(RE)NEW TRADITIONAL SMEs: SMEs RAPID INTERNATIONALIZATION PROCESSES

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Abstract

Portugal and Spain – and other European Southern countries – are facing an economic challenge: increasing the level of exports in its GDPs, in order to balance a huge decrease of domestic demand. A sustainable growth would rely on a higher openness level. The participation of SMEs in this effort is a need, not only in order to export more, but also to create jobs. The increasing number of traditional SMEs (Kalinic and Forza, 2012) which is taking first steps in international markets is making the SMEs rapid internationalization a hot topic. Our main purpose was, based on a deductive methodology, which has gather a literature review and the short analysis of eight internationalization Portuguese cases (seven SMEs and a special case – a MNE from the pharmaceutical industry), the development of a model which put together the factors that would lead to a rapid internationalization process. Our results, in the wake of Rialp et al. (2005) and Kalinic and Forza (2012) presented in the model “(Re)New Traditional SMEs”, have shown four factors: (1) Human Resources and Internal Entrepreneurship Management; (2) Local Network Active Management; (3) International Network Active Management; and (4) Products/Services Global Focus.
A NEW BIRTH: FAST INTERNATIONALIZATION PROCESSES OF TRADITIONAL SMEs

INTRODUCTION

On November 30, 1999, in Seattle, the World Trade Organization (WTO) met with extensive public protests about globalization and the liberalization of international trade. It was only the beginning. Further antiglobalization protests occurred in WTO's meeting in Davos in early 2001, and at other gatherings of international organization and leaders. They still occur today but the globalization phenomenon has become pervasive and has relentlessly changed the political, social, environmental, historical, geographical, cultural and economic environment in the World (Ball et al, 2010).

In reality, thanks to the rapid changes brought by economic globalization during the past decades, almost every company or enterprise in the World is affected by at least some kind of international challenge. International sales and marketing, international sourcing, international joint ventures, international cooperation, and foreign direct investments are only some examples of the possibilities and the challenges that a company is facing. And while globalization has been mainly associated with large multinational enterprises (MNEs), currently, those challenges also regard small to medium enterprises (SMEs), a range of companies with high and increasing relevance in the worldwide economic systems (Knight, 2001; Shrader, Oviatt, & McDougall, 2000).

According to EUROSTAT, the overwhelming majority (99.8%) of active enterprises within the EU-27’s non-financial economy in 2008 were SMEs (some 20.9 million). Together they accounted for two of every three jobs (66.7%) and for 58.6% of value added within the non-financial economy. The relative importance of SMEs was particularly high in the Southern Member States, countries like Italy, Portugal and Spain.

Consequently, the impact of SMEs internationalization in developed countries and in Europe in particular has become a major issue. This is particularly true since the recent Eurozone crisis, when countries like Portugal or Spain are urgently attempting to decrease their external deficits and stimulate economic growth through exports. On this subject, and in the context of the Irish Presidency of the European Union 2013, the Irish Minister of Small Business, John Perry, has stated that “It’s true that in Ireland, and right across Europe, SMEs are the backbone of the economy. But when it comes to competing with foreign companies, they can compete very well. On the contrary, I think we need to promote the
internationalization of SMEs so they can tap into the potential of developing markets" – Debating Europe, 2013.

Regarding this topic, many authors have focused their attention on the internationalization process based on a more gradual approach (e.g., Johanson and Vahlne, 1977 or Cavusgil, 1980) or moving from this perspective toward a network theory; others, since the 1990's, focused on ‘Born Globals’ – new companies which have overcome the step-by-step approach firstly proposed by the Uppsala gradual theory. Nevertheless, something is missing in between: as it was stated by Kalinic & Forza (2012, p. 694), “Within the last 20 years, a number of traditional small-medium enterprises (SMEs) have accelerated their international commitment by investing in distant countries despite limited market knowledge, limited use of networks, and limited international experience of the entrepreneurs. The purpose of this paper is to draw research attention to this phenomenon and to complement the existing literature on internationalization process of SMEs.”

Considering this issue, our research purpose is, focusing on this topic, the development of a theoretical model, applying a deductive approach, based on a literature review and in eight short cases focused on the SMEs internationalization process1, taking a first step in order to develop a more extent research in this field: traditional SMEs which implement rapid internationalization processes.

LITERATURE REVIEW: FROM GRADUAL APPROACH TO BORN GLOBALS

Until the 1960s the study of Internationalization was directly influenced by economists focusing primarily on the macroeconomic flows of commerce and investment between countries (Ilhéu, 2009). This macro approach gradually gave place to a more micro oriented analysis and research, with the integration of theoretical contributions, such as strategic management and marketing (Peng, 2001). Recently, the research has incorporated research based on organizational behavior and international business theories (Cavusgil, 1980; Osland and Yaprak, 2005).

Traditionally, the early stages of internationalization research (late 1950s and 1960s) were focused mainly on large MNEs and their international activities. This research, often called the economic approach, gave birth to a vast body of theoretical and empirical data. Some of

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the main theories explaining the internationalization of MNEs include: the internalization theory (Buckley and Carsson, 1976), the transaction cost approach (Williamson, 1985), the eclectic paradigm (Dunning, 1979), and the new economic geography approach (e.g. Krugman, 1991), among other contributions. These theories are the dominant approaches in MNE research. However, in recent years this situation is clearly changing (Ilhéu, 2009). In fact, with the advances in information technology and communication, globalization of markets and other enabling factors, more SMEs are facing the internationalization challenge (Liesh and Knight, 1999).

Regarding SME research, which is our leading interest, the main theories are: two primary stage models (U-models and I-models), network approaches, resource-based approaches, international entrepreneurship and born global theory. Each one this theories gives us a different or complementary approach, focusing on the most important factors or issues which lead to a successful internationalization process, and are useful in order to develop our deductive model: a theoretical model that considers the main factors which lead to a rapid internationalization process of traditional SMEs (‘non-Born Globals’).

The Uppsala Model (U-Model)
In the early 1970s, in Nordic countries a research stream regarding SMEs has emerged: a research which has taken the first steps in the University of Uppsala - Sweden. These Nordic countries are small and open economies, with an important economic contribution from SMEs, which led local researchers to a special focus on this type of companies (Bloodgood, 1996). Influenced by behavioral theory of the company (Cyert and March, 1963) and by Penrose’s theory of knowledge and change (Penrose, 1959), started to develop a range of internationalization models usually known as the Nordic models (Korhonen, 1999) or learning models (Ahokangas, 1998). One of the most important models was developed by Johanson and Vahlne (1977, 1990): the Uppsala Internationalization Model.

In this model a company’s internationalization is seen as a process of increasing the international involvement, as a result of different types of learning. According to the model, market knowledge and resource commitment of companies (state aspects) affect commitment decisions and current business activities (change aspects). The change aspects, in turn, increase the market knowledge and stimulate further resource commitment to foreign markets in the subsequent cycle (Andersen, 1993). This model suggests that companies increase their international involvement in small incremental steps regarding the foreign markets in which they are operating. The entry in new markets are conditioned by what the authors call “psychic distance”, which is dependent on factors such as culture,
education, language, business practices or political environment. The accumulated knowledge while conducting international actions influences and drives the internationalization process, namely the country selection or entry mode. The model establishes market commitment based on two major factors: the resources committed and the degree of commitment.

Nordic internationalization models and the Uppsala Model in particular have had a major influence on studies focusing the internationalization of companies. Several authors have developed their work based on the Uppsala Model, in order to validate and refine the research made by Johanson and Vahlne (1977) (e.g. Morgan and Katsikeas, 1997; Vida and Fairhurst, 1998; Conviello and McAuley, 1999; Chetty, 1999; Peng, 2001; Knight and Liesch, 2002).

Looking back at the research and the contribution of these models, we have to understand that they were the result of a particular economical and regional context. Even if the research showed some empirical support, several authors, usually since 1980s, are critic of the models. It has been said to be overly deterministic (Reid, 1981), and considered lacking in regards to the strategic choices given to individuals. Another important issue, that reveals the outdated context of the research, is that many of today’s companies simply do not follow the traditional pattern of internationalization. With the advent of globalization there is a new kind of companies emerging, which are international from its inception. They have been called ‘born globals’ (Madsen and Servais, 1997), international new ventures and global start-ups (Oviatt and McDougall, 1994; Oviatt and McDougall, 1995). We will further explore this concept.

**Innovation-Related Models (I-Models)**

The main feature of the innovation-related model is that each subsequent step or stage of internationalization is considered as an innovation for the company. The focus of this research is exclusively on the export process development, particularly for SMEs. In their work, Leonidou and Katsikeas (1996) have reviewed the innovation-related models (Bilkey and Tesar, 1977; Cavusgil, 1980; Reid, 1981) and concluded that they were similar in a specific feature: all of them present a number of sequential stages. The main difference between these models rests in the number of stages, ranging from three to six. They also identified three generic stages: pre-export stage; initial export stage; and the advanced export stage. The similarity of the models has also been pointed out by Andersen (1993).
One major difference from the U-models is that these models are more behaviorally oriented. In fact, individual learning and managers (mainly top managers) are seen as important elements for understanding a company's international behavior.

Nonetheless, these models have faced some criticism, mainly because some authors have pointed out the vagueness in the theoretical approach and terms. The demarcation criteria, for instance, is viewed as problematic and it is said that too little attention is paid to the stages operationalization and to the time spent by the company in each stage (Andersen, 1993). Ahokangas (1998) has highlighted this issue, referring the difference between stages as vague and, from the internationalization process point of view, as models which don’t explain activities or factors that would lead each company to overcome a stage.

At this point, it is important to remind that these two types of models (U-models and I-models) are the most popular theories explaining the development of internationalization in SMEs. A wide variety of such models are found in literature and it is important to stress that the central feature of all the models is the incremental nature, or sequential nature of the internationalization process. These I-models, as the U-model, are a gradual approach to the internationalization process; some authors call them: ‘gradual models’ (e.g. Dias, Marques, 2012).

**Network approaches to internationalization**

Almost 15 years after the early stages of the Uppsala model, Johanson and Vahlne (1990) continued the analysis of the internationalization process with a new perspective: the network approach. The use of a network analysis provides a framework for understanding companies as embedded actors in business networks (Johanson and Mattson, 1993, Conviello and McAuley 1999). In the model of Johanson and Mattson (1993) the concepts of gradual learning and development of market knowledge, as it is seen in the traditional model, are now applied to interaction within networks. This perspective takes into account the company’s position in the network, from a micro perspective (company to company) or from a macro perspective (company to network). In the micro perspective, companies are considered as interdependent agents, which face and develop co-operation and competition relationships. The macro perspective focuses on direct and indirect relationships within the networks. By combining the two perspectives the authors identified four stages of internationalization: early starter, late starter, lonely international and international among others.
The model, following its incremental heritage, considers that the company gradually develops positions within networks (relations with other counterparts). Usually, the first network position is domestic followed by business relationships in foreign networks as the internationalization process evolves. The authors distinguish three major steps in the achievement of relationships: international extension (new relations in new countries); penetration (development of existing relations); international integration (connecting networks in different countries). From the network perspective, the internationalization strategy of a company can be characterized by the need to: minimize the need for knowledge development; minimize the need for adjustment; and exploit established network positions (Johanson and Mattsson, 1993).

Hakansson and Snehota (1995) highlighted also, how the network approach would be helpful to understand how resources, activities and actors inside a given network affect the SME’s internationalization process.

The main criticism of the network approach lies in its depth. In fact, one of the network-based approach limitations seems to be the exclusive focus on the management of international relationships, neglecting the strategic position and influence of individuals, particularly entrepreneurs, in the internationalization of SMEs. Many authors consider that the social networks and relationships are of outmost importance for entrepreneurs and their business. Holmlund and Kock (1998) state that the social network is a sub-network within the business network that affects and is affected by the obtained resources and decisions at operational level. Inter-company and interpersonal relationships are also important in other internationalization issues: foreign market selection (Andersen and Buvik, 2002); market servicing (Welch and Welch, 1996); dynamics of entry; international market development and marketing-related activities (Coviello and Munro, 1997); time of internationalization (Oviatt and McDougall, 1994); propensity to export (Westhead et al., 2001); strategic choices and performance; and degree of internationalization. Jaklic (1998) argued that networks can be particularly useful for SMEs in catching-up economies since it is possible to overcome some of the problems of knowledge and technology as well as capital accumulation. Bonaccorsi (1992) pointed out that small companies trade and acquire information with one another through their social network, which results in companies imitating one another in order to increase the speed of their export entry.

**Resource-Based Approach to Internationalization**

Another important contribution in order to understand the SMEs internationalization process is the resource-based view (RBV). The RBV considers companies specific resources as the
main promoters of sustainable competitive advantages in international markets (Barney, 1991; Conner, 1991; Fladmoe-Lindquist e Tallman, 1997). The RBV was developed within the field of strategic management and has two main origins: seminal writings on business strategy by K. Andrews (1971) and A. Chandler (1962), and, previously the Edith Penrose’s (1959) contribution: “The theory of the growth of the company”, characterizing companies as a collection of heterogeneous or company-specific resources (Foss and Eriksen, 1995).

According to this view, a company’s ability to attain and keep profitable market positions depends on its ability to gain and defend advantageous positions regarding relevant resources to compete (Conner, 1991). These important resources, that should sustain a long-term competitive advantage, have been described by several authors, such as: (Barney, 1991; Peteraf, 1993; Wernerfelt, 1997; Mahoney and Pandian, 1997; Grant, 1991). The research led by Alvarez (2004) has concluded that these resources will help to achieve a strong competitive position in international markets.

These resources are tangible but also intangible factors, owned or controlled by the company and converted into goods or services. Several authors have developed resource-based studies and models of SME’s internationalization based on RBV: Roth, 1995; Ahokangas, 1998; and Luo, 2000. A common purpose of this research is to answer two broad questions, as it was stated by Peng (2001): why do some companies possess unique resources in comparison with their international counterparts? And, what determines the international success or failure?

One of the major criticisms regarding the RBV is related to the definition of the attributes that resources should possess to sustain competitive advantage. As mentioned earlier, a number of authors have presented different perspectives. Barney (1991), for example, stated that resources must be valuable, rare, imperfectly imitable and not substitutable, while Grant (1991) proposed that resources must capture durability, transparency, transferability, and replicability. These different points of view are object of concern for some authors that consider them to be “often relatively broad and hazy” (Winter, 1995, p.95) or that there is a lack of “clear boundaries between them” (Andersen and Kheam, 1998, p.163).

Limitations aside, it seems that the resource-based theory has a lot in common with the network perspective. In fact, in both theories, internal and external resources are seen as constituting the total set of the company’s available resources. Recently, some authors have pointed out this similarity and the model presented by Ahokangas (1998) is, to some extent, the merging of the two theories. It’s important to point out that, in the network perspective,
actors within the network provide the resources for internationalization, while networks of individuals and their tacit knowledge (social capital) can be seen as resources themselves. Furthermore, the access to resources, from the entrepreneur’s perspective, is obtained through networks.

**International Entrepreneurship**

Historically, the early theories of internationalization such as the Nordic models mentioned earlier have been centered in an economic view and in a gradual learning process. The individual’s ability of making strategic choices has been overlooked (Reid, 1983; Turnbull, 1988; Andersson, 2000). This was a serious flaw, mainly because it did not allow the understanding of sudden and radical strategic changes, where entrepreneurs and top managers play a crucial role (Reid, 1981; Andersson, 2000). Regarding this, the RBV had an important part in the birth of international entrepreneurship by considering that some of the resources that allow companies to internationalize are intangible, like the knowledge that entrepreneurs have about global opportunities (Ilhéu, 2009). Furthermore, Miesenbock (1988) stated that entrepreneurs are the main variables in SMEs’ internationalization.

In this context, one of the most recent approaches to SMEs’ internationalization is an emerging research called International Entrepreneurship (e. g. Antoncic and Hisrich, 2000; Oviatt and McDougall, 2005). The most mainstream definition specifies international entrepreneurship as a “combination of innovative, risk-seeking behavior that crosses national borders and is intended to create value in organization” (Oviatt and McDougall, 2005, p.537). A research approach to the SME’s internationalization, in this case from the entrepreneurial perspective. As mentioned above, RBV has served as a bridge by implicitly proposing that entrepreneurs are a source of sustained competitive advantage (Rangone, 1999; Alvarez and Busenitz, 2001). The focus of the analysis has moved from the company level (Foss and Eriksen 1995) to the individual level, but still in the context of resources. Some of those intangible resources inherent to entrepreneurs are: knowledge, relationships, experience, training, skills, judgment, and the ability to coordinate other resources (Barney 1991; Langlois, 1995).

It is also important to point out that the international entrepreneurship highlights concepts like strategic thinking and entrepreneurial innovation. Entrepreneurs are seen as strategists, who must find a match between what a company can do within the universe of what it might do (Foss and Eriksen, 1995). Likewise, at the heart of entrepreneurial activity is innovation (Hitt, 2001), and the process of internationalization can even be seen as innovation adoption (Schumpeter, 1934; Reid, 1981).
**Born Global Theory**

To accomplish the literature research it is mandatory to mention the born global theory. This is the most recent research area in internationalization of SMEs. It has emerged in the wake of increased globalization and hyper-competition at an international level. This theory represents a challenge to traditional theoretical models and approaches.

In the last decade, several empirical studies have identified a growing number of companies that have been able to establish themselves in international markets very shortly after inception. This is indeed a serious challenge to gradualist processes. These companies are born with the purpose to operate in the international markets since ‘day one’. Usually three years is the milestone to a 25% international market share (Ilhéu, 2009). These companies are typically knowledge intensive, high tech driven and niche market oriented. They have been called ‘Born Global’ (Oviatt and McDougall, 1994; Knight and Cavusgil, 1996; Madsen and Servais, 1997; Knight and Cavusgil, 2004).

Oviatt and McDougall (1994, p.45) have defined ‘Born Globals’ as “business organizations that, since their creation, seek to have significant competitive advantages in the use of resources and selling outputs in multiple countries”. The rapid internationalization of these companies is driven by the need to use, in a cost effective way, the highly valuable intangible resources such as new technologies, innovation, and international market know-how. Many of these companies start to compete in international markets very early because of their entrepreneur’s vision and commitment (Bell, 1995). Furthermore, since ‘Born Globals’ do not have a natural border regarding their business, there is usually a clear proactive international strategy in place.

The rise of ‘Born Global’ is a very recent phenomenon and it is going to remain durable in the near future. One of the reasons is the growing specialization and consequently the exponentiation of niche markets. As stated by Madsen and Servais (1997, p. 561) “specialized customization and niche production are the most viable alternatives in today’s markets”.

**A NEW APPROACH: A NEW BIRTH FOR TRADITIONAL SMEs**

As shown earlier, previous research brought a considerable contribution to the understanding of the SMEs' internationalization phenomenon. One of the most striking differences between early theories and more recent approaches is the timeframe of the internationalization
process of SMEs. In fact, there are two distinct visions. If we take into account the early approaches, like the Nordic models, the internationalization of SMEs had been theorized to follow a gradual and systematic approach, in which companies increase international involvement in the course of a long period of incremental knowledge acquisition of foreign markets. On the other hand, only since the beginning of the 1990s rapid internationalization has been considered for born global companies. Furthermore, from the literature, it emerges that knowledge-based or knowledge-intensive companies are able to perform rapid internationalizations while traditional companies are supposed to internationalize slowly, following gradualist models, unless they have a strong international network (Oviatt & McDougall, 2005; Rialp et al, 2005).

Although, if it is known a substantial theorization about the SMEs’ internationalization concept, there is also some discrepancy between what can be observed and what the literature shows. In fact, it emerges that, in the last 20 years, several traditional SMEs (manufacturing companies with neither particularly advanced processes nor products – Bell, 2003) have rapidly internationalized operations in new and unknown markets. The internationalization process rapidly transformed a number of traditional SMEs from being local, or at maximum nationally oriented, to becoming players on an international level thru exports or even foreign direct investment. From field experience – and statistics are showing that – this is also happening in Portugal. Furthermore, according to Statistics Portugal (Instituto Nacional de Estatística), Portugal’s exports are increasing year by year – 2012’s exports were almost 6% higher than 2011 - mainly in traditional sectors. This trend is confirmed by Banco de Portugal’s projections for the Portuguese economy in 2013-2014: a positive exports growth is forecasted, even if Eurozone countries are facing, 2013, a GDP decrease (European Commission – EU, 2013).

Given the high relevance of traditional SMEs, not in Portugal, as well in other European countries, it is important to develop research in this field: rapid-internationalization of these specific companies, in order to complement the existing literature about the SMEs’ internationalization process. The existence of traditional SMEs that are able to perform rapid internationalization in unknown markets creates a discussion surrounding the distinction between themselves and ‘born globals’. This presents itself as a relevant research area since there is a research gap to explore (see Fig.1).
Some Empirical Evidences From Portugal
Since 2007 several Portuguese companies have faced a huge increase of their income from foreign markets. Most of them have faced this change by increasing their top level commitment, and company resources, to develop their international venture. Nevertheless, some issues were ‘key-issues’ in order to lever their income from international markets, and are useful in order to understand, in a first sight, which can be the factors that would lead to a rapid internationalization process. We have selected eight empirical evidences; from eight SMEs cases developed focusing the internationalization process:

- **Vieira de Castro** (Food Industry – Crackers and Cookies): this company exports crackers and cookies to Japan (a market with a long psychic distance). Two key factors: a personal experience from one of the owners (personal experience and network) and the good is a niche product – high commercial margin. Secondly, is exporting also to Poland – among other markets – and it was the local network, at national level, using the market knowledge of an important client, which has allowed a fast entry in that Eastern county. Five main issues are important in this case: top management commitment and involvement, resources commitment, entrepreneur network, local network and niche product (high-commercial margin).

- **Frulact** (Food Industry – Fruit Products to fulfill Milk Industry – e.g. Fruit for Milkshakes or Yoghurts): top level commitment, with a clear and strategic vision, serving MNEs like DANONE, exporting to different markets, with a multinational value
Chain – from Serbia to Algeria – leveraging their foreign network using its position in the network (local and international). Three main key-issues: top management commitment, local and international network position used in order to boost income from abroad and a value chain designed in order to sustain a competitive product (e.g. FDI in Algeria to get a special inbound resource, a FDI in South Africa to address proper service to a local client, among other examples). Today, this company is no longer a SME; nevertheless, was a SME when the project has been started by the owners.

- **Pastelaria Chafariz** (Food industry – Pastry Products): a small company which is initiating their export process; a company which has taken several decisions in order to increase fastly their income from international markets: top management commitment, recruitment of new human resources focused on international markets, and is using local network in order to address an offer to markets with a longer psychic distance (e.g. Poland or Colombia).

- **Sampedro** (Home Textile): a medium size company which has shifted its offer, focusing on Hospitality industry, adding value, more service and quality, in order to achieve a competitive advantage. If, once again, top management commitment is a key-factor, it was also important to focus on a specific niche market. We should stress the importance of a clear strategic vision, and a learning process which levers product innovation.

- **Onoma** (Professional Services – Translation Services): a small company, which has used local clients in order to entry – exporting services, with a foreign commercial subsidiary – in some foreign markets. Market selection has emerged from local clients priorities. Onoma is facing it international venture in a ‘marsupial’ was: it is using clients market knowledge and operations in order to select and entry in foreign markets. The local network is a key-issue to achieve a rapid internationalization process. The pace of the internationalization process is not controlled by the company if this ‘marsupial’ way is the only tool used to select new markets.

- **Additive Tecnologia** (Hardware and Technological Infrastructure Services): this company has given its first steps using the Portuguese Trade & Investment Agency. Institutional support was important to select markets and to develop first commercial contacts; however, since then, a foreign network is being built and a learning process is allowing Additive to accumulate new resources – competences and skills.
Nevertheless, this process would be better characterized as a gradual approach (even if the percentage of income from foreign markets is increasing fastly).

- **Medinfar** (Pharmaceutical): this company is not a SME; nonetheless, it is important to stress an issue. The learning process is leveraging the entry in new markets; a complex process of licensing pharmaceutical products is being used in a efficient was in order to boost income (e.g. some countries are using some standards our requests in order to license a pharmaceutical product, and the lessons learned in previous processes are being used as a competence/resource).

- **Afinomaq** (Equipment and Machinery): this company doubled the income from foreign markets in two years. A focus on Portuguese speaking countries and a product which is price competitive, and a short cultural and language distance, were tools in order to reach an important sales amount in foreign countries. It was a huge income increase, nonetheless should not be considered as a rapid internationalization process. It is an exporting process; the company is learning in the near cultural and language markets (Angola and Mozambique, even if is exporting also to other European markets). In this case a lack of a local network or a position in an international network in constraining the entry in some more distant markets. An internationalization process which can be described better by the ‘gradualist’ models.

**A Re(New)Venture: a Rapid International Venture for Traditional SMEs**

From literature emerged two major distinguish perspectives: a more gradual or a more fast or rapid internationalization process. Rialp *et al* (2005) has made an important contribution when in a research paper introduced the key differences among ‘born globals and international new ventures (INV)’ and ‘gradualist models firms’. The differences were grouped considering three topics: founders’ characteristics or features, organizational capabilities and strategic focus. Kalinic and Forza (2012) contribution, based on Rialp *et al* (2005) work, focused on traditional SMEs which has faced rapid internationalization processes, and identified which were the features that would be more ‘born global/INV’ or gradualist.

Our purpose was to understand which could be the main factors which can lead to a rapid internationalization process, considering traditional SMEs. Lessons learned from literature has given us commitment and resources as important issues in order to address an internationalization process; however a network approach, a resource-based view and a international entrepreneurship theory have given us a more broad perspective: knowledge –
from markets and processes – as a resource which can be captured, shared and used within a local or an international network, and the will, and the strategic vision, of an entrepreneur as a key-issue in order a different pace to the international process.

The ‘born global’ concept was seen as a ‘broken’ concept, which introduced a non-gradualist approach to the internationalization process. It means, the pace, at least for some companies, was no longer gradualist. Thus, main question is: why some ‘non-born globals’ would not (re)born and avoid a gradualist process?

The eight short cases presented by us have given us additional insights: top management commitment is a key-issue; network position (local and international) is important to entry in more distant markets; the learning process is important to use knowledge (markets and processes) to increase the pace of the internationalization process; institutional support (Local State institutions – AICEP or/and ICEX) can be useful in order to take the first step in more distant markets (not only, but is more important in this cases); products/services must be difference, more innovative or focused on a specific part of the value chain. As it was seen in the Afinomaq case, when many of this issues are not available, near markets are chosen (and many times in a successful way, but as it is described by Kalinic and Forza (2012), cannot be considered a rapid internationalization process.

Thus, our approach to a Model which consider the variables that conduct to a rapid internationalization process – (Re)New Traditional SMEs – includes four different issues: (1) Human Resources and Internal Entrepreneurship Management; (2) Local Network Active Management; (3) International Network Active Management; and, (4) Products/Services Global Focus (see Fig. 2):

   (1.) **Human Resources and Internal Entrepreneurship Management**: companies which do not have internal resources in order to build an international network, or even do not have international markets should acquire or buy those knowledge-resources in the market (e.g. Pastelaria Chafariz or even Vieira de Castro, where a specific personal knowledge was a key factor to be in Japanese market). The top management commitment and clear strategic focus is needed. The founders’ characteristics are different from the ‘born globals/INV firms; a way to overcome this issue is to increase the knowledge base by acquisition and the promotion of internal international entrepreneurship.
(2.) **Local Network Active Management**: as we have learned from Johanson and Valhne (1990), even focused on a gradualist approach, a position in local network can give access to resources, and to be a tool in order to promote the internationalization process. As it was seen in the Vieira de Castro, Frulact, Pastelaria Chafariz, or even in the Onoma case, local network was a key-issue to ensure the entrance in distant markets (as it was Poland, or Brazil in the Onoma case). Local institutions, as it was in Additive Tecnologia case, can play an important role, mainly on first steps in far markets (e.g. trade & investment organizations – AICEP, ICEX or UK Trade & Investment).

(3.) **International Network Active Management**: when first steps were taken, the management of the international network is important to increase the knowledge about markets and processes. As it was seen in the Frulact case knowledge as a resource would lead to new business opportunities in far markets (considering psychic distance – Algeria or even South Africa). The Medifar case was also important when is made a note about how the learning process would increase efficiency approaching new markets. An international network management would lead to a different pace in the internationalization process.

(4.) **Products/Services Global Focus**: many companies increased the value of the products and focus in niches or global niches. Frulact is focused in specific part of the milk industry value chain; Sampedro focused on a specific type of clients and add value to its products; Onoma is aiming to establish a special relationship to its local clients abroad. A focus on differentiation, niches and product/service adjustment to special needs.
CONCLUSION

Our main purpose it was the deduction of a model which would gather the main factors that lead to a rapid internationalization process, considering as object traditional SMEs (by definition, and by opposition to ‘born global’, a ‘non-born global’ company). Firstly, a methodology was conducted taking a deductive approach, based on a literature review which has highlighted the most factors would lead to an internationalization process and, later, was clear that the timeframe was the major difference between gradualist and ‘born global’ approach. It has been seen by different authors that ‘born globals’ were more knowledge intensive, high tech driven and niche market focused. Rialp et al (2005) have presented the main differences between these two kinds of companies: the ‘born globals’ and traditional SMEs (which follow gradualist models). Nevertheless, Kalinic and Forza (2012) have shown a different perspective, where traditional SMEs have engaged in rapid internationalization processes, and, based on five case studies.

Secondly, based on eight short case studies, and taking into account the literature review made previously, we have defined a model for ‘(Re)New Traditional SMEs’, which was grouped in four different area: human resources and internal international entrepreneurship,
local network active management, international network active management, products/services global focus.

This conclusion would lead us again to Rialp et al (2005) framework: a major difference between gradualist and ‘born global’ companies it was observed as to be ‘founders characteristics’. It means, a top management commitment it is not enough; it is important to overcome a lack of personal network, skills and competences. The founder – the owners – in order to avoid gradualism needs to acquire knowledge by introducing new human resources, promoting internal international entrepreneurship and using these human resources to introduce the company in some international networks.

Additionally, as it was written in literature – and was defended by Johansson and Vahlne (1990), and other authors, to be part of a network (local and international) can be a boost in the pace of the internationalization process. Oviatt and McDougall (1995) have stressed this issue, when have considered being part of network the unique way to avoid a gradualism approach by a traditional SME. Cannot be enough; but it is necessary.

Thirdly, differentiation and specialization in niches seems to be the way found to increase the speed of the internationalization process. As it was made by Frulact, Sampedro or Onoma. But, again, this feature it has been seen also in ‘born globals’ (Rialp, et al, 2005).

Our conclusions are, somehow, in this point, an approach which gives to traditional SMEs a set of issues that are needed in order to increase the pace of their internationalization process.

Finally, our research will consider, further steps: firstly, a new set of case studies will be develop in order to validate the model - the cases selection would be more focused and we will try to reproduce the characteristics of Kalinic and Forza (2012) case studies, however focused in Portuguese SMEs; secondly, we will compare successful cases and unsuccessful cases in order to understand better which are the variables that lead also to non-positive results in the internationalization process (focusing on traditional SMEs); and, finally, we will conduct a survey, with a random sample, where constructs would be validated to the Portuguese population (traditional SMEs which have faced rapid internationalization processes).
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