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PRESENTATION

Revista de Negócios is located in Blumenau, state of Santa Catarina, Brazil, in the campus of Universidade Regional de Blumenau—FURB, postgraduate programme in Business Administration.
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MISSION

Revista de Negócios advances the knowledge and practice of management learning and education. It does it by publishing theoretical models and reviews, mainly quantitative research, critique, exchanges and retrospectives on any substantive topic that is conceived with studies on emerging countries. Revista de Negócios is an interdisciplinary journal that broadly defines its constituents to include different methodological perspectives and innovative approach on how to understand the role of organizations from emerging countries in a globalized market.

SCOPE AND FOCUS

Revista de Negócios aims to create an intellectual and academic platform, under the perspective of Strategic Management Organization, to promote studies on Emerging Countries. The Journal looks and reviews for contributions to the debate about researches on two specific topics: innovation and competitiveness and strategic organization in emerging countries. The topic of innovation and competitiveness covers all studies and researches related to how organizations can sustain their competitiveness, particularly focusing on innovations, entrepreneurship and performance. The second topic covers studies and researches on strategic management of organizations, more specifically on how companies can or should act at strategic level looking mainly but not only to external context, supply chain, competitive strategies in international market, and marketing approach. The editorial policy is based on promoting articles with critical perspectives seeking for the understanding of the differences and similarities among emerging countries and in comparison with experiences and theories on strategic management in developed countries. It intends to promote specific contributions of how theoretical and empirical studies on emerging economies may contribute to the advance of theories related to innovations and competitiveness and strategic management of organizations. It is welcome scholars particularly working on such topics to submit theoretical essays, empirical studies, and case studies. The Revista de Negócios is open to different methodological perspectives and innovative approaches on how to understand the role of organizations from emerging countries.

TARGET AUDIENCE

The target audience of Revista de Negócios is the Brazilian international academic community in related fields of knowledge on business management.

EDITORIAL STRUCTURE

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Editorial Letter

The main objective of our Journal is to create an intellectual and academic platform, under the perspective of strategic management of organization, in order to promote studies in emerging countries. This editorial decision represents a new milestone in the history of our Journal, looking forward to contributing to the debate regarding researches on two specific topics: innovation and competitiveness, and strategic organization in emerging countries. We understand that the topic of innovation and competitiveness covers several studies and researches related on how the organizations are capable to sustain their competitiveness, particularly focusing on innovations, entrepreneurship, and performance. The second topic covers studies and researches regarding strategic management of organizations. More specifically it focuses on how companies can or should act at a strategic level, examining mainly but not only to the external context, supply chain, competitive strategies in international markets, and marketing approach. We look forward to contributions from authors around the world, stating that this is our last joint edition, with articles published in Portuguese. We will continue accepting articles for both Portuguese and Spanish, but all publications and our website will be exclusively published in the English language.

Our editorial policy is based on promoting articles with critical perspectives, seeking for the understanding of the differences and similarities among emerging countries in comparison with experiences and theories on strategic management in developed countries. We intend to promote specific contributions of how theoretical and empirical studies on emerging economies may contribute to the advance of theories related to innovations and competitiveness, and strategic management of organizations. We invite scholars particularly working on such topics to submit theoretical essays, empirical studies, and case studies. We are open to different methodological perspectives and innovative approaches on how to understand the role of organizations from emerging countries in a globalized market. Today all decisions go through a group of editors, but this journal continues with its headquarters at the Regional University of Blumenau - FURB, in the post -graduate program in Business Administration. Guest editors were incorporated into the group of editors or into the academic and executive board. This new group is formed exclusively by researchers and editors with experience of several stemmed study centers from around the world, with publications related to emerging countries. The present issue is divided into two sections, Research & Reviews and Books & Resources Reviews, focusing on context effects and contextualization in entrepreneurship, governance and sales in management.

In this issue, we discovered authors from different areas of Brazil. This edition, exceptionally, we will begin with a study by European authors, pointing out the external entrepreneurial orientation: a path to corporate innovation, In these articles one can find a case of a company that has taken advantage of this phenomenon to use its intrapreneurs as a way to expand the business turning it into entrepreneurs of their own businesses. In this research, the studied company operates in the tourism sector and is entrepreneurial oriented. They analyzed the trajectory of five of its former employees who set up their own businesses connected to the employer business. And the results indicate that even with an organizational environment that fosters the entrepreneurial spirit in people, organizations need to admit that the business itself is the natural way of their best intrapreneurs. Rather than lose these employees, but encouraging them to create new companies directly or indirectly linked to the organization's business can be a good way to reinvent organizational structures. In this case, as through the creation of a network of companies created by former employees that they call here External Entrepreneurial Orientation.

After the overview on the intrapreneurship, the second article explains the financial incentives to exporting in emerging markets, where the authors analyzes whether the use of government incentives by exporting SMEs in Brazil helps them to increase their degree of internationalization (DOI) and/or improve their export performance. The regression model presented during the article reveals that greater use of financial incentives was related to higher DOI and better performance. However, the variable percentage of sales financed had a negative influence on DOI, on export performance and on international competitiveness, showing that the lower the percentage financed, the higher the DOI.

In the article, interorganizational alignment of strategic orientations in supply chains argues that market orientation, learning orientation, innovation orientation and relationship orientation provide synergic effects to organizations in organizational and interorganizational levels. Two theoretical frameworks are presented in this theoretical essay. The first one considers the organizational level. The second regarded to interorganizational relations. This particular study argues that actors might improve their results and increase joint performance through a strategic alignment along a supply chain. Moreover, network features as a positioning, structural holes and density might impact on joint performance achieved through this strategic alignment. Thus, this study suggests that Learning Orientation in a competitive environment might harm joint performance, considering that some actors might act opportunistically defending their knowledge acquisition. Future studies should be focused on issues such as open innovation, opportunistic behavior and network structures.

The last article explains the innovative entrepreneurship and competitive performance in the prime/brazil case, that analyze the influence of a Support Program to Innovative Entrepreneurship on the competitive development of the supported companies. They carried out a study about the PRIME Program – First Innovative Company –, realized by the Ministry of Science, Technology and Innovation (MCTI) of Brazil and its Studies and Projects Financing agency (FINEP), in partnership with Incubators, from the standpoint of the companies favored by the program, with a focus on competitive development and local development. Therefore, they decided to apply a qualitative study of multiple cases on the companies selected through RAIAR incubator, of Pontifical Catholic University of Rio Grande do Sul (PUCRS). The data analysis helped understand the impact of the program on the studied companies, as well as observe the indicators that were mostly influenced by the program. The results may contribute to the National Innovation Systems (SNI) and related public policies.

We expect to create more than an academic research experience, but a place where the academic experiences can contribute positively to the growth of companies, nations and people.

Marianne Hoeltgebaum and Gérson Tontini
Editor and Coeditor

Revista de Negócios
Studies on emerging countries

External Entrepreneurial Orientation: A Path to Corporate Innovation

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KEYWORDS

Intrapreneurship, Entrepreneurial orientation, Entrepreneurship, New business creation, entrepreneurial profile, Organizational Innovation, Corporate Entrepreneurship.

ABSTRACT

Some compnies seek to retain the most talented employees by giving them the opportunity to become intrapreneurs and develop their ideas without having to leave the company. Despite the incentives and freedom, not all employees want to become intrapreneurs and end up leaving their jobs to form their own businesses. The purpose of this paper is to present a case of a company that has taken advantage of this phenomenon to use their intrapreneurs as a way to expand the business turning them into entrepreneurs of their own businesses. In this research, the studied company operates in the tourism sector and is entrepreneurial oriented. We analyzed the trajectory of five of its former employees who set up their own businesses connected to the employer business. The results indicate that even with an organizational environment that fosters the entrepreneurial spirit in people, organizations need to admit that the business itself is the natural way of their best intrapreneurs. Rather than lose these employees, to encourage them to create new companies directly or indirectly linked to the organization's business can be a good way to reinvent organizational structures through the creation of a network of companies created by former employees that we call here External Entrepreneurial Orientation.

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1 Introduction

Among the reasons that lead an organization to invest in Entrepreneurial Orientation (EO) would be the one that sees intrapreneurs (employees with entrepreneurial skills and mindset) as an alternative to maintain the most talented and creative individuals, encouraging them to develop their entrepreneurial potential to increase the company's competitiveness through the innovative capacity of these talents. An entrepreneurial oriented organization provides a stimulating work environment, thought-provoking and challenging, with the presence of compensation mechanisms for high performance innovative projects, development of information, encouragement of creative skills, merit recognition and autonomy of managers (Kuratko et al, 1993).

Entrepreneurial oriented work environment provides a relatively stable employment for employees, a very important aspect considering there must exists room for tolerance to employees' error and mistakes when resulting from initiatives towards benefits to the organization, whether for the improvement of internal or business related processes (Stevenson and Jarillo, 1990). Despite this, employees of these organizations prefer to leave the job to venture their own business.

The proportion of Brazilians involved with the administration of their own businesses grew in the last ten years, from 20.9% in 2002 to 30.2% in 2012 (GEM, 2012). The entrepreneurship rate in that decade increased significantly, indicating that Brazilians are more interested in entrepreneurial initiatives than job security. Despite the efforts of companies to create a stimulating work environment, they have proven insufficient to retain creative talent, which leads to the question underlying this study on the possible ways to retain these talents in the organization.

To this end, we seek in literature the concepts of intrapreneurship and entrepreneurial orientation, in order to lay the foundation for the field survey, conducted interviews with five former employees who left their jobs in an entrepreneurial oriented company to start their own businesses.

As secondary objectives, we seek to understand the characteristics of entrepreneurial oriented organizations, the motivations that lead employees to have their own businesses and to identify the elements that contribute to the formation of an entrepreneurial attitude.

2 Theoretical Framework

2.1 Intrapreneurship and Entrepreneurial Orientation (EO)

In the literature, one can find various definitions for the concept of entrepreneurship. Lumpkin and Dess (1996) consider that this variety of definitions is indeed the sign that today, among scholars, there is still no consensus on the essential elements that characterize entrepreneurship. Among the reasons for the difficulties encountered in the task of adequately characterize entrepreneurship, these authors point out, above all, the character of recent studies on entrepreneurship.

Let us take as a basis, the contributions of Baron (2013) for the definition. For the author, entrepreneurship involves opportunity recognition to create something (not necessarily a product or service), the inspiration, fundamental to the creation of something new, that people perceive some value. As of this opportunity recognition, the entrepreneur take steps to transform these opportunities into a viable and profitable business. The author complement that, in addition to identifying the opportunity, the innovative entrepreneurial process within the organization also demands for prepared and motivated people to idealize the new suggested projects or improve existing ones.

Some authors are not restricted to find a definition for entrepreneurship. These authors also seek to understand the elements that transform an individual into an entrepreneur. In this sense, it is worth considering the contributions of Hashimoto (2006), to whom people have the need to adopt an entrepreneurial posture to achieve success and prominence in their professional careers. This is a vision inspired by the studies of McClelland (1972), for whom the entrepreneur has its own needs, such as the quest for success, recognition and satisfaction of their desires for power and control. Filion (1999) also support this vision as he sees the entrepreneur as a creative person, characterized by the ability to set and achieve goals and the ability to maintain a high level of detection business opportunities through surrounding environmental awareness.

One of the first authors that established a link between entrepreneurial behavior to existing organizations was Drucker (1987), who believed that entrepreneurship need not be a feature associated only to an individual who starts a new business, but can also be linked to existing businesses which can promote entrepreneurship as a way to boost technological innovation of its products or services. All possible entrepreneurship settings hold in common the same element: Creating something innovative from the combination of certain features.

Before him, however, Pinchot (1978) has coined the term intrapreneurial to characterize the employee who “uses his talent to create and conduct entrepreneurial projects within the organization” (Pinchot apud Hashimoto, 2006, p. 22). The intrapreneur would then be the one who thinks and implements entrepreneurial initiatives within an organization, leveraging the ability to innovate effectively.

What would be the enabling environment for the development of initiatives of an intrapreneur? The full development of an individual with this profile would take place in an entrepreneurial oriented organization. The EO refers to the entrepreneurial process within an organization. The EO is related to “the methods, practices and styles of managerial decision-making used to act entrepreneurially” (Lumpkin and Dess, 1996).

Studies on EO (Miller, 1983; Covin & Slevin, 1991; Lumpkin & Dess, 1996) have developed the constructs of five EO dimensions: innovativeness, risk taking, proactiveness, autonomy and competitive aggressiveness, whose presence characterizes the level of EO. These elements are present in organizations in different combinations, which vary in accordance to the type of entrepreneurial opportunity intended to pursue. Furthermore, OE has emerged as consistent alternative to gain competitive advantage.

3 Methodology

This is a case study, an investigation method more appropriated to understand current events in a deeply and detailed way (Yin, 2001), especially when a particular situation, distinct from the most common incidents, emerge from the field general examination. Due to our main goal, which is to identify the reasons that lead intrapreneurs to leave their jobs to start their own businesses, the research methodology choice took into consideration some important aspects found, and which include the typology and the chosen method.

According to Creswell (1998), some reasons justifying the choice of a qualitative type of research. Among them, we have the specific wording of the questions (questions starting with "how", "what", "where") and the need to develop an in-depth analysis of a single case.

3.1. Entrepreneurial Orientation of the studied firm Forma Turismo

Forma Turismo is a travel agency based in São Paulo, with more than 90 employees and operations in Italy and abroad. The company was chosen for demonstrating, from testimonials from employees and the analysis of HR practices, some of the entrepreneurial orientation characteristics.

To make sure that this company would be a good case study, we carried out a validation of the entrepreneurial characteristics through a questionnaire administered to employees. The questionnaire prepared by Hashimoto (2008), evaluates, through 30 questions, the employee view of the Entrepreneurial Orientation on a Likert 5-point scale ranging from 'Agree' to 'Strongly Disagree'.

The instrument validation process followed two phases: The first was to validate the theoretical foundation behind each question, as follows:

Table 1. Theoretical Background - Questionnaire Hashimoto (2008)

	Proposition	**Source**
1	It promotes a relaxed, loose environment at all levels of the organization.	Hirisch, 2001; Khandwalla, 1977; Kuratko, 1993; Kanter, 1989.
2	Employees are recognized for their entrepreneurial initiatives.	Kurakto et al, 1993.
3	Decisions are stimulated at lower organizational levels, as well as the practice of delegating and encouraging autonomy.	Hirisch, 2001; Merrifield, 1993; Macmillan, 1986; Stevenson and Jarillo, 1990; Hornsby, 1990; Kurakto et al, 1993.
4	There is a part of the company's budget allocated to support initiatives arising from employee ideas.	Hirisch, 2001; Merrifield, 1993; Macmillan, 1986; Stevenson and Jarillo, 1990; Hornsby, 1990.
5	It encourages diversity in the training of employees and work teams.	Bessant and Tidd, 2007
6	It is tolerant to errors arising from attempts to promote changes under calculated risks.	Kurakto et al, 1993; Stevenson and Jarillo, 1990; Morris et al, 2006.
7	Promotes extensive training and business/project oriented development.	Zahra and Covin, 1995; Zahra 1996; Drucker 1995.
8	Provides logistical and operational support to individual initiatives with high probability of return, helping to break through internal barriers and policies.	Hirisch, 2001; Merrifield, 1993; Macmillan, 1986; Stevenson and Jarillo, 1990; Hornsby, 1990.
9	It is flexible in regards to the internal rules and regulations that might prevent innovative projects progress.	Stevenson and Jarillo, 1990.
10	The company offers options to internal customers.	Kurakto et al, 1993.
11	The employee may use a portion of their time in	Zahra, 1996.

	various activities without explanation.	
12	Each employee knows the organizations' vision and mission.	Hirisch, 2001; Guth and Ginsberg, 1990; Zahra, 1991; Kanter, 1984; Stevenson and Jarillo, 1990; Antoncic and Hisrich, 2001.
13	In the organizational culture there is cooperation and people are responsible to each other.	Ghung and Gibbons, 1997.
14	Projects are chosen based on objective criteria, free and transparent to everyone in the organization.	Davila, Epstein and Shelton, 2007.
15	The information flow smoothly within the organization and free of barriers.	Hirisch, 2001; Kanter, 1984; Pinchot, 1985.
16	Power is decentralized, pulverizing the effect of political influence.	Mintzberg, 1973; Miller, 1983.
17	The traditional job description is less valued than the contribution capacity of each employee.	Kurakto et al, 1993.
18	Technology is strong support to initiatives.	Khandwalla, 1987; Covin e Slevin, 1989.
19	There is a compensation structure and variable compensation based on results and performance.	Kurakto et al, 1993.
20	There aren't power symbols within the organization (symbols that demonstrate hierarchical differences).	Levering, 1997
21	Senior management is receptive to innovative projects and ideas coming from any level of the organization.	Kurakto et al, 1993; Stevenson and Jarillo, 1990; Vesper, 1990.
22	Trust relationships are not based on favoritism and partiality.	Levering, 1997; Fulmer, Gerhart and Scott, 2003.
23	It is observed more positive than negative in any idea presented.	Zahra, 1996.
24	There are no suspicions or individualism in team generated work.	Ghung and Gibbons, 1997.
25	Any employee can freely express their ideas without the risk of being criticized or rejected.	Ghung and Gibbons, 1997.
26	Internal projects adhere to the strategy, vision and mission of the organization.	Hirisch, 2001; Guth and Ginsberg, 1990; Zahra, 1991; Kanter, 1984; Stevenson and Jarillo, 1990; Antoncic and Hisrich, 2001.
27	A mechanism allows the identification and retaining of true entrepreneurs in the organization.	Stevenson and Jarillo, 1990.
28	There are no departmental silos within the organization, all departments talk freely with each other and collaborate with each other.	Albuquerque and França, 1998; Zahra and Zahra, 1992.
29	The organizational climate environment provides extensive use of creativity.	Kurakto et al, 1993.
30	The reward and incentive model accommodates all projects through clear and fair criteria.	Kurakto et al, 1993.

The second step was the validation of the instrument's internal consistency. For this step, the questionnaire was applied in sixteen companies from different segments, all located in Sao Paulo. 145 questionnaires were answered by employees from different hierarchical levels, randomly chosen. The results obtained in this stage of the research showed a Cronbach's alpha of 0.9484, indicating high degree of reliability to identify the level of Entrepreneurial Orientation of an organization.

Once validated, we proceeded to the application of the questionnaire to a sample of 30 employees and former employees of Forma Turismo, chosen at random and applied in person, in some cases collectively and on paper, and in other cases, remotely and sent electronically.

Analysis of the data received indicated that 77% of the questionnaires showed an average of responses in the ratings 'Agree' and 'Fully agree' (4 and 5 points for a total of 5 points) accounted for more than half of the responses, indicating that Forma Turismo can be considered Entrepreneurial oriented.

3.2. The Intrapreneurs/entrepreneurs perspectives

The next step was the interviews with former employees who left this company to open their own businesses. Interviews were conducted in places and times compatible with the availability of respondents. On two occasions, the date and time scheduled for the interview of one of the respondents have changed. In two other occasions, the date and time of the interview were changed to two of the respondents. In the remaining two cases, the interviews been affected on the first date and scheduled time. As the chosen place, two of the respondents chose to carry out telephone interviews. The other three interviews have taken in their companies locations. In general, there was no rush in answering the questions and all respondents showed great interest in collaborating with the research. The average duration of each interview was around thirty minutes, to a maximum of approximately forty-five minutes. The result was a rich material for analysis. Three of the interviews were recorded, with the permission of respondents. In the case of two of the respondents, because the interviews were conducted by telephone, the material could not be recorded.

All respondents were former employees of Forma Turismo and all are the founders of their current businesses (Table 2). In order to preserve the identity of respondents, and their respective companies, they were identified by E1, E2, E3, E4 and E5.

Table 2 - Description of Respondents

Respondent ID	Scholarity	Position held	Years at company	Age	Marital status	Gender
E1	Law	Director	5	32	Single	Male
E2	Administration	Director	6	34	Married	Male
E3	Communication	Director	13	32	Married	Male
E4	Physical education	Director	12	40	Married	Male
E5	Administration	Director	6	26	Single	Male

The founded companies have the following characteristics: two of them are tourism agencies, as franchise operators of Forma Turismo. The company founded by E1 is located in Belo Horizonte - MG; the company founded by E2 is in Brasilia - DF. The company founded by E3 is from information technology segment, the one founded by E4, is a training company and the E5 company produces film movies, the three of them are located in Sao Paulo city.

The number of employees presented in Table 3 refers to the number of direct employees full time dedicated to the company. With the exception of E4's company, all the others use of project based labor hands, with a variable number of employees depending on demands.

Table 3 - Characteristics of the founded companies

Company	Location	Number of Employees	Business Activity
E1	Belo Horizonte - MG	20	Tourism agency
E2	Brasília - DF	16	Tourism agency
E3	São Paulo - SP	38	Information technology
E4	São Paulo - SP	10	Training
E5	São Paulo – SP	15	Film producer

4 Analysis

Data obtained from the interviews were interpreted through content analysis proposed by Bardin (2008), consisting of an applicable technique to several speeches and all types of communication. It starts from the assumption that behind the apparent symbolic and with various meanings speech, lies a sense to be revealed. Therefore, after successive readings of the transcripts, the most representative points in the speeches of respondents, it was highlighted those that most characterized the views expressed.

The most representative points found in the respondents' answers were grouped by statements similarities and classified into three categories of analysis, named as its contents and in line with the objectives of the study: The respondents' concepts about entrepreneurship, the origin of the business idea and the reasons for leaving the job. The three categories are analyzed in detail below:

4.1. The definition of entrepreneurship

This category meant to verify whether the respondents consider themselves entrepreneurs. In general, all respondents associated the entrepreneur to the individual who takes risks and seeks autonomy and independence in creating his/her own business. This association has been highlighted by E5. E1 and E2 associated the entrepreneur to the individual that identifies a business opportunity:

> It is to see a new business opportunity, to dare to take risks and innovate. (E1)

> Entrepreneur is the person who always seeks something else, who wants to perform his/her own ideas, taking risks for it and, above all, to never give up until he/she is beaten, and even beaten, to rise after the battle for a new mission. (E2)

> First of all, he is a person who takes risks, that's the key. It is a person who has the dream of setting up a business or make something happen, which often is not quite of his metier, which is not afraid to put their hands dirty, to execute, I think this is the key. (E3)

> Being an entrepreneur is to be that person who takes risks, the person who is offered to take risks, with no fear of failure, is that person who always wants more, always wants to earn more and the owner of the nose itself, wanting to take charge of his own life. You know what? To be an independent person and always want to win more, more, more. (E4)

> He/she is someone who is not afraid to take risks, not afraid to start his/her own business and have a strong willing to make it happen. That is to say, not afraid to work, no laziness, no Saturday nor Sunday. (...) I do not think being an entrepreneur is the best of all worlds ever, (...) I think it gives a little more freedom for you to do different kinds of things, you can work in several areas, it gives you more time, I think. Free to occupy your time, you are not an employee of a company that has to hit the card at seven in the morning and get out of there at six in the afternoon. There is no time (and often you are a little freeze, even in your own company) to work or to risk on other areas or to bet, whatever, but not as an entrepreneur. You have all the time, you work in the dawn, you work in the day... (E5)

All respondents have their entrepreneurship concepts in line with the idea of creating someone own business. Moreover, the respondents' entrepreneurs figure match the literature review.

4.2. The opportunity identification and the born of the business ideas

This category verified whether the entrepreneur developed his business idea as a former employee of the Forma Turismo and how he assessed the validity of the opportunity. The interest in this category is related to Baron (2013) considerations that entrepreneurship involves recognizing the opportunity to create something.

In their statements, respondents said their ideas have been well received by the organization, therefore getting support for implementing these ideas, since they would attend or would expand the company's business. The ideas presented by four of the respondents, E1, E2, E3 and E5, had implicit the need for the employee to leave his job at Forma Turismo. E4 presented the idea to establish a partnership with Forma Turismo when he identified an opportunity to increase the company's earnings. E4 attitude can be understood with the studies Shepherd et al (2004) which states that one entrepreneur out of seven start a business to meet the demands of his/her employer, or together with the employer. The author shows that the success rate of such projects is high, as these projects have a greater potential to access financial, human and organizational resources than the vast majority of independent businesses.

This result contradicts Pinchot (1989), for whom entrepreneurship is independent when the entrepreneur becomes a business owner, which happens mostly due to lack of room for innovation within the company. According to the author, most intrapreneurs leave their jobs not because they consider insufficient their salary and benefits, but because they feel frustrated in their attempts to innovate and they open their own businesses as a pathway to their desire to innovate, which earn much more than wealth and prestige, they earn their freedom of action.

Respondents make clear that the identified opportunities could be exploited internally and they could continue to work in the company as intrapreneurs. Forma Turismo partners, however, saw these opportunities as a way to grow and expand its operations through entrepreneurs and intrapreneurs. Its strategy is based on the incentive for their employees to become business entrepreneurs that complement the core business of Forma Turismo. One of the statements that best reflects this approach comes from E3:

> (...) The opportunity, as I said, was raised from a need, OK? By the time I started working with it I was 18, 17 years old. I started to handle internet and promised him (partners) a website. I didn't know how to program, I was starting to learn, then I saw an opportunity to work with something I like, even not knowing what to get from a computer. They told me "Oh, I need to do that," then gave me a direction. I was there to learn (E3).

4. 3. Reasons for leaving the job

This category evaluated the motivations behind the willing to start their own businesses.

E1 and E2 said to have their own business would give the opportunity to be directly responsible for all that happened to them, such as financial independence, and also highlighted the challenge of making the business happen, bringing professional growth with autonomy and independence:

> Professional growth with my own business, to be directly responsible for everything that happens with it, financial independence and especially the challenge to make this whole think work. (E1)

> Literally, have my own business, to be able to dictate my own rules and growing pathway and certainly face the challenge of having the opportunity to win or take a step forward. (E2)

E3 mentioned the willingness to take risks and face challenges:

> (...) I began very early to put together my company. So, I was born in it. I have never worked anywhere else. (...) For me, it was always the right choice, what I pursued. I keep following this path, the same way as before (...) I never had questions like "I will leave it and I will do something else." No. Even because the business faces various problems on this pathway and we are motivated by the challenge of overcoming these risks and difficulties (...) (E3)

E4 depicts the motivation to have the business itself was the possibility of not having profit limits, can be free to put their ideas, make their own decisions and have control over your life.

> (...) What made me change my mind to leave my job and start my business was the possibility to earn more, so I could take care of my life, I would have freedom to put my ideas to work, to make my own decisions. That was one of the major cause I have left the job for the right to take some risks for my business. (E4).

E5 finally said he did not want to be tied down to only one company. He would just like to keep have his own business and thus to have more chances to fight for an increasing income instead of a fixed salary.

> There we would get stuck, we'll have to come at nine in the morning and leave at six in the evening, but we do not want it. We would have a frozen salary that could not be that interesting (...) not that the job was bad, but if we still have a salary, it would stuck there, doing their duties which for us would be interesting ... open the possibilities, to do several other things, to change the environment, to change the routine and be able to earn much more than get stuck, stopped there. (E5)

Analyzing the answers, it was noted that respondents were not satisfied in just intrapreneuring within the organization. They preferred to take advantage of opportunities to pursue other career possibilities in this case, the creation of own business. In this sense, studies Hashimoto (2006), McClelland (1972), Fillion (1999) and Baron (2013) were fundamental to understand the motivations of the respondents. These individuals say they are seeking professional relevance and the satisfaction of their needs for power and control. The quest for autonomy and independence seem to indicate a desire to retain control not only of their earnings, but also of decisions that have implications for the professional boldness.

In addition to the entrepreneurs' initiative, the influence of the working environment was important in the decision of respondents. This finding is in line with Wiklund (1998) findings for whom the entrepreneurial behaviors, individual and corporative, can be very similar, as evidenced in the statements:

> (...) We need to have the will, within ourselves at least, and beyond that... depending on the company's environment, how it encourages people to be entrepreneurial, or mirrors that entrepreneurial company. I think it shakes that entrepreneur that was sleeping inside yourself. (E4)

> Roger [director at Forma Turismo] helped us with advisory. Then he said, "There will come a moment when it's cool for you to have someone to answer the phone and to do things you can not stop doing." You needed to make a business card... to develop a small website or anything like that and we could not, nor me neither Neto, to stop to do that, because we do everything, we record it, we edit it, we present the program, we write the script, we make the production… So we need someone else, but we did not have money to pay for that, we could not take ours to pay for someone else (E5).

> I met Roger in the gym, where he was teaching, I was one of his students and due to the circumstances, he ended up hiring me to

> do the website of his company, Forma Turismo, fifteen years ago. So, at that moment I was alone, setting up a business in my home room... (E3)

Interacting with an entrepreneur, the founder of Forma Turismo, seems to have strongly influenced the respondents' decisions, contributing with their decision to create their own businesses.

It is not possible to measure the influence of the environment, but it is possible to consider that the environment can be considered among the reasons for these employees to leave the company and start their own businesses. These success examples, together with the support of the original company founder, seem to have favored the investment on other employees' entrepreneurial initiatives.

5 Conclusion

Considering the reflective pathways that lead to the understanding of the reasons why intrapreneurs decide to start their own businesses, we tried to come out with possible answers about ways to retain intrepreneurial talents in the organization, nevertheless raising three specific objectives for this discussion: 1) Understanding the characteristics of the entrepreneurial oriented organizations; 2) Understanding the motivations that lead employees to initiate their own businesses; and 3) Identify the elements that contribute to the formation of an entrepreneurial attitude.

The first specific objective was attended only to validate the chosen company as an object of study because the findings did not show anything very different from what the literature has presented in previous studies. With regard to the second specific goal, it is true that the respondents worked as employees at Forma Turismo where they identified opportunities for their own businesses. They presented their ideas to the company, which has entailed the creation of new businesses. It was noted that, in addition to the intrapreneurs own initiative, another element was fundamental to encourage their entrepreneurial attitude. This element refers to the influence of the business environment, including the opportunity to interact directly with the founder of Forma Turismo. He would have operated not only as an entrepreneurial inspiration, but also directly supported the decision of the intrapreneurs in the creation of their businesses, sometimes assuming the role of expert advisor.

On the third specific objective, it was noted that the development of a certain personal profile can contribute to the creation of an entrepreneurial attitude. Individuals who tend to freely organize their own work agenda and who prefer to explore possibilities of unlimited earning are more easily bend to become entrepreneurs. Individuals of this type, in favor of a life guided by these elements, consider feasible to deal with the hypothesis of some financial instability, with a more intense level of work and more responsibility, which means, at the end, very similar to the consequences that normally arise from the individual entrepreneurial venture.

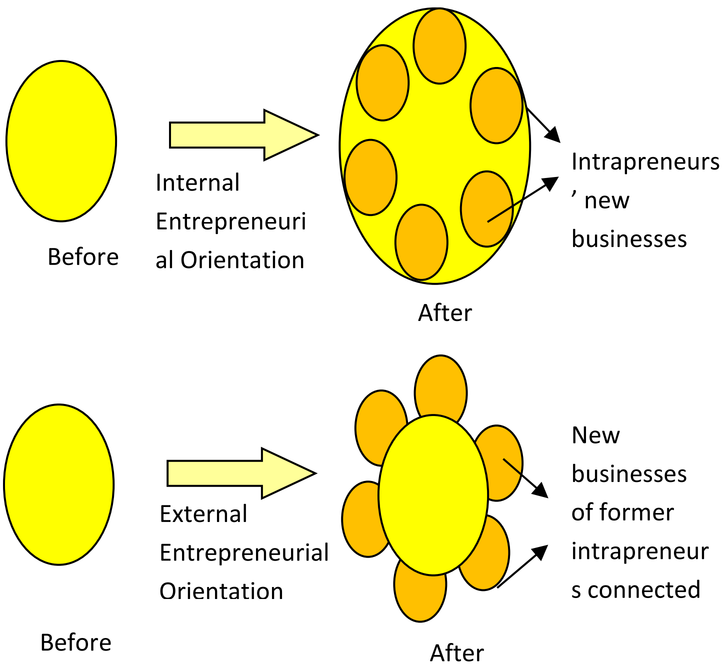
This fact justifies the high alignment among the respondents' answers about the motivations that led them to set up their own businesses. The search for personal satisfaction of their desires for power and control, the search for autonomy and independence are part of the same values of Roger, the entrepreneur behind Forma Turismo, representing strong evidence of the influence of Roger on the decisions of its employees to become entrepreneurs. In addition, the organization's environment was an important factor for these former employees to succeed in their businesses. The organizational environment, if not awakened, at least fostered the respondents' entrepreneurial spirit. The company in question is itself generating new businesses from their most talented employees' entrepreneurial initiatives.

Note, in this particular case, that the organization not necessarily requires the retention of their entrepreneurial talents, as recommended by Pinchot (1987) and other scholars. While EO is an organizational way to foster innovations and significant changes in its operations and processes, it is also the way found by some companies, such as Forma Turismo, to expand their operations by, in one hand, maintaining its core business in a manageable size, and on other hand, creating a network of interconnected and interdependent businesses through their former employees who become owners of businesses that compound this network.

As contributions to the academic community, we propose a terminology to differentiate these two constructs, keeping what the literature calls Entrepreneurial Orientation as Internal Entrepreneurial Orientation and using this case we identified in this study as an example of External Entrepreneurial Orientation.

Figure 1 provides a visual illustration that shows the differences between these two constructs in which the Internal Entrepreneurial Orientation would be the generation of innovations and improvements within the boundaries of the organization, in which the organization grows through the actions of intrapreneurs and the External Entrepreneurial Orientation, representing the generation of new businesses through their intrapreneurs who become independent entrepreneurs, but as part of the same parent organization's business network.

Figure 1. Internal and External Entrepreneurial Orientation



Although this model is not much empirically studied, Guth & Ginsberg (1990) have explored new organizational settings as a way to deploy the Entrepreneurial Orientation. The model of External Entrepreneurial Orientation suggested here can be a viable way for organizations to innovate in the creation of new businesses to grow without necessarily growing in terms of organizational structure. The network of companies created by employees with entrepreneurial skills ensures that new businesses can be born, grow and prosper with their own lives, developing their own markets, but always linked to the parent company that plays a customer or investor roles. The businesses generated by these companies are directly or indirectly linked to the parent company.

This organizational model allows the company to maintain its flexibility and agility while growing and, at the same time, provides to their most talented intrapreneurs the chance to develop their careers as entrepreneurs. The parent company would not lose these employees, but at the same time, would not exerts control over them. The process of development of new intrapreneurs requires a close relation with the entrepreneur. The entrepreneurs share with these employees their knowledge, their values and their technical and practices that guarantees the formation of an integrated and consistent culture within this companies network.

On a small scale, we see this same model for replication in franchising, in which the master franchisee focuses its employees as future franchisees of the network, with the assurance that these new franchisees are imbued with the same purpose and entrepreneurial values.

It is known, however, that this research provides above all other elements to create conceptual models that can contribute to the generation of knowledge of this organizational configuration. We suggest how future research to be further studied empirically and that the theoretical foundations are developed and exploited to consolidate this model.

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Interorganizational Alignment of Strategic Orientations in Supply Chains

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ABSTRACT

This study argues that Market Orientation, Learning Orientation, Innovation Orientation and Relationship Orientation provide synergic effects to organizations in organizational and interorganizational levels. Two theoretical frameworks are presented in this theoretical essay. The first one considers the organizational level. The second one is regarded to interorganizational relations. This study argues that actors might improve their results and increase joint performance through a strategic alignment along a supply chain. Besides, network features like positioning, structural holes and density might impact on joint performance achieved through this strategic alignment. Thus, this study suggests that Learning Orientation in a competitive environment might harm joint performance, considering that some actors might act opportunistically defending their knowledge acquisition. Future studies should be focused on issues like open innovation, opportunistic behavior and network structures.

1 Introduction

Given the current global competitive environment and demands of international markets, some strategic postures are prioritized by companies in order to raise their competitive conditions. Related to that, it is observed some important strategic orientations focused on build lasting relationships and trust, knowledge transfers between companies and an incessant search for business partners that can add greater value to production process. Strategic orientations can be defined as "principles that direct and influence the activities of a firm and generate the behaviors intended to ensure its viability and performance" (Hakala, 2011, p. 199). Strategic postures are strongly related to a core objective focused on maximizing organizational performance and increasing satisfaction and value delivered to consumers. Indeed, several studies suggest that there are strong complementarity aligned between strategic orientations at organizational and interorganizational levels (Deutscher et al., 2015; Timsit et al., 2015; Abdulai & Hinson, 2012; Abbade et al., 2012).

Considering some strategic orientations, it is possible to address the market orientation (MO), learning orientation (LO), innovation orientation (IO) and relationship orientation (RO). The MO is based on an approach focused on generation and use of market intelligence regarded mainly to competitors and customers (Kohli & Jaworski, 1990; Narver & Slater, 1990). The LO is based on a business philosophy based on building an environment that fosters organizational learning (Baker & Sinkula, 1999a; Sinkula, Baker and Noordewier, 1997; Slater & Narver, 1995). The IO focuses on the creation of an innovative and proactive company directed to the implementation of new ideas related to products and/or processes (Damanpour, 1991; Hult, Hurley and Knight, 2004). And the RO aims to build lasting and profitable relationships with stakeholders through commitment, trust and shared values (Morgan & Hunt, 1994; Vlosky & Wilson, 1997). Thus, these orientations are often empirically investigated focusing in their relationships with organizational performances.

These strategic orientations are not mutually exclusive and the construction of an organizational environment that merges these orientations can add value and improve the organizational performance based on a synergistic effect, creating and developing competitive leverage. So, the organization can obtain strategically and operationally gains through synergistic effects of these related orientations. However, the search for evidences of these synergistic effects related to these strategic orientations in an interorganizational logic like supply chains may be something not quite simple to reach.

Through a meso-analytical logic (Dopfer, Foster and Potts, 2004), some of these strategic orientations may become contradictory in some aspects. The knowledge and experience exchange, for example, is likely to disrupt an interorganizational relationship increasing information and power asymmetry, which may harm the confidence level and longevity of a relationship. Furthermore, observing the performance of firms in a systemic logic, at the time that a relationship is affected by certain attitudes and practices, other organizations will also be affected in a lesser (or greater) level because of the interdependence existing between actors involved.

This study aims to join some main strategic orientations, highlight the possibility of positive and synergic relationships between some main strategic orientations and their aggregated impacts on organizational and interorganizational performance. So, this paper discusses the possibility of synergistic effects of some strategic orientations focused on market, learning, innovation and relationship in the organizational and interorganizational levels. As background, it is briefly addressed the logic of supply chains as well as the four strategic orientations explored in this discussion. This study also seeks to provoke an academic discussion to generate insights for future theoretical and empirical studies assessing the impacts of strategic orientations in an interorganizational logic.

The main contribution of this study is to provide a discussion focused on a level of interorganizational impacts of important strategic orientations. Thus, this study is directed to researchers who are dedicated to investigate the relationship of practices and organizational strategic orientations theoretically and empirically, providing possible opportunities for future researches. Moreover the theoretical model proposed in this paper might guide the development of a better strategic alignment of agents acting in supply chains in order to provide greater overall profits and leverage for the value chain.

2 Theoretical Framework

2.1 Supply Chain Management

Supply Chain Management (SCM) can be defined as the processes integration in a given production chain, from its origin point to the final consumption, with the goal of providing superior value to customers and other stakeholders also involved through better products, services and information (Lambert, Cooper and Pagh, 1998). In addition, a supply chain is a set of three or more entities directly involved with the upstream and downstream flow of products, services, finance, and / or information from the source to final consumer (Mentzer *et al.,* 2001). The definition of SCM focuses on cross-boundary activities involved in the production process encompassing the various stakeholders involved. The logic of the SCM might contribute to the development of an integrated system based on enduring relationships, exchange of knowledge and experiences, development of innovations and competitive leverage.

The principle of SCM is the basic premise that organizational and operational efficiency can be improved by sharing skills, information and joint planning (Bowersox & Closs, 2001). Considering that competitive advantage is hardly achieved working isolated and independently of the stakeholders on the market, the establishment of interconnectedness with other organizations that participate of the production process of the value chain is necessary to increase returns and raise the competitiveness (Wood & Zuffo, 1998). Rises, in this context, a system based on network configuration where the organizational development of strategic and operational synergies can generate sustainable competitive advantages.

Currently, organizations compete based on their respective networks. The organization's success will be related to how it will manage its partnerships with stakeholders (Cooper & Gardner, 1993; Spekman, Kamauff Jr. and Myhr, 1998) and its ability to integrate skills (Vollmann, Cordon and Raabe, 1996) in the supply chain. From this point of view, SCM deals with the excellence of all organizational processes and represents a new way to manage businesses and relationships with other members of a supply chain (Lambert & Cooper, 2000).

Considering that the core objective of a supply chain is to build an integrated value chain, or a system able to delivery superior value (Kirchmer, 2004; Taylor, 2005; Zokaei & Simons, 2006), we can assume that a strategic alignment among its members is quite necessary. Value chain can be defined as the representation of value activities generated by companies to meet the requirements demanded by consumers. However, thought this logic, value chain can be seen as an integrated system of companies that generates superior value sharing a high performance with their upstream and downstream stakeholders, represented by suppliers, distributors and retailers (Porter, 1989). The construction of a value system able to provide superior products to their customers, and provide competitive leverage for its members, is closely linked to the strategic alignment (Chopra & Meindl, 2003) considering network positions and strategic orientations.

The study of supply chain is substantially based in social network theory. Thus, it is considered that the structure of the supply chain network and the relationship between economic agents involved are important dimensions for the understanding of the supply chain and its dynamics (Lambert *et. al.*, 1998). This is important because the company's position in the network structure and the nature of the relationships forged affect the organizational performance (Gnyawali & Madhavan, 2001; Granovetter, 1985; Rowley, Behrens and Krackhardt, 2000). On the other hand, the interorganizational performance can be also affected, in a positive or negative way, given the strategic alignment (or misalignment) and due to knowledge transference that can stimulate opportunistic behaviors.

2.2 Market Orientation (MO)

The MO is defined as the organizational culture that develops behaviors needed to create high value to customer, generating competitive advantage to the company (Narver & Slater, 1990). Developing a greater focus on customers and the market (Kohli & Jaworski, 1990), a market-oriented company can provide solutions beyond the customers' expectations. Also, market-oriented companies consider that there are several ways to reduce the total costs involved in the acquisition and maintenance of consumers, as well as the existence of many ways to create additional benefits and value for clients. Moreover, it is also necessary to develop a long term view of relationships, linking organizational culture and organizational structure, coordinating efforts in all sectors and departments of the company to create superior value for customers (Narver & Slater, 1990).

Kohli and Jaworski (1990), proposes a construct of MO based on three perspectives or dimensions. According to these authors, the MO should be measured by the analysis of (1) the generation of market intelligence related to the business unit, (2) the dissemination of this market intelligence; and (3) the response or reaction of the business unit based on the intelligence generated and disseminated. These three dimensions of MO are interlinked and should be seen as interdependent.

The starting point for developing a market orientation is the acquisition of market intelligence. This stage is based on the analysis of internal and external factors of the organization that affect its respective market, associated with an awareness of the needs and preferences of customers, as well as knowledge of macro-analytical aspects like government regulations and technology (Kohli & Jaworski, 1990). The acquire of market intelligence is initiated through the generation of this kind of intelligence, which includes investigations about consumers associated to complementary mechanisms of research, such as client meetings, discussions with partners and analysis of sales reports. The attention to involve the analysis of external factors in generating intelligence process is linked to the necessity of knowing the actions of competitors and how they influence customer preferences. Another factor that influences the intelligence generation is the business environment. There is therefore a need to recognize market pressures and the environmental system, among other factors, as an important step of the process to generate competitive intelligence (Jaworski, Macinnis, and Kohli, 2002).

The second factor to be developed in a market orientation approach, which should be viewed as a sequential step to the generation of intelligence, is the dissemination of this intelligence. The knowledge built and acquired in the first step should be disseminated in the organization through its people. This practice must be performed by means of horizontal communication, which must occur within the company, involving all departments (Kohli & Jaworski, 1990). It is also considered that the vertical and diagonal flows of information play a fundamental role in the dissemination of market intelligence.

The last dimension of MO is the responsiveness that is related to actions taken by the company in order to use the knowledge and intelligence generated and disseminated with strategic purpose of competitive gain. Fundamentally, the responsiveness is composed of two sets of activities: (1) design of response, and (2) implementation of response. The first one addresses the use of market intelligence to develop plans. The second activity, on the other hand, is focused on the pursuit of such plans (Kohli & Jaworski, 1990). The responsiveness involves the selection of target markets, the design and supply of products that meet current and future needs of customers, among other activities (Kohli, Jaworski, and Kumar, 1993).

It is important that an organization that pursuits greater gains of competitive advantages should be always updated (Slater & Narver, 1995). So, organizational learning is seen as a strategy adopted to learn and acquire knowledge faster than competitors. However, frequent dedication to training programs and organizational changes can cause a failure in the development process of an organizational culture geared to the market (Narver, Slater, and Tietje, 1998). It is considered that the Learning Orientation (LO) is fundamental to the development in a MO. These two strategic orientations are seen as interdependent and synergistic (Baker & Sinkula, 1999a). However, they should be correctly aligned.

2.3 Relationship Orientation (RO)

The relationship orientation dedicates its focus of attention to relationships between companies and their stakeholders. This strategic posture is forged from the perspective of relationship marketing, which can be defined as the marketing seen from the perspective of relationships, networks and interactions (Gummesson, 2000). According to Morgan and Hunt (1994), relationship marketing refers to all marketing activities and processes dedicated to establish, develop and maintain successful trading and business relations.

Relationships currently earn a strategic level in the management process (Wilson, 1995) due to high levels of global competition and its complexity, as well as due to relocation of bargaining power to retail companies and final consumers. This requires that organizations seek more lasting and beneficial relationships that can bring mutual benefits attracting and maintaining customers. Thus, relationship marketing can be related to definitions of Supply Chain and Demand Chain, since it establishes that the relationship between suppliers and buyers adds value along a network of organizations generating superior value to end users and companies involved.

There are some models widely used to evaluate the orientation relationship of companies. It was found that the two most prominent models of Relationship Orientation (RO) are proposed by Morgan and Hunt (1994) and Wilson and Vlosky (1997). The model presented by Wilson and Vlosky (1997) incorporates six dimensions in its construct. These dimensions are: (1) dependency level; (2) level of comparison of alternatives; (3) specific investments in the relationship; (4) commitment; (5) trust; and (6) sharing of information. Each of these dimensions influences the level of RO. Also, they can be used to evaluate and differentiate traditional relationships from partner relationships. In addition, the model proposed by Morgan and Hunt (1994) analyzes four key dimensions that influence the level of commitment to the relationship. These dimensions are: (1) relationship termination costs; (2) relationship benefits; (3) shared values; and (4) trust. This model also analyzes the relationship between other variables faced as consequences of trust and commitment to the relationship. Among other models found in the relationship marketing literature, it is observed that trust and commitment are dimensions of analysis commonly addressed with great emphasis (Doney & Cannon, 1997; Morgan & Hunt, 1994; Wilson & Vlosky, 1997). These two dimensions are discussed briefly.

Trust can be positioned as a central element in the relationships analysis and this variable is constantly discussed in the context of relationship marketing (Berry, 2000; Morgan & Hunt, 1994). Trust can be understood as a particular level of subjective probability in which an agent evaluates and believes that another agent will act in a certain way (Gambetta, 1988). So, trust can be seen as a matter of predictability (Grossman, 1998) based on experiences (Moorman, Deshpandé and Zaltman, 1993). Thus, trust exists when one side of the transaction believes in the integrity and safety of others agents involved (Morgan & Hunt, 1994). This argument is complemented by the assumption that trust is related to experiences, and the past behavior of an agent can be considered in order to give him reliability. Mutual trust can be achieved or developed through personal interactions between economic agents (Seal, 1998) reinforcing the importance of social ties between individual and organizational actors. However, experiences that give previously reliability to an agent do not prevent that this same agent will not act opportunistically, only the probability of such behavior is considered minor.

The commitment is another variable with great importance for the analysis of relationships between companies and their clients. Considering that this variable can be directly related to trust, commitment can be defined as the belief of economic agents have that maintain the relationship with a partner is important and should be maintained through efforts, that sometimes can be expensive (Morgan & Hunt, 1994). Corroborating with such idea, it is considered that the commitment is seen as an enduring desire to maintain a relationship considered valuable (Moorman, Zaltman and Deshpandé, 1992). We can consider then that the commitment is directly dependent on the degree of value that agents deposit in the economic relationship. Besides, this value can be faced as a function of benefits and costs involved. Also, we can suggest that the commitment relates positively with other elements such as trust and relationship termination costs. Logically commitment can also be associated negatively with other transactional elements such as the risk of opportunistic behavior and uncertainty. It is further considered that sustainability of a relationship is closely related to a mutual commitment between agents involved.

Logically, there are other important constructs adopted to define the RO as shared values, relationship termination cost, information asymmetry, opportunistic behavior of agents and communication. However this essay does not aim to deepen the discussion on the RO itself. The idea is to discuss this strategic orientation, along with other ones, and their potential impacts over the relationships in a supply chain, considering a strategic alignment.

2.4 Learning Orientation (LO)

Knowledge management and organizational learning have been faced as a strategic and operational way to keep companies actualized to demands of the competitive market, thereby increasing organizational performance (Khandekar & Sharma, 2006; Prieto & Revilla, 2006). The generation and transference of knowledge in companies are organizational learning processes considered as having great strategic importance for the competitive development.

The Learning Orientation (LO) is seen as an approach that aims the development of learning and knowledge management (through the provision, commitment, sharing, and constant questioning of working procedures) by members of the organization. In this context, the LO can be defined as a set of values that influences the degree to which an organization is deemed satisfied in relation to their theories in use (Argyris & Schon, 1978) and its dominant action logic (Bettis & Prahalad, 1995). LO has the purpose to create an organizational environment that encourages the organizational learning and sharing knowledge.

It is considered that the LO, when viewed as a strategic organizational philosophy, provides conditions to improve organizational performance through innovative processes and the development of a better market understanding (Baker & Sinkula, 1999b; Calantone, Cavusgil and Zhao, 2002; Hult, et al., 2004; Slater & Narver, 1995). Still, the construct of LO proposed by Sinkula, Baker and Noordewier (1997) is based in three integrated dimensions: (1) commitment to learning, (2) shared vision, and (3) "open mind". These dimensions can be seen as interdependent, creating an organizational environment that can lead to organizational learning.

The commitment to organizational learning represents the efforts of individuals to promote organizational learning (Sinkula et al., 1997), and create and strengthen an environment and context that foster learning in the organization (Norman, 1985). For that commitment exists, there must be trust between members of the organization and this mutual trust positively influences the acquisition of knowledge (Cheng, Hailin and Hongming, 2008). The degree of commitment to organizational learning is considered an important asset of organizations (Sinkula et al., 1997), by the fact that through this commitment organizations are able to develop a better understanding of the market, competitors and the organizational environment (Kandemir & Hult, 2005), obtaining competitive advantage and identifying key market opportunities.

The shared vision refers to the focus and dedication of members on organization learning with attention on the enforcement of commitment and work team intentions (Sinkula et al., 1997). It is reasonable to consider the shared vision increases the learning quality (Calantone et al., 2002) and, without this sharing permeating the organization, the learning of its members will probably lose their meaning. This phenomenon refers strongly to issues of socialization among organizational members, which should share experiences and knowledge, building an organizational vision.

The "Open Mind" is associated with a critical assessment of the operations, procedures and activities of the organization by its members, as well as the acceptance of new ideas related to objectives of improvement (Sinkula et al., 1997). The embedded knowledge can be considered as a barrier for organizations to adapt to market changes and respond strategically. This preview knowledge can create an inertial behavior damaging the ability to predict market conditions and damage the long-term relationship with stakeholders (Schindehutte, Morris, and Kocak, 2008). It is considered that the open mind behavior of the members of an organization oriented for learning is an individual characteristic that, when shared with all organizational members, fosters an environment of inquiry and double loop learning (Argyris & Schon, 1978), improving the innovation and organizational performance (Calantone et al., 2002).

Organizations with a sharp LO encourage its members and employees to question existing organizational norms that guide their activities related to processing market information and organizational actions (Sinkula, 1994; Sinkula et al., 1997). This strategic orientation is associated with the innovativeness of organizations and, consequently, organizational performance (Calantone et al., 2002; Hult, et al., 2004) and the quality of relationships that companies develop with their buyers (Chang, 2007).

Studies that relate the LO to organizational performance presents evidences that this orientation has a positive impact on company performance (Baker & Sinkula, 1999a; Calantone et al., 2002; Hult, et al., 2004; Panayides, 2007; Rhee, Park and Lee, 2010; Wang, 2008). Moreover, studies also report that market orientation (MO) improves the performance of companies when mediated by organizational learning (Abbade, Zanini and Souza, 2012; Jimenez & Navarro, 2007; Lin, Peng and Kao, 2008). These empirical evidences support some propositions of this study.

2.5 Innovation Orientation (IO)

Given the inherent complexity of the innovation concept, a sharp definition is difficult to be achieved. An innovation can be related to a product, a technological process, a management structure or program associated with members of a given organization (Kimberly, 1981; Tushman & Nadler, 1997). Thus, it is considered that the Innovation Orientation (IO) is present when organizations implement new ideas, products or processes (Damanpour, 1991; Hult & Ketchen, 2001; Lukas & Ferrell, 2000). Considering that IO can be associated with investments in a technological leadership position and product quality (Gatignon & Xuereb, 1997; Han, Kim and Srivastava, 1998), this strategic posture, based on innovative attitudes, positively affects the long-term success and provides flexibility, desire for change and foster the development of new products (Damanpour, 1991; Gatignon, & Xuereb, 1997; Hult et al., 2004).

Siguaw, Simpson and Enz (2006) define innovation orientation as being composed by learning philosophy, strategic direction and organizational beliefs that define the direction of organizational strategies and specific actions towards skills and innovative process. The approach to innovation can be focused on the allocation of resources, technologies, employees, operations and markets (Siguaw, Simpson and Enz, 2006). In addition, some background and antecedents of innovation related to products, like advantage of such product, market potential, knowledge of customer needs, competence in pre-development tasks and resources devoted to innovation, are seem as the most significant antecedents of the positive performance of new products (Henard & Szymanski, 2001). This argument provides foundations to support the close relationship of IO with other strategic orientations.

Once highlighted the importance of innovation in the economic context, where an approach oriented to innovation can provide increases in organizational performance, we seek to emphasize its impact in the organizational context. We can consider that organizational changes and economic results may be related to the innovation orientation of the companies. Thus, there are numerous studies pointing to the existence of associations between innovation and organizational learning (Hurley & Hult, 1998; Perin, Sampaio and Hooley, 2007), as well as between innovation and the market orientation (Kohli & Jaworski, 1990; Webster & Gupta, 2005) and with learning orientation and market orientation simultaneously (Baker & Sinkula, 1999a; Baker & Sinkula, 1999b).

Hurley and Hult (1998), based on the study conducted by Slater and Narver (1995), included the variable innovation to the original model composed by LO and MO. Through this inclusion they proposed a model of market orientation with a focus on innovation considering the implementation of new ideas, products and processes, associated with learning orientation that focus on the development of knowledge and insights, which are the primary mechanisms to respond to the market. Considering the model proposed by Hurley and Hult (1998), they present the concept of innovativeness and ability to innovate. The first refers to the organization's openness to new ideas, and this is one aspect of organizational culture, which emphasizes on learning, participation in decision making, supporting decisions, collaboration and shared power. All of these elements, jointly or independently, may affect the approach to innovation. The second concept, the ability to innovate, is the organization's ability to adapt and implement new ideas, processes and products successfully.

Thus, it is considered that firms that have the capacity to innovate can also improve the development of competitive advantage (Hurley & Hult, 1998; Siguaw et al., 2006). So, we can assume that MO, LO, innovativeness and ability to innovate are properties that affect the organizational innovation process. In addition, MO and LO are considered as key antecedents to innovativeness in organizations (Hult, et al., 2004).

Both innovativeness and the ability to innovate culminate in competitive advantage and organizational performance. However, Hurley and Hult (1998) argue that MO is not critical and crucial to performance. However, organizational learning and development capacity can lead to positions of competitive advantage. Thus, when organizational learning is faced as a change in organizational behavior or implementation perspective and procedures, it can be considered an innovation too. Given the preview argumentation, it is plausible to assume that innovation (including the organizational innovativeness and ability to innovate) can contribute to creating or maintaining competitive positions and increased organizational performance (Hurley & Hult, 1998).

2.6 Integrating Strategic Orientations in Organizational and Interorganizational Levels

The proposed framework to be presented next assumes that there are positive relations between the strategic orientations addressed. Several studies show that such relations exist, and some of these are strongly supported. On the other hand, some of these relations were poorly investigated. Some of the empirical findings are reported in this section.

Some important studies deal with the LO and MO as constructs closely related (Dickson, 1996; Hurley & Hult, 1998; Sinkula, 1994; Sinkula et al., 1997; Slater & Narver, 1995) and there are some empirical evidences that confirms the positive relationship between the MO and LO (Abbade et al., 2012; Baker & Sinkula, 1999a; Perin, Sampaio and Faleiro, 2004; Sujan, Weitz and Kumar, 1994). The LO is characterized as an attitude of commitment to the construction of knowledge and organizational learning. Thus, the MO can take advantage of this construction. Therefore, a strong LO might encourage the development of a MO given the nature of these strategic orientations with focus on knowledge construction. Also, this association may potentially contribute to a successful approach to innovation (Hult & Hurley, 1998; Slater & Narver, 1995). Evidence suggests that LO affects innovativeness and, consequently, the economic performance (Rhee, Park and Lee, 2010).

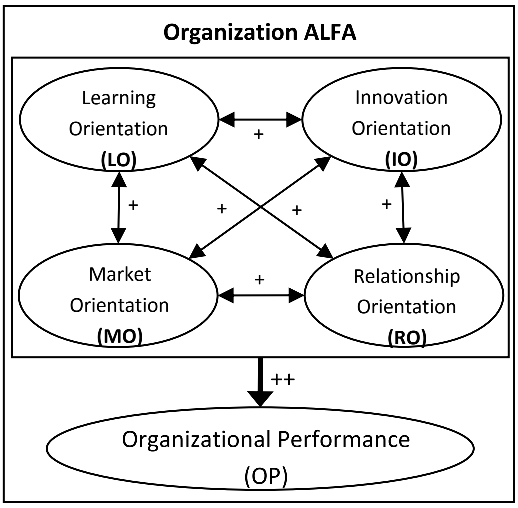
Considering the MO and IO, there is a controversy about the nature of the relationship between these two strategic orientations. Some studies provide evidence supporting the argument that the proximity to the market and consumers can affect the attitude of innovation (Christensen, 1997). This is because market-oriented companies try to satisfy the expressed needs of its customers, or imitate their competitors, leaving in second place a posture with focus on innovation (Connor, 1999; Lukas & Farrell, 2000; Narver, Slater and Maclachlan, 2004). As a counter-argument, some researchers advocate the idea that MO is positively related to IO. A company focused on the market is in an advantage position to anticipate future needs of its customers and may contribute to the development of an innovative approach (Houston, 1986). Moreover, a MO may contribute to the innovativeness and success of new products, and the closeness to the market can promote conditions to react differently to market conditions (Hult, et al., 2004; Kirca, Jayachandran and Bearden, 2005). An innovation-oriented company might use its technological capabilities to develop new solutions that will meet the consumers' needs (Gatignon & Xuereb, 1997; Im & Workman, 2004; Jaworski & Kohli, 1993). Complementing this argument, market-oriented companies also prioritize the use of information about competitors and consumers, creating an organizational learning and behavior change that can contribute to innovativeness (Atuahene-Gima, 1995; Atuahene-Gima, 1996). Thus, earlier study suggested that innovation is a key factor, together with Corporate Social Responsibility, transforming market orientation strategy (Abdulai & Hinson, 2012).

It is also possible to considerate that an RO provides a close relationship between economic agents acting in a given supply chain, promoting knowledge transfer and organizational learning. Likewise, focus on a LO could come to encourage an attitude of cooperation that would enable the development of a more elaborate and sharp RO (Panayides, 2007). However, knowledge transfer is likely to unbalance power relations causing an informational and power asymmetry, which consequently would affect the relationship between economic actors. There is a lack of scientific investigation to fill this gap satisfactorily. However, assuming that a RO is forged based on behaviors focused on organizational commitment, trust and shared values (Morgan & Hunt, 1994), this study starts from the logical premise that the RO is positively related to LO and, consequently, to MO and IO.

Aiming to relate the strategic orientations addressed here with organizational performance, there are empirical evidences that corroborate this positive relation. Investigations report that the LO and MO provide an increase on organizational performance (Baker & Sinkula, 1999a; Mavondo, Chimhanzi and Stewart, 2005; Perin et al., 2004; Sinkula et al., 1997; Sujan et al., 1994). Furthermore, evidences also suggest that innovation increases organizational performance, considering that product innovation is a key factor to the organizational success (Baker & Sinkula, 1999b; Han et al., 1998).

Additional evidences also suggest that RO has a positive impact on organizational performance (Morgan & Hunt, 1994; Ramani & Kumar, 2008; Vlosky & Wilson, 1997). Indeed, evidence suggests that communication and personalization, as well as other dimensions of customer relationship orientation, have significant effect on satisfaction and trust of consumers (Abubakar & Mokhtar, 2015; Salojärvi et al., 2015). Through a focus on relationships with stakeholders, organizations are more likely to obtain a transaction costs reduction and develop a higher level of commitment and interdependence. Thus, the joint performance and competitiveness can be improved. Figure 1 illustrates the relations between the strategic orientations addresses in this study and their impact on organizational performance.

Figure 1. Integrating strategic orientations in organizational level.



This study aims to contribute to the theoretical field, provoking a discussion about the possible impacts of the strategic orientations alignment along a supply chain. The arguments are based, in the first instance, on a theoretical discussion about the effects of these orientations addressed in this essay on organizational performance as well as the alignment of these strategic orientations, shared by the agents of a supply chain on interorganizational performance. The theoretical assumptions are grounded and supported by a few empirical studies that aimed to investigate the relationship between the strategic orientations discussed in this paper.

Considering that the strategic orientations addressed in the organizational model (figure 1) positively affect organizational performance individually, it is assumed that these orientations can provide a synergic effect when implemented together in organizations. Thus, the performance of these organizations that adopt these strategic orientations jointly can be faced as superior. This is due to synergy between the market orientation, learning orientation, innovation orientation and relationship orientation. So, the performance at the organizational level is leveraged. Furthermore, by sharing those orientations along a supply chain (suppliers and buyers addressed in the framework), the results of the performance obtained in an interorganizational level can be also leveraged. This logic of leverage interorganizational performance is based on the logic of the value chain with systemic effects throughout the supply chain. However, the strategic orientations shared by stakeholders in a supply chain may possibly create some conflicts, harming the collective gains and interorganizational performance. The proposed framework, considering the strategic relations in an interorganizational level, is presented in figure 2.

Figure 2. Integrating strategic orientations in organizational and interorganizational level.

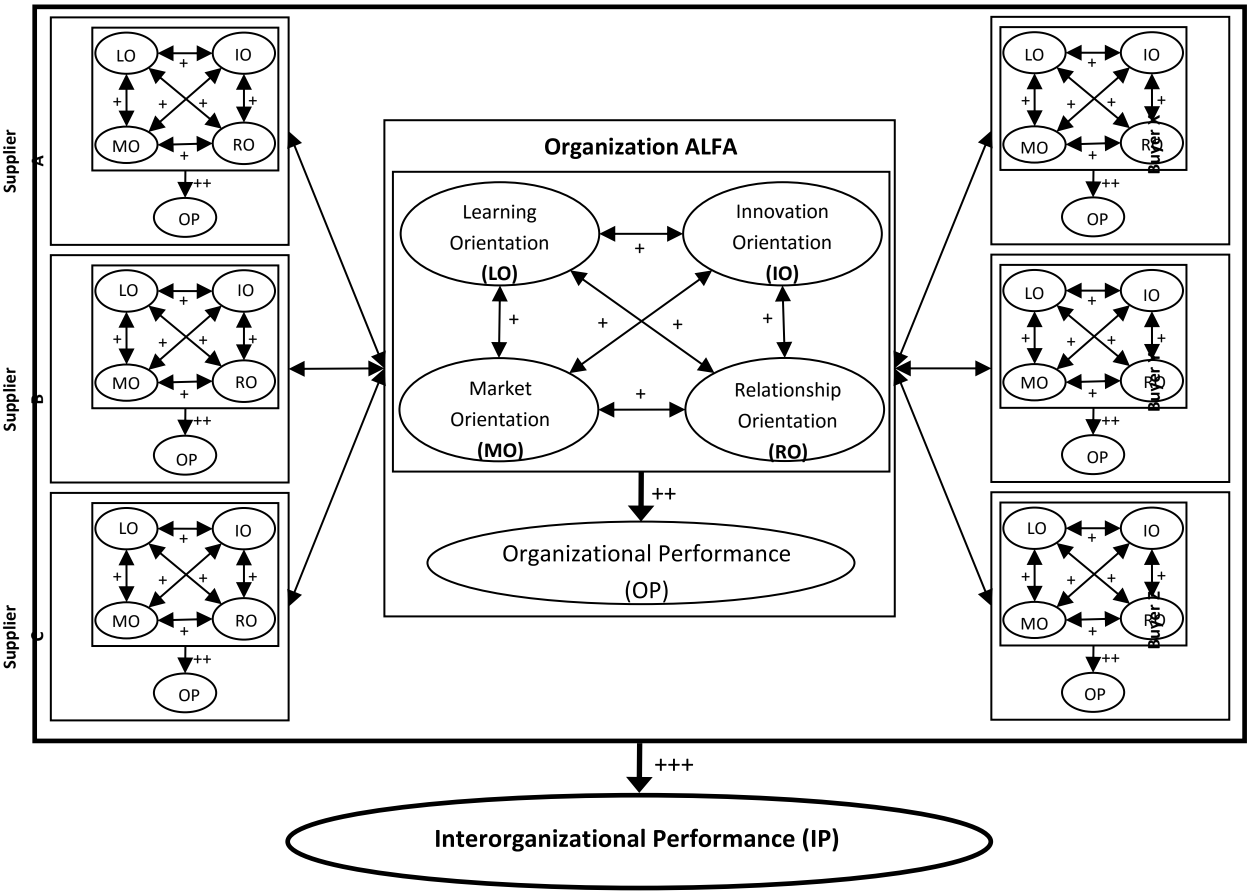


Figure 1 illustrates arguments defending that strategic orientations have a synergic effect in the organizational level. However, this synergic effect can or can not be observed in the interorganizational level (Figure 2). Considering learning orientation, for example, economic actor could assume opportunistic and protective behaviors defending their knowledge acquisition. Assuming that market information and knowledge should conduct organizations to a better competitive condition, these resources can be faced as a unique values that should not be shared with other organizations, even that these organizations are partners in a supply chain. This organizational behavior focused on individual gains probably will reduce the cooperative efforts of actors in a supply chain and, consequently, will result in a lower interorganizational performance. Innovative orientation and market orientation also represents strategic orientations that should not produce synergic effects in interorganizational level if organizational actors are not completely compromised with collective interests.

However, relationship orientation shared in an interorganizational level can attenuate these effects producing a more cooperative behavior.

Considering the arguments presented above, learning orientation, faced as antecedent of market and innovative orientations, should be analyzed as organizational and interorganizational learning orientation. Therefore, evidences related to learning orientation can be distinguished between organizational and interorganizational interests and strategic behavior. Only an implemented organizational learning orientation should not be sufficient to improve the interorganizational performance. On the other hand, an advanced interorganizational learning orientation can improve knowledge and market information sharing, developing an interorganizational market and innovative orientation. As result of these interorganizational strategic orientations, achieved through interorganizational learning orientation and sharing knowledge, improved by a sharp relationship orientation, the interorganizational performance should present superior levels based on the synergic effects of the strategic orientations addressed in this study.

Complementing the arguments, some implications of a strategic alignment based on the strategic orientations discussed can be highlighted and suggested. One reasonable possible result of the strategic alignment defended in this paper is the development of an interorganizational environment that enhances the Open Innovation (Chesbrough & Appleyard, 2007; Gassmann & Enkel, 2004; Prahalad & Ramaswamy, 2004) through sharing of an innovation orientation. It is also reasonable to assume that the interorganizational alignment based on the RO may reduce the risk of opportunistic behavior of economic agents, as transaction costs and expenditures for coordination mechanisms and governance structures (Williamson, 1975; Williamson, 1985). On the other hand, some strategic orientations like innovation orientation or learning orientation should probably affect the governance structures resulting in a need for governance restructure. Thus, considering some possible positive effects, the sharing of market and learning orientations can generate more efficient interorganizational strategic responses to competitors from competing supply chains through better knowledge of the market and a sharing of information about competitors and consumers. In addition, the development of an interorganizational learning can generate leveraged gains to participants of a supply chain that shares the strategic postures addressed in the theoretical model.

Considering the proposed model as valid, it is noteworthy that the effects of strategic alignment of the orientations discussed will be conditioned to the structure of the supply chain and the relationships established by its agents (Gnyawali & Madhavan, 2001; Granovetter, 1985; Rowley et al., 2000). Whereas the relationships explored occur in interorganizational networks, important elements can impact on the dynamics of such network relationships. Some elements need special attention so we can properly analyze the impacts of the strategic interactions in interorganizational networks. Among these elements, we can highlight (1) the number and type of actors involved, (2) the network function, (3) the network structure, (4) the institutionalization, (5) the conduct rules, (6) the existing power relations and (7) the strategy of the actors (Van Waarden, 1992).

The positional analysis of the company in the interorganizational network presents potential impacts on relational dynamics of strategic orientations and its impact on performance. The positional analysis takes as premise the consideration of structural and relational aspects of networks. Related to that, we can rescue the concept of structural and relational embeddedness. The structural embeddedness emphasizes how the structural position of an actor can affect their behavior. However, the relational embeddedness emphasizes the dependence of the actor’s behaviors with the structure of mutual expectations (Granovetter, 1985). Another important aspect inherent to network to be considered is the analysis of the relational position evaluated by cohesion of the actor with other stakeholders and the network density. The cohesion is a relational property between pairs of actors in a network and can be understood through the intensity of the relationship. The density is a variable of the general structure and cohesion is a variable concerning the relationship between pairs of network actors. Density and cohesion should be treated together, once the intensity of relationships (strong or weak) depends on the structure network (dense or diffuse) (Rowley et al., 2000).

Thus, the nature and strength of the ties that link economic actors (Granovetter, 1973), the density of the supply chain (Lazzarini, 2008; Rowley et al., 2000), the existence of structural holes (Burt, 1992) and the position of economic agents in the supply chain (Granovetter, 1985) are some of the aspects to be considered for the evaluation of strategic synergy between the strategic orientations. It is also possible to consider that the market segment of companies can potentially interfere with the strategic alignment to be established along the supply chain given the nature of the strategic objectives prioritized by economic agents.

3. Conclusion

This theoretical essay aims to join some main strategic orientations, which are constantly investigated empirically in business academic fields. However, some of these investigations are focused on the impacts of specific strategic orientations on organizational performance in an isolated perspective. Some researches are focused on the linkages between strategic orientations as well on their impacts on performance. So, the first main objective of this paper was to highlight the positive and synergic relationships between some main strategic orientations (market, learning, innovation and relationship orientations) and their aggregated impacts on organizational performance. Secondly, it is highlighted the theoretical assumption of achieving a superior interorganizational performance through an alignment of these strategic orientations in a supply chain. It is assumed that economic agents in a given supply chain that shares these strategic orientations can achieve superior value, competitive advantages and high interorganizational performance.

A framework was designed to explain the theoretical implications of this paper. In the organizational perspective, the framework explores the synergic effects of the main four strategic orientations addressed. Then, it is proposed that this integration based on an organizational alignment of strategic orientations can impact positively on the organizational performance. Some empirical evidences presented in past investigations give support to the theoretical arguments presented in this paper. In addition, considering the interorganizational perspective, the framework presents the possibility of a superior interorganizational gain through a strategic alignment of the orientations addressed. It is adopted the concept of supply chain to illustrate this logic. There are just a few studies that focus on the impacts of strategic orientations on the interorganizational performance. However, a deductive logic supports the theoretical prepositions regarded to positive impacts of the strategic orientations alignment on the interorganizational gain.

Some implications can also be highlighted based on the framework proposed here. The interorganizational dynamic based on the strategic orientations alignment can effort trust and commitment between economic agents of a supply chain. However, some level of trust and commitment has to exist previously so the alignment can be successfully designed. Also, this interorganizational integration can efforts some strategic postures focused on innovation like Open Innovation actions and initiatives. On the other hand, a high level of dependency and integration can generate some opportunistic behaviors based on information and power asymmetries. Therefore, the theoretical model proposed here, and the arguments presented in this paper, suggests that the strategic alignment of the strategic orientations addressed might result in some positive and negative effects. We can consider that learning orientation, associated to a sharp competitive environment, might harm the potentiality of joint performance. Some actors in a given supply chain might act opportunistically defending their knowledge acquisition and their competitive advantages. Thus, the adequacy of the governance structures adopted in a supply chain might be affected by the strategic alignment (or misalignment). So, some empirical investigations regarded to these arguments are needed.

Based on what was presented and argued in this paper, some restraints need to be highlighted. First, considering that this paper is a theoretical essay, its arguments and conclusions have to be faced in a theoretic perspective. Besides, considering that empirical evidences presented by other author gives limited support to the framework proposed in this paper, they do not integrate all the factors and elements that compose the theoretical model. Having these limitations in mind, some future investigations can be suggested. The main suggest for future investigations is a wide research for empirical evidences that might corroborate the theoretical framework proposed here. In addition, it is suggested the incorporation of new elements and constructs in the framework proposed, like presence of structural holes, information and power asymmetries, and the influence of the institutional environment.

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Studies on emerging countries

Financial Incentives to Exporting SMEs in Emerging Countries

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KEYWORDS

Financial Incentives; Exporting SMEs; Degree of Internationalization; Export Performance; Brazil paragraph.

ABSTRACT

The purpose is to analyze whether use of government incentives by exporting SMEs in Brazil helps them increase their degree of internationalization (DOI) and/or improve their export performance. The regression model reveals that greater use of financial incentives was related to higher DOI and better performance. The results also indicate that the use of financial incentives provided by the Brazilian government help exporting companies, but does not present greater international competitiveness and where the lower the percentage funded higher is the degree of internationalization. The study is of quantitative predominance, with an exploratory research of a non-probabilistic sample chosen for convenience and accessibility. The sample was selected from a target population and data were collected through a structured questionnaire. As a suggestion for future work, the researchers plan to expand the research to large Brazilian companies, in order to examine whether financial incentives influence the degree of internationalization and export performance. The work has limitations with regard to the low number of companies that were willing to answer the questionnaire.

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1 Introduction

Small and Medium Enterprises (SMEs) face obstacles and barriers making it difficult to reach a high degree of internationalization, but despite this they still participate in international business with persistence and creativity (McDOUGALL; OVIATT 1994). Notwithstanding, the extent to which SMEs are able to internationalize is limited by intrinsic capital shortages and the difficulties involved in adapting to environmental changes with the same speed with which larger companies are able to react, and this is equally true of national and international markets (MCDOUGALL; OVIATT, 1996). The reasons for the difficulties for exporting SMEs vary from lack of resources to internal and external risks. It can therefore be stated that the process of internationalization is a far greater challenge to SMEs than to larger companies.

Garcia (2007) has pointed out that government export incentive programs are one method for encouraging businesses to enter international markets, thereby becoming internationalized. These programs are designed to reduce some of the obstacles faced by businesses, including problems related to competitiveness. Financial incentives are intended to afford export products the necessary conditions to trade competitively on international markets. In view of this, this study was conducted in order to investigate whether financial incentives available in the Brazilian domestic market have an influence on the internationalization of Brazil's SMEs.

Specifically, this paper attempts to answer the following three questions:

1) Do exporting SMEs that access more financial incentives have a higher degree of internationalization (DOI)?

2) Do SMEs that access more financial incentives have better export performance?

3) Do SMEs that access more financial incentives have better international competitiveness?

The data presented in this paper is interesting to the foreign SMEs that are thinking to invest in Brazil. SMEs that access more financial incentives have better export performance? 3) Do SMEs that access more financial incentives have better international competitiveness?

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2 Brazil and the exports SMEs

The Brazilian government creates fiscal incentives and tax breaks in order to stimulate the local, national and international development needed to compete globally. These financial incentives have different characteristics because they are targeted at specific sizes of business: micro, small, medium or large. It is interesting to observe that government schemes of this type aim to increase the number of businesses trading on international markets, in particular SMEs, because they face many obstacles and barriers to entry into international markets.

According to Fleury et. al. (1981), the programs created by the Brazilian government are still insufficient to push many of these companies into international markets. An additional issue raised by businesses themselves is the lack of support and promotion for these programs. The result is that the export process is seen as something complex involving high costs and high risks. It is possible that more aggressive campaigns to promote these programs, conducted by the government and other institutions, could overcome the barrier of businessmen's ignorance of these programs. The result would be a greater number of SMEs taking part in the internationalization process (FLEURY et. al., 1981). Studies such as those published by Almeida (2007), Forte and Sette Jr (2005), Moreira (2009), Rocha (2003), Floriani (2010) Floriani and Fleury (2012) prove that SME participation in international markets is still rather incipient.

As it has already been highlighted by Johanson and Vahlne (2003), the internationalization process builds upon maturity and experience that a business acquires by exporting. In this view, an export strategy is relatively less demanding in terms of financial, organizational and administrative investment. It can therefore be seen as a more practical way for SMEs to gain entry to international markets, but this does not exempt national markets from the responsibility to create mechanisms to stimulate and promote the home nation exports.

In Brazil, both credit and financial incentives granted by the government to exporting businesses can be divided into short or long term loans. Short term funding is contracted at the true exchange rate prevailing at the time that funding is contracted or settled, and the exporting company chooses which financial institutions to approach. In contrast, long-term funding is available at interest rates that are subsidized by the federal government (BANCO DO BRASIL, 2011).

In partnership with other institutions, the government seeks to promote export ventures and considers exports to be an important factor for change that stimulates economic growth and improves employment rates and tax revenues (CZINKOTA; RONKAINEN, 1998) and so exportation is part of Brazil's trade policy.

There are several types of funding available on the Brazilian market designed to increase exports and improve the country's export performance. Pre-shipment programs are designed to support large-scale production, while post-shipment programs are beneficial to exporters because they offer the clients long payment terms, but the exporters receive their money immediately (BNDES 2011). Chart 1 below summarizes some of the incentive and support programs available on the Brazilian market: It should be pointed out that the Brazilian government both runs programs to encourage companies to export and also provides financial resources to fund these exports with the objective of improving their competitiveness in international markets. This paper only investigates the financial incentives, in order to identify whether those SMEs that utilize them have a higher degree of internationalization and better export performance.

2.1 Degree of Internationalization and the questions of this study

For the purposes of this article, Dorrenbacher's (2000) proposal will be adopted, measuring DOI in terms of the volume of sales a company makes in international markets, the number of countries to which a firm exports and the number of employees a business has working internationally.

Notwithstanding, organizations still expect to be able to count on government financial incentives to increase their DOI, and this is particularly true of emerging countries such as Brazil.

The process of Intel's internationalization of Brazilian companies has been marked by factors that have had an influence on sales of their products on the export market. The most important of these factors are elements of macroeconomics. For example, in 1930 measures were introduced to protect the Brazilian industry with the intention of driving national industry. From 1950 to 1970, there was a policy in favor of nationalized industries and government agencies and the Brazilian economy was closed to the outside world, which it meant that there was very little Brazilian participation on international markets. Years later the Brazilian industry was from the point of view of competitiveness, as a result of the restricted international interaction. In the mid-1970s, the Brazilian government attempted to rectify this situation with export incentives offering both tax breaks and credit. This policy resulted in a considerable number of Brazilian companies doing business abroad (GOULART; ARRUDA; BRAZIL, 1994).

It can, therefore, be stated that the Brazilian economic situation over this last decade has influenced many companies to seek out new markets expanding to other parameters of competition. After the Brazilian market was opened during the 1990s, companies exhibited rapid growth in response to measures to encourage international trade. (KUME 1996).

It should also be pointed out that this was a period of great importance during the history of the Brazilian economic development. Kume (1996) points out that opening the economy involved both a lowering of tariffs and also the removal of non-tariff-related barriers, encouraging economic growth. In other important positive effect was implementation of the *Real Plan* in 1994, which had the effect of expanding both national and international trade since it stimulated imports and introduced an exchange-rate policy designed to support Brazilian currency. (KUME 1996). Gomes, Silveira and Amal (2009) have pointed out that some studies published over recent years indicate that SMEs face several obstacles to becoming internationalized. However, according to Fleury et al. (1981) and Fleury and Fleury (2011), there is a failure on the part of government to adopt a more aggressive publicity policies with relation to their export incentive programs, providing SMEs with access to information and training to enable them to better make use of the financial incentives that are available on the Brazilian market.

The *Fundação Dom Cabral* (2010) surveyed companies that have gone through the process of internationalization and some of the most important barriers and difficulties that they described are as follows: a) organizational barriers (internal) related to the adequacy of organizational capacities and resources to doing business in international markets; b) barriers inherent to the Brazilian competitive environment, related to the adequacy of economic and institutional infrastructure, cultural characteristics and attitudes; and others such as barriers in the export market (whether economic, political-institutional or cultural).

Therefore, the objective of financial incentives is to allow companies to be able to rely on more appropriate conditions to allow them to face international competitiveness and make it possible for them to increase their investments abroad. (GARCIA 2007)

Given this measurement of DOI and considering the goals of export support programs and the financial incentive that the government offers to SMEs, it might be expected that these businesses can attain a satisfactory DOI if they assertively apply the resources available in the domestic market. Therefore: Q1: The more exporting SMEs use financial incentives the higher their DOI will be.

2.3Export Performance and Competitiveness

It is also essential to bear in mind that it can be observed that some businesses achieve better internationalization performance than others.

The EXPERF scale was developed during research conducted by Zou et al. (1998) to measure the difference in performance in firms' home countries and abroad. The scale consists of nine items to measure performance, each of which measures a component of financial or strategic performance or satisfaction with exports along a 7-point Likert scale.

Zou et al. (1998) demonstrated the effectiveness of their scale when analyzing the course of domestic and foreign performance. According to Cooper and Kleinschmidt (1985) the variables most often analyzed when measuring export performance of SMEs are export intensity and average growth in exports. Therefore, the performance metrics used in this study were selected from the model of performance variables constructed by Zou et al. (1998).

Internationalization of Brazilian companies has become a relevant subject for investigation in which the results show that there is a growth in these companies' insertion into the international market. In 2010, Brazil reported impressive figures for its participation in the international market, US$ 257 billion, which was equivalent to 1.3% of world trade (MDIC, 2012).

Barney (1996) considers the question of performance to beat so important that one should provide parameters to evaluate the extent to which performance achieved is better than expected performance or the opposite. Many different variables have been used in the field to measure company performance. In the case of exporting companies, incentives available on the market may encourage private companies to increase their investments abroad, meaning that it may be possible to measure their performance in terms of their use of such benefits. Lopes and Gama (2007) have pointed out that certain key areas could be stimulated by management in order to improve company performance. These areas suggest standards and regulations to better deal with competitiveness. If these areas are in tune with each other, they can trigger better results from the internationalization process and improve company' performance. These areas are summarized in Table 1.

Financial incentives tend to favor and facilitate SMEs to enter the international market and to maintain an export with them and that is favorable to increasing their degree of internationalization and, consequently, their export performance. Floriani (2010) has emphasized how as SMEs' degree of internationalization increases its acquired experience which tends to make them more efficient and, consequently, improving their performance.

Q2: The more exporting SMEs use financial incentives the better their export performance will be.

Q3: The more exporting SMEs use financial incentives the better their export competitiveness will be.

3 Methodology

A theoretical-conceptual model illustrating the main constructs and variables related to financial incentives, the degree of internationalization, performance and competitiveness.

This model was designed specifically to investigate whether use of financial incentives influences the DOI, the export performance and/or the competitiveness of exporting SMEs from Santa Catarina state in Brazil. The model provides an overview of the variables that are involved in the financial incentives construct and the dependency relationships between DOI variables, export performance and competitiveness among SMEs from Santa Catarina that responded to a survey. The model was tested using a quantitative study design and an exploratory survey of a non-probabilistic sample chosen for convenience and accessibility. The sample was selected from a target population and data was collected using a structured questionnaire.

The population sampled was small and medium-sized exporters in Santa Catarina, of which, according to data from FIESC were 803. Phone calls were made to each company on the list of exporting SMEs in Santa Catarina provided by FIESC, in order to identify the true population to be investigated. After making numerous contacts, it was found that the population to be investigated fell from 803 businesses to 612 active exporting businesses. The person who replied at a further, eight of these businesses stated that company policy did not allow them to answer any type of questionnairs, while 142 businesses were no longer exporting, and 49 that were listed in

FIESC's database were not part of the population of interest. A final population of 604 businesses therefore remained. Data collection instruments were sent to these firms using Google Docs and e-mails. Data collection took place during the end of 2011 and 2012. A total of 70 questionnaires were completed by exporting SMEs in Santa Catarina.

4. Results

The sample studied here comprises 70 businesses that operate within international markets. Fifty-eight of these SMEs manufacture domestically and then export, while the remaining 12 have some type of international arm.

The state of Santa Catarina has many sectors that are suited to international trade, including the construction and building materials sector, the auto industry, textiles and clothing in general, lumber and furniture, the chemical industry and the food industry. Santa Catarina has the fifth largest industry of all of Brazil's states both in number of companies (43 thousand) and in number of workers (476 thousand). Notwithstanding, the state only accounts for 1.10% of Brazil's territory (SANTA CATARINA, BRASIL 2013). The most frequent types of businesses in the sample analyzed here were lumber and furniture companies (26%) building materials companies (17%) and textiles and clothing companies (16%).

It is notable that 31.43% of the companies that took part export to one or two countries, while 17% export to 3 or 4 countries and only 14.29% of the SMEs export to more than 10 countries.

According to the respondent SMEs from Santa Catarina, the most common exported products are items such as electronic locks, wooden furniture, water cooler parts and accessories, paint and varnish, wooden frames, shoe stretchers, ceramic tiles, underwear and nightwear.

When SMEs were asked whether they have employees dedicated to managing export and trade negotiations in the international market or whether they subcontract these activities related to international markets, it was found that not all of these exporting businesses have their own export department. This data was used in the regression analysis to find out whether an internal export department influences these firms' performance and competitiveness.

During the nineteen-nineties, new businesses were established in many different sectors in Santa Catarina. Exporting businesses' revenues are seen as an important indicator since they are related to a company's expectations of remaining in international markets. It was found that 61% of the companies in this sample had annual revenues exceeding R$ 251,000.00, which shows that they are exporting significant volumes or that their products have high unit prices.

The SMEs from Santa Catarina were using a range of different export strategies. Direct export was the most commonly used method, adopted by 72% of businesses active in international markets and indirect exports accounted for 27%. It can be observed that SMEs' subsidiaries are distributed in specific countries, such as in the South, Central and North America, among other continents. Small and medium enterprises have sought to install subsidiaries in countries far from Brazil. In the countries of the Mercosul, which are near to Brazil, 3 SMEs have subsidiaries in Argentina and there is only one in Paraguay.

In order to attempt to understand whether financial incentives influence SME's Degree of Internationalization and Export Performance, the respondents were asked the following questions: whether they were aware of the incentives; whether they utilize the incentives; what incentives they had used recently; which incentives they had already used; and which incentives they had never used. The results showed that the SMEs in Santa Catarina actually use ACEs. A total of 43% of these businesses ship the merchandise then collect the export documents and deposit them in a bank that deals with currency exchange, anticipating payment from customers who have negotiated payment terms. This means that almost 50% of businesses investigated are currently using ACEs (2013). However, 26% of the businesses had not used ACEs recently and 40% had never used them, making 66% of the businesses. This means that fewer companies are using this financial incentive than are not.

The ACC incentives are to fund production of goods and were being currently employed by 34% of the businesses, while 26%

answered that they were not currently using them and 41% had never done so.

The PROEX export program is a government incentive that is notable because it offers advances against sales at lower interest rates than the two incentives mentioned above. However, only 20% of the SMEs researched were currently taking advantage of the PROEX offer, 26% were not currently utilizing it and 54% had never used PROEX. The large number of businesses that have never utilized this incentive may be related to the paperwork required to apply for this benefit, since this funding is from the national treasury and several different declarations of no outstanding federal debts are needed.

The Proger is a government incentive designed to generate employment and revenue by financing investment projects with working capital. None of the business surveyed were currently using the scheme, only 11% of the SMEs had ever used it and 89% had never used the Proger incentive. The program is currently closed to new applicants, which explains the large percentage of businesses that were not using it.

In summary, the main reason why exporting SMEs were not using any of the incentives mentioned is because a great deal of paperwork is involved and there are many obstacles to obtaining them. Notwithstanding, it is clear that the government needs to concentrate on mechanisms for publicizing these incentives better, since it is in the government's interest to promote Brazilian exports.

Having shown the macro figures above, the next task is to answer the question of whether SMEs that use more financial incentives have higher DOI, competitiveness and export performance. Table 1 shows figures for the regression models for dependent and independent variables.

It can be observed from these results that the variable “use of financial incentives” is meaningful and has an influence on DOI, showing that the greater the use of financial incentives, the higher the DOI. The variable “% exports financed” exhibits a meaningful negative influence but is not significant for explaining DOI. The incentives ACC, ACE, Proex and Proger were not significant, and the results do not explain whether the use of any of these incentives increases DOI.

Model 2 was obtained when analyzing whether the more SMEs use financial incentives, the better their export performance would be. Analysis of the variable “use of incentives” once more showed that use of financial incentives has positive effects on export performance. This means that these variables have a meaningful influence on the export performance of SMEs from Santa Catarina. This result is shown by the significance of p, which is the significance of a unitary variation in financial incentives. None of the other variables had a significant relationship with export performance.

Statistical tests showed that the variables that make up the independent variable “% exports financed” do not explain oscillations in performance. The same was true of the dummy variable that had no significant association with performance.

Finally, model 3 shows the associations with international competitiveness of SMEs. These correlations were calculated in order to test whether the more SMEs use financial incentives the better their export competitiveness would be.

Analysis of the influence of financial incentives on Santa Catarina’s exporting SMEs’ international competitiveness revealed that once more only the variable “use of Incentives” had a significant influence. The variables for “% Exports Financed” were not significant and the dummy variables were also not significant. Thus, exclusively with relation to financial incentives, there was a correlation with oscillations in the export performance of the SMEs studied.

Therefore, it can be hypothesized that use of financial incentives helps DOI, export performance and international competitiveness but that financing a greater percentage of sales and finance instruments like ACC, ACE, Proex and Proger does not imply better DOI, export performance or international competitiveness. This result can be comprehended by the fact that this study investigated SMEs’ export performance, not their financial performance, in which case the results may well have been different. This inference is supported by the qualitative results, since businesses that responded to the survey mentioned that financial incentives are very important for acquiring working capital, but do not reflect directly on performance.

FINANCIAL INCENTIVES FOR EXPORTING	
ACC - (Advances on Currency Exchange Contracts)	These are advances made against exchange rate contracts. The beneficiary is paid in Brazilian currency against a future export contract. The ACC is paid at the pre-shipment stage and is designed to inject resources to cover the costs of production, packaging and shipping of merchandise. Advances can be of up to 100% of the contract value. The repayment terms of these advance are for up to 360 days. These transactions are exempt from the Brazilian tax on financial operations (IOF).
ACE - (Advances on Foreign Currency Receivables)	These are advances made in Brazilian currency against an export contract with payment in the future. The difference between this and an ACC is that in this case payment is only made when merchandise has already shipped. The advance can be of up to 100% of the contract value and the repayment term is up to 180 days.
PROEX – (Program for Export Financing)	According to Banco do Brasil (BB) PROEX loans are only issued by BB using Brazilian treasury resources (BANCO DO BRASIL, 2011). Repayment terms can be from 60 days to 10 years, depending on the merchandise exported. Companies that export goods and services and have annual revenues of up to R$ 600 million are eligible for PROEX funding. The proportion of the export contract that can be financed is 100% for loans with settlements of up to 2 years or up to 85% of the export value for longer term loans.
PROGER- (Revenue and Employment Generation Program)	PROGER is a program run by the Brazilian ministry of employment's worker's assistance fund (FAT) with the objective of funding projects and investments that involve job creation, thereby enabling micro and small companies to achieve sustained growth, opening new business ventures and expanding or improving their enterprises. Funding is available from BB or the Caixa Econômica Federal (also controlled by the Brazilian government), with similar requirements, and benefits are as follows: interest rates of 0.85% per month, loan values of up to R$400,000.00 (limited to between 80 and 90% of the investment).

Source: Compiled by the authors from information released by BB (2011) and SEBRAE/SC (2011).

5 Conclusion

This paper sought to evaluate whether financial incentive programs offered to domestic companies influence the degree of internationalization, export performance or the international competitiveness of SMEs in Santa Catarina, Brazil.

The study raised three research questions: 1) Whether the more exporting SMEs utilize financial incentives, the higher their DOI would be; 2) Whether the more exporting SMEs utilize financial incentives, the better their export performance would be; and 3) Whether the more exporting SMEs utilize financial incentives, the better their international competitiveness would be. The results suggest the following answers:

The results show that 1) The use of financial incentives influences growth of DOI. However, neither the percentages of sales financed, nor instruments such as ACC, ACE, Proex or Proger, have an influence on DOI, export performance or international competitiveness.

It can therefore be perceived that use of incentives improves DOI, export performance and competitiveness, but the incentives themselves, do not have an influence on these constructs. These results demonstrate that there is still much to investigate in this area, testing other indicators of the benefit of financial incentives on DOI, export performance and international competitiveness of SMEs. These results highlight an important gap in research in the area of international business, bearing in mind the importance of the subject to SMEs and the scarcity of studies dealing with the subject.

The results also show that from the perspective of those who manage SMEs, the incentives are important, but companies must achieve competitiveness for themselves. They also see the lack of information on available resources and Brazilian red tape as obstacles that continue to prevent them from taking advantage of the fiscal benefits offered by the Brazilian government. One inference of relevance to future studies is that analysis of the responses showed that the financial incentive programs are purely focused on promoting exports and not on facilitating internationalization of companies.

It can be observed that the Brazilian government has attempted to develop measures to help SMEs to export, but that these actions still appear too small in relation to companies' concerns. Small and medium enterprises need programs that stimulate internationalization of companies, rather than just boosting exports.

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Innovative Entrepreneurship and Competitive Performance: The Prime Program Case, Brazil

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ABSTRACT

The purpose of this paper is to analyze the influence of a Support Program to Innovative Entrepreneurship on the competitive development of the supported companies. We carried out a study about the PRIME Program – First Innovative Company –, realized by the Ministry of Science, Technology and Innovation (MCTI) of Brazil and its Studies and Projects Financing agency (FINEP), in partnership with Incubators, from the standpoint of the companies favored by the program, with a focus on competitive development and local development. Therefore, we decided to apply a qualitative study of multiple cases on the companies selected through RAIAR incubator, of Pontifical Catholic University of Rio Grande do Sul (PUCRS). Overall, we found out that the performance indicators that improved the most under PRIME's influence were: revenue, management, and image. Likewise, the indicators that least improved and that, according to interviewed managers, experienced less influence from PRIME, were new products and new processes.

1Introduction

The search for regional development has highlighted several topics through the years, tapping into entrepreneurship, innovation, National Innovation Systems (NIS), and related public policies. In this macroeconomic scenario, structures such as NIS, which has public policies that stimulate the production of innovative products and processes, may deeply influence the consolidation and direction of innovation in the production sector and in the region it is part of (Bessant & Tidd, 2009). Such innovation is an important competitive differential in the globalized world, for companies as well as for the countries where they are located.

The emergence of new businesses is also considered a key-factor for local development, due to the contribution of the production sector to the regions' economic dynamism (Valente, Dantas & Dominguinhos, 2012), by creating jobs and incomes, among other factors (Xavier *et al.*, 2012). As a case in point, in 2010, the 33,320 high-growth companies[1]accounted for 1.6% of the total number of companies that have salary employees in Brazil, creating 5 million jobs and paying 88 billion Reais in salaries and other benefits.

The political instruments of the Brazilian Innovation System have gone through significant changes in an effort to increase the participation of the production sector in technological

[1]High-growth Companies are those that within three years annually increased the number of employees in 20%, having 10 employees or over in the first year of observation (IBGE, 2012).

development actions in the country (Mendonça, 2008). One of these actions originated the PRIME Program – First Innovative Company, supported by the Ministry of Science, Technology and Innovation (MCTI) and its Studies and Projects Financing Agency (FINEP). In partnership with Incubators, the program allowed high impact startups to focus on developing innovative products and processes, as well as to create a successful strategy to enter the market (FINEP, 2012). The main objective of this program was "… regional development, technological innovation, and the rise of small businesses in the country" (FINEP, 2008).

Existing policies and programs to stimulate innovative entrepreneurship are key elements in the development of Brazil. Therefore, this study investigates the competitiveness of companies from Brazil, with regards to participation in the PRIME. The objective is to analyze the influence of PRIME in the competitive performance of Brazilian start-ups. To do so, we conducted a qualitative study including the business incubator, RAIAR, and three companies.

Next section, we present the literature review about innovation, National Innovation Systems (NIS), innovative entrepreneurship, and competitiveness.

2 Theoretical Framework

In the dynamic environment of economy, where organizations and institutions of all kinds interact, whether competing or cooperating, there is a close relation between entrepreneurship and innovation. First, most entrepreneurial activities are certainly involved in innovations; also, entrepreneurs are essential in the innovation process (Dahlstrand & Stevenson, 2007). Understanding the importance of public policies and incentive programs towards innovative entrepreneurship requires previous clarification about related concepts, such as Innovation Systems, innovative entrepreneurship, and competitiveness.

Innovation is a wide process of searching and selecting new ideas, making them viable and achievable, so people can use, value, and/or adopt them in their daily lives, in the form of products (goods or services), processes, and new or significantly improved marketing methods and/or management methods (Zawislak *et al.*, 2012; Bessant & Tidd, 2009; OECD, 2005). Besides the innovation type, we should analyze its impact on the environment: a small improvement (incremental innovation) or a great change (radical innovation). Another relevant aspect is its geographical coverage, which may constitute a worldwide change, affecting the market where the firm operates, or be limited to the portfolio of the firm in question (Bessant & Tidd, 2009; OECD, 2005).Finally, for an idea, outline or model of a new or improved product, process or system to be regarded as an innovation, not only should it be technically viable, but also involve a commercial transaction and create wealth. Without those, the change will just be considered an invention (Schumpeter, 1994).

Although the definition of entrepreneur is relatively new in Brazil, it first appeared in the Middle Ages (Hisrich & Peters, 2004) originating from the French term entrepreneur, which dates back to the 14th century (Zen & Fracasso, 2008). Broadly speaking, it is the act of turning ideas into realities (Guedes, 2011) that, in association with innovation practice, create the entrepreneur figure: an individual whose main motivation is to create/change something or the environment where he operates. Unlike other kinds of entrepreneurs, innovators are more likely to create companies with high rates of growth, generation of wealth, and creation of jobs of higher added value (Bessant & Tidd, 2009; Zen & Fracasso, 2008; Xavier *et al.*, 2012). This way, entrepreneurship promotes a continuing reorganization of the economic system, resulting from the replacement of old products, services, and consuming habits for new ones (Creative Destruction process[2]), also promoting, through competitive mechanisms, a rearrangement cycle – rise and fall – of individuals in social classes according to their business success (Schumpeter, 1997).

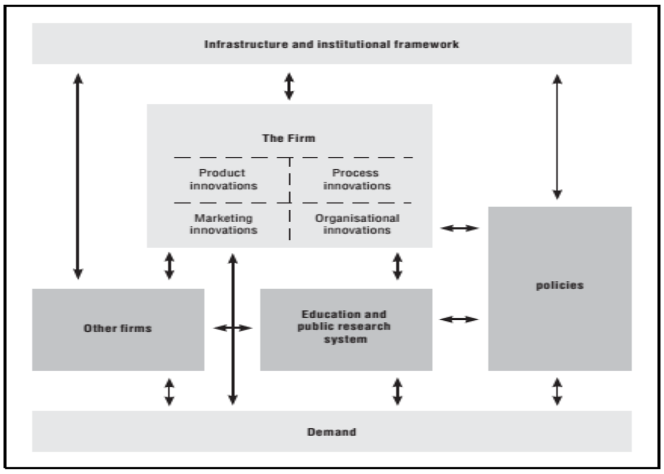
The set of interactions aimed at developing and spreading innovations in economic sectors, regions or countries is called Innovation System (IS). This concept was developed in 1841 by Friedrich List, who discovered an interrelation between nations' development and Science,

[2] Creative Destruction: essential to maintain the capitalist system, it is the process of industrial change, which revolutionizes the economic structure, beginning with internal factors, and constantly destroying the old and creating a new one.

Technology, and Innovation practices – S,T&I (Freeman & Soete, 2008). Hence, the IS is a set of factors – economic, social, political, organizational, and institutional – whose interaction quality is decisive to enable the development, spreading, absorption, import, change, and/or use of innovations in a sector, region or country (Edquist, 2005; Strachman & Deus, 2005). In the macroeconomic dimension, the innovation process takes place basically through development and spreading of knowledge and technology among NIS actors, with emphasis on the role of firms as main innovation generators within an IS. That; however, does not result solely from business efforts, but also from a complex, interactive, and socially immersed process of building knowledge and learning through mechanisms that stimulate competitiveness and innovation, such as structuring markets and enterprises, encouraging partnerships, and experience exchanges, offering research incentive instruments, training human resources, and supplying adequate infrastructure (Dutta, 2012; SEBRAE, 2006; OECD, 2005), as per Figure 1.

Concerning the IS, institutions and organizations have a fundamental role. Institutions serve as regulators of relations and interactions among individuals, groups, and organizations (Edquist, 2005), being largely responsible for the way economies work. These may display an informal structure – established traditions, routines, and practices – or a formal structure – policies, regulations, and laws (Edquist, 2005), so, great is the influence of institutions on entrepreneurship and innovation processes, both as facilitators and obstacles (Strachman & Deus, 2005). In turn, organizations are formal structures created intentionally and with a specific purpose (Edquist, 2005). Their influence over a nation's innovative potential and innovation systems ranges from the firms' decisions – investments in physical capital, human resources, research, and development – to government decisions (or policy makers) – government support to scientific and technological development programs (Strachman& Deus, 2005).

Figure 1 – Innovation Systems and their interrelations.



Source: OECD (2005, p. 34)

Generally speaking, an IS can be seen from three standpoints: (1) Sectorial, when it is related to industries, technologies or specific economic sectors; (2) Local, when it refers to geographical spaces located in a certain country; and (3) National, when it covers the geographical limits of a whole country (Edquist, 2005; Strachman& Deus, 2005; Asheim & Gertler, 2005). National Innovation Systems (NIS) are institutional frameworks resulting from actions – planned and conscious or not planned and disarticulated – that stimulate the technological progress in economies. They represent the features of the economy, technology, culture, and political system that determine the national innovative performance, which help raise the country's economic development level and reduce the technological gap among countries (Albuquerque, 1999; Freeman & Soete, 2008).Among the factors that determine the success of an NIS, the following stand out: (1) the country's historic path (path dependence); (2) the shaping of the relations among NIS actors, such as companies and universities; information infrastructure and available means of communication; and (3) the participation of the State through incentive policies towards research, development, and innovation (Freeman & Soete, 2008; Albuquerque, 1999; OECD, 1997).

Since the interactions between actors and innovation incentive programs in a country are the basis of local development, the NIS political dimension is fundamental. Establishing policies is; however, a dynamic process that requires detailed knowledge about the system in question, so we can apply the most suitable political instrument in each case. This way, before creating S,T&I policies we have to identify bottlenecks, which hinder the increase of local productive capacities, generation of knowledge and innovation, and which are the foundation of specific policies, thus avoiding a tendency to simply copy policies and institutions as a "recipe" for success (Enderle, 2012; Calzolaio, Zen & Dathein, 2012).In this regard, entrepreneurship policies are those that aim at stimulating the rise of new enterprises (startups) and the growth of established ones (Dahlstrand & Stevenson, 2007). Innovation policies, for their part, are those that aim at stimulating an interfirm systemic competitiveness, increase collaboration among the many innovation actors, and provide an adequate institutional environment for a successful technological path (Suzigan & Villela, 1997 *apud* Calzolaio *et al*., 2012[3]). Common aspects can be observed in the entrepreneurship and innovation political strategies, such as economic growth and wealth generation. Nonetheless, those may present very distinct objectives regarding development policies, target groups (stakeholders), resource availability, applied indicators, and administrative bodies with authority within governments – ministries or agencies (Lundström, Almerud & Stevenson, 2008).

The integration of those two policies, so as to create an innovative entrepreneurship policy, may be a way to accelerate national development. And in spite of the few countries with a relevant level of integration, Dahlstrandand & Stevenson (2007) believes that those with convergence potential have political objectives that aim at promoting the creation of new high-growth innovative firms, based on technology and research. The authors also discuss that policymakers who aspire an economic growth through innovative entrepreneurship have three key options of policies to be considered: (1) stimulate entrepreneurship in general, taking steps towards the entrepreneurial environment, and education, among others; (2) stimulate the creation of high-growth companies; and (3) stimulate innovations and R&D in small and medium-sized companies through institutional partnerships.

According to Acs *et al* (2014), at the country level, entrepreneurship should be treated as a systemic phenomenon, similar to the literature on 'National Systems of Innovation' treats country-level infrastructures, policies, and institutions when considering factors that determine a country's ability to produce and take advantage of scientific discoveries and technological innovation. Fast-growing startup companies tend to improve their chances of success when inserted in an entrepreneurial ecosystem that encourages business development and innovation (Arruda *et al*, 2015).

Daniel Isenberg's model stems from the initiative developed at the Babson College called BEEP – Babson Entrepreneurship Ecosystem Project. BEEP aimed at developing the concepts based on which would be possible to understand different communities and nations regarding what Isenberg called Entrepreneurship Ecosystem. This Ecosystem is composed by the following domains: policy, finance, culture, supports, human capital and markets (Arruda *et al*, 2015).

The key policy challenge that entrepreneurial ecosystems attempt to address is that even in environments which are conducive to business start-ups there is a paucity of high growth businesses. Other fundamental element is the availability of finance. This element is a further critical feature of entrepreneurial ecosystems. Particularly important is a critical mass of seed and start-up investors to provide finance and hands on support (OCDE, 2014).

In the case of Brazil, scholars show that the country has advanced in the past years in terms of research infrastructure and promulgation of public policies aimed at technological development. For decades, government investments were limited to policies that disseminated the articulation among actors, but were operationalized by instruments that favored individualized actions. Only after 1990,with the consolidation of a systemic vision, was the integration with the productive sector taken into consideration, and, from then on, several measures and institutional frameworks have been created, such as the 'Innovation Law' (Law 10.973/2004); the improvement of the incentive tax law towards R&D, which became part of Chapter 3 of the 'Good Law' (Law 11.196/2005); and the release of several programs and calls for proposals to provide companies with

[3]SUZIGAN; W; VILLELA, A. ***Industrial Policy in Brazil***. Campinas, SP: Unicamp – EI, 1997.p.15-30

FINEP's support (Negri & Cavalcante, 2013). Despite the advances in the past decade, studies show that the level of interaction among universities, research centers, and the productive sector are still limited when the country's situation is compared with South America's average. Likewise, there is still a gap in innovation and technological development rates, partly due to the tardiness of the industrialization and creation of research institutions and universities in the country (Negri & Cavalcante, 2013).

In the analysis of the economic development of a country, a company's competitive performance is an important factor to be investigated, because business success and innovative capacity reflect, in part, in the quality of the National Innovation System. When firms operate within a range of market and technology possibilities, resulting from the world evolution of science, technology, and markets, they should align the profile of developed innovations with the strategy, thus maximizing the impact of those innovations over the competitive performance (Epstein*et al*., 2007). Similarly, to survive in this competitive environment, entrepreneurs should be able to plan their actions and adequately manage their companies (Trevisan& Silva, 2012).

Anyway, what does it mean to be competitive? The answer to this question depends on the way the definition of competitiveness is approached – company level or national level, for example. According to Ferraz, Kupfer, and Haguenauer (1996), most studies regard competitiveness as a phenomenon directly linked to the characteristics of companies and their products, relating nations' competitiveness with the gathering of firms' individual results. Carvalho *et al*. (2007) argue that companies' competitiveness can be approached according to two perspectives: Business and Systemic. The Business perspective considers the firm's internal factors. Here, the competitive company is the one whose objective is to maximize profits, that is, to reduce total costs in relation to its total revenue (Mankiw, 2001), being able to "… reach sustainable results higher than its competitors (…) ensuring a satisfactory profitability by acquiring one or more competitive advantages" (Contador, 2008, p.39). These advantages are obtained through innovation initiatives (Porter, 2008). The Systemic perspective – adopted in the study herein –, on the other hand, considers the influence of factors in the external environment and advocates that a competitive company is the one that makes and implements competitive strategies that will broaden and maintain a sustainable market position (Ferraz *et al*.,1996, p.3), as well as build competitive advantages through productive and quality gains in relevant factors (Siqueira, 2009), related to innovation in products, processes, management, and/or marketing methods, besides legal-related aspects and economic policy constraints, among others (Ferraz*et al*., 1996).

The concept of national competitiveness, in its turn, is linked to productivity, so we can assert that a country's standard of living depends on its companies' capacity to reach or maintain high levels of productivity through time (Porter, 2008; Mankiw, 2001). That's why, the World Economic Forum (WEF) made the Global Competitiveness Index (GCI), which evaluates competitiveness based on micro- and macroeconomic factors that determine a country's level of productiveness (Schwab, 2012). In the 2012-2013 report, Brazil ranked 48 in global competitiveness, while the United States ranked 7 and Switzerland topped the ranking.

In this context, it is important to adopt competitive performance indicators, both ex-ante and ex-post. Ex-ante indicators represent strategies to create sustainable competitive advantages for a firm, and the ex-post indicators reflect the results it obtains (Carvalho*et al*., 2007). There is a consensus that such metrics should be associated with result indicators, the most commonly used having a financial nature such as shareholders' profitability, value of the stocks traded at the stock exchange, economic and financial results (Contador, 2008). However, when we consider the time factor in those evaluations, some events might not display a noticeable financial impact, so it would be relevant to also observe non-financial dimensions (Olve, Roy & Wetter, 2001).

In order to represent the business competitiveness through compatible measurement instrument it was chosen the Balanced Score Card Model – BSC (Kaplan & Norton, 1992, 1997, 2004). This option took into consideration: (i) the systemic perspective of competitiveness adopted in the study (Ferraz et al, 1996; Siqueira, 2009) that fits the general view of the Balanced Score Card instrument; (ii) the deliberate proposition cited by the authors of BSC (Kaplan & Norton,

1997) to provide managers with the instrumentation they need to navigate to future competitive success; and (iii) the well knew use of BSC to evaluate competitiveness that can be found in the literature (Palatková & Hrubcová, 2014).

Therefore, Kaplan and Norton (2004) developed a balanced system to measure business strategy (Balanced Scorecard or BSC), which is designed to balance the financial perspective, associating it with non-financial indicators under three perspectives – Clients, Internal Processes, and Learning & Growth. The Clients' perspective identifies parameters the company considers more important for its competitive success. The Financial perspective describes the economic consequences of a successful strategy, checking whether the implementation and execution of the business strategy is contributing to the maximization of the company's overall profit. Finally, both Internal Process perspective and Learning & Growth perspective describe how to put the proposed strategy into practice. While the former involves improving processes, reducing costs, and producing and providing clients with value; the latter offers infrastructure to reach the objectives of the other three perspectives (Kaplan & Norton, 2004).With those concepts in mind, it is then possible to more objectively elaborate an instrument to measure business competitive performance.

3 Method

This research is a qualitative and exploratory case study of three companies picked by the PRIME program through RAIAR/PUCRS incubator. To preserve the identity of the companies surveyed, they were given assumed names and their line of business was described according to the National Classification of Economic Activities (CNAE) of the Brazilian Institute of Geography and Statistics (IBGE). Data were collected from secondary and primary sources (Collis& Hussey, 2005), through personal semi-structured interviews (Hair*et al.*, 2003) with four agents. One of the agents interviewed was the operation coordinator of PRIME at RAIAR/PUCRS' decentralized office. The others were managers of companies that signed up with that operator:

- Agent 1: PRIME's operation coordinator at RAIAR/PUCRS incubator;
- Agent 2: AGENCY's manager, service provider that selects and supplies manpower;
- Agent 3: CONTROLL's manager, service provider working with immunization and pest control in urban areas;
- Agent 4: ELECTRO's manager, household appliance manufacturer.

The exploratory and analysis steps required the selection of indicators to assess companies' competitive performance from 2010 through 2013, according to the traditional strategies of the Balanced Scorecard (BSC). And, because the program also aimed at a socio-economic impact, the impact of companies' activities on local development was assessed as well. The resulting set of indicators (Table 1) refers to the company's competitiveness level, and it is important to remember that competitive performance is also affected by macroeconomic factors, over which companies have little or no influence.

Based on the information provided by the companies' managers, a data bank was created with the main topics discussed and their assessments in relation to PRIME, also making a connection with the BSC perspectives. Later, cross-checking these data allowed to identify the changes in the performance of the companies participating in the program, as we compared their situation in 2010, the year the program was implemented, with the current one in 2013, and then assess how general objectives of the program were reached. To do so, the analysis of categories included three dimensions: (1) Trajectory or company; (2) Participation in PRIME: Motivator to join PRIME; PRIME benefits; and PRIME difficulties; (3) Competitive performance indicators under BSC's strategic perspectives. The qualitative analysis aimed at explaining the benefits PRIME brought to society and supported companies, as well as identifying necessary improvements. Also taken into account was the possibility of a second edition of the program.

4 Data Analysis

Each year, about 1.2 million new businesses are established in Brazil, of which 99% are micro- and small companies and individual entrepreneurs, whose difficulty accessing financial resources is one of the main barriers to operationalize businesses and develop products (SEBRAE, 2011). This scenario shows that keeping incentive programs designed for that kind of entrepreneur is essential for national development. Among the government initiatives identified in the past years there are incentive programs for technology development, such as PRIME.

The pilot project, launched in 2009 by MCTI and its agency, FINEP, was developed as a result of the high failure rate among technology startups, and this situation shifts the focus away from strategy matters to day-by-day problems. The shift is actually necessary to secure the livelihood, for they are forced to handle multiple tasks, both within and outside the company (FINEP, 2010).

This way, with a total support of 1.3 billion Reais (Telles, 2009), PRIME gave that kind of entrepreneur the chance to be fully committed to the core business of his company and its innovation development (FINEP, 2012). With the purpose of offering management training to startups, the program enabled the consolidation of companies with high value-added in their initial critical phase, turning them into levers for local and national development by creating income and qualified jobs (RAIAR, 2013).

The selection process took place in three phases (RAIAR, 2009):

i. Registration: company's registration at MCTI's webpage and later submission of a simplified proposal by filling out an electronic application form at the selected operator's site.

ii. Training: free training in two phases, mandatory for finalists of the 1st phase, whose objective was to offer the means to improve candidates' proposals for the 3rd phase.

iii. Analysis of Detailed Proposal: filling-out of the Proposal Submission Form provided by operators, and later signing of contract, in case of selection.

Each granted company received an exact non-refundable amount of R$ 120,000.00, paid in two installments, the 2º installment (50% of the amount) being conditional upon the progress of the project within the first 6 months. Those resources should be assigned to the items on the PRIME Kit: (1) partners' compensation (*pro labore*); (2) manager's salary; (3) management consulting; and (4) market consultants (RAIAR, 2009). If the companies were able to meet the goals stated in their proposals, they could sign up for a loan of equal value from Zero Interest Program[4] (Programa Juro Zero – MCTI; ANPEI, 2009).

PRIME is different from other grant programs because it is exclusively designed for startups (micro- and small-sized), without restrictions as to economic sectors (Telles, 2009). It is characterized by its nationwide coverage and geographical flexibility when companies choose operators, so a candidate can sign up at an operator in a state other than company's (FINEP, 2009). The complexity, coverage, and costs inherent to the infrastructure needed to operationalize the program made FINEP choose to work with decentralized operators, signing 17 Institutional Cooperation Agreements with incubators from all over Brazil, which are responsible for selection and follow-up processes of companies (FINEP, 2012). In the state of Rio Grande do Sul, agreements were signed with two operators: CEI incubator, of Federal University of Rio Grande do Sul (UFRGS), and RAIAR incubator, of Pontifical Catholic University of Rio Grande do Sul (PUCRS), object of this study.

Based on data available at MCTI's Innovation Website, it was possible to identify some of the program's features during its implementation. First, the companies attracted to and favored by PRIME are mostly from the Southeast and the South of Brazil (Figure 2).

[4]Programa Juro Zero: funding to help micro- and small businesses with innovative projects. The amount is paid back in 100 installments without any interest (MCT; ANPEI, 2009).

Table 1 – Competitive performance indicators.

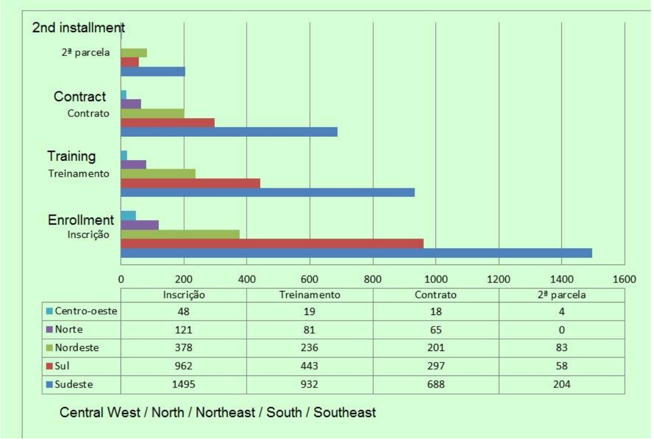
BASIC INDICATOR			DESCRIPTION	RELATEDINDICATORS
BSC PERSPECTIVES	FINANCIAL	Revenue	Variation of the annual average revenue	Resultado econômico-financeiro (CONTADOR, 2008, p. 49; SEBRAE, 2001, p.10). Volume de vendas (CARVALHO et al, 2007, p.26; OECD, 2005, p. 43)
	CLIENTS	Channel mix	Change of methods and tools to handle clients	Relacionamento com clientes (ALÉM; GIAMBIAGI, 2010, p.158). Melhoria do Mix de Canais (KAPLAN; NORTON, 1997, p. 59)
		Image	Change of company's image in the market	Imagem e reputação (KAPLAN; NORTON, 1997, p. 80). Imagem da empresa (SEBRAE, 2001, p.13)
		Market share	Change of competitive position in relation to the competition	Participação no mercado (CARVALHO et al., 2007, p.26; CONTADOR, 2008, p. 49; OECD, 2005, p. 43; KAPLAN; NORTON, 2004, p. 41).
	INTERNAL PROCESSES	Suppliers	Change of methods and tools to handle suppliers	Aquisição de matérias-primas (KAPLAN; NORTON, 2004, p. 46; SEBRAE, 2001, p.11). Liderança em fornecedores (KAPLAN; NORTON, 1997, p. 115)
		Management	Change of management tools and practices	Organização e integração estratégica da empresa (CARVALHO et al, 2007, p.26; FERRAZ et al, 1996, p.10). Governança corporativa (ALÉM; GIAMBIAGI, 2010, p.158). Posicionamento estratégico (FERRAZ et al, 1996, p.10).
		New products	Variation in the number of new products developed and put out	Desenvolvimento/lançamento de novos produtos (SEBRAE, 2001, p.12; KAPLAN; NORTON, 2004, p. 48)
		New processes	Variation in the number of new or improved internal processes	Aquisição/atualização de máquinas, equipamentos e instalações (OECD, 2005, p. 93; SEBRAE, 2001, p.11; FERRAZ et al, 1996, p.10). Desenvolvimento/melhoria de processos (SEBRAE, 2001, p.12; PORTER, 2008, p. 180).
	LEARNING AND GROWTH	Knowledge	Change of knowledge acquisition sources, which the company needs to do what it does (external, internal, partnerships)	Aquisição de tecnologia e conhecimento (OECD, 2005, p. 79). Investimento em atividades de P&D (OECD, 2005, p. 73; SEBRAE, 2001, p.11; IBGE, 2010, p.5; KAPLAN; NORTON, 2004, p. 48). Parcerias e cooperação para inovação (IBGE, 2010, p.5; KAPLAN; NORTON, 2004, p. 54; OECD, 2005, p. 73). Fontes de informação (IBGE, 2010, p.5; SEBRAE, 2001, p.11; CARVALHO et al, 2007, p.26)
		Training	Variation in the amount of training offered to employees	Habilidades dos recursos humanos (OECD, 2005, p. 43; PORTER, 2008, p. 181). Capacitação de recursos humanos (SEBRAE, 2001, p.12; OECD, 2005, p. 94 ; KAPLAN;NORTON, 2004, p. 54)
LOCAL DEVELOPMENT		Job	Variation in the number of employees	Tamanho da empresa (CARVALHO et al, 2007, p.26; SEBRAE, 2001, p.7 ; OECD, 2005, p. 71)
		Remuneration	Variation in the salary offered (according to the market)	Práticas trabalhistas (KAPLAN; NORTON, 2004, p. 49). Salários, encargos e benefícios (SEBRAE, 2001, p.11)

Source: elaborated by the authors

These regions saw the birth of approximately 50% and 30% of the total micro- and small companies enrolled in the project, respectively.

These regions were also the ones with the highest concentration of operators in the country: Southeast (9 operators), South (4 operators), Northeast (3 operators) and North (1 operator). Another interesting aspect is that thanks to the mobility during the enrollment process, there are companies established in the Central West, though the region has no decentralized operator.

Figure 2 – Stages of the Prime Program.



Source: adapted from MCTI (2011)

Throughout PRIME's implementation, we can notice a dramatic fall in the number of companies, which is a recurring pattern in different parts of the country. Based on Brazil's total data, of the 3,004 companies enrolled for the 1st phase, 1,711 were selected and were supposed to show up for the 2nd phase training. But only 1,269 remained in the process and had their projects approved, and only 349 of those (28%) were able to meet the requirements to remain in the program and receive the second installment of 120,000 Reais.

But although a reduction inherent to the tough selection process is expected, it is important to notice that the cut-off points in the criteria laid down by FINEP (AGENTE 1, 2013) and candidates' absenteeism during the mandatory training were key factors. Also significant is the reduction in the number of companies that were granted the second installment of the program – about 70% of the ones that signed the agreement – an indicator of problems implementing the proposed projects and/or adequately using the resources according to the PRIME Kit.

Despite an estimate of 5,000 companies favored by the program within four years (FINEP, 2013), in fact, only 12% of the 1.3-billion-real grant were used. Today, there are similar initiatives, such as the programs comprising Plano Inova Empresa (Plan Innovate Enterprise), launched by the Federal Government in 2013 with a grant of 32 billion Reais. But taking the Prime experience into account, it is worth rephrasing a comment by Senator Alvaro Dias regarding Plano Inova Empresa:

"Based on previous experiences, this is another announcement that creates false expectations, which will sadly end up in frustration. For sure, in a few years, two years from now, at the end of President Dilma Rouseff's term, we will be able to return to the podium and state that of the 32 million Reais promised, only a few million were invested, as was the case with the 1.3-billion-real program that only applied 160 million Reais – (…) announcement made in 2009 for the Primeira Empresa Inovadora program" (Senate, 2013).

That somehow helps us understand the results from the 1,269[5] projects implemented from January 2010 to January 2011 all over Brazil (Ministry of Development, Industry and Foreign Trade, 2011).

4.1 PRIME in RAIAR incubator

The information described here was obtained through personal interviews with the operation coordinator of the PRIME Program at RAIAR/PUCRS incubator, whose function as a decentralized operator was to operationalize, according to FINEP's public notice, selection processes, the release of resources, and the follow-up of the projects approved by the program; besides updating MCTI's Innovation Website providing information about the program's progress in the incubator.

Operators, like companies, also need to fulfill a working plan with objectives and goals, assessed by FINEP. Within that scope, the incubator worked hard on follow-ups and directions, especially with regards to rendering of accounts, because companies had great difficulty handling that issue. When FINEP seemed to be taking too long to provide training on that subject, the incubator decided to do that itself so as to dispel companies' doubts. As a differential in RAIAR's program, the interviewee highlights "Prime's Integrator Seminar: The Day After", which took place in August, 2010, after the release of the 2nd installment of the program (PUCRS, 2010). The event, a pioneering initiative of the incubator, lasted a day, featuring a series of

[5] As we found inconsistent data at MCTI's Innovation Website, we decided to adopt, as an analysis standard, those provided by the Follow-up Report by State (Relatórios de Acompanhamento por Estado).

lectures in the morning, and, in the afternoon, a business round among companies participating in RAIAR's program. Another differential mentioned was the use, since the release of the public announcement, of advertising tools provided by the university to promote PRIME and draw the attention of companies and the community in general. Also noteworthy was SEBRAE-RS' role promoting the program in Rio Grande do Sul, in an effort that not only included poster and folder designs for both RAIAR and CEI, but also offered an information center.

Among the common difficulties mentioned was the public announcement, according to which companies might be unable to classify in the very first phase, due to items such as "exactly 120,000 Reais" and "fill out form completely and correctly" (RAIAR, 2013) before an analysis of the project's content and merit in terms of its impact on local development. Likewise, the extremely complex selection process, along with an overlapping of the information required in each phase, resulted in a great number of companies that could not even go past the enrollment process. At the same time, FINEP undersized the time to carry out each phase, which increased the workload of decentralized operators and the number of administrative appeals filed by candidates.

Regarding benefits obtained, the following was reported:

- an increase of the incubator's visibility, with an increase in the number of incubated companies and associates;
- establishment of a promising relationship with FINEP;
- encouragement of company creation, for many were established thanks to the program;
- meeting the demands produced by incubators in terms of management training and company structuring, showing an unprecedented impact and coverage in the country, as per AGENTE 1's interview.

According to the interviewee, politics was the main hindrance in the launching of the program's second edition, which had already been scheduled at the time. With a change in the government and the election of Dilma Rousseff, a series of changes took place in the government leadership, which included the replacement of the Science and Technology minister and FINEP's president, Luis Manuel Rebele Fernandes, a PRIME enthusiast. Besides the government change, the focus of investments veered too.

4.2 PRIME in the analyzed companies

In an effort to understand how PRIME influenced the competitive development of the companies' analyzed, we tried to shed light on the evolution, between 2010 and 2013, of the previously described basic indicators, along with managers' interpretation of the influence the program had over those metrics. So, a series of questions were proposed, linking PRIME's contribution to the companies, the companies' situation before the program, and the changes that took place afterwards.

So, Table 2 presents a summary of the most important information gathered during interviews with company managers from companies AGENCY, CONTROLL, and ELECTRO.

As we can see, two of the companies investigated, CONTROLL and ELECTRO, were already established, and their main motivator to join PRIME was to obtain financial resources. AGENCY; however, was established exclusively by the program, which was the motivating factor for joining PRIME. Between 2010 and 2013, the three companies showed an increase in revenue, especially CONTROLL.

The program's influence over companies can be partly noticed by observing the distribution of the PRIME Kit resources throughout the project. Therefore, companies prioritize the distribution of resources within budget headings related to the firm's own operation, such as compensation payments (*pro labore*) and business manager's salary. With regards to management and marketing training through consulting agencies, AGENCY made balanced investments, unlike CONTROLL, which favored management training (ELECTRO did not supply any information).

Table 2 – Comparative Analysis

	AGENCY	CONTROLL	ELECTRO
Field of operations	service provider that selects and supplies manpower	Immunization and pest control	Householdappliancemanufacturer
Brief business background	The idea of this enterprise came about during an entrepreneur tournament in 2007, and was established by PRIME in 2009. The activitieseffectivelystarted in 2010, along with the project.	The business, which initially focused on phytosanitary treatment, was established in 2008. After years of heavy investments in R&D, the company was facing financial problems, so they decided to find a way to turn the situation around. In 2011, CONTROLL acquired a company in the same line of business, this way becoming a corporation under unified management. The corporation's data were analyzed to check the company's current status.	The initial idea of this enterprise first appeared in 2005, and in 2007, it became a project in partnership with UFRGS. Then, the company looked for support so as to go ahead with the projects.
Partners' previous experience	Law degree	Business Administration degree, previous experience in management.	Engineering degree and previous experience in management.
Relationship with clients	In touch with specific highly demanded professionals by means of social networks and blogs.	Website and direct sale, with exploratory visits. The main clients are big companies, but they also work with companies of different sizes, and homes.	Website and direct sale, with exploratory visits. The clients are companies and public places that provide bathrooms with showers.
Strategy Vision	To grow and become a national company, opening branches in other states.	To make a billion Reais within 10 years, which is equivalent to increasing 2.5 times its average annual earnings.	To remain a market leader, by constantly improving and innovating.
Product/service portfolio	Small portfolio: three lines of services.	Small portfolio: three lines of services.	Portfolio limited to two products, and, due to market issues, one will be discontinued.
Development planning of new products/services	Internal development. Its partners are non-governmental organizations and government agencies as well.	Internal development. Monthly meetings with managers are organized to map out innovation ideas.	Internal development. Its partner is an electronics supplier.
Development planning of new processes	When something needs to be changed, the job is done immediately, avoiding paperwork.	There is a specific employee to analyze internal processes.	Informal meetings to solve process problems as they appear.
Suppliers	Multiple suppliers in the information technology area.	Exclusive suppliers of fuel and chemicals.	Exclusive suppliers of customized parts, due to technical complexity.
Motivator to join PRIME	To start a business.	Financial recovery of the company.	To attract financial resources without further indebtedness.
Revenue (2010-2012)	An increase of 3.4 times in relation to 2010	An increase of 8.7 times in relation to 2010	An increase of 3 times in relation to 2010
Jobs created (2010-2013)	Increased the number of employees from 4 to 10 people.	Increased the number of employees from 3 to 55 people.	Reduced the number of employees from 8 to 4.
Resource distribution according to PRIME Kit	• Compensation (*pro labore*): 33% • Business manager: 33% • Marketconsultant: 18% • Managementconsultant(s): 15%	• Compensation (*pro labore*): 33% • Business manager: 33% • Marketconsultant: 8% • Managementconsultant(s): 25%	Not informed
PRIME benefits	• Credibility • Marketing, management and finances	• Credibility • Marketing, management, and finances • Enterprise networking	• Marketing and management • Enterprise networking
PRIME difficulties	• Public announcement • Selectioncriteria • Disorganization • Access to information • Rendering of accounts • Little access to Zero Interest	• Delay in resourcerelease • Rendering of accounts • Little access to Zero Interest	• Little access to Zero Interest

Source: elaborated by the authors

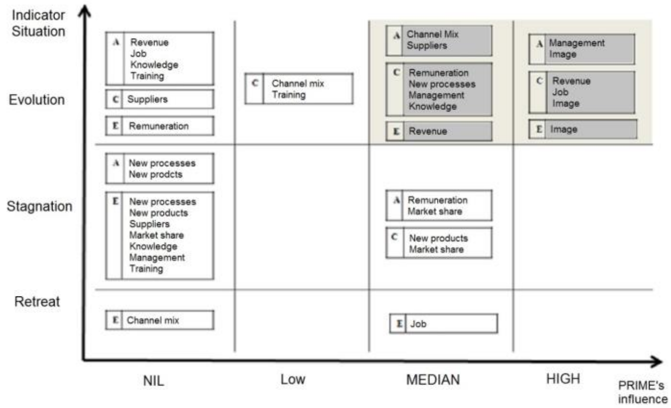
In an effort to display the information obtained in a simplified graphical format (matrix), the collected data were sorted, categorized, and interrelated (COLLIS and HUSSEY, 2005). We considered: (1) the changes in companies' competitive performance indicators between 2010 and 2013; and (2) whether those changes caused any developments, stagnation or retreat of the indicator in relation to the year when PRIME was implemented. In addition to that, we weighed the level of influence PRIME's experience had over the current situation of each performance indicator. As a result, analysis matrices involving Situation x Influence arose (Figure 3), which are related to the competitive performance indicators previously listed and interpreted under BSC's strategic perspectives. Based on repeated answers (two or more identical answers), it was possible to draw a behavior pattern of the indicators and identify patterns relative to managers' general perception about PRIME's influence over their situation.

Figure 3 provides information to analyze the indicator under BSC's competitive performance perspectives. According to the financial perspective, all companies studied showed an improvement in their revenues. Under the Clients' perspective, all companies improved their market image and maintained their market share in comparison to 2010. Regarding Internal Processes, AGENCY and CONTROLL showed some improvement in their management and supplier indicators, ELECTRO experienced stagnation in those indicators in relation to 2010.

As to the new processes indicator, only CONTROLL had some progress, the others experienced stagnation in relation to 2010. In addition, as to development of new products, the three companies have not had significant changes since 2010. Finally, under the Learning and Growth perspective, AGENCY and CONTROLL had some progress in their indicators knowledge and training, ELECTRO experienced stagnation in those indicators in comparison to 2010.

Concerning local development indicators, AGENCY and CONTROLL improved the job indicator, while ELECTRO showed a retreat. As to remuneration, CONTROLL and ELECTRO displayed progress, and AGENCY was stagnant. Overall, the contribution of the three companies to local development is related to income (remuneration), job, and tax generation, in connection with changes in the dynamics of the markets where they operate, because of the placement of new innovative products and services.

Figure 3 – Analysis matrix of companies.



LETTERING: A = AGENCY / C = CONTROLL / E = ELECTRO

Source: elaborated by the authors

The matrix also made it possible to sort the companies studied according to the situation of their indicators. This way, CONTROLL comes in first place, because it improved in 8 of the performance indicators and in 2 of local development, thanks to PRIME's significant influence over the current situation of 7 of those: management, remuneration, new processes, knowledge, revenue, image, and job. The company also stands out for its increase in revenue and jobs, and for presenting a plan to stimulate continuous improvement and innovation. In second place comes AGENCY, which improved in 7 of the performance indicators, and in 1 of the local development indicators; the other indicators were stagnant in comparison with the beginning of the program, with a significant influence of PRIME over the current situation of these four: management, mix of channels, image, and suppliers. When the company offers a highly differentiated service, it stands out for investing in the expansion of its target market, as it tries to meet the demands of other locations. Lastly, we have ELECTRO, which having no significant competition in its line of business, showed an improvement in 3 of the performance indicators, and a retreat in one performance indicator and in 1 of the local development indicators; most of the other indicators were stagnant in relation to the beginning of the program, with a significant influence of PRIME over the current situation of these two: revenue and image. ELECTRO's posture may result from its position as the sole supplier in the market where it operates, which reduces the will to seek improvement and differentiation, inherent features to highly competitive markets. The company provides outdated information about products and services on its website, its main form of advertisement. Its 50% reduction in the number of employees since 2010 is not necessarily regarded as something bad, but as a lesson on reducing costs, learned with PRIME, as per Agent 4.

Overall, we found out that the performance indicators that improved the most under PRIME's influence were revenue, management, and image. Likewise, the indicators that least improved and that, according to interviewed managers, experienced less influence from PRIME, were new products and new processes.

5 Conclusions

This research gave us a glimpse of government efforts to stimulate innovative entrepreneurship in Brazil. Based on secondary and primary sources, it was possible to understand the context where the First Innovative Company Program took place and the way it was executed. Unlike other programs at the time, PRIME aimed to offer a solution for entrepreneurial failure among startups, caused especially by the difficulty accessing financial resources and entrepreneurs' constant veering away from the company's strategic issues. This way, it provided innovative startups with management training support, so their managers could focus on innovation and differentiation in the market.

However, since it is a pilot project, interviewees reported several problems and difficulties. Among them, glitches in the public announcement and the insufficient time to perform the many tasks in each of the phases of the program, which increased the workload of decentralized operators. Companies also encountered difficulty in the process of rendering accounts, especially due to FINEP's delay in providing the corresponding training.

Regarding the program's goals, there was an estimate of 1.3 billion Reais to be invested in 5,000 companies over a period of four years (FINEP, 2013), but actually, "…the program did not reach 12% of the expected funding, and was ceased in the first year" (Ministry of Development, Industry and Foreign Trade, 2011). PRIME was terminated before any distribution of resources from Zero Interest Program, and the main reason for being discontinued lies in the government change of 2010.

In other aspects; however, the program was successful. According to interviewees, PRIME positively contributed to support the management, marketing, and financial organization of favored companies, which also mentioned other benefits such as forming a relationship network with other companies and increasing their credibility in the market for being linked to institutions like FINEP and PUCRS. Moreover, the program's operation coordinator at RAIAR incubator believes that, besides meeting the demands for management support through the program, there was an increase in the incubator's visibility, with an increase in the number of associates and incubated companies, and also the establishment of a promising relationship with FINEP.

PRIME's performance was also very positive as it supported entrepreneurship and innovation culture in several economic sectors, for among its prerequisites were establishing emerging businesses and submitting innovative projects. So, promoting local development was a success thanks to the creation of jobs and income, and to the stimulus in the economic sector by innovation.

A qualitative analysis of the companies' notes about the program's influence over their competitive performance indicators revealed that the set of individual characteristics of each firm – organizational culture, background, knowledge, and skills, etc. – had great influence over both the companies' perception about PRIME and indicators through time. This way, based on the study of the cases of the three companies favored by RAIAR's program, we were able to identify which competitive performance indicators changed between 2010 and 2013, and, which of them were significantly influenced by PRIME. PRIME had a significant influence on the improvement of only 3 of the 10 competitive performance metrics listed – revenue, image and company management indicators –with an emphasis on the perspectives Financial, Clients and BSC's Internal Processes, respectively. On that regard, the program reached its goals.

The assimilation of an innovative culture by companies is a differentiation strategy essential to their survival in today's dynamic globalized market. Even in cases like ELECTRO's – few competitors – stagnation is not an option. In that context, a National Innovation System with a proper support infrastructure and incentive policies in connection with a stable investment strategy, in its turn linked to a long term State plan, free of the influence of party-political matters, could be the key to improve innovative performance in Brazil.

The PRIME Program proved to be a good tool to stimulate innovative entrepreneurship in the macroeconomic scenario, although under a microeconomic standpoint, it showed limited influence over most competitive performance factors of the companies studied. Therefore, it would be in the country's best interest to consider its continuity.

6 Implications and Further Research

This study has professional and academic implications. Regarding to professional involvements, the results stress the importance of innovation management system of company to use government incentives as source of competitive advantage. The program influenced mainly in revenue, management process, and image. In this way, companies could have a benefit in terms of reputation in the market. Then, the reputation will influence indirectly in the market relations (i.e. suppliers, government agencies and clients). The development of network was also presented as a benefit of PRIME, because the companies had the opportunity to interact with others small and micro companies during the entire Program.

We also identifies a strongly necessity to organize the internal processes during the participation in the PRIME. If a start-up wants to participate in these programs, the design of internal processes should be a requisite. So, more than financial support, the government could develop a specific program to help the companies organize an innovation management system.

In terms of theoretical contribution, we observed that programs to foster the innovative entrepreneurship could present also indirect benefits to image and networking. These benefits are particularly importance to new business. Future researchers could explore the role of reputation due participate in governmental programs.

Regarding to influence in companies' internal processes, companies needed to organize their process to better use and control the financial resources. New research could explore the innovation management system in start-ups, considering internal and external dimensions.

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