriptive) what; you have little or no control over behavioral events; and the focus of your study is a contemporary phenomenon or case. A case study design was utilized to conduct the research outlined in this dissertation, due to the how and (descriptive) what research questions. Additional evidence supporting the proposed case study research design is that behavioral events cannot be manipulated like an experiment, meaning all cases are treated the same from a research standpoint. A case study is much different from an experiment where the researcher may have a control group that is examined separately from the rest of the sample.

Semi-structured interviews were used to examine the differences between direct (exports directly to customers overseas), indirect (exports through wholesale agreements with other stores), hybrid (exports directly to customers overseas and through wholesale

agreements with other stores), and a group of potential exporters. The analysis of Washington State apparel SME export data show how much exporting to Canada each company is doing, and what strategies they might use to mitigate perceived external barriers and increase their level of internationalization. Data were analyzed using cross-case analysis and inductive coding (Khan & VanWynsberghe, 2008).

Research Questions

1. What are the perceived external barriers for Washington State small and medium-sized enterprises seeking to export “Made in the USA” consumer apparel products to Canada?
2. How do the perceived external barriers inhibit internationalization among Washington State small and medium-sized enterprises that sell and manufacture “Made in the USA” consumer apparel products?
3. What is required to mitigate the perceived external barriers that inhibit internationalization among Washington State small and medium-sized enterprises that sell and manufacture “Made in the USA” consumer apparel products?

Limitations

Examining perceived external export barriers for apparel SMEs in Washington State may result in the identification and subsequent mitigation of obstacles preventing trade with Canada. However, it would not adequately address pending regulatory issues or substantiate international demand for U.S. apparel products. In terms of transferability, the results of this study may only be generalizable to other U.S. states that have a sizeable

apparel industry and border a Canadian province, as fluctuations in exchange rates between Canada and the U.S. are known to impact Canadian consumption of U.S. apparel products (Campbell & Lapham, 2004). The results of a similar study examining the perceived external barriers preventing SMEs from exporting Canadian apparel products to U.S. border states may also result in different conclusions.

Delimitations

Context will be provided when discussing the findings and conclusions to demonstrate the complexities particular to Washington State apparel SMEs and understand information about the perceived external barriers preventing Washington State SMEs from exporting “Made in the USA” consumer apparel products to Canada. While the lessons learned and key themes associated with increasing internationalization levels of “Made in the USA” consumer apparel products to Canada will be identified in this dissertation, universal conclusions that apply to all exporters should not be expected (Stanford University, 2019). In this case study, methodological triangulation, or the collection of more than one type of evidence, will ensure a greater level of confidence that the interpretations of the data analyzed were legitimate (Yin, 2018).

Summary

According to Robock (1993) and Rowan (2014), one of the most effective ways to revitalize the U.S. apparel manufacturing industry is to export “Made in the USA” products to other industrialized countries. Although Washington State borders Canada and exported 81.9 billion dollars of “Made in the USA” products during 2014, apparel

was not one of the top twenty-five export categories (U.S. Census Bureau, 2018). One explanation for the continuing vertical disintegration of the United States apparel manufacturing industry, since virtually no regulatory barriers are preventing the export of "Made in the USA" products to Canada, is that Washington State apparel SMEs face other external barriers, such as an economic environment, which supports importing and the TAA. Additionally, public sector interference with the private sector apparel and textile manufacturing industry, competition with low wage developing country apparel suppliers, and trade deals such as the NAFTA, have inhibited internationalization and prevented firms from exporting at higher levels (International Labor Organization, 2014; Minchin, 2013; Wharton, 2014; Public Citizen, 2015; Knox, 2019). The academic literature on country-of-origin preferences of Canadian consumers reinforces the idea that U.S. apparel products are seen as desirable and high quality in Canada, since U.S. apparel is produced in a nation that is economically developed and politically free (Ha-Brookshire & Yoon, 2012).

CHAPTER 2: LITERATURE REVIEW

Research on “Made in the USA,” consumer apparel products is examined in Chapter 2. The internal and external barriers that inhibit internationalization, the need for government programs that assist SME exporters, the example of Italy (a country that has mostly been successful in its SME internationalization efforts), and the academic literature regarding SMEs will also be covered in Chapter 2. A summary of Chapter 2 will follow this discussion of key themes.

SMEs

Small and medium-sized enterprises (SMEs) contribute to job creation, income generation, and poverty reduction and are critical to overall economic development and social welfare (Jahan, 2016; Rahman, Akter, Odunukan, & Haque, 2019). One of the indicators of a prosperous and emergent economy is a booming small business sector, the United States has about 30 million SMEs, which account for nearly two-thirds of new private-sector jobs in recent decades (Anwar Ali Shah, Ahmadani, Shaikh, & Shaikh, 2012; United States Trade Representative, 2017). SMEs that export tend to grow even faster, create more jobs, and pay higher wages than similar businesses that do not (United States Trade Representative, 2017).

The role of SMEs is particularly significant in developing countries as industrialized nations have higher costs of capital and labor (Jahan, 2016; Akter et al., 2019). One of the most significant ways for SMEs to solidify their contribution to

economic development and social welfare is to grow, and their primary method of expansion is internationalization (Jahan, 2016).

Carrier's (1999) study on the training and development needs of owners-managers of small businesses with export potential sheds light on the importance of owners-managers' personal attitudes toward exporting and international markets, as they often play a large role in the decision-making process regarding internationalization. Carrier (1999) also noted that increased trade liberalization between Canada and the United States had put pressure in the form of international competition on SMEs in Quebec, and the ability to export is becoming a critical factor in the development and long-term survival of many small and medium-sized firms.

As mentioned in the introduction, SMEs play a particularly large role in the apparel industry where states that are highly dependent on international trade, such as Hawaii, produce almost 90% of their apparel exports through SMEs (Bahng, Yang, & Reilly, 2016). Another example of a state that relies on SME apparel internationalization is North Carolina where SMEs were responsible for 25.1% of exports overall, and textiles exports totaled two billion dollars (United States Trade Representative, 2018). North Carolina's largest international market is Canada with 6.6 billion dollars in products shipped in 2018, representing 20% of the state's total goods exports (United States Trade Representative, 2018).

Internal and External Export Barriers

Typically, SMEs that internationalize face a variety of internal and external barriers, making the process risky and costly (Wilkinson, 2006). The internal barriers discussed in Carrier's (1999) study of 15 businesses, where two-thirds were apparel SME's in Quebec, are lack of foreign contacts, lack of knowledge regarding potentially interesting foreign markets in the firms sector, lack of interest in managing the technical aspects of export payment methods, and lack of time and financial resources. The most cited internal barrier for internationalized SMEs relates to the high cost of the internationalization process. These costs include doing market analysis abroad, purchasing legal consulting services, translating documents, adapting products to foreign markets, and traveling expenses (Jahan, 2016). External barriers include uncontrollable factors such as political climate, unfavorable trade regulations, and exchange rates (Bahng et al., 2016). Both external and internal barriers can hinder the growth and success of SMEs at any stage in the internationalization process (Bahng et al., 2016).

Export Promotion Programs

Internationalization at the firm level is often dependent on a variety of factors and usually involves the development of an emergent plan that evolves as managers of SMEs increase their commitment to international markets (Wilkinson, 2006). The U.S. government sponsors export promotion programs (EPPs) to assist firms with international

market opportunities, and the primary beneficiaries of EPPs at the state level are SMEs (Freixanet, 2012).

Small and medium-sized enterprises receive a variety of services, including trade shows, trade missions, and other programs provided by state-based foreign trade offices (FTOs) (Wilkinson, 2006). A general association has been found between firm performance and the use of EPPs; while these services have been scrutinized, the evaluation of U.S. state-sponsored FTOs has been ignored in the academic literature (Freixanet, 2012). According to Wilkinson (2006), state entrepreneurial climate does enhance the positive association between foreign trade offices and state international exports.

Nevertheless, a review of Albaum's (1983) study indicated that the state governments of Washington, Oregon, and Idaho valued export promotion programs, but companies considered them neither useful nor profitable. Albaum (1983) reported that out of the 86 exporting businesses that provided usable responses to his questionnaire, only one began exporting based on a lead from the federal government. Albaum (1983) suggested the one affirmative response to his questionnaire may stem from the lack of export promotion programs explicitly designed for small and medium-sized businesses in Washington, Oregon, and Idaho. Albaum (1983) found that the perceived lack of utility for EPPs by SMEs was due to little communication between companies seeking to internationalize and government agencies that administered these programs.

Internationalization

There are a variety of theories and approaches that have been used to explain the successful internationalization of SMEs, which include the stage approach, the network approach, and the international entrepreneurship approach (Bose, 2016). The stage approach, which is part of the Uppsala model, focuses on the acquisition, integration, and utilization of knowledge and expertise in international operations to facilitate incremental advancement into international markets (Johanson & Vahlne, 1977).

The Uppsala model was developed based upon observations from Johanson and Vahlne's (1977) study at the University of Uppsala, which demonstrated that Swedish firms often develop their international operations in small steps, rather than by making sizeable foreign production investments at single points in time. Johanson and Vahlne (1977) concluded that typically Swedish companies start exporting overseas through an agent, later establish a sales subsidiary, and, only subsequently, finance production internationally. While the Uppsala model has been criticized for being too simplistic to explain the realities of internationalization, due to its sequential approach and lack of generalizability, the model's theoretical conceptualization and emphasis on learning behavior have resulted in it being used widely (Cho, 2013).

The Uppsala model is particularly relevant to the U.S. apparel industry. In Cho's (2013) study, for example, where 81 U.S. apparel retailers completed a self-administered questionnaire, 93.8% of the respondents were small firms with fewer than 500 employees, and 30 of these firms currently sell their products or services outside the U.S.

market. The first international market for half of the firms in Cho's (2013) study was Canada, and more than half of the firms had attained their first international sales online. The Uppsala model or stage approach is modified in Cho's (2013) study to evaluate the factors that explain whether or not each stage in internationalization is likely to happen quickly or incrementally.

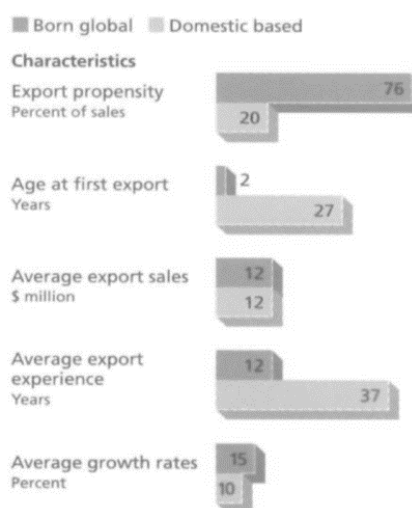
The network theory is similar to the stage theory in that it focuses on gradual internationalization; however, this approach has to do with increasing amounts of financial, technological, and market relationships with other enterprises that cross national borders (Johanson & Mattsson, 1987). Industrial networks are comprised of firms engaged in the production, distribution, and use of goods and services (Johanson & Mattsson, 1987). These networks are dependent upon relationships developed between firms that rely on each other to achieve internationalization success (Johanson & Mattsson, 1987). Johanson and Mattsson (1987) espouse that business transactions among firms take place within established frameworks.

The international entrepreneurship approach represents a significant departure from the rest of the internationalization literature because it primarily focuses on new international operations by recently developed enterprises and is concerned more with rapid internationalization (Rennie, 1993). A joint research project by the Australian Manufacturing Council and McKinsey examining Australia's manufacturing sector demonstrated that some businesses do not incrementally internationalize and instead are considered born global (Rennie, 1993). According to Rennie (1993), born global firms

begin exporting, on average, only two years after they were founded and achieve 76% of their total sales through exports as illustrated in Figure 6, which shows the export propensity (in percent of sales), and age of first export (in years) of born global versus domestic-based firms.

Figure 6

Export Characteristics of Born Global Versus Domestic Based Firms



(Rennie, 1993)

Giovannetti, Marvasi, and Sanfilippo (2015) contended that participation in supply chains also benefits SMEs seeking to internationalize due primarily to reduced cost of entry and economies of scale. Participation in supply chains increases the likelihood SMEs will export (Giovannetti et al., 2015). SME supply chain involvement can be a particularly salient indicator of exportability for downstream suppliers that tend to work more closely with customers and finished products (Giovannetti et al., 2015).

The Italian Apparel Industry

The apparel industry in Italy is an excellent example of a sector that has thrived based largely on exports to industrialized nations of high-quality merchandise manufactured domestically by networked SMEs, as demonstrated in Figure 2 (Tavoletti, 2011). The Uppsala model of internationalization, also known as the stage approach in its revised or network-based form, is perhaps the best reference for describing Italy's apparel exports (Tavoletti, 2011). Italy's apparel sector renders it an outlier in terms of trends in the internationalization literature, which revolve around the delocalization of apparel manufacturing from industrialized countries to developing nations (Truett & Truett, 2013). Italy's apparel and textile industry resilience to the challenge of globalization is extraordinary, considering the significant declines in demand and employment facing Western Europe's apparel and textile industry (Truett & Truett, 2013).

Truett and Truett (2013) also suggest that while quality is essential, it is not feasible to produce all categories of Italian apparel with the level of quality commensurate with what consumers have become accustomed to, particularly when appealing to mass markets. To satisfy demand, Truett and Truett (2013) suggest that production sharing may become increasingly necessary, an argument that has proliferated Italian textile and apparel scholarship. However, Italian apparel and textile producers' emphasis on quality has been intended to satisfy the demands of those who purchase luxury products where supply is necessarily lower than demand and not mass markets as Truett and Truett (2013) espouse.

The importance of innovation in the Italian apparel industry, particularly concerning driving export performance, cannot be overstated (Boermans & Roelfsema, 2016). For countries whose economies are in transition such as Italy, exporting to advanced markets gives rise to organizational learning (research and development), whereas exporting to less developed economies does not (Boermans & Roelfsema, 2016). While Boermans and Roelfsema's (2016) study utilizes a sample from the Netherlands, it contributes to the literature for SMEs, which fits with Italian textile and apparel businesses that are incrementally advancing into international markets through the development of high-quality apparel products.

What makes Italy's positive trade balance so astounding, when it comes to apparel, is that the country is deficient in both natural fibers and raw materials for the production of synthetic fibers. Despite this fact, the overall trend of Italian apparel manufacturing appears to be strikingly different from the general pattern of trade surpluses in textiles, and trade deficits in apparel observed in the rest of the European Union (Guercini, 2004). Bolisani and Scarso (1996) espouse that as a result of the uniqueness of the Italian apparel and textiles industry, no "single theory" can be used to explain all internationalization patterns, and empirical evidence has demonstrated that decision making related to global manufacturing strategy can be extremely differentiated at the national, sector, and firm levels. Models used to describe or manage the internationalization process have to be contextualized to the reality of the single firm (Bolisani & Scarso, 1996).

Summary

Theories regarding the successful internationalization of SMEs include the stage approach, the network approach, and the international entrepreneurship approach (Bose, 2016). Giovannetti, Marvasi, and Sanfilippo (2015) contend that participation in supply chains also benefits SMEs seeking to internationalize due primarily to reduced cost of entry and economies of scale. Typically, SMEs that internationalize face a variety of internal and external barriers making the process risky and costly (Wilkinson, 2006). Both external and internal barriers can hinder the growth and success of SMEs at any stage in the internationalization process (Bahng et al., 2016).

The Italian apparel and textile industry is an excellent example of a sector that has thrived based mostly on exports to industrialized nations of high-quality merchandise manufactured domestically by networked SMEs (Tavoletti, 2011). The Italian apparel and textile industry's resilience to the challenge of globalization is extraordinary, considering the significant declines in demand and employment facing Western Europe's apparel and textile industry (Truett & Truett, 2013). Italy's positive trade balance is particularly incredible, given that the country is deficient in both natural fibers and raw materials for the production of synthetic fibers (Guercini, 2004).

Internationalization at the firm level is often dependent on a variety of factors and usually involves the development of an emergent plan that evolves as managers of SMEs increase their commitment to international markets (Wilkinson, 2006). The U.S. government sponsors export promotion programs (EPPs) to assist firms with international

market opportunities, and the primary beneficiaries of EPPs at the state level are SMEs (Freixanet, 2012).

Small and medium-sized enterprises (SMEs) contribute to job creation, income generation, and poverty reduction and are critical to overall economic development and social welfare (Jahan, 2016). The role of SMEs is particularly significant in developing countries as industrialized nations have higher costs of capital and labor (Jahan, 2016). One of the most significant ways for SMEs to solidify their contribution to economic development and social welfare is to grow, and their primary method of expansion is internationalization (Jahan, 2016).

Carrier's (1999) study on the training and development needs of owner-managers of small businesses with export potential sheds light on the importance of managers and owners of SME's attitudes toward exporting and international markets, as they often play a large role in the decision-making process. As mentioned in the introduction, SMEs play a particularly significant role in the apparel industry. States that are highly dependent on international trade, such as Hawaii, utilize SMEs to produce almost 90% of their apparel exports (Bahng, Yang, & Reilly, 2016).

CHAPTER 3: METHODOLOGY

The methodology utilized in this dissertation, including the qualitative research method, case study research design, and stratified purposeful criterion sampling technique, are described in Chapter 3. The instruments used, which include semi-structured interviews and document analysis, are also described in Chapter 3. An evaluation of the qualitative data generated from participants in the study was conducted using cross-case analysis and inductive coding. The examination of employees' perceptions of external barriers has shed light on the factors inhibiting internationalization and preventing firms from exporting at higher levels.

Research Method

A qualitative methodology and case study research design were employed to understand information about the perceived external barriers preventing Washington State SMEs from exporting "Made in the USA" consumer apparel products to Canada. According to the Qualitative Research Consultants Association (2019), qualitative research can help researchers understand the feelings, values, and perceptions that influence behavior, which is the same as examining perceived external barriers to exporting through interviewing 12 employees (e.g., wholesale directors, sales managers, owners, and customer service representatives) of Washington State apparel SMEs.

A quantitative methodology was not utilized in this dissertation, as the purpose of using a quantitative methodology is to classify, count, and construct statistical models to explain what is observed (USC Libraries, 2019; Grand Canyon University, 2019). While

examining research methodologies for this dissertation on perceived external barriers to exporting among Washington State apparel SMEs, it became clear that using a quantitative approach would not provide the qualitative data necessary to understand information about the perceived external barriers among employees of Washington State small and medium-sized enterprises (SMEs) or demonstrate a causal relationship with lower levels of internationalization. A quantitative methodology could be used to measure the effects perceived external export barriers have on internationalization but would not provide the kind of descriptive data necessary to identify them as the cause of the problem. Establishing a causal relationship between perceived export barriers and lower levels of internationalization would be problematic for the same reason when conducting a mixed-methods study.

Research Design

Yin (2018) recommends utilizing a case study research method when your primary research questions begin with how, why, or (a descriptive) what, you have little or no control over behavioral events, and the focus of your study is a contemporary phenomenon or case. A case study design is used to conduct the research outlined in this dissertation due to the “how” and (descriptive) “what” research questions. Additional evidence supporting the proposed case study research design is that behavioral events cannot be manipulated like an experiment. This means all cases are treated in the same way from a research standpoint, which is different from an experiment where the researcher may have a control group that is treated differently from the rest of the groups.

Researchers conducting case studies focus on perceived external barriers to exporting, which is a contemporary phenomenon (Yin, 2018).

A case study research design was selected, instead of an ethnographic research design, because the research being examined does not explore group dynamics (ethnic, social, or cultural) in a way where ethnographic research would be relevant (Grand Canyon University, 2019). Similarly, the focus of this study is not so much related to the life experiences of any particular person, which is why phenomenology was not selected as a potential research design (Grand Canyon University, 2019).

Grounded theory investigates process, action, or interaction to create a theory based upon observations (Grand Canyon University, 2019). The use of grounded theory as a research design for this study would be contingent upon knowing whether perceived external export barriers were inhibiting Washington State apparel SMEs from exporting in larger quantities, at which point a theory could be developed as to why this was the case without having a study based upon empirical data that establishes perceived external export barriers as a problem. Any theory developed would be purely conceptual and not evidence of an actual solution (Grand Canyon University, 2019). Finally, a narrative inquiry is meant to tell the story of an individual's life, which is unrelated to examining the perceived external export barriers among employees of Washington State apparel SMEs to understand information about how they may be inhibiting internationalization (Grand Canyon University, 2019).

Another way to determine which research design to use in a study is looking at other research on SMEs, manufacturing, and apparel exports to determine whether there is a trend in the academic literature. A review of the research design sections in Carrier's (1999) and Bahng, Yang, and Reilly's (2016) studies in the literature review indicates that case studies have been successful in producing reliable qualitative findings and as a result happen to be an appropriate research design for this dissertation.

Instruments

The instruments that were utilized in this study were created using key themes from the literature review and stratified intentionally to examine the differences between three groups of exporters, namely direct, indirect, and hybrid, as well as a group of potential exporters. Document analysis or the examination of qualitative data from each firm's website was utilized in this case study. The specific data examined were related to the age of the firm or how long it had been in operation, the amount of experience each firm had exporting, the number of brick and mortar stores each firm had, the number of international countries shipped to, the number of international distributors, and the total Canadian exports in U.S. dollars for 2018. Data were analyzed using cross-case analysis and inductive coding to explore themes specific to each case and any potential lessons learned (Khan & VanWynsberghe, 2008).

Semi-Structured Interviews

The interview questions were designed to provide the participants with enough guidance to feel confident about their answers without being too prescriptive. The questions for this study differ depending on whether the interview was focused on direct, indirect, hybrid, or potential exporters. Results from the semi-structured interview questions and document analysis can be found in Chapter 4 of this dissertation. Inductive coding was utilized to facilitate the identification of key themes and lessons learned.

For hybrid exporters, the semi-structured interview questions were as follows:

1. Are you an exporting company? How did that happen? Please describe the process.
2. What are your thoughts about using a mixture of different exporting approaches? Do you see it as helpful? Why or why not?
3. Have you used any form of export assistance offered by the state, local, or federal government? Why or why not? If so, do you believe it was helpful?
4. Reflecting on your experience exporting, have you encountered any external obstacles? If so, have you been able to overcome them? Is there anything you wish you would have done differently?

Utilizing a mixture of direct and indirect exporting approaches can be extremely advantageous for Washington State “Made in the USA” apparel SMEs, allowing them to reach more customers in international markets (Knox, 2018). Firms that use a hybrid

export approach are generally larger and more established than those that do not (Knox, 2018). The semi-structured interview questions developed for hybrid exporters reflect their increased ability to meet the needs of international customers.

For direct exporters, the semi-structured interview questions were as follows:

1. Are you an exporting company? How did that happen? Please describe the process.
2. Have you used any form of export assistance offered by the state, local, or federal government? Why or why not? If so, do you believe it was helpful?
3. Have you considered working with an international distributor? Why or why not?
4. Reflecting on your experience exporting, have you encountered any external obstacles? If so, have you been able to overcome them? Is there anything you wish you would have done differently?

While direct exporting was once considered the most ambitious and challenging form of internationalization, technological advances in shipping and the proliferation of e-commerce website platforms have made it more commonplace (Knox, 2018). Nevertheless, Washington State “Made in the USA” apparel firms in the direct exporting category were often not as established, in terms of size or age, as their hybrid or indirect exporting counterparts (Knox, 2018). The semi-structured interview questions for direct exporters reflect the

reality that the next step for many apparel firms pursuing internationalization is to develop a wholesale business and become a hybrid exporter.

For indirect exporters, the semi-structured interview questions were as follows:

1. Are you an exporting company? How did that happen? Please describe the process.
2. Have you used any form of export assistance offered by the state, local, or federal government? Why or why not? If so, do you believe it was helpful?
3. Have you considered offering international shipping to Canadian customers directly from your website? Why or why not?
4. Reflecting on your experience exporting, have you encountered any external obstacles? If so, have you been able to overcome them? Is there anything you wish you would have done differently?

Indirect exporting has become less popular among apparel firms seeking to internationalize. A previous study on internal export barriers facing Washington State SMEs that sell and manufacture “Made in the USA” consumer apparel products indicated that out of the four companies examined, none of them were using only an indirect exporting approach, and all of them maintained e-commerce websites offering international shipping directly to customers (Knox, 2018). Indirect exporters are usually somewhat established in terms of size and age because maintaining an international wholesale business, along with domestic

operations, can be difficult for even the most skilled entrepreneurs. The semi-structured interview questions for indirect exporters were developed to examine the likelihood these firms would become hybrid exporters and launch direct-to-consumer businesses to reach additional international customers.

For potential exporters, the semi-structured interview questions were as follows:

1. Have you ever considered exporting to Canada? Why or why not?
2. What are some of your biggest fears about exporting to Canada?
3. Would you consider using any form of export assistance from the state, local, or federal government if it was offered? Why or why not?
4. If you decided you wanted to begin exporting to Canada in the next year, what are the main things you would like to have in place?

Potential exporters are Washington State “Made in the USA” apparel businesses that do not currently export but are interested in learning more about the different forms of internationalization (hybrid, direct, indirect) to begin offering their selections overseas. Potential exporters are the least established firms in the study in terms of size and age. The semi-structured interview questions prepared for potential exporters reflect their lack of experience exporting but were developed to examine the conditions necessary to internationalize successfully.

Document Analysis

Analysis of company-specific Washington State apparel SME export data shed light on how much exporting to Canada each company is doing and what strategies they

might use to mitigate perceived external barriers and increase the number of exports. Each company was asked to provide a summary of their exporting approach, which included but was not limited to: when their company started; when they began exporting; the number of brick and mortar locations they have in the United States and internationally; the number of international countries shipped to; and the number of international distributors they worked with. Participants were also asked to provide a detailed statement quantifying the results of their export activities, demonstrating the total in dollar amounts resulting from internationalization during 2018.

Data were analyzed using cross-case analysis to explore the themes specific to each case, and any potential lessons learned (Khan & VanWynsberghe, 2008). While providing this information was mandatory for direct, hybrid, and indirect exporters, it was understood that potential exporters would not have this information and, as a result, could not provide it. The need for this information was communicated in the initial request for study participation.

Participants

Stratified purposeful criterion sampling was employed in the context of this case study research design to separate or stratify the sample into subgroups based upon specific criteria from the literature and data collected from all individuals within those subgroups (Punch, 2006). The U.S. Small Business Administration has guidelines on how small and medium-sized enterprises should be classified. The main factor for apparel manufacturing businesses that have a North American Industry Classification System

(NAICS) code of 315 (excluding accessories and footwear manufacturers) is having a staff headcount between 1 and 750 employees (U.S. Small Business Administration, 2016).

When determining the appropriate sample size for this study, Reference USA's business database was utilized, along with an independent national "Made in the USA" website called "The American List," which had 15 Washington State apparel small and medium-sized enterprises to create a list of 51 Washington State apparel small and medium-sized enterprises under the U.S. Small Business Administration's guidelines for small and medium-sized enterprises (Reference USA, 2018).

From the list based on staff headcount data, each company's website was examined to determine if the majority of the consumer products they sell have at least 51% U.S. content, which is the U.S. Commercial Service's minimum requirement for providing export assistance (U.S. Department of Commerce, 2016). Adhering to the U.S. Commercial Service's minimum requirement for providing export assistance narrowed the population for the study on Washington State apparel small and medium-sized enterprises that manufacture and sell "Made in the USA" consumer apparel to 20 businesses.

Despite being close to having a workable sample, Carrier's (1999) revelation that support and training needs differ according to the firm's stage of commitment to exporting meant that companies were organized into groups of three to demonstrate the trends among direct exporters (sell directly to international consumers), and indirect

exporters (sell their products wholesale to international distributors), or those exporters that chose a hybrid approach (sell directly to international consumers and have an international wholesale business). Businesses that only operate domestically but were considering internationalization, were also included in the study resulting in a final sample size of 12 Washington State apparel small and medium-sized enterprises that sell and manufacture “Made in the USA” consumer products and were considering utilizing or were already using direct, indirect, and hybrid export approaches.

The 12 participants in this study represent three different groups of exporters (direct, indirect, and hybrid) and one group of potential exporters. Each group contains firms that are from a variety of product segments within the apparel industry. All companies participating in this study are Washington State SMEs that sell and manufacture “Made in the USA” consumer apparel products.

Data Analysis Methods

The data derived from the answers to the semi-structured interview questions were analyzed using inductive coding, which meant the codes were not created before the analysis of the interviews. Inductive coding enabled the researcher to facilitate the identification of key themes, starting with line-by-line codes that were concise representations of each interview answer (Thomas, 2006). The next step was to categorize or group similar line-by-line codes into focused codes. Finally, the focused codes were grouped into key themes. Tables containing the coding and answers to the interview questions for each group can be found in Appendix B.

Key themes that emerged from the inductive coding of the semi-structured interview questions and the results of the document analysis were displayed using cross-case analysis. The use of cross-case analysis helped facilitate the comparison of cases by condensing the data derived from each case into a table that permits the systematic visualization of the data all at once. Analyzing the data across cases provided a detailed account of the information collected in each case, from a comparative perspective (Khan & VanWynsberghe, 2008).

Limitations

Examining perceived external export barriers for apparel SMEs in Washington State may result in the identification and subsequent mitigation of obstacles preventing trade with Canada; however, it will not adequately address pending regulatory issues or substantiate international demand for U.S. apparel products. In terms of transferability, the results of this study may only be generalizable to other U.S. states that have a sizeable apparel industry and border a Canadian province, as fluctuations in exchange rates between Canada and the United States have been known to impact Canadian consumption of U.S. apparel products (Campbell & Lapham, 2004). The results of a similar study examining the perceived external barriers preventing SMEs from exporting Canadian apparel products to U.S. border states may also result in different conclusions.

Delimitations

Context will be provided when discussing the findings and conclusions to demonstrate the complexities particular to Washington State apparel SMEs and

understand information about the perceived external barriers preventing Washington State SMEs from exporting “Made in the USA” consumer apparel products to Canada. While the lessons learned and key themes associated with increasing internationalization levels of “Made in the USA” consumer apparel products to Canada will be identified in this dissertation, universal conclusions that apply to all exporters should not be expected (Stanford University, 2019). In this case study, methodological triangulation, or the collection of more than one type of evidence, ensured a greater level of confidence that the interpretations of the data analyzed were legitimate (Yin, 2018).

Summary

A qualitative methodology and case study research design were employed in this study in alignment with Yin’s (2018) recommendations. Stratified purposeful criterion sampling was used to create three groups of Washington State SME “Made in the USA” consumer apparel exporting firms (indirect, direct, and hybrid) and one group of potential exporters. A stratified purposeful criterion sampling method was selected based on Carrier’s (1999) study, which suggested that the training and development needs of firms with different commitments to exporting varied based upon where each company was in the process of internationalization. Each participant group was evaluated using an instrument unique to their stage in the exporting process. The results of this study may only be generalizable to SME’s exporting or considering exporting to Canada that manufacture and sell consumer apparel products in Washington State or other U.S. states that have a sizeable apparel industry and border a Canadian province.

CHAPTER 4: FINDINGS

The following research questions guided this dissertation:

1. What are the perceived external barriers for Washington State small and medium-sized enterprises (SMEs) seeking to export “Made in the USA” consumer apparel products to Canada?
2. How do the perceived external barriers inhibit internationalization among Washington State small and medium-sized enterprises that sell and manufacture “Made in the USA” consumer apparel products?
3. What is required to mitigate the perceived external barriers that inhibit internationalization among Washington State small and medium-sized enterprises that sell and manufacture “Made in the USA” consumer apparel products?

A qualitative methodology and case study research design were utilized in this study, according to Yin’s (2018) recommendations. Stratified purposeful criterion sampling was utilized to examine companies in the same stage of internationalization. Three groups of Washington State SMEs that sell and manufacture “Made in the USA” consumer apparel (indirect, direct, and hybrid) were created along with one group of potential exporters. Each group in the sample was evaluated using an instrument unique to their stage in the exporting process. The results of this study may only be generalizable to populations inside Washington State or other U.S. states that have a sizeable apparel industry and border a Canadian province. Chapter 4 contains a presentation of the

findings and ends with a summary that provides a transition to the conclusion and discussion sections of this dissertation.

Before the presentation of findings, it is important to review two slight modifications to the data collection process outlined in Chapter 3. Employees from two domestic SMEs considering exporting, one indirect exporter, two hybrid exporters, and two direct exporters were interviewed. Additionally, due to the lack of response to the initial recruitment emails for the study and to respect participants' time as they were often busy helping customers and generally seemed to be short-staffed, semi-structured interview questions were reduced from the researcher's top four to the top two, based on the type of exporter the company was.

Providing each company with greater flexibility regarding the number of questions asked increased the number of participants willing to answer the interview questions from two to seven. Each company was initially contacted at least twice by email within two weeks. When emails were not answered, phone calls were placed until seven participants were identified for the study. The seven participants identified for the study were: a customer service representative for an online baby apparel retailer; a customer service representative for a well-known outdoor gear company; the wholesale director of a vintage sportswear company; the owner of a local marketplace for women's clothing; the owner of a young men's clothing store; and a sales manager for an outdoor gear company. Since the modifications to the data collection process were implemented late in the study, the wholesale director for company Hybrid 2 (H2) in the cross-case

analysis table had already responded to all four interview questions. Rather than removing two of the wholesale director for H2's answers, all four were retained and analyzed.

Presentation of Findings

Hybrid Exporters

The Washington State SMEs that manufacture and sell "Made in the USA" consumer apparel products in the hybrid exporter category, utilizing direct to consumer sales (shipping directly to customers), as well as indirect sales (working with international distributors in a wholesale capacity), had been in business the longest (a total of 171 years in operation) of the firms examined. Hybrid exporters were also the first companies to begin exporting (in 1960 and 1989) out of the firms evaluated.

Additionally, hybrid exporters had the most brick and mortar locations (a total of 20) in the United States; however, hybrid exporters did not ship to consumers in the most countries (the hybrid exporters in this study ship to a total of 48 countries) or work with the most international distributors (the hybrid exporters in this study work with a total of eight international distributors) out of the firms examined. When asked whether or not they used any form of government export assistance at the federal, state, or local levels, the wholesale director of a vintage sportswear company that was a hybrid exporter only recalled using private assistance but said: "they would consider public options."

Asking Washington State SMEs that manufacture and sell "Made in the USA" consumer apparel products about the use of export promotion programs is vital to get a

sense of what perceived external barriers they face (research question one), as well as what would be required to mitigate the perceived external barriers that inhibit internationalization (research question three). Additionally, when a customer service representative for an outdoor gear company, which was a hybrid exporter, was asked why they chose a mixture of different export approaches, she said: “A mixture of export approaches helps our company reach customers in locations that are far away. While we can ship straight to these customers, it is kind of uncommon to receive orders directly from them.”

Finally, when hybrid exporters were asked about whether they had encountered any external barriers (obstacles that are beyond the company’s control) when doing business internationally, the wholesale director for a vintage sportswear company recalled “experiencing customs delays and increases in taxes”. A customer service representative for an outdoor gear company stated, “External barriers have not seemed to affect the volume of export orders received from a U.S. standpoint, but they could impact the countries and distributors that the company decides to work with overall.” Examining perceived external barriers to understand information regarding how they inhibit internationalization for Washington State SMEs that manufacture and sell “Made in the USA” consumer apparel products relates directly to research questions one (What are the perceived external barriers for Washington State small and medium-sized enterprises seeking to export “Made in the USA” consumer apparel products to Canada?)

and two (How do the perceived external barriers inhibit internationalization among Washington State small and medium-sized enterprises that sell and manufacture “Made in the USA,” consumer apparel products) in this dissertation.

Domestic SMEs

SMEs that manufacture and sell “Made in the USA” consumer apparel products in Washington State and are considering exporting were placed in the domestic category. In terms of age, domestic businesses were the youngest (15 years total in operation) of the four types of firms examined. Businesses in the domestic category had the second-lowest number of brick and mortar locations (two in total) out of the firms evaluated. When asked if they had ever considered exporting to Canada, the owner of a young men’s clothing store, said “Yes, we have considered it, the proximity of Canada and the volume of potential customers make it enticing based on the revenue it could bring to our company. The main thing holding us back is the high cost of shipping, as even though it is reasonably close, we have found the pricing to ship is cost-prohibitive, so while we do periodically ship to Canada, we do not actively target that market.”

Additionally, the owner of a marketplace for women’s clothing was asked if she decided to begin exporting to Canada in the next year, what are the main things she would want to have in place? She responded: “We would need to expand production. It would be essential to set up an online store and develop a shipping system, as I currently prepare products for shipping and take them to the post office myself.” Looking into the export considerations of domestic SMEs that manufacture and sell “Made in the USA”

consumer apparel products provided insight into what external barriers they face (research question one), how they feel the external barriers inhibit internationalization (research question two), and what would be required to mitigate those external barriers (research question three).

Direct Exporters

Direct exporters, or those SMEs that manufacture and sell “Made in the USA” consumer apparel products in Washington State and ship directly to customers overseas, were the second oldest group in terms of the age of their business (35 years total in operation). Additionally, direct exporters were the second oldest (began exporting in 2006 and 2014) kind of exporters in this study and ship to the largest number of international countries (97 total). Direct exporters had the lowest number of brick and mortar retail locations of the firms examined (each firm had none). They were asked if they had ever used any form of export assistance provided by the federal, state, or local government, and if so, do they believe it was helpful? A customer service representative from an online baby apparel retailer said,

Many of the problems we would use government assistance for, such as dealing with payment conversion issues, have not affected us since we export products directly to consumers and use software platforms that help us avoid the pitfalls of doing business internationally.

The customer service representative’s response directly addressed research question three, or “What is required to mitigate the perceived external barriers that inhibit

internationalization among Washington State small and medium-sized enterprises that sell and manufacture “Made in the USA” consumer apparel products?” Another question direct exporters were asked was whether they had considered working with an international distributor, and why or why not? A sales manager from an outdoor gear company responded, “We are a small family-run business, and it is costly to expand. The products we offer are sold directly through us for now.” The sales manager’s response to this question provided information about the internal barriers this company experienced in moving from a direct exporting model to a hybrid exporting strategy.

Indirect Exporters

Indirect exporters or SMEs that manufacture and sell “Made in the USA” consumer apparel products in Washington State and work with international distributors in a wholesale capacity were the third oldest (in operation a total of 23 years) type of firm evaluated in this study. Indirect exporters had the second-highest number of brick and mortar retail locations (one total). Additionally, indirect exporters work with a larger number of international distributors (the indirect exporter in this study worked with a total of 15 international distributors) than hybrid exporters (the hybrid exporters in this study work with a total of eight international distributors) that ship directly to customers overseas and rely on wholesale deals with international companies to supplement their bottom line. They were asked if they ever considered selling directly to customers overseas, and why or why not? A customer service representative for an outdoor gear company that is an indirect exporting firm said: “We are diligently working on it. We

very much started as a small business, but we are incrementally expanding to a hybrid export model (selling internationally directly to customers) is our next step.” The customer service representative’s response indicates that his firm plans to advance into a hybrid internationalization model incrementally, using a strategy similar to the one espoused in the stage approach (Johanson & Vahlne, 1977).

Summary

Hybrid (exports directly and indirectly), domestic (considering exporting), direct (exports only directly), and indirect (exports only indirectly) firms were examined in groups, as internationalization strategies can vary significantly based upon the business’s age, location, experience exporting and size (Carrier, 1999). The cross-case analysis table in Chapter 5 provides an organized and systematic visual representation of the data referred to in Chapter 4. Chapter 5 contains the discussion and conclusions, which includes a detailed analysis of the findings.

CHAPTER 5: CONCLUSIONS AND DISCUSSION

While the United States is home to one of the largest apparel markets in the world, the vertical disintegration of apparel manufacturing has contributed to the loss of at least 682,900 domestic jobs with 60.8% of them in manufacturing (Knox, 2018; Maloney, 2015; Rees & Hathcote, 2004; Perry & Towers, 2013). Several external barriers have contributed to the decline of the U.S. apparel manufacturing industry, including importing and the Trade Adjustment Assistance (TAA) Program, Federal Prison Industries and government competition to the domestic apparel industry, and international labor standards in the apparel and textiles industry.

Washington State has a rich history when it comes to textiles and apparel, particularly in the outdoor gear and sportswear segments. Many Washington State SME's that manufacture and sell "Made in the USA" consumer apparel products have kept their production in-state. Despite this fact, during 2014, apparel was not one of the top 25 export categories (Jones, 2014; U.S. Census Bureau, 2016). Before this dissertation was written, no researchers had examined the perceptions of employees working for Washington State SME's that manufacture and sell "Made in the USA" consumer apparel products regarding external barriers. There is some consensus among academic researchers that restoring the prominence of the U.S. apparel manufacturing industry must happen by prioritizing the export of domestically produced consumer apparel products to other industrialized countries (Robock, 1993; Rowan, 2014).

A qualitative methodology and case study research design were employed to understand information about the perceived external barriers preventing Washington State SMEs from exporting “Made in the USA” consumer apparel products to Canada. Perceived external barriers were preventing seven Washington State SMEs that manufacture and sell “Made in the USA” consumer apparel products from exporting at higher levels. While research examining the responses to interview questions about perceived external export barriers for apparel SMEs may result in the identification and subsequent mitigation of obstacles preventing trade with Canada, exploring employees’ perceptions of external export barriers, will not adequately address pending regulatory issues or substantiate international demand for U.S. apparel products.

The results of this study may only be generalizable to other U.S. states that have a sizeable apparel industry and border a Canadian province, as fluctuations in exchange rates between Canada and the United States have been known to impact Canadian consumption of U.S. apparel products (Campbell & Lapham, 2004). Chapter 5 begins with a discussion of the findings and conclusions based on a cross-case analysis table, which will be applied to the problem statement, as well as business administration as a whole.

Chapter 5 concludes with recommendations for action and further research, as well as a closing statement. Figure 7 contains a cross-case analysis table compiled using data from semi-structured interviews and document analysis. In the cross-case analysis table, H=Hybrid, DI=Direct, D=Domestic, I=Indirect, and N/A means that either the

exporter did not report on information in the specified category, or they were not the right type of company to provide the information requested.

Discussion of Findings and Conclusions

Hybrid Exporters

The findings of this study relating to hybrid exporters or those Washington State SMEs that manufacture and sell “Made in the USA” consumer apparel products and utilize direct to consumer sales (shipping directly to customers), as well as indirect sales (working with international distributors in a wholesale capacity), indicated they were more established because they had been in business longer (a total of 171 years in operation) and had more experience exporting (began exporting in 1960 and 1989) than the other firms evaluated. Given Rowan’s (2014) and Robock’s (1993) contention that the revitalization of the domestic apparel manufacturing industry depends on exports to other industrialized nations, it was not surprising to learn that hybrid exporters would run larger operations and have more production capacity than those utilizing direct or indirect strategies alone. The larger size and increased amount of exporting experience among hybrid exporters were reinforced by the number of brick and mortar locations (a total of 20) that the hybrid exporters examined in this study operated.

While hybrid exporters do not ship to most countries or work with the most international distributors, the combination of direct and indirect exporting strategies provides them with more ways to reach customers. In terms of perceived barriers to exporting, hybrid firms’ responses to the semi-structured interview questions indicated they are most concerned with external obstacles, such as “customs delays and increases in

taxes,” rather than internal barriers the firm can control. Firms utilizing hybrid export strategies see the external nature of their concerns as an opportunity to seek help from outside sources such as the state, local, and federal government or other private companies when necessary (a direct response to research question three). Furthermore, hybrid exporters were more likely to be realistic about their exporting prospects. The group of hybrid exporters seemed to understand what kinds of customers they could reach using either direct or indirect internationalization strategies.

Domestic SMEs

Based upon the interview responses and document analysis, SMEs that manufacture and sell “Made in the USA” consumer apparel products in Washington State and are considering exporting may benefit from adopting the international entrepreneurship approach, which occurs when firms export utilizing a direct-to-consumer model early in the existence of their businesses (Knox, 2018). Given the start-up qualities of these firms (15 years total in operation) and the fact that they have no exporting experience, the international entrepreneurship approach as espoused by Rennie (1993) could be a suitable option, mainly because of the proliferation of reliable shipping services and user-friendly e-commerce platforms, which shoulder much of the risk of doing business internationally (Knox, 2018).

Due to Robock’s (1993) and Rowan’s (2014) contention that the revitalization of the domestic apparel manufacturing industry depends on exports to other industrialized nations, it was not surprising to learn that businesses in the domestic category had the

second-lowest number of brick and mortar locations (two in total) out of the firms evaluated. In terms of external obstacles to launching an international entrepreneurship export strategy for domestic businesses, the owner of a young men's clothing company seemed to indicate she was not aware of the potential benefits of the approach and was not sure if customers would be willing to pay that much for shipping (in response to research questions one, two, and three) when asked if they had ever considered exporting to Canada. While the owner's perception that the price of shipping consumer apparel products to Canada is an external barrier cannot be contested since internationalization can be inhibited by a variety of factors based upon the realities of the individual firm, the owner's decision negates a growing body of research on the increasing consumption of U.S. apparel and textiles overseas primarily due to what is called country-of-origin effects, which are based on perceived or actual differences in the quality of products made domestically that tend to influence consumer purchasing behavior (Knox, 2018).

Direct Exporters

Direct exporters, or those SMEs that manufacture and sell "Made in the USA" consumer apparel products in Washington State and ship directly to customers overseas, were the second oldest (35 years total in operation) and second-most established group (began exporting in 2006 and 2014) in terms of their exporting experience. The fact that direct exporters ship to the largest number of international countries (97 total) and have the lowest number of brick and mortar retail locations of the firms examined (each firm had 0) indicates that they are "born global," as espoused by Rennie (1993). It is the

success of direct exporters that provides evidence regarding how lucrative the international entrepreneurship approach can be for domestic businesses considering internationalization, given the proliferation of reliable shipping services and user-friendly e-commerce platforms.

In terms of external barriers, direct exporters are not as vulnerable as hybrid or indirect exporters in the sense that they have fewer people between their products and end consumers because they are not using intermediaries such as agents or other stores to reach international customers. For example, when asked if they had ever used any form of export assistance provided by the federal, state, or local government (in response to research question three), and, if so, do they believe it was helpful? One employee from a direct exporting SME said

Many of the problems we would use government assistance for, such as dealing with payment conversion issues, have not affected us since we export products directly to consumers and use software platforms that help us avoid the pitfalls of doing business internationally.

The response provided by this employee advances the argument that direct exporting firms are less vulnerable to external barriers than their hybrid and indirect exporting counterparts because there are fewer people between their products and end consumers. Another question direct exporters were asked was whether they had considered working with an international distributor, and why or why not? An employee from a direct exporter responded, “We are a small family-run business, and it is costly to

expand. The products we offer are sold directly through us for now (espousing that internal barriers are more problematic for direct exporters).” While direct exporters may not be able to expand to hybrid status very quickly and doing so may not assist them with external barriers, hybrid internationalization strategies have their benefits, particularly for reaching customers in distant geographic locations.

Indirect Exporters

It was surprising to learn that indirect exporters or SMEs that manufacture and sell “Made in the USA” consumer apparel products in Washington State and work with international distributors in a wholesale capacity were the third oldest (in operation a total of 23 years) type of firm evaluated in this study and had the least export experience (began exporting in 2009) out of the groups that were currently utilizing an internationalization strategy. As alluded, to in the analysis for direct exporters, indirect exporting takes a fair amount of internationalization experience and financial well-being, which is why it would be considered relatively normal for businesses that use indirect exporting to have the second-highest number of brick and mortar retail locations (one total). Additionally, indirect exporters work with a larger number of international distributors (the indirect exporter in this study worked with a total of 15 international distributors) than hybrid exporters (the hybrid exporters in this study work with a total of eight international distributors) that ship directly to customers overseas and rely on wholesale deals with international companies to supplement their bottom line.

What is important to remember regarding indirect exporters and external barriers is that if firms are relying on an agent or private company overseas to fill international orders, which usually happens at the wholesale level, it would be considered a relatively easy addition and natural next step to diversify their internationalization strategy by becoming a hybrid exporter (relating to research questions one and two). The international entrepreneurship approach is popular right now among Washington State SMEs that sell and manufacture “Made in the USA” consumer apparel because advances in shipping and technology have made it easier to send products directly to international customers, even in geographically distant locations (correlating to research question three) (Knox, 2018).

Application of Findings and Conclusions to the Problem Statement

Although the United States has a reputation of being one of the largest apparel markets in the world, the domestic apparel, leather, and allied manufacturing industries are expected to continue losing jobs at a rate of 5.9% until 2024 (U.S. Bureau of Labor and Statistics, 2015; Maloney, 2015). The vertical disintegration of the apparel manufacturing industry can be traced to import competition, consolidation of firms, the shift to overseas production, and automation (U.S. Bureau of Labor and Statistics, 2015). Robock (1993) and Rowan (2014) contend that the revitalization of the domestic apparel manufacturing industry depends upon the export of consumer apparel products to other industrialized nations. In this study, hybrid, indirect, and direct exporters, along with a group of potential exporters, were examined to determine if they perceived specific

external barriers as obstacles to reaching the next step of internationalization (increasing U.S. exports to Canada).

The findings indicated that the external barriers each group of exporters and potential exporters perceived were not quite as nuanced or groundbreaking as anticipated in the problem statement. The lessons learned and key themes identified regarding the external barriers each group faced were often specific to the stage of exporting the firm was in. The mitigation of these barriers, in many cases, required the group to move to the next stage of the internationalization process, and there were several steps necessary for each firm to do so. SME internationalization strategies were entirely dependent upon factors such as the size of the business; experience exporting; their attitude towards federal, state, and local government export assistance; and the firm's apparel product category, as well as how they perceived customers and international distributors in foreign markets.

Application to Business Administration

Utilizing this study to assist SMEs that manufacture and sell "Made in the USA" consumer apparel products in Washington State would require the identification of the export strategy being used, as well as determining what the next stage is in the process of internationalization, which depends upon a variety of interconnected factors. Despite the variables mentioned, it should be noted that whether firms are considering exporting (domestic), currently exporting directly to consumers (direct), or exporting wholesale through an international distributor (indirect), a hybrid export strategy (direct and indirect

internationalization approach) would likely provide them with the most flexibility and get them closest to the largest amount of international customers.

The external barriers that seem to affect hybrid exporters relate to taxes and customs delays, but qualitative data from semi-structured interviews and document analysis indicate that utilizing export promotion programs might be a model for increasing internationalization. Nevertheless, the majority of businesses will not be able to move from considering exporting to a hybrid internationalization strategy overnight. For many, the indirect exporting process will take years to perfect given difficulties finding wholesale leads overseas, even when utilizing export promotion programs or other forms of government-sponsored export assistance (Albaum, 1983). Reaching hybrid export status is not useful if it cannot be maintained. Utilizing the international entrepreneurship approach, adding direct-to-consumer export options, could accelerate the transition to hybrid internationalization status for indirect exporting firms. Most other SMEs should be expected to move towards a hybrid export approach in an incremental fashion.

Recommendations for Action

Policy-makers, business owners, and consultants utilizing this study to ensure higher levels of internationalization among Washington State SMEs that manufacture and sell “Made in the USA” consumer apparel products will benefit from the realization that there are stages to exporting, and any program or policy intended to ensure higher levels

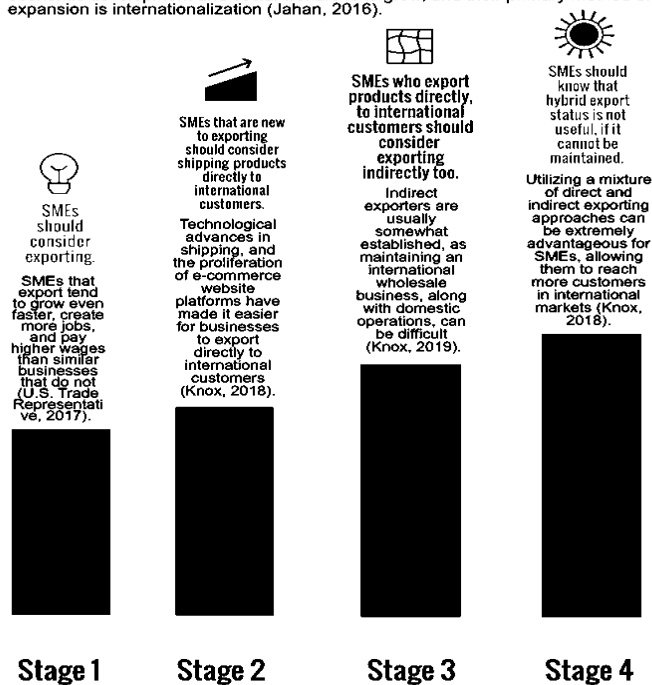
of internationalization must be contextualized to the realities of the individual firm. The four stages of SME internationalization are displayed in Figure 8.

Figure 8

The Four Stages of SME Internationalization

Internationalization is SMEs primary method of expansion and growth

One of the most significant ways for SMEs to solidify their contribution to economic development and social welfare is to grow, and their primary method of expansion is internationalization (Jahan, 2016).



In addition to creating programs supporting the internationalization of SMEs at different stages in development, policy-makers, consultants, and business owners facilitating economic advancement through the export of “Made in the USA” consumer apparel products must take a hard look at balance sheets and product categories to determine whether they are doing everything they can to grow, especially when that

means expanding across international borders. Successful internationalization in the apparel industry is as much an exercise in corporate strategy as it is in fashion design. While the four stages of SME internationalization illustrated in Figure 8 were meant to provide recommendations for action when competing in global markets, internationalization success may require federal, state, and local export assistance because the perceived external barriers SMEs experience, particularly concerning Canadian markets, often require solutions SMEs don't have the internal resources to address (Jones, 2014).

Recommendations for Further Research

Several limitations and delimitations affected the results of this study; for example, while using a case study research design facilitated the identification of lessons learned and key themes associated with increasing internationalization levels of "Made in the USA" consumer apparel products, it was not meant to draw universal conclusions that apply to all exporters. Researchers who study SMEs that sell and manufacture consumer apparel products could analyze exporting approaches using quantitative data to examine the vertical disintegration of apparel manufacturing in a national context.

Areas where an understanding of the background of the problem could be expanded include an examination of Washington State SMEs that sell and manufacture "Made in the USA" consumer apparel products within different segments of the fashion industry, such as footwear and accessories, that were excluded from the study because they had a different NAICS code than apparel businesses, as well as in-depth studies

analyzing the characteristics germane to each of the four stages of SME internationalization. Additionally, despite the inclusion of document analysis and the introduction of the cross-case analysis table, more complete data from the semi-structured interviews would likely have affected the quality of data obtained and may have resulted in different lessons learned and key themes, particularly concerning indirect exporting or exports through wholesale agreements with other stores. Finally, researchers should replicate this study in different geographic locations, particularly the mid-west and the northeastern U.S., which border Canada and have a significant amount of apparel manufacturing activity, to determine if and how the findings differ.

Concluding Statement

The rapid decline of the domestic apparel manufacturing industry and the vertical disintegration of apparel production are inextricably linked. Robock (1993) and Rowan (2014) contend that the revitalization of the U.S. apparel manufacturing industry will require prioritizing the export of consumer apparel products to other industrialized nations. Actionable insights regarding hybrid, indirect, direct, and potential exporters that manufacture and sell “Made in the USA” consumer apparel products in Washington State include the realization that there are stages to exporting, and any program or policy intended to ensure higher levels of internationalization must be contextualized to the realities of the individual firm.

Furthermore, initiatives designed to increase internationalization among Washington State SME’s that sell and manufacture “Made in the USA” consumer apparel

products must take notice of what stage individual firms are at and act with a sense of urgency regarding the vertical disintegration of the domestic apparel manufacturing industry. Supporting the internationalization of Washington State apparel SME's that manufacture and sell "Made in the USA" consumer products is paramount because 20% of Washington State's economy relies on exports and eliminating the U.S. apparel trade deficit alone would reduce the overall trade deficit by \$120 billion per year or about 25% of the total amount, adding approximately one million U.S. manufacturing jobs (Conroy, 2019; Moser & Montalbano, 2018). The key themes and lessons learned from this study can be utilized by federal officials who design EPPs and business owners who develop corporate strategy aimed at increasing internationalization within the domestic apparel manufacturing industry.

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Appendix A

Examining three common arguments in support of fast fashion

1. Economic:

Fast Fashion is necessary because consumers are not willing to pay more for garments produced with ethical labor.

Partially true: Demographics and current events have a lot to do with what consumers are willing to pay for specific apparel items. For example, the recession of 2008 and 9/11 inspired patriotism among many U.S. consumers resulting in the heightened popularity of “Made in the USA” apparel products in certain categories (Ha-Brookshire & Yoon, 2012).

2. Social:

Workers in developing countries are better off with the employment opportunities fast fashion provides.

False: The International Labor Organization, estimates that 170 million are engaged in child labor, with many making textiles and garments to satisfy the demand of western consumers (Moulds, 2019).

3. Environmental:

Claims by environmentalists and the scientists who support them, regarding the impacts of fast fashion are false or exaggerated.

False: It's widely documented that the apparel industry accounts for 10% of global carbon emissions and is the second-largest industrial polluter, second only to oil (Conca, 2015). Consumers are becoming more aware of this fact as well, according to a global online survey, 81% of global respondents feel strongly that companies should help improve the environment. For the most part, this trend remains evident across gender lines and generations, Millennials, Gen Z and Gen X are the most supportive, but their older counterparts aren't far behind (Nielsen, 2018).

Appendix B

Mitigating Perceived External Export Barriers for Small and Medium-Sized Apparel Enterprises (SMEs) in Washington State Direct Interview - (DI1)			
<u>Questions and Answers</u>	<u>Line by Line Codes</u>	<u>Focused Codes</u>	<u>Conceptual Categories</u>
You're an exporting company? How did that happen? Please describe the process.			
Have you used any form of export assistance provided by the federal, state or local government? If so, do you believe it was helpful?			
Many of the problems we would use government assistance for, such as, dealing with payment conversion issues, haven't affected us since we export products directly to consumers and use software platforms that help us avoid the pitfalls of doing business internationally.	Uses software platforms that decrease the risk of doing business internationally and therefore don't feel they need government assistance right now.	Software platforms enable company to export products without relying on government assistance right now.	Software platforms successfully mitigate certain types of internal barriers enabling this company to export products without relying on government assistance right now.
Have you considered working with an international distributor? Why or why not?			
We have considered working with international distributors, but the size of the business has been the main obstacle that has prevented us from doing so, we would also need to have the availability of more inventory, which would require a larger production operation.	SME with limited resources and funding is expanding incrementally but will consider distributors as it makes sense for the business	SME with limited resources and no current international distributors is expanding slowly and selectively.	SME with limited resources is currently direct to consumer but would consider selective international distribution.
Reflecting on your experience exporting have you encountered any external barriers? If so, have you been able to overcome them? Is there anything you would you have done differently?			

Mitigating Perceived External Export Barriers for Small and Medium-Sized Apparel Enterprises (SMEs) in Washington State - Direct Interview - (DI2)			
<u>Questions and Answers</u>	<u>Line by Line Codes</u>	<u>Focused Codes</u>	<u>Conceptual Categories</u>
You're an exporting company? How did that happen? Please describe the process.			
Have you used any form of export assistance provided by the federal, state or local government? If so, do you believe it was helpful?			
Not currently using any government export assistance, but would be willing to explore federal, state, local options.	Would consider government export help at the federal, state or local levels, but haven't used it yet.	Would consider government export help, but haven't used it yet.	May consider government export help in the future.
Have you considered working with an international distributor? Why or why not?			
Small family run business. Very expensive to expand. Products are sold directly through us for now. Doing everything incrementally.	SME with limited resources and funding is expanding incrementally but will consider distributors as it makes sense for the business	SME with limited resources and no current international distributors is expanding slowly and selectively.	SME with limited resources is currently direct to consumer but would consider selective international distribution.
Reflecting on your experience exporting have you encountered any external barriers? If so, have you been able to overcome them? Is there anything you would you have done differently?			

Mitigating Perceived External Export Barriers for Small and Medium-Sized Apparel Enterprises (SMEs) in Washington State- Hybrid Interview - (H1)			
<u>Questions and Answers</u>	<u>Line by Line Codes</u>	<u>Focused Codes</u>	<u>Conceptual Categories</u>
You're an exporting company? How did that happen? Please describe the process.			
What are your thoughts about using a mixture of different export approaches? Do you see it as helpful? Why or why not?			
A mixture of export approaches definitely helps for places further than Canada. Company has set up ecommerce websites for other further away countries, but its kind of uncommon to receive direct to consumer orders from them.	Mixture of export approaches is helpful for countries that are geographically distant, as it is uncommon to receive direct to consumer orders from them.	Hybrid export approach is valuable especially when serving countries that are geographically distant.	Hybrid export approach enables company to do business with geographically distant countries.
Have you used any form of export assistance provided by the federal, state or local government? Why or why not? If so, do you believe it was helpful?			
Reflecting on your experience exporting have you encountered any external barriers? If so, have you been able to overcome them? Is there anything you wish you would you have done differently?			
Gets a fair number of calls from people who are interested in becoming international distributors, indicating that international distributors are interested in learning how they can do business with the company. Not sure whether conditions are more favorable due to external barriers in certain countries versus others.	Indirect exporting is fairly popular indicating that international distributors aren't discouraged by external barriers in U.S.; however, participant not sure based upon her role, whether conditions are more favorable for the company to do business in certain countries versus others.	Prospective international distributors don't seem discouraged by external barriers in the U.S.; however, they may be a factor in what countries the company decides to do business with .	Potential indirect exporters don't seem to be discouraged by U.S. external barriers; however, they may impact what country the company decides to do business with.

Mitigating Perceived External Export Barriers for Small and Medium-Sized Apparel Enterprises (SMEs) in Washington State - Hybrid Interview (H2)			
<u>Questions and Answers</u>	<u>Line by Line Codes</u>	<u>Focused Codes</u>	<u>Key Themes</u>
You're an exporting company? How did that happen? Please describe the process.			
We are an exporting company. Direct exporting happened because we are a direct consumer brand. Canada was the first country we exported to and then it evolved to anywhere in the world.	Due to direct to consumer status exporting began with Canada and grew to other locations	Exporting began with Canada and then expanded.	Utilized international entrepreneurship approach to exporting.
Have you used any form of export assistance provided by the federal, state or local government? If so, do you believe it was helpful?			
No government export help yet. We've only used private export assistance. Requested links and follow up.	No, we've only used private export assistance, but would consider government help.	Would consider government help, but haven't used it yet.	May consider government export help in the future.
What are your thoughts about using a mixture of different export approaches? Do you see it as helpful? Why or why not?			
We work with international distributors based in the countries we sell products to: Europe South Korea Japan.	We work with international distributors in Europe, South Korea and Japan.	We work with international distributors in select countries	Selective international distribution
Reflecting on your experience exporting have you encountered any external barriers? If so, have you been able to overcome them? Is there anything you would you have done differently?			
Our main external barriers are the time it takes to get our products through customs, as well as, duties and taxes.	No, the time it takes to go through customs, as well as, duties and taxes	Time, duties and taxes	Time and taxes

Mitigating Perceived External Export Barriers for Small and Medium-Sized Apparel Enterprises (SMEs) in Washington State - Domestic Interview - (D1)			
<u>Questions and Answers</u>	<u>Line by Line Codes</u>	<u>Focused Codes</u>	<u>Conceptual Categories</u>
Have you ever considered exporting to Canada? Why or why not?			
The majority of our customers are currently located in the Pacific Northwest. Don't have the capacity to expand production. Most of our production is currently made to order.	Need larger production capacity to export. Right now, limited to made to order apparel in the Pacific Northwest.	Need to increase production capacity in order to ship directly to consumers internationally or work with international distributors.	Increased production capacity would be required to export internationally.
What are some of your biggest fears about exporting to Canada?			
Would you consider using federal, state or local export assistance if it was offered? Why or why not?			
If you decided to begin exporting to Canada next year what are the main things you'd want to have in place?			
We would need to expand production. It would be important to set up an online store and develop a shipping system, as owner currently maintains store and takes product to the post office herself.	Needs to establish the business processes to support exporting, in addition to increasing production capacity	Needs to set up an online store, shipping system and increase production capacity in order to export internationally.	Needs to explore ecommerce options and increased production to pursue exporting to Canada.

Mitigating Perceived External Export Barriers for Small and Medium-Sized Apparel Enterprises (SMEs) in Washington State - Domestic Interview - (D2)			
Questions and Answers	Line by Line Codes	Focused Codes	Conceptual Categories
Have you ever considered exporting to Canada? Why or why not?			
Yes we have considered it, the proximity of Canada and the volume of potential customers make it enticing based on the revenue it could bring to our company. The main thing holding us back is the high cost of shipping, as even though it is fairly close we have found the pricing to ship is cost prohibitive, so while we do periodically ship to Canada, we don't actively target that market.	While Canada is geographically close, we've found the cost to export there is prohibitive.	Canada is geographically close but we need cheaper shipping options.	Need cheap shipping options commensurate with the distance to Canada.
What are some of your biggest fears about exporting to Canada?			
Would you consider using federal, state or local export assistance if it was offered? Why or why not?			
If you decided to begin exporting to Canada next year what are the main things you'd want to have in place?			
We would need to figure out the best (most reliable, speedy and affordable) shipping option.	In order to export to Canada next year, one thing we'd need to have in place would be reliable, speedy and affordable shipping options.	In the future we'd need reliable, speedy and affordable shipping options to export to Canada	Needs reliable, speedy and affordable shipping options to pursue exporting to Canada.

Mitigating Internal Export Barriers for Small and Medium-Sized Apparel Enterprises (SMEs) in Washington State - Indirect Interview - (11)			
Questions and Answers	Line by Line Codes	Focused Codes	Conceptual Categories
You're an exporting company? How did that happen? Please describe the process.			
Have you used any form of export assistance provided by the federal, state or local government? If so, do you believe it was helpful?			
Representative was not in a position to answer question and attempts to reach someone who could answer the question were unsuccessful.	N/A	N/A	N/A
Have you ever considered offering international shipping to Canadian customers directly from your website? Why or why not?			
We are diligently working on it. We very much started out as a small business, but we are incrementally expanding and having a hybrid export model (selling internationally directly to customers) is our next step.	Incrementally working on setting up the systems necessary to sell directly to international consumers and have a hybrid export model	Incrementally developing the systems necessary to have a hybrid export model.	Incrementally expanding to a hybrid export model.
Reflecting on your experience exporting have you encountered any external barriers? If so, have you been able to overcome them? Is there anything you would you have done differently?			