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THE ROLE OF INTERNET IN THE BORN GLOBAL COMPANIES

O PAPEL DA INTERNET EM EMPRESAS NASCIDAS GLOBAIS

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ABSTRACT

The process of internationalization of global companies occurs connected to the high integration through the nets of computers, especially the Internet. The technological advances have revolutionized the forms of transacting products and services. Innovation becomes the key word for this new phase established in the economy by the computer science in which the Internet is able to establish a larger integration among the enterprises, consumers and suppliers. How can the Internet contribute to the process of Internationalization of Born Globals? This theoretical paper aims to discuss the role of innovations with internet in Born Globals firms to the process of internationalization. The literature review on the subject shows that the advances of technology will require new studies about the internationalization's process. In spite of that, the influence of the electronic business has progressed in commercial transactions. The global world requires workers who are more and more prepared to face such reality. The enterprises will have to adapt, otherwise they may fail to reduce costs and to improve their logistics. The consumers can have personalized products, while their needs are met in a more comfortable, immediate way and with less intermediates. The electronic markets revolutionize the economy by meeting old needs in a more modern and practical way.

Keywords: Internationalization. Global Companies. Entrepreneurship. Internet.

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RESUMO

O processo de internacionalização das empresas globais ocorre ligado à alta integração através das redes de computadores, especialmente a Internet. Os avanços tecnológicos revolucionaram as formas de transações de produtos e serviços. A inovação torna-se a palavra-chave para esta nova fase estabelecida na economia pela informática, em que a Internet é capaz de estabelecer uma maior integração entre as empresas, consumidores e fornecedores. Como a Internet pode contribuir para o processo de internacionalização das empresas que já nascem globais? Este trabalho teórico tem como objetivo discutir o papel das inovações com a internet para o processo de internacionalização de empresas que nascem globais. A revisão da literatura sobre o assunto mostra que os avanços da tecnologia exigirá novos estudos sobre o processo de internacionalização. Apesar disso, a influência do comércio eletrônico progrediu em operações comerciais. O mundo globalizado exige que os trabalhadores que estejam cada vez mais preparados para enfrentar essa realidade. As empresas terão de se adaptar, caso contrário, eles podem deixar de reduzir custos e melhorar a sua logística. Os consumidores podem ter produtos personalizados, enquanto que suas necessidades são atendidas de forma mais confortável, imediata e com menos intermediários. Os mercados eletrônicos revolucionam a economia, atendendo às necessidades antigas de uma maneira mais moderna e prática.

Palavras-chave: Internacionalização. Empresas Globais. Empreendedorismo. Internet.

1 INTRODUÇÃO

The Uppsala school asserts that companies tend to internationalize to countries physically close to their home country and adopt a sequence of stages that will gradually increasing resource commitment. The distance between the countries is measured not only in miles but also by cultural, economic, technological and educational relations between the countries of origin and operation.

This difference is called psychical distance. The stages of the gradual development are: irregular export activities; export activities through representatives; export activities through established sales subsidiaries in the foreign market; the company establishes production and manufacturing in foreign markets. Here named as traditional Uppsala Model (TU-M).

Therefore, the thought of Uppsala School (Nordic's one) has evolved into the question of social networks(networks), whether in the industrial or the relationship between firms and markets. There is a difference between the traditional and the evolving process of social networks: the heterogeneous pattern of entry opportunity. This heterogeneity motivates the firm to choose which markets and mode of entries that could be even far of the country of origin and the relationships could be used as bridges for entry into other networks. Named in this article this new model as revisited Uppsala Model (RU-M) (JOHANSON; VAHLNE, 2009).

In the RU-M, the internationalization process accepts multiple input modes, with exporting, licensing, sales subsidiaries, production subsidiaries, setting up factories, management contracts and JV's, that is an organizational heterarchy.

Multinational Enterprises (MNE's) organize their activities to influence political actors in foreign countries (i.e, legislators), incorporating the management of those players outside the network to the business network (outsidership).

Oviatt and McDougall (2005) asserts that global start-ups sustainable advantages "due to combination of historically unique, causally ambiguous, and socially complex inimitability with close network alliances in multiple countries", it seems to collaborate with the Stages Theory of them and even with (RU-M), specially if we do not relate to the first two of the three exceptions to the Stages Theory formulated by VAHLNE and JOHANSON (1990) based on International New Venture (INV's): First, firms with huge resources are estimated to get large steps toward internationalization. Second, when foreign market conditions are in equilibrium and uniform, learning about them is easier. Third, when firms have considerable knowledge with markets that are analogous to a newly targeted distant market, previous experience may be generalized to the new arena.

Agreeing with Oviatt and McDougall (1998, p.6) "Thus the expectation that firms will internationalize through a graduated series of increasingly risk modes of entry and investment may be wrong for a significant number of firms". Firms with high commitment with international markets and born globals (BGs) companies may internationalize through simultaneous combination of modes.

Johanson and Vahlne (2009) still argued previously that access to information would be easier to large companies, and that TU-M shall be more applicable to Small and Medium firms (SME's). With the revisiting of the Uppsala Model, knowledge should be equally applicable to large and small firms, despite of large firms be better informed if the acquisition of another firm happens in a market which they already works.

That argument can be used to explain the rapid growing of INV's, because they are based on the founder entrepreneur access to knowledge and relationships previously to the process of internationalization. As enterprises start to internationalize soon after their birth, we can see opportunity identification as a coin with two sides that overlap, one called exploitation and another named exploration, even with psychic distance.

According with Oviatt and McDougall (1998, p.2-3) argument's that "In some industries, most firms, regardless of their young age or small size, were forced by competitive forces to go international". I disagree with Johanson and Vahlne (2009) argument, when they asserts that "born globals" companies are in fact "born regionals", because when is mentioned BGs it means about international activities around the globe, not only in a specific region and such firms are almost always founded by individuals with established relationship in the international market and with previous experience in it.

It is expected that digital technology diffusion, the typical firm size required to manage foreign assets will decrease. High-speed data communication lines, satellite connections, and the declining price of microprocessor power permits even the smallest companies to exchange with partners overseas and even to manage tools from remote locations. Sophisticated computer and communication technology may permit younger and smaller firms to internationalize and to run more complex distant transactions than in the past. A key theoretical question is: How can the Internet contribute to the process of Internationalization of Born Globals? The main objective of this theoretical paper is to discuss the role of innovations in Born Globals internet firms to the process of internationalization.

2 BORN GLOBALS

Rugman and Verbeke (2004) argue not against the definition of Born Globals as others do, i.e. as Moen and Servais (2002) in the paper "Born Global or Gradual Global?...", but the authors demonstrate that most of the enterprises are not really global companies. They divided the globe in the research into three parts: North America, the European Union (EU) and Asia. The authors (2004) asserts "Only a limited number of firms, such as Coca-Cola and IBM, have, according to Ohmae, succeeded in becoming a triad power", that are defined as firms that has: "(1) equal penetration and exploitation capabilities, and (2) no blind spots, in each of the triad regions" (OHMAE, 1985, p. 165).

Rugman and Verbeke (2004, p. 16) results are "Most large MNEs have an average of 80% of total sales in their home triad region. Only nine firms among the largest 500 companies are unambiguously global." This is amazing and despite their methodology is not reached in all countries and in all regions in the world, it is sufficient to explain and reinforces their main argument,

but a subject sounds interesting to study. What about Internet Born Globals?

Contactora (2007) feels free to elaborate some articulation about Degree of Internationalization (DOI) scale, making many observations about exceptions and special cases, as a result of many distinguished empirical studies, that drove to a conclusion not well explained in the paper, because to design them it seems a reduction of the reality.

Therefore, as a simplification of something very complex, it is better to understand as a relevant contribution, but more uncertainty than the initial studies' phase of internationalization. This occurs in three stages (multi-stages): Early Internationalization, Later Internalization and Excessive Internalization. As in the original paper it is better to concentrate some efforts of summarization in the middle or in the second stage.

Still talking about second stage (CONTRACTOR, 2007), it seems that knowledge acquired from abroad makes easier the process of internationalization, because there is a learning process that gives accumulated experience and organizational ability to reproduce models of success abroad at a lower cost and time. Arbitraging cheaper inputs in Transaction Costs (TC) theory of Hennart's would be eroded this advantage by the rivals, except the problem is analysed by the concept of strategic differentiation of first-movers. It is relevant to assert that even R&D budgets makes in some cases superior advantage, where scale would be important.

And still joining all those situations will increment market power spreading the company's presence worldwide. As a result after the monopolistic stage of the firms patents must be internalized as superior capabilities especially to the Born Global one's and despite the worries with performance, geographical diversification may reduce risk and increment strategic flexibility. At this point in *Ceteris paribus* conditions, the net benefits compensate the incremental costs resulting in a positive slope of performance compared with DOI.

The rest of the problems stay in stages 1 and 3. By the way, it is relevant do not forget the discussion about the great variety of subsets of stages in each one of the three stages. Discussing the stage 1, as there is no single idea about what are Multinational Enterprises (MNEs) and even not BG ones, the main problem remains to the liabilities of foreignness to a MNEs and of newness to a BG firms that increase the initial cost of internationalization. At this moment financial performance has a negative slope.

The stage 3 considers an excessive internationalization that occurs only in some sectors, resulting in a reduction of profits, despite most of cases the internationalization establish a firm's risk reduction and increment of profits, but not for all cases. There is sometimes a negative performance that slopes negatively the performance vs. DOI. Maybe the evolutionary theory at this point does not give all the explanations that are expected, but signalizes an over-internationalization as a result where the market saturates the firm's performance. It is necessary to the strategic planning of firm to consider the orientation and transfer of knowledge to better understanding the origins of the advantages even if they came from scale improvements.

Referring to the Born Global company's mergers and acquisitions will increase foreign knowledge as to MNE's and still the domestic marketing's would be influenced. This learning process will attain costs and expend time, that must originates innovations, creativity and superior performance in almost all cases, except if they are not inserted in the process of creative destruction of Schumpeter (1984), where the evolutionary or neo-Schumpeterian theorists agree.

Schumpeter re-defined innovation in a wide-ranging sense, including not only product and process innovations, but also the opportunity of a innovative market, the conquest of a new basis of provide of raw supplies, and reorganization of an industry (Schumpeter, 1984). Schumpeter coined the term innovator-entrepreneur to designate the person who provokes that process.

It is a fact that a great number of MNE's and even Born Globals has high performance from high tech innovations with intensive R & D and sales revenues, e.g. IT web companies, but must consider some problems with imitation related to patents' protection and even so technology transfer with license product. But It could still be mentioned brand equity and others intangibles expenditures that increase cost and slow down the performance until an unsustainable point that it is called inflection point. At this time if the creative destruction or a renew decision is not made, the curve will fail more and more.

The board of directors or the entrepreneurs must renovate the business to avoid losses and keep the profits until time to begin to grow up again, but this is not an easy task mainly concerned with economy of scales and returns of the investments with R&D and the process of internationalization that could be innovative too.

If someone think about geographical diversification should understand physical and psychological distance first to after thinking about spread innovations around the world. This in some occasions takes a lot of time and money of the entrepreneur and is much related with his/her network.

It is important to highlight that there is not a consensus about the forms of the behavior and design of the curves of performance vs. DOI and their slopes, ascensions and stabilities, e.g. U, inverted-U or S-shape, but this happens because the empirical studies tries to reduce the reality into a mathematical model that comes from a positivist epistemology.

3 THE ENTREPRENEURIAL AND INNOVATIVE ORGANIZATION

The entrepreneurial organization is established in a very simple structure, with little formality, absence of pattern, with a few hierarchical levels; is centralized on the main executive's figure, almost not going through planning procedures or training routines; it works with the innovations in an entrepreneurial way; the structure is organic, generally young and small (MINTZBERG; QUINN, 2001, p. 152-153).

Nevertheless, Drucker (1998, p. 205-207) disagrees about this last point, when he reports that an enterprise is not only entrepreneurial by the fact of being young and small, but is entrepreneurial the one that creates an innovation, in a way that creates a niche of specific market. In fact, in the specific case of computer science firm that creates something unusual, changing or transforming values, by technological way or not, has the entrepreneurial character.

The main executive's vision, decisively influenced by his personality, guide the entrepreneurial organization actions, since, usually, the entrepreneur acts even in an intuitive way, taking flexible decisions, so that focalize the opportunities. These organizations have a visionary leadership, charismatic or autocratic (MINTZBERG; QUINN, 2001, p. 233).

Great part of the time, the strategy in this type of enterprise is deliberated, because of the centralized structures, but also can be emergent, whenever the ideas are developed, and even the vision can change, as a result of the learning and the adaptations that appear. These organizations have mission as something very important for the generation of the strategies. The mission gives the direction that the organization should follow (MINTZBERG; QUINN, 2001, p. 238). This seems to be an advantage to some people that want the direct approach with the manager and a clear sense of mission. Other people can think them as autocratic or even paternalist. Another question is when a leader chooses or determines the correct performance niche, the organization becomes flexible and with high capacity of response to the leader initiatives. And in situations where the environment becomes hostile to the organization, when the adaptations do

not function, the leader can change the niche (MINTZBERG; QUINN, 2001, p. 238).

In the most classical case, the entrepreneurial organization is raised under the founder leader or by proprietor's auspice, but in difficult terms, even the big organizations can be rescued by a visionary leader. In short, it consists of the chief and the rest (MINTZBERG; AHLSTRAND; LAMPEL, 2000, p. 225). But does it create a propitious atmosphere to the innovation? This remits us to the subject of entrepreneurs and intrapreneurs.

The figure of the entrepreneur appears in several theoretical discussions in the last years, especially in the studies about entrepreneuring strategy and planning. So, it is necessary a previous reflection about who are the entrepreneurs. Those who create and innovate into the enterprise objectifying profits are the intrapreneurs, on the other hand, the entrepreneurs are the undertakers that act as the intrapreneurs, but in his own enterprise (PINCHOT III, 1989, p. 26-47). The people who, even not being stimulated give their contributions so that innovate the management methods of the enterprises, their products or services and the consumer habits, are in fact the real entrepreneurs. In general, are people who have high level of involving with their business.

The intrapreneurs, searching to establish new products, processes and services, achieve to innovate when integrate marketing technique, collaborating, thus, in the enterprise strategy to obtain profits. In general, the entrepreneurs have not as main motivation the obtaining of wealth, but for them the primordial motivation is the personal realization. Pinchot III (1989, p. 26) denotes that the intrapreneurs, as well as the entrepreneurs, are not necessarily inventors of new products or services. Their contributions are in take new ideas or even prototypes and transform them in profitable realities.

Regarding organizations, in the classification of Mintzberg and Quinn (2001, p. 298), they defend that the innovative organization or adhocracy facilitates the intrapreneuring, since it is less rigid; and yet, related to the innovation, according to Mintzberg and Quinn (2001, p. 293), the entrepreneurial configuration also detains an organic and flexible structure, being able to renew. Even so, this innovation is restricted to simple situations, the one that could be understood easily as for only one leader. The sophisticated innovation requires another type of flexible structure, the one that can join different forms of expertise. Thus, the adhocracy needs to admit and assign power to the experts, people whose knowledge and abilities have been widely developed in training programs.

The innovative organization is also organic. However, is decentralized, in the way that the decisions and actions are placed in several points and levels, nevertheless, the power dislocates to where is the expertise, having as people-key to the enterprise the staff of Research and Development (R & D) and the knowledge staff. The sophisticated innovation is its main goal, including teams with different experts, joined in an informal way. The operating adhocracy innovates and takes over projects to satisfy its clients, an example is the cinema enterprise; on the other hand, the administrative adhocracy makes projects for itself, as for example, the chemical enterprise (MINTZBERG; QUINN, 2001, p. 293-294).

According to Schumpeter (1988, p. 54-56) a person that dreams or wishes to create enterprises, as well as takes part of the creation of these enterprises and practices innovation, has the character of the undertaker that carries out new combinations, but loses it, as soon as he or she starts his or her business and begins to manager it. Can be one of the employees in the leadership of an enterprise, as well managers or members of the administration, or even an independent businessman, as a financial man. And can be a capitalist, specially in small firms. This indifference after the creation of the business was observed in the intrapreneurs too by Pinchot III (1989, p. 26).

Some authors regarded the economy discourse of innovation, as the most relevant. Schumpeter (1988, p. 56), for instance, sees the enterprises as capable of conceiving profitable ideas through new combinations. Nevertheless, the leadership function is more linked to the will and authority, than to the intellect and the archetype ideas, even so when it takes over new things, the leader appears as the central point (SCHUMPETER, 1988, p. 62). When the leadership is entailed to the innovation, it is countersigned by the impact that the change causes in the people and in the structure that the creative leader is linked.

4 INTERNET ORGANIZATIONS

The knowledge society is based on the intellectual capital, where how to produce is more important than to have intensive work to the production. The brain aggregates more value than the physical force, arising the virtual workers. The Internet integrates not only technology and knowledge, but also people and organizations. The interactive multimedia industry arises as a new industrial sector of the confluence between the computer science, telecommunications and content.

The new enterprise has to rethink its mission, its structure of costs, where the innovation is essential to win the competition. It must improve matters of quality, price, ecology and social responsibility. The products are digital and the markets are electronic. The small and medium enterprises should follow the rhythm of the new technologies, emphasizing improvement or the creation of new processes, products and services. The big corporations should give liberty to the workers' creativity and hire services of third. In the new economy, products in general, have a shorter life cycle, since the organizational learning is constantly required. The new enterprise serves and is served by other enterprises, where the Internet is the access key in a digital economy, in spite of the existence of other nets, such as extranets and intranets, etc.

4.1 The electronic market and the use of the Internet

The electronic market not only is real, but unavoidable. Consequently, whom stays out of it runs the risk of losing countless opportunities of business, on contrary of those who are mobilizing to make use and act in this market. The Internet arises as a natural way to develop this new type of market.

The electronic market has developed very quickly and complex at the same time. The personal computers, the cellular phones, the optical fibre, the Internet, the big basis of data, the nets, the artificial intelligence, the multimedia, the virtual reality, the satellite, are examples, well related of this evolution. Having as a result a rich environment of information, computing and communications. In addition to these changes, the costs fall and the elevation of the access to these resources, have drove the firms to a big use of the Information Technology and also of new competitive strategies, fortifying a lot the electronic market.

The electronic markets are markets put into action by telecommunications, that is, through all the systems and activities in which the commands are transmitted by nets of communications, offering perspectives of deep modifications in the relationships between the distribution operators and all the circuit levels: between the manufacturers and the wholesalers and between the wholesalers and the retailers, and finally to the level of the user, the final consumer.

According to Albertin (2000) what transforms a market in an electronic market is the intensified use of the Information and Communication Technology (ICT), that has an interactive character, nullifying distances and does not depend on the localization. One representative of

these technology is the product offered through electronic catalog by the Internet hypertext pages of world wide web (www) are interactive and global, these interactions require more information, conditions and orders. According to the same author (2000, p.87) are characterized by the following means: the electronic markets are opened 24 hours every day on the disposal of any user independent of his or her localization; easy access to the information, in spite of the asymmetry of information cannot be avoided completely; and low transaction cost, in all the phases of market transactions.

Albertin (2000) argues that the electronic markets coordinate the business by the forms of market mechanism, as: markets globalization; promoting a bigger accessibility by the opening of the market and by the replacement of some forms of coordination. Propitiating an economic growth, more active competition, space for innovation and a restructuring of the economy. Yet the mentioned author (2000:88) asserts that the electronic markets are fields of forces which are to be analyzed and should be used. They are not inoffensive and will destroy a big amount of firms that are delayed in their updating. These electronic markets are not just that to offer and demand, neither are they operated by hierarchic processes of decision taking, they unite the administrative decision taking with market prices. It can create an allocation of products or services, in which the traditional offering and demand act in different ways.

In conformity with Williamson apud Albertin (2000), the costs of coordination, such as: the localization and communication with faraway suppliers, the acquisition of information about products and services, monitoring of the contracts etc, finish for rising the costs in the traditional markets. The Internet and the others technologies of information can propitiate through the electronic markets a considerable reduction in the transaction costs in the organizations. Also it can reduce general costs of management, due the reduction of the acquisition costs and analysis of information.

With regard to the forms of transacting in the electronic market, it is necessary to distinguish the Internet from the on-line services. According to Albertin (2000), the use of the Internet is more powerfully related to the educational environment, and more recently integrated to the electronic markets, since the services on-line inclined to the consumption did not achieve to play their role well in the last years. The closed models of the on-line services is more and more being replaced by the open service of the Internet, becoming electronic means of access to the Internet. The user calls the provider of access, and this one is connected to the principal structures of the Internet.

Weber apud Albertin (2000) argues that the electronic markets bring considerable economical advantages to their partners and its main benefits are: reduction of research costs, improvement of the competition in price, availability of the 24 hours per day operations and a more efficient monitoring. However, all of it brings some adverse consequences due the high dissemination of market information, for instance, can have an essential impact by the creation of profitable opportunities by the elimination of several markets that generate information.

Albertin (2000) concludes that the economic theory supports the common argument that the electronic markets will bring an improvement on the organizational coordination between the enterprises in the market. These economic efficiencies can bring an economy of scale when the enterprises implement systems, installed nets and basis of clients data, by the utilization of information, being the Internet the main technological resource to it.

4.2 E-commerce - characteristics of this transaction

The electronic commerce (E-commerce) is a powerful technology in the new economy, that is available to the entrepreneurs to reduce costs, to improve the communication inter-

face between enterprise and client, as well as its service to the consumer. Besides these facts, the electronic commerce has reached the governments mainly of the more developed places such as: The United States and the European Community. The main advantage of the electronic commerce are: costs reduction, through the elimination of catalogs manuals and other types of documents that are sent to the customers; improvement of the satisfaction of the clients, and reduction of the costs of support by the on-line help services during 24 hours, electronic mail for doubts, consults and recommendations; creation of the business opportunities, increment of the notoriety and the possibility to get possible clients; reputation; establishment of relations; multi-media technology, allowing the transportation of video and sound system; international markets opening; constant interchange of information; clients feedback; access to the specialized market and accomplishment of market proofs.

The virtual shops should have the following characteristics: be comfortable and simple to the client, operational, easy to be managed and compatible with the enterprise systems. The big amount of available catalogs in the Internet, price list, electronic mail, self-answer systems and forms on-line are other means offered by the internet.

The use of the E-commerce has advanced in all the spheres of the society. With regard to the relationship between enterprise-enterprise, consumer-enterprise the virtual market has been revolutionized by the use of the EDI (Electronic Data Interchange) united to the Web, facilitating the ECR (Efficient Consumer Response). The EDI, besides promoting an interchange of data among the enterprises in a more efficient way, it is more useful and integrates the production systems of the enterprises, since automates all the commercial process, where orders and bills are replaced by coded files that the enterprises interchange. Making yet, the replacement of the stocks of the enterprise through the automatic set in motion of the orders, when they are at the minimum limit, overcome thus, the conventional selling systems that only charged the amount in the stocks. According to Campos (2000, p.36), the migration from the platform EDI to the WEB EDI, less complex, will amplify the access of the small and medium retailer and will enable exchange of stocks information, promotions, besides the electronic commerce itself.

Nevertheless, the transactions by the Internet only will be efficacious when will be permitted the change of stock rotations information of the client, trying to attend the use of the ECR-Efficient Consumer Response. Albertin (2000, p.68) considers ECR, pointing out its principles, when asserts that is the union between strategic partners of the retail and of the industry, to establish techniques that rationalize the SCM processes and to point alternatives of business, allowing reduction of costs and fidelity of the client. Being its basic principles: automated check outs, bar codes, integrations of the information with SCM and the efficient replacement of the stocks continuously.

Kobayashi (2000, p.234) asserts that the logistics nowadays still reveals more a strategic essential instrument, because of the fast increasing of the E-commerce. A good solution to the problem of the logistics would be the use of the CRM (Customer Relationship Management) that aims to draw the profile of the clients, to stimulate their purchases and their return. Another practice solution would be the packages of ERP (Enterprise Resource Planning) that in the technical area goes through the establishment of intranets and extranets, data warehouse and data mining, electronic commerce and infrastructure of IT (Information Technology). According to Close (2000, p. 101-102), this tendency was propelled by several factors, the task of turning compatible the systems with the arrival of the year 2000, the continuous economy globalization, the crescent changing in the business, the mass customization (personalization in large scale propitiated by the technology), the necessity of costs reduction of stock and buying, the desire of shorter the selling cycle and, in Europe, the adaptation to the Euro.

In spite of new technologies and entrepreneurial tools helping the promotion of the electronic commerce, it is necessary the creation of the politics and laws of security in the Internet, that warrants the legality and the trust to net users. Globalization claims for well-defined rules.

5 THE NEW ECONOMY AND INTERNET

In the last 20 years, the economy has gone through a strong transformation, the geographic distances and cultural have been reduced with the arising of the jet plane, fax equipment, computers linked to telephone lines and world net communication (KOTLER, 1998, p.23). It is all part of a new economy in globalization process. Naisbitt apud Kotler (1998, p.25) teaches that the telecommunications are the propulsive force that are, simultaneously, creating the gigantic global economy and making its parts smaller and more powerful.

Obviously, the Internet appears as the most popular net of communication of data, being the main attractive for this new phase of the economy. In this new millennium, the presence of the globalization has become a key-factor, since nothing can impede the businesses internationalization where frontiers are becoming weaker.

There are four reasons why the firms became international: to obtain more trustful access or cheaper resources, to increase the profit over the investment, to increase its market share and avoid tariffs or quotas from foreign imports (STONER; FREEMAN, 1985).

It is then necessary to make some basic distinctions: internationalization refers simply to the enlarging of the geographic extension of the economic activities through the national frontiers; it is not a new phenomenon. The globalization of the economic activity is in a qualitative way different. It is a more advanced and complex form of the internationalization, implicating to a certain degree of functional integration among the disperse economic activities. The concept applies, however, to the production, distribution and consumption of goods and services, organized from a world strategy, and inclined to the world market (ORTIZ, 1994, p. 15,16).

The quoted author distinguishes the globalization and the worldwideness. The first is more related to the economic and technological character, while the second refers to the domination of the culture. The process of worldwideness is a total social phenomenon that permeates the cultural manifestation set. To exist, it should become local, to root itself into the daily practices of the men, otherwise, it would be an abstract expression of the social relations (ORTIZ, 1994, p.30-31).

A worldwide culture has the perception of a space inclusion that is being globalized and it is complex. Much more in the globalized society, quality is crucial to firms. Dável (1998, p.205) emphasizes this issue, teaching that a culture of total quality valorizes the continuous improvement of the products and processes, in function of the external and internal clients, in an adequate cost, from a united and integrated effort of the people in the organization.

The mentioned author reinforces yet that, several factors, such as the world economic crisis, the globalization of the markets, the crescent availability of technological innovations and changes in the nature of consumer demand have carried the organizations to catch a glimpse the initiative of improving the quality not more as isolated programs, but as a competitive strategy. It is however, fundamental to the existence of culture of total quality in organizations that search to introduce and consolidate this competitive strategy (DÁVEL, 1998, p.201, 202).

A relevant point in this process of globalization, considering the evolution of the media, is the access that the enterprises of several sizes can have the Internet.

The computer nets propitiate the participation of the SME's (Small and Medium Enterprises) in the economies of scale. The demand instability, the world monetary politics affected by

the petroleum shocks, demand segmentation, commercial and economic opening, information technologies affecting big corporations' managerial models, that had fix costs raised and big inflexibility of the processes, products and services, helped the SME's with low fix costs and bigger flexibility. The big firms had to adapt in the new economy, causing the fusions, the downsizing processes, the production decentralization, the thirding, given bigger importance to the entrepreuring initiative and the new information technologies. Even so, the big enterprises continue commanding the economy destination, that has been made global.

Even so the SME's reacted working around the big corporations, as protected by a big umbrella, and gave rise to SME's in up to less developed regions.

The new economy opens a big space to the entrepreneurial society, where not only the big corporations have their areas, but also the small and medium firms. The scale economy and the access to resources are no more specific advantages of the big firms, but it is accessible to the SME's through the nets and in the information power based on the structure client-server.

6 FINAL CONSIDERATIONS

It is concluded that Internet businesses internationalization is a result of a new global economy. Specially small and new internet businesses can born global if they have an innovative product or service. Firms can grow to be global through a web site independent of their size. In this sense, internet firms have become global in a short period of time.

The world computer net besides facilitating the communication among economic agents has transformed the mental model of men and firms, since the transactions became virtual and at the same time real. The society was enriched with the vast variety of available knowledge through the net, showing that the "new" economy brings knowledge and information conducted by the internet.

Furthermore, when companies from developing countries compete with foreign MNEs in their home markets, they develop skills, experience and confidence that enable them to compete with the same MNE abroad. But there are two serious difficulties that firms in the internationalization to face: the risk of being a foreigner (liability of foreignness) and the disadvantage of the origin (disadvantage of foreignness). The first aspect refers to the lack of understanding about the environment, relations with local agents to adapt to the rules of corporate behavior. The second aspect is more difficult to cope with because it involves discrimination of governments and / or consumers against certain nationality, leading to a loss in relation to local firms. Internet Born Global seems to have better acceptance in the market in a general sense.

It is necessary to try new instruments and management policies - collaboration, alliances with foreign firms and hiring key people who know the markets where they want to install. And prepare for the loss of cost advantages, building capacity to compete at higher levels of the production chain and using its leadership in domestic operations. Internet is powerful to almost all kind of companies.

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