

## **GLOBALIZAÇÃO E INTERNACIONALIZAÇÃO DE EMPRESAS**

### **The entrepreneur and internationalization of small and medium sized enterprises in Brazil.**

Business networks as a tool  
of reducing size disadvantages

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**Abstract:**

Based on theories about entrepreneurship, internationalization of small and medium sized enterprises (SMEs), and the internationalization performance of Brazilian firms, the paper attempts to explore the close relationship between the role of the entrepreneur and internationalization strategies of SMEs. The study is motivated by the fact that, in Brazil, the internationalization of small and medium sized firms is alarmingly low, compromising the country's international performance. The paper suggests that, in order to increase the country's participation in international markets, new actors need to be introduced into the international arena. Due to certain limitations in the economy and the need of large scale investments in the expansion of the productive capacity of large corporations to attend domestic and external markets at the same time, only by introducing new firms, can Brazil become an important global trader, and thus, enhance its participation in the world trade picture. Introducing new firms in the game, means stimulating SMEs to internationalize themselves, but it depends on the entrepreneur to understand its importance and internationalize himself first. To overcome natural difficulties and uncertainties, the paper suggests that a creation of business networks, involving national and international actors can reduce drawbacks, thereby stimulating new entrepreneurs to invest in foreign markets.

**Resumo:**

Baseado em teorias sobre empreendedorismo, internacionalização de pequenas e médias empresas (PME) e a performance do processo de internacionalização das empresas brasileiras, o presente artigo tenta explorar a relação próxima entre o papel do empreendedor e a estratégia de internacionalização das PMEs. O artigo é motivado pelo fato de que no Brasil, a internacionalização das pequenas e médias empresas é muito baixa, comprometendo o desempenho internacional do país. O artigo sugere que para aumentar a participação do país no mercado internacional, novos atores precisam ser introduzidos na arena internacional. Devido a certas limitações na economia e a necessidade de investimentos na expansão da capacidade produtiva das grandes empresas para atender tanto o mercado doméstico quanto ao externo ao mesmo tempo, somente através da entrada de novas empresas, o Brasil pode se tornar um importante "global trader", e conseqüentemente melhorar sua participação no quadro do comércio mundial. Introduzir novas empresas, significa estimular as PMEs a se internacionalizar, mas isso depende do próprio empreendedor, que precisa entender sua importância e primeiramente ele mesmo se internacionalizar. Para vencer as dificuldades naturais e incertezas, o artigo sugere que através da criação e desenvolvimento de redes de negócios, envolvendo atores nacionais e internacionais, pode reduzir as desvantagens, conseqüentemente estimulando novos empreendedores a investir em mercados estrangeiros.

Keywords: Internationalization, entrepreneurship, competitiveness

## Introduction

Globalization is an irreversible phenomenon transforming countries, companies and people around the world. Entrepreneurs, policymakers and others stakeholders need to understand how the global scenario changes and new strategies are demanded in order to adapt to new international frameworks. The structural adjustment of companies in order to play in the international market, affects how countries move up or down in the global arena. Thus, with the acceleration of globalization, the role of the private sector has been very relevant. However, in countries like Brazil, the State still strongly influences companies, from the viability of the demanded infrastructure to the definition and regulation of trade policies.

While the role of the Brazilian government is crucial to stimulating and promoting international businesses, on the other hand, it confuses more than helps companies selling across national borders. Up to the 1990's, the Brazilian government regulated the economy avoiding international competition. Now, the economy is more open, but the role of the government is not so clear. As a result, according to the Brazilian Development, Industry and Foreign Trade Ministry, Brazil's share in world exports in 2005 was approximately 1,1%, which is absolutely inexpressive, taking into account the size of the Brazilian economy itself.

Regarding the role of Brazilian government affecting enterprise performance, the IMD (International Institute for Management Development) World Competitiveness 2007 Report ranked Brazil in 49<sup>th</sup> place among 55 countries. Comparing with last year report (2006) Brazil lost 5 positions due to the low efficiency of Brazilian government. The IMD World Competitiveness Yearbook (WCY) analyses and ranks the ability of nations to create and maintain an environment that sustains the competitiveness of enterprises. Such data expose the urgency of dealing with issues that enlarge Brazilian international competitiveness, just as improving competencies and conditions for internationalization of small and medium sized enterprises.

Moreover, the A.T. Kearney Consultancy ranks Brazil in 57<sup>th</sup>. place among 62 countries in a survey of global markets, which reflects investors' views. Brazil's trade flow (import and export) in the same period represented 27% of its GDP(Gross Domestic Product), against 72% of China and even 56% of Chile.(PADUAN, 2005)

Many reasons can be given in order to explain the low internationalization of the Brazilian economy. One of them is the great concentration of large corporations in exports. 250 companies are responsible for 75% of Brazilian exports, 10 of them concentrate 1/3 of the trade surplus(OINEGUE, 2006: 27,28). It is true that there has been an impressive increase in the number of new companies in undergoing a process of internationalization, but this is still far from desirable. In recent years the number of firms selling abroad has tripled, but much more needs to be done to increment the entry of new actors in the international market.

From a trade agreement perspective, Brazil is also far behind: It has no trade agreement already signed and recognized by WTO(World Trade Organization). Even Mercosur is not considered a trade agreement by WTO, against China with 11 and Chile with 39 trade agreements (PADUAN, 2005).

Obviously, the restrictions which isolate Brazil from a much more aggressive participation in the global market, weakening the country as a “global trader”, must be dealt with immediately. It is not optional, but imperative for the country to become more competitive globally. These ties are from different origins: fiscal issues, lack of investment in infrastructure, scarcity of competitive companies prepared to play in the international market, lack of financial resources, poor information about foreign markets as well as entrepreneur’s perception of psychic distance (fear of foreign market risk).

However, this paper intends to focus not on the role of government, but on the entrepreneur and the internationalization of Brazilian small and medium sized enterprises (SME). Obviously the government has great impact in this process, by implementing public policies and enhancing an appropriate institutional and economic environments for investment, innovation and international trade, but assuming that competing globally demands deep changes and adaptations to a new model of doing business, SMEs can no longer afford to ignore the opportunities of internationalization, as long as globalization becomes faster. The scarce number of Brazilian small and medium sized enterprises participating in the international market affects Brazilian global performance.

This paper also tries to show that a successful internationalization strategy for small and medium sized enterprises is based mainly upon the role of the entrepreneur, or principal leader of the organization, as he is the main filter and source of information coming from the external environment and are always very present in the corporation’s life. As a decision-maker, he has a very strong influence on the company’s organizational strategies, including the firm’s internationalization process. It is clear that a company’s strategies reflect the entrepreneur’s personality, especially in SMEs.

### **The entrepreneur**

In the 19<sup>th</sup> century, Jean B. Say, French economist, defined the entrepreneur as someone who “transfers economic resources from one sector where the productivity is lower to another much higher and with better results, as a change agent”(Drucker,1996). In the 20<sup>th</sup> century, Schumpeter, an Austrian economist who immigrated to the U.S.A., brought to light the role of the entrepreneur as the element able to transform innovative ideas into successful cases. To Schumpeter (1997), the entrepreneur is not only the holder of the capital, but someone who can employ an innovative strategy and explore new business opportunities, with great impact in the economy.

The search for new market niches abroad is an innovative model from Schumpeter’s perspective, as it promotes a new method of bringing together market and product. It promotes the so-called “creative destructive process”, bringing a new generation of wealth to the country and to society itself.

“[...] the entrepreneur’s profile drawn by Schumpeter, describes an individual who pursues a dream and the will to build a personal Empire, the will to conquer, the impulse of fighting, of show himself superior, of being succeeded, not so by the results of success itself only, but by his own success [...]”(KORNIJEZUK, 2004:24). Hence, it becomes clear that even rational economists consider the importance of behavior elements as an important factor to promote new alternatives and innovative ways of growing and that the pursuit for innovation is an innate part of an entrepreneur.

Furthermore, to Drucker (1986), the entrepreneur is the agent who generates innovation as a consequence of organizational changes. According to him, the entrepreneur is always changing, reacting to it and exploring new opportunities. As all changes generate uncertainties and fear, the role of an entrepreneur is to eliminate fear through positive motivation.

Porter(2002) argues that nations must take into account the paradigm of sustainable competitiveness, which derives more and more from competitive advantages, instead of comparative advantages. That is strongly related to product, process and organizational innovations. The last ones are usually placed on more flexible and dynamic arrangements, such as small and medium sized companies.

As regards entrepreneurship, what Drucker (1986) called “ learning worker”, in reference modern workers and their virtues, can be termed “learning entrepreneur”, that is, those who face uncertainties and fear through pursuing knowledge and information.

The learning person:

“If the feudal knight was the personification of society in the middle ages and the burgess, of the capitalist era; the learning person will have that function in the post-capitalist society, in which knowledge becomes the main tool.”

(DRUCKER apud BEATTY, 2000: 199)

Drucker (1986: 362) states that in an entrepreneurial society: “[...] The individuals shall assume responsibilities through their continuous process of learning and relearning. [...] as individuals go further in their education, the more entrepreneurial will be their careers and the more demanding will be their challenges to learning”.

This paper aims at suggesting that the main role of the entrepreneur is to stimulate the continuous learning inside firms, starting from himself, through an example of continuous changes in attitudes. According to Senge (2000:44), the firm grows as a whole and shall have success if it develops the ability to learn at all levels and creates an internal learning environment of continuous learning. With regard to this, the author says: “[...] for an innovation in human behavior, the elements must be seen as *disciplines*. [...] a discipline is a way of developing new abilities or competences. In every discipline – from playing piano to electric engineering – there are people who have an innate “gift”, but all can learn through practice (...) a learning organization is a place where people discover continuously how to create their own reality and how they can change it [...].”

Another important researcher, David C. McClelland (1972), studied the behavior of the entrepreneur. His research looked back to motivation as one of the most important characteristic of modern entrepreneurs and, consequently, the human being, in his pursuit to adapt to changes through the times.

In the Kornijezuk (2004), McClelland is referred as having identified the entrepreneur as the element between the need of accomplishment and economic growth.

Filion (1996), highlighted some common characteristics of successful entrepreneurs:

- 1) Entrepreneurial values and culture acquired through contact with at least one entrepreneurial model in their youth;
- 2) Business experience
- 3) Differentiation
- 4) Intuition
- 5) Involvement
- 6) Hard-workers
- 7) Visionaries (realistic dreamers)
- 8) Leaders
- 9) Moderate networkers
- 10) Relations system of their own employees
- 11) Learning patterns of their own

So, the entrepreneurs' strategies are closely linked to their understanding of what is happening in a particular environment and their actions reflect what they are and how they intend to reach some results. In general, entrepreneurship is associated to intuition, while management is associated to rationality; however, both are complementary and not exclusive (FILION, 1996).

In addition, according to Filion (1996), both management and entrepreneurship can be taught, but with different methodologies. Management shall emphasize the know-how and entrepreneurship, self-learning.

To Filion (1996), the successful entrepreneur is the one whose culture and values were influenced by entrepreneurship models and who also created relationship networks to somehow have a competitive advantage, compared to his competitors.

There are a comprehensive bibliography on arrangements and its importance for competitiveness. Recently, studies evolving the Schumpeterian approach and the transaction costs economy pointed clusters, innovation systems and technical economic networks as arrangements among hierarchy and market quite useful for better competitiveness (WILLIANSO, 2001; AZEVEDO, 1998; ZYLBERSZTAJN, 2001). It is possible to assure that they play important role on internationalization processes and globalization.

### **Internationalization**

Dicken (2003) suggests that is crucial to distinguish internationalization from globalization. Internationalization refers to the spreading of economic activities through trade beyond national boundaries and globalization is more complex and qualitatively distinct, because involves functional integration of dispersed activities

Among many studies written about firm internationalization - especially after World War II, when many changes happened in the business environment (global markets)- in Sweden, studies on firm internationalization were carried out first by Uppsala University and then by the Nordic School of International Business. Their major contribution was the change in focus, from a simple economic phenomenon to a behaviorist perspective (HILAL; HEMAIS, 2003).

Despite the fact that the issue has not been given enough attention in the academic environment as it deserves, inquiries have been carried out to understand firm internationalization in developed countries, as well in the developing ones. Also, studies about firm internationalization were understood as a complex structure of cumulative learning process and use of resources, competences and influences. Studies also connect business networks and the role of the entrepreneur as an important part of the success of companies in their path of going abroad.

The process of internationalization should first be designed, desired and dreamed by someone: the entrepreneur or the owner manager. So, he is the key element of the strategic plan. It is fair to say that for SMEs, the whole process begins in the entrepreneur's mind. He is the first to be internationalized. (HADJIKHANI apud HILAL; HEMAIS, 2001)

Despite the fact that there are many theories to explain why and how the firm internationalization process starts, the Uppsala model describes firm internationalization as an incremental process, which starts with a low commitment represented by exports, direct and indirect. The growth of international involvement is a result of successful transactions, acquirement of foreign market knowledge and overcoming the psychic distance phenomenon by experiential learning. Psychic distance is understood as a set of factors which has influence in the information flow among countries, suppliers and hostesses, such as: different languages, cultures, economic profiles, educational systems, political and legal procedures, as well as development levels and others. (HILAL; HEMAIS, 2001)

International operations are related to uncertainties with distant and culturally different markets and are very closely related to psychic distance: "[...] the bigger the differences are between the firm's country of origin and the foreign one in terms of: economic development, educational level, culture, language, political system, among others, the bigger are the level of uncertainties". The Nordic school emphasizes the fact that psychic distance is related to perception, and so, it is a subjective issue. (CARLSON apud HILAL; HEMAIS 2003:112)

Breaking this paradigm can be faced through the building of a business relationship network. A firm's level of internationalization reflects the level of internationalization of its business and personal network (Hilal; Hemais 2003). Internationalization is not only a business matter or the moving of production facilities to foreign countries, but it is the exploiting of potential relationships beyond borders (ANDERSSON and JOHANSON apud HILAL; HEMAIS, 2001)

The owner/entrepreneur's personality and characteristics exert a strong influence in the company's destiny. Firm internationalization begins with the entrepreneur himself, the one who should be the first to be internationalized (HILAL; HEMAIS, 2003)

The international expansion of business demands internal changes, especially in small and medium sized enterprises. Organizational changes are relevant, as well as more audacity from entrepreneurs to reduce internal resistances (endogenous) and fear of the unknown (exogenous). A decisive factor to success is the company's capacity to adapt itself to a new scenario, which is full of uncertainties. Small and medium sized companies must develop a global culture in order to gain crucial international experience and overcome psychological size barrier.

In general, surveys and papers about the internationalization process in Brazil show the globalization phenomenon under a large corporation perspective, reaffirming the myth that international business is only for large companies and giving very little attention to small and medium sized firms themselves; secondly, most of them highlight external factors to explain the causes of the low participation of small and medium size enterprises in the process of going beyond domestic boundaries. Most surveys only identify external reasons that limit the process. Lack of information about foreign markets, difficulties of product adaptation to consumer needs and customs, quality, price, bureaucracy and customs regulations, and lack of skilled workers are some of the many ties listed by those who study the internationalization process in Brazil. It is a consensus, on the other hand, that the level of complexity in doing business abroad is higher than in the domestic market. So, only few entrepreneurs seem to be fearless and have positive attitudes regarding international expansion. Most of them, unfortunately, still prefer to invest their entrepreneurial efforts in the domestic market.

However, the internet, the internationalization of production, international marketing strategies, trade liberalization, the shortening of distances between people, companies and countries, have all forced firms to plan business strategies, not only under a local perspective, but with the global market as reference. This new organizational strategy is a consequence of new consumers, who are much more demanding and connected to innovations.

The dynamism of the movements of technological, managerial and market innovations together with the speed of information, make a constant review of strategies and concepts in a shorter time imperative and also demand that leaders be much more open and less resistant to changes; furthermore, they must be able to help their subordinates to understand the systemic forces that frame the changes.(SENGE, 2001)

### **The small and medium sized enterprises**

It is unquestionable that small and medium sized enterprises play an important role as economic agents. Their importance results from the generation of jobs to the new innovative ideas introduced into the business sector. Researchers mention that the important role which small and medium sized enterprises play is determined by their participation in the social field, as job generators which sustain new job dynamics, as well as in the economic field, as part of the domestic economic growth .

According to Kornijezuk(2004, p.11): “[...] micro and small sized enterprises play a very relevant role in the generation of jobs, use of raw material, meeting local market needs, income distribution and in social mobility. [...] the support and development of the small enterprise sector offers conditions for entrepreneurs to carry on with their innovative production capacity , strengthening the domestic economy as a whole.[...] the strengthening of the domestic economy depends on the incentive and the building of new small and medium sized enterprises, investing in their innovative capacity”. The meaning of innovation is related to continuous changes observed by the entrepreneurs in order to adapt the business in search of new opportunities.



In the small and medium sized firm, as a simple organizational structure, the business itself is in the entrepreneur's "mind" and the owner/entrepreneur plays a very important role. In this sense, SMEs become more flexible to promote changes needed to survive in a competitive environment. However, the close relation between the entrepreneur and the business itself demands much more attention to the corporation's life than ever and according to Dolabela(2006), the company's success is directly related to the entrepreneur/owner's dedication, concentration and focus on business activities.

The SMEs organizational culture is closely influenced by the entrepreneur, who conducts the business in a particular way, according to his own perception of needs. The implementation of changes depends on the firm's environmental condition to stimulate creative and innovative solutions. This influence is deemed to create an extra-ordinary path for developing competitiveness inside the organization, which allows it to survive and even think about international expansion.

Of course, there are many authors who say that organizational behavior is shaped collectively, and not only by the owner's influence alone. " 'Companies' results – strategy and effectiveness – are seen as a reflection of the cognitive bases of the powerful actors inside the organization" (HAMBRICK and MASON apud GIMENEZ,1998, p.28). Gimenez (1998) highlight that the strategic choices are a reflection of the personal characteristics of the decision-makers, especially in the small and medium sized enterprises, where they are the main actors.

### The Small and medium sized enterprise (SME) in Brazil

The first challenge in Brazil is to reach a consensus about criterions to define small and medium sized enterprises. According to SEBRAE (Brazilian Bureau of Small and Medium sized enterprises), firms are classified as:

Table 1

Number of employees:

<i>Firm sizes:</i>	<i>Industrial sector:</i>	<i>Service / Commerce sector:</i>
Micro	Up to 19	Up to 09
Small	20 to 99	10 to 49
Medium	100 to 499	50 to 99
Large	500 and more	100 and more

Source: Sebrae, 2005

According to the Micro and Small Statute, approved by the Brazilian Congress in 1999, and revised by ordinary law Nr. 5.028 / 2004, March 31, 2004, the values of annual gross incomes are as follow:

- For Micro business: Annual gross income up to R\$ 433.755,14
- For Small business: Annual gross income from R\$ 433.755, 14 to R\$ 2.133.222,00

Now, according to SIMPLES, a taxation law specially designed for SMEs' needs, the values of annual gross incomes are different, as follow:

- Micro business: Annual gross income up to R\$ 240.000,00
- Small business: Annual gross income from R\$ 240.000,00 to R\$ 2.400.000,00

Despite there being many rules to define small and medium sized enterprises, for academic purposes, we shall consider the number of employees to determine the size of the firm.

The importance of small and medium sized businesses in any economy is unquestionable. For the Brazilian economy, according to SEBRAE, small businesses represented something around 98% of all firms established in the country in 2004, against 2% of medium sized and large companies.

Also, according to RAIS (Annual Report of Social Information) micro and small companies are responsible for 53% of job generation in the country in 2003.

Despite the importance of SMEs in Brazil's economy as a whole, regarding international business, their share is irrelevant. According to OECD (Organization for Economic Cooperation and Development) and UNCTAD (United Nations Conference on Trade and Development), 31% of all US exports are from small companies. In China, the numbers may vary from 40% to 60%. In Italy, 53% of Italian exports are from small and medium sized companies. Here in Brazil, in 2003, SMEs reached 2,4% of all Brazilian exports (values expressed in FOB US\$). Many are missing overseas opportunities because they feel comfortable selling in the domestic market only. The problem is that in a global scenario, competition comes from unexpected places

According to SEBRAE, small and medium sized firms in Brazil are dedicated to selling in the domestic market. Just 34% of small businesses have exported once. At first sight, this figure could be considered high, but in fact only few export more than once. Among them, almost half have export revenue, reaching up to 5% of the total business gross revenue only. This shows the low importance of foreign markets in the company's economic life.

Another important issue to be raised is the great concentration of small and medium sized firms in the service and commerce sector (third sector). Almost 86% of all enterprises, according to SEBRAE, are in the third sector. On the other hand, in the industrial sector, which generates much more interface with international trade through exports, there is a smaller number of firms.

Another interesting analysis is the export average income (value expressed in FOB US\$) generated by different company sizes in the industrial sector. According to SEBRAE, in 2003:

<i>Company sizes:</i>	<i>US\$ Thousand FOB – annual export average revenue:</i>
Micro	US\$ 50,4
Small	US\$ 316,1
Medium	US\$ 3.231,9
Large	US\$ 47.836,5

Source: SEBRAE, 2004

The figures above reflect the low level of added value and technological intensity of Brazilian SME' exports, making it difficult to increase the level of competitiveness of this segment in the international environment.

There are a few initiatives which could be strengthened to achieve a better level of competitiveness, such as The Technological Innovation in Small Businesses Program – PIPE from the State of São Paulo Research Foundation (FAPESP), created in 1997 which aims to support the development of innovative research to be carried out in small sized businesses centered on significant science and technology problems with a high potential for commercial and social return. Recently, The Research and Project Financing Program – FINEP established a financial program focused on small firms, named “juros zero (zero interest rates)”, allowing borrowing money for new entrepreneurial projects with no interest rates.

However, according to SEBRAE, between 1998 and 2003, the number of small and medium sized companies in the export business increased, which means that foreign experiences have been valid and worth it. In 1998, 39,7% of small firms had continued in the export segment; In 2003, the number reached over 66%. It is true that Brazilian SMEs are operating in an environment increasingly characterized by globalization, thus they need to be more competitive in order to survive in the global market.

Most research on international business activities of small and medium sized firms point out the difficulties and limitations faced by Brazilian exporters: legal procedures, lack of market information, product adaptability to foreign markets, production process and price trade barriers. Another issue regarding a low international insertion of Brazilian SMEs is the lack of commitment and effort of the entrepreneurs who respond passively to overseas challenges and domestic market strategies for culturally closer markets, making use of resources for exports with some level of reluctance (ROSSITER, 2007).

Rossiter (2007) also mentions that, to promote an increment of Brazilian SMEs in the international environment, it is necessary to stimulate business networks, an important tool to increase competitiveness in international markets. According to Rossiter (2007), encouraging small and medium sized firms to go abroad is more than stimulating exports, but strengthening strategies of generation of business networks among domestic and international firms.

## Final considerations

This paper attempted to explore the close relation between the role of the entrepreneur in the firm's organizational strategy, focusing on internationalization and the creation of business relationship networks. The study was motivated by the fact that internationalization of small and medium sized firms in Brazil is irrelevant. This paper also aimed at calling attention to the urgent need of actions which may provide important stimulus for international expansion and a building of new partnership models and networks.

Dolabela (2006) describes the key issue in relation to the process of entrepreneurship as being the person himself, not only technicality. So, the building of strategies for entering global competition is part of a personal decision of the entrepreneur, specially in small and medium sized firms. It is not a matter of putting aside other important limitations, such as: legal procedures, trade barriers, market information or the role of government, but emphasizing the importance of the entrepreneur in the implementation of strategic plans, such as internationalization. Entering the international market is an entrepreneurial venture. Successful entrepreneurial ventures require a better understanding of the foreign markets at all levels:

Cultural, historical, social and political issues, as well as economic trends, thus building a foundation for a successful strategy and avoiding potential obstacles.

Despite the fact that the entrepreneur assumes the role of being the changing agent, it is necessary to incorporate these elements of challenge within the company culture. Success, however, comes from individual, company and group commitments and involves also management practices in searching for a sustainable internationalization process.

The access of newcomers in the game of internationalization will strengthen Brazil as an important global player. Although internationalization generates a great number of opportunities and challenges, the key issue is the entrepreneur's ability to build a global vision and the development of positive attitudes toward risks and international knowledge. Internationalization is a sequential and an incremental process of learning where both external and individual factors influence the success of a firm's strategy, thereby facilitating the entry into foreign markets. Small and medium sized firms may not have the in-house resources available to become competitive globally, then a development of business and personal networks may help them to overcome difficulties.

Collateral consequences of a successful internationalization strategy also benefit the firms domestically: better quality of products, skilled workers and an increase of company productivity. Moreover, entrepreneurs become more responsible in carrying out contractual terms, raising the level of efficiency and effectiveness of economy as a whole.

Finally, for Brazil to achieve international competitiveness level, the introduction of a larger number of new actors, through small and medium sized firms, for instance, is imperative. In order to do so, it is necessary to stimulate entrepreneurs to move ahead into global markets. The paper suggests that to overcome uncertainties caused by perception of psychic distance, the creation of strong business relationship networks are demanded; Thereby, allowing huge investments in internationalization. At last but not at least, the role of Brazilian government is essential by creating better institutional and economic environments for SMEs, enabling the increasing of country's competitiveness as a whole.

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