

**FIRMS SUPPORTS, NETWORK
DEVELOPMENT AND
INTERNATIONALIZATION”**

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Abstract:

“Stronger is better”, a stronger firm is better economically for local, regional and global market. Being in a network shows the spirit of development of relationships that supports internationalization and enables small businesses to grow beyond the limits of their internal local or regional market. In the litterature, many authors argued that, among all the theories and perspectives of internationalization, network perspective seems to be the most relevant from the point of view of the internationalization of small businesses. At birth and beyond a firm can be surrounded by several supports to reach at term the level needed to be a competitor.

Key words : Internationalization, network, business supports, firm development, international business.

1– Business efficient supports

It is experienced that in the early years of a business life the «mortality rate» is the strongest. In fact, more than half of the companies created last more than five years and they are even more fragile when their initial project was not sufficiently matured. It is against this realization that the incubator concept of business incubator is needed. Therefore natural fragility of new companies to the market in general and to competitors in particular is already established, so it seemed appropriate to help «rebalance” the situation and allow them stay alive. To do this, gradual support systems are needed to business creation, as well as post-natal systems. These systems of supports call in their procedures to the use of a range of levers such as for exemple: tax

benefits, derogatory procedures, training, and many other benefits. Among other advantages we can mention science parks, incubators, research parks, technology parks. These recent structures are aimed to develop several benefits and they provide assistance to businesses. Incubators are more adapted for a stage of pre-creation or before the creation of the company and should be seen as nurseries for the company at a stage of post-creation or after its creation. The incubators have emerged as convenient means to welcome, assist, advise and meet up Science park and Technology park consist of a space whose economic development strategy is based on the value of its academic and research potentials, hoping to lead to a new industrialization initiative of high-tech companies, created or attracted in the park. These are groups of research organizations and business that adhere to scientific development encompassing a process from the laboratory stage to the manufacture of the product. Simply stated, it is a group of companies (mainly small and medium) structured in a quality environment »

The Technopole fosters the creation of innovative activities in an area, and encourage leadership and networking skills planning possibly including piloting by the help of a nursery or an incubator.

2– Network development

The notion of network companies can generate strong and long relationships between companies that are legally independent by nature, but generate complementarity in the system and the exchange information. Companies can also be integrated into a multi- network system, such as trade associations, research and development cooperative, coalition and supply chain. Smilor and Gill have studied the network within the incubator for SME's, and identified six different types of actors in the network:

- Large companies
- Small businesses and emerging businesses
- Universities and Business Schools
- The Government,
- Trade and Professional Associations, Chambers of Commerce and Industry.

The support and the contribution from universities, public sector, professional associations, Chambers of commerce are certainly a lot of help for small businesses to reach a and develop a better position on the market.

All the organizations mentioned above play a role in their mutual relationship with companies. All types of business networks refer to relationships between legally independent companies operating in mutual and complementarity system and exchange information.

A university can more or less be considered as an «enterprise» that cooperates and collaborates with companies in the network in mutual manner and mainly in the field of research and development. In this sense, the university may be classified as «complementary business». Considering the model of internationalization of business networks, the growth could be seen through:

- A business relationship between a company and its competitors (domestic and international),
- A business relationship between a company and its customers (national and international)
- A business relationships between a company and its suppliers (local and international) ,
- A business relationship between a company and another company or university.

In the current context of globalization, and as a result of economic deregulation, the company faces the various opportunities and threats in relation to:

- The methods and improvements of transport means
- The innovation in information and telecommunication,
- The exposure of the business of international trade influences.

The problem is not whether companies should participate in the global economy, but how they should internationalize to take advantage of resources and new markets while dealing with a more and more intense competition and with a more and more global competition (develop countries, BRICS countries and emerging countries).

This is a difficult issue for SME's, particularly in developing countries, who often struggle to understand the possibilities and the opportunities of the global market due to external and internal barriers to their small size, their management or simply cultural restrictions.

3– Internationalization

Several theories have attempted to explain why, when, where and how companies engage in international business. The spectrum is wide because of economic theories and theories of behavior. However, we aim in our research not to review all the theories on internationalization but to give a little insight. However, we ought to mention the major traditional theories and the recent ones that may be regarded as dominant. We briefly present the literature.

First, the theory of economic growth that has economic fundamentals which stipulate that companies seeking growth have to gain it through internationalization. Second, another economic theory explaining internationalization of the company is the Vernon theory (1979) with its approach to product life cycle. The model can not be applied to the internationalization of SMEs in developing countries because the basic assumption of the Vernon's product life cycle model is that the location of new products usually begins in developed countries.

Among the behavioral theories patterns we can for the purpose mention, three models could be cited:

- The Economic transaction costs theoretical approach,
- The Uppsala model of the internationalization process,
- The Diffusion of innovation model.

The Economic transaction costs model, the Uppsala model and the Diffusion model are among the traditional theories of internationalization. Researchers such as Williamson and Madhoc have used savings in the economic transaction costs approach, which considers the minimization of costs to determine the mode of governance and the entry into foreign markets mode. This theory explains the behavior of multinational companies and their preference for cost savings transaction and therefore can not be applied in the case of SME's with regards to their small size. The Uppsala model also called Johanson and Vahlne's process, where they describe their model or the stages of their model of the internationalization of firms. The evolution is seen moving on a step by step basis (without stage skipping), with 3 successive stages starting with:

- In the first stage, indirect export
- Then export through agents,
- At the final stage, subsidiaries with foreign producers would be developed.

The above theories have been criticized for providing little guidance and few explanation about a company skipping a stage (thus avoiding a stage in the internationalization process of the Uppsala model) is a company that is globalizing early and is entering the final stage (preferring the installation of production subsidiaries at first) .

Nowadays the new environment, the development of information technology and communication tools (IT), the promotion of transport means and other infrastructure have allowed many companies to globalize without following the stages of progress process recommanded by the traditional theories of internationalization of firms.

The concept of internationalization of firms was divided in the scientific literature into:

- Studies that focus on decisions, often linked to strategic choices, and
 - Studies that focus on the internationalization of business processes.
- Welch and Luostarinen and much of the literature include in their vision of internationalization the growing role in international operations process to manage business activities. According to Welch & Luostarinen the vision of internationalization is a process with implications for international operations and that may be suitable for export:

- Indirect exports,
- Direct exports,
- License selling
- Know-how selling,
- Franchising rights,
- Joint venture.

This definition shows the extent of the activities of a company considered active in the field of internationalization field closely related to the physical flow of the product or service. Recent literature based on the industrial network approach (initiated by Johanson and Mattsson Hakansson) supports that the internationalization of firms means that the company creates and develops positions networks in foreign markets. It is meant to create and to develop relationship in networks beyond national borders. This definition focuses on the external operations and relationships between a company and its foreign client company. Thus, in this vision, internationalization is a process where a company carries on business directly or indirectly with foreign partners.

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