

**Conceptual guidelines for the international expansion of SMEs from
Curaçao**

By:

Ilvana C. Esseboom

Master of International Business, Universidad EAFIT

Medellin, Colombia

Email: jesseboo@eafit.edu.co

MIB Thesis Supervisor: Prof. Dr. Maria Alejandra Gonzalez-Perez (Management Department,
Universidad EAFIT)

Mayo 16, 2016

Abstract

Internationalization and moving to new markets can create many opportunities for small businesses across the globe, but also presents a number of new challenges they will face, which may influence their competitive advantage in the global market. Present paper aims to provide an internationalization guide for SMEs from Curaçao. Also the determinants that can impact internationalization will be discussed. In this paper, three widely researched internationalization models form the basis of the theoretical perspectives of this paper; the traditional Uppsala model, the Network model and the Linkage, Leverage and Learning model.

Key words: Internationalization; SMEs; Uppsala model; Networking; Linkage, Leverage and Learning, International Entrepreneurship; Developing Country, Curaçao, Curacao

1. INTRODUCTION

Focusing on the international market has become an important firm strategy, since the global trade environment has been rapidly changing (Hitt, Ireland, Camp, & Sexton, 2001). Even though most firms from developing countries have relatively low resource bases and not much experience in foreign markets, it is noticeable that companies from developing countries are gaining an increased presence in the global economy (Aulakh, Kotabe, & Teege, 2000). For SMEs to create a sustainable and competitive position in the international market, SMEs will have to use the right strategies in order to adapt to the constant changing global market place (Ocloo, Akaba, & Worwui-Brown, 2014), and change business models with new innovative capabilities (Lee, Shin, & Park, 2012). According to Eberhard (2013) internationalizing create substantial macroeconomic benefits such as reducing national deficit and increasing employment

as well as microeconomic benefits where which firms internationalize with as goal to achieve amongst others economies of scale and scope, gain access to foreign technology and marketing.

This study, uses the term internationalization as it was defined by Welch & Luostarinen (1988), as the process in which firm increasingly participate in international markets. In this paper, the terms emerging and developing countries have been used interchangeably, but nevertheless represent the countries that are less developed than the industrialized economies.

Present day, SMEs have been playing a vital role in contributing to the development, whether this is a random country or globally, of the modern world economy (Ali, 2013; Moore & Manring, 2009; OECD, 2015; Pandya, 2012). SMEs play a significant role, as they have been the main source of creating employment, improving income distribution, decreasing poverty, export growth and job growth (Criscuolo, Gal, & Menon, 2014; Pandya, 2012). Especially in the emerging economies, SMEs contribute to growth, employment, productivity, and investment (World Bank Group, 2014). The main reason why SMEs are the backbone of the economy is because they are dominantly present in the business organization, representing more than 95% of all companies and creating 60-70% of the jobs (Robu, 2013).

Internationalizing itself is a difficult process, which requires good strategy, for firms to undertake. The phenomenon of internationalization has been the focus of many studies, empirical as well as theoretical, documented in different countries (Fernández & Nieto, 2005). However, extant literature in international business has little addressed the internationalization process of SMEs from emerging markets (Kaynak, 2014). Therefore, the aim of the present paper is to highlight important factors that can facilitate the process of internationalization of SMEs from Curaçao. In tackling this topic, this study creates an interesting insight to the field of IB in how SMEs from Curaçao can achieve the former discussed microeconomic benefits through

internationalization as well as a guideline for entrepreneurs, from Curaçao, to expand their business in the international market.

This paper aims to answer the following research question by introducing several main concepts that will be further elaborated in the next paragraph: How are SMEs, from Curaçao, supported in establishing a sustainable position in the international market?

The paper is organized as follows. The first section explains the context and background for the research. The second section contains a review of three models, which have been widely discussed in the IB literature, for explaining the internationalization process. Namely the Uppsala model, Network approach and LLL framework. The Uppsala Internationalization model, Network approach and LLL framework have been useful by helping to shed some light on the internationalization process of firms. Also literature on international entrepreneurship approaches and therewith personal capabilities will be discussed in this section. This gave insight into determinants that can positively influence internationalization. In the following section, an internationalization guideline, for SMEs from Curaçao, is than provided together with concrete research hypothesis, with respect to the factors that influence the internationalization process of SMEs from Curaçao, for future studies. The purpose of the guideline is to form as a reference for SMEs in Curaçao, whom seek to cross national borders by exporting. The paper concludes with some final reflections and conclusion on the findings of the research and future research direction.

2. CONTEXT AND BACKGROUND OF THE STUDY

Curaçao

Curaçao, an island in the Caribbean Sea, is located to the north of Venezuela and the southwest of the Caribbean islands chain. The capital of the island, Willemstad, is the main financial center

and seat of the Government. With a population of 148,406 in 2015 (The World Factbook, 2016), the island has more than 50 nationalities, of which the Afro-Caribbean's form the majority (Curaçao, 2016). The locals master a great amount of languages, whereof Dutch is the official language, while Papiamentu¹ is the most spoken language and Spanish and English are well mastered and frequently spoken by the locals (The World Factbook, 2016; TravelGuide, 2016).

Per October 10, 2012, Curaçao is an autonomous country within the Kingdom of the Netherlands (CINEX, 2015). The form of government is a constitutional democracy with members of parliament elected to four-year terms (TravelGuide, 2016). The legal system of the island is mainly based on Dutch civil law system (OECD, 2015; The World Factbook, 2016). The islands main sectors include, tourism, trade and transport, petroleum refining, offshore finance and manufacturing (CINEX, 2015; UN-OHRLLS, 2015)

Small and Medium Enterprises (SMEs)

The definition of SMEs, standing for Small and Medium Enterprises, vary per country and are mostly defined based on the number of employees, the value of the assets of a company or the yearly revenue (ILO, 2015). According to International Labour Organization (2015), SMEs are mostly defined as micro enterprises when the number of employees is up to ten employees, small enterprises when the number of employee's ranges from ten to 100 employees, and it is spoken of medium-sized enterprises when the total number of employees is between the 100 and 250. Dr. Emsley Tromp (2007), President of the Bank of the Netherlands Antilles aforesaid that SMEs provide the greater part of businesses, employment and job creation and contribute for a large

¹ Papiamento: a creole language that is a mixture of Portuguese, Spanish, Dutch, English, and, to a lesser extent, French, as well as elements of African languages and the language of the Arawak (The World Factbook, 2016)

part to the GDP. In emerging economies, formal SMEs account for up to 33% of GDP and 45% of total employment (The World Bank Group, 2015). In high income countries, these numbers are respectively 64% and 62% (Saleem, 2013). There are worldwide, approximately between 420 to 510 million SMEs of which a great share, namely between 80-95%, are in low- and middle-income countries (ILO, 2015). As SMEs in Curaçao produce 30% of the GDP, provide 50% of employment and represents more than 90% of all businesses on the island, these firms are seen as the backbone of the economy of Curaçao (Goede, 2015).

The definition of SMEs in Curaçao varies and is defined different by three different bodies. This issue is problematic for policy development, because it becomes difficult and unclear to form a uniform basic information file, which serves for further policy development, monitoring or evaluation (AEF, 2011).

The Chamber of Commerce of Curaçao, indicates companies as SMEs based on their asset at time of registration. Companies with an invested capital lower than ANG² 100.000,- (\$56.000) are defined as SMEs by the Chamber of Commerce. The Ontwikkelingsbank Nederlandse Antillen³ (OBNA) and Korpodeko⁴ differentiate between micro and small enterprises and use the amount of employees and revenue as their main criteria to define SMEs. SMEs are defined as micro-enterprises when the number of employees is up to five employees and the revenue up to

² ANG: abbreviation for the Antillean guilder, is the currency of Curaçao, which has been pegged to the USD since 1946 (OECD, 2015). The currency is also called the florin which is abbreviated as NAFL (Curaçao, 2016). The exchange reference for this study is rated at April 30, 2016 in which 1 ANG = 0,56USD (XE Currency Converter, 2016).

³ OBNA: Development Corporation that provides financial support (Deltaworks, n.d.).

⁴ Korpodeko: Is the Development Corporation of Curaçao that promote a balanced autonomous sustainable development of Curaçao in the socio-economic, cultural and educational field. In doing so the corporation provides financing for projects of SMEs and Large firms in different industries and activities (Korpodeko, 2016).

ANG 50.000 (\$27.933). Small enterprises ranges from five to ten employees with a maximum revenue of ANG 500.000 (\$279.333) (AEF, 2011). Since 1998 The Central Bureau for Statistics (CBS) in Curaçao classifies SMEs in micro, small and medium enterprises based on employees and revenue. A company falls into the micro category when the number of employees is up to 5 and the revenue up to ANG 50.000. A small ranges between six and ten employees and a revenue up to ANG 500.000 (\$280.000). Medium businesses have up to 50 employees and ANG 5 million (\$2.8 million) revenue. See Table 1 for an overview of the definitions of SMEs in Curaçao (AEF, 2011).

Table 1: SMEs definition Curaçao

With an exchange rate, in which 1 ANG (Antillean Guilder) is 0,56 USD

	Chamber of Commerce	OBNA/Korpodeko	CBS
Micro enterprise		< 5 employees < ANG 50.000 revenue	< 5 employees < ANG 50.000 revenue
Small enterprise		< 10 employees < ANG 500.000 revenue	< 10 employees < ANG 500.000 revenue
Medium enterprise			< 50 employees < ANG 5 million revenue
<i>SME</i>	Invested capital < ANG 100.000	See above	See above

Source: (AEF, 2011), authors construction

Due to the small home market, 148,406 inhabitants, entrepreneurs in Curaçao have to consider international expansion, which involves larger investments, at a relatively early stage in the growth of the company. With this, the financial risk becomes greater. Nevertheless, at the same

time, international expansion is the only way to avoid the limitation of the home market to significantly grow revenues (AEF, 2011).

As SMEs are the backbone of the economy of the island, the government of Curaçao is well aware of the importance of SMEs and has therefore created a National Development Plan Curaçao 2015-2030 in which goals are to reinforce and improve SMEs, by improving amongst others access to finance, incentives and knowledge (UNDP, 2015).

3. LITERATURE REVIEW

The term “internationalization” is a broad concept, which has, according to Milner & Keohane (1996), been used by a wide range of scholars in various ways.

In 1977, Johanson & Vahlne presented a model of internationalization process to explain all steps in the internationalization, in which developing knowledge is fundamental for a firm’s internationalization. In this model they believe that the act of internationalization is based on several incremental decisions and that firms gradually increase commitment to foreign markets. This model was revised in 2009 when Johanson & Vahlne concluded that the original model needed to put more emphasis on the importance of networks in the internationalization of firms. A firm’s success requires that it be an *insider* meaning that the firm is well established in one or more relevant networks. If a firm does not have relevant networks it is called an *outsider* and will suffer from the *liability of outsidership* and *foreignness*, making it difficult to become an insider and develop a business (Johanson & Vahlne, 2009). Andersen (1993) critically examined and illuminated the inherent weaknesses of two internationalization process models, namely the Uppsala Internationalization Model and the Innovation-Related Internationalization Models, to be able to secure future development and refinement in which the researcher made objections that both studies were not capable of accurately explaining the development process due to the

absence of an suitable design. Also Sullivan (1994) questioned the validation of theories of international business due to their unreliable measurement degree of internationalization of a firm, and proposed the *Degree of Internationalization Scale*⁵ (DOIints). Their research results let them to conclude that the DOIints method improves the reliability of the measurement degree of internationalization as well as the validity of interpretation. Malhotra & Hinings (2010) propose an organizational model for understanding internationalization process, and argued that the process of internationalization is depended on and varies according to the type of organization.

Explaining internationalization from a different angle, Oviatt & McDougall (2005) aimed their research at exploring firms that are the so called international new venture and defined them as organizations that from the initial phase, use resources and the sale of outputs in multiple contries in order to develop competitive advantages. These international new venture, also known as Born-Global (BG), have been attracting an increasingly interest in the literature (Fa & Phan, 2007).

Melin (1992) described internationalization as a strategy process, in which strategy making is about changing perspectives and/or positions. The author describes internationalization as an ongoing strategy process in which companies gradually increase their international involvement that encompasses a changed position as well as a changed perspective. Also Durmaz & Tasdemir (2014), whom state Chen & Messner (2010), focus on strategy and emphasize in their research that making the right internationalization decisions, and therewith choosing an attractive market and right entry mode, is crucial for the company's sustainable growth and profit making. Thus since SMEs mostly and relatively have less resources, making

⁵ DOIints is a measurement method which provides a meaningful measure of the Degree of Internationalization (DOI) of a firm. With the DOIints, measurement errors are being tackled and put across the validity of research findings preparatory to theory testing (Sullivan, 1994).

“the right decision” is of utmost importance (Lloyd-Reason, Deprey, & Ibeh, 2009). Companies considering international expansion have numerous entry mode options, such as exporting, licensing, franchising, joint ventures (JVs) and wholly owned subsidiaries (WOS) which can be Greenfield investments and/or acquisitions (Hill, Hwang, & Kim, 1990).

The first mode of internationalization of firms normally start by exporting to a country via an agent, in a later stage the firm will establish a sales subsidiary, and eventually, in some cases, begin production in the host country (Johanson & Vahlne, 1977). This so called Uppsala Internationalization model has later been revisited by Johanson & Vahlne (2009) in which the emphasise on the importance of relevant networking. According to Amal, Raboch, Awuah, & Andersson (2010), it seems as if the internationalization process of firms from developing as well as developed economies, is based on incremental experience, psychic distance criteria and networking. Three models, containing the criteria mentioned above, will form a basis as a theoretical framework, to explain the internationalization process of SMEs. In addition the LLL framework will be discussed as well as literature on the international entrepreneurship.

Uppsala Internationalization Model

The Uppsala Internationalization Model was first published in 1975 (Joanson & Wiedersheim-Paul). The model has later been revised several times (Johanson & Vahlne, 1975; Johanson & Vahlne, 1992; Johanson & Vahlne, 2006; Johanson & Vahlne, 2009). The Uppsala Model explains how firms adopt an incremental and sequential approach to internatioalization (Osarenkhoe, 2008). According to the Uppsala Model, firms normally start internationalizing to psychic nearby markets, via exporting, because of the enhanced knowledge of the market and better control over resources (Kontinen & Ojala, 2010). Afterwards, when firms gain more

experience and acquire better resources, they gradually expand to more distant markets, and often establish foreign sales subsidiaries or foreign productions (Zohari, 2008). By psychic distance it is referred to both cultural distance, as well as language, political, geographical and business differences between the home and foreign country, and specifically the individual's perception of these differences (Zhang, 2014).

Findings on psychic distance have been twofold since some researchers found evidence that psychic distance has an impact on the internationalization, whereas others have not (Evans, Mavondo, & Bridson, 2008). Crick & Jones (2000) for one, argue that choosing a market is more related to growth opportunities of a company than the psychic distance. Other studies argue that market selection is more related to the network relationships (Coviello & Martin, 1999; Ojala & Tyrväinen, 2009). According to Kontinen & Ojala (2010), whom compared the different views of scholars concerning the investigation on psychic distance, it seems that there are several important factors for SMEs to choose their market, which are network relationships, cultural knowledge and language skills.

Business Network Approach

According to Coviello & Munro (1997) whom quoted (Axelsson & Easton (1992), a network involves sets of two or more connected exchange relationships. Many studies have shown that the role of networks is important for internationalization, (Coeurderoy & Falize, 2012; Fernhaber & Li, 2013; Johanson & Vahlne, 2009; Patel, Pankaj C., et al, 2014). Musteen, Datta, & Butts (2014) concluded in their research that strong and diverse network ties in the country abroad are of utmost importance for SMEs in transition economies, due to the gain of foreign market knowledge. Similar are the research results of Fernhaber & Li (2013) in which the researchers emphasize that network contacts as well as international work and educational experience can

create international exposure. Milanov & Fernhaber (2014) demonstrate the importance of the role of domestic alliance partners, with international experience, in the internationalization process. According to their results, a firm can cooperate with a domestic partner, with international experience, as an external learning source and create opportunities to internationalize and operate abroad by applying the knowledge of the domestic alliance, with international experience.

SMEs, that faced problems regarding their small size, are now able to improve their competitiveness through networking (Ceglie & Dini, 1999). For the SMEs, networking has been important by creating intelligence, leading to internationalization (Senik, Scott-Ladd, Entekin, & Adham, 2011). According to Daszkiewicz & Wach (2012) the network approach is seen as a process in which a firm achieve its goals by continuously creating, maintaining and dissolving external relationships.

Eberhard (2013) shows in his research that networking can be divided into two principal categories. One is inter-firm networks, providing firms to achieve economies of scale and acquire greater knowledge and capabilities, in which networks exist through formally contracted arrangements, such as logistics, contract manufacturing or R&D. Inter-personal networks on the other hand, comprises everybody with whom the manager has a direct relationship with, that can be a group of people of a person, that provide service, advice and moral support.

A firm that does not have a position in relevant networks is an outsider (Johanson & Vahlne, 2009). When a firms enters a foreign market, without any relevant networks, the firm will suffer from the *liability of outsidership* and *liability of foreignness* (Daszkiewicz & Wach, 2012). Firms facing problems arising from the newness of the environment due to differences on a cultural, political, environmental and economic level, suffer from the liability of foreignness,

whereas with the liability of outsidership, firms face difficulties associated with being an outsider, because they don't have a certain relevant business network in the foreign market (Guercini & Milanese, 2013).

Linkage, Leverage and Learning

According to Mathews (2006) the international success of companies is related with the linkage-leverage-learning (LLL) framework. In his work Mathews (2006) presents an analysis of how Dragon Multinationals or firms from emerging economies overcome resource disadvantages. Mathews (2006) defines dragon multinationals as firms from the Asia-Pacific region, that started from behind and have nevertheless, without any of the advantages of incumbent industry leaders, initial resources, skills and knowledge, successfully internationalized and sometimes even became leading companies. Even though the focus of international expansion of Chinese firms was based on large companies, some characteristics found in prior studies can, in some extent, also be applied to SMEs (Cardoza & Fornes, 2011). With the LLL framework, firms focus their internationalization strategy and process on firstly inter-firm *linkages*, secondly *leverage* external resources for internal use and thirdly improve the linkage and leverage skills through experiential *learning* (Jensen, Ørberg, & Petersen, 2013).

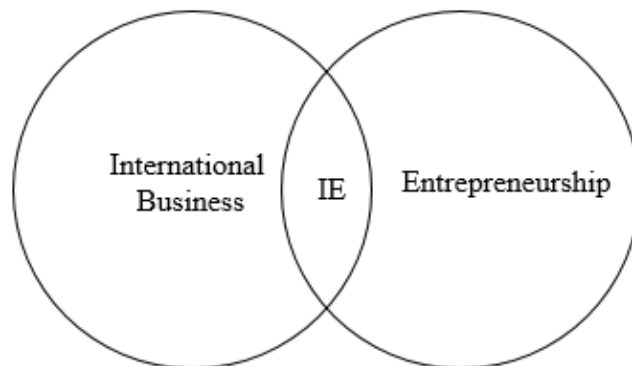
The extended LLL framework of Mathews (2006) in which organizational learning is the center of the framework is supported by the idea that the internationalization of EE-based firms is based on the leveraging capability of the firm, rather than owning numerous resources (Yamakawa, Peng, & Deeds, 2008). Firms from emerging markets, try to overcome their latecomer disadvantages via aggressive, risk-taking measures by using international expansion to acquire

strategic resources and reduce certain market constraints they face in the home market (Luo & Tung, 2007).

International entrepreneurship

Few researchers have examined the behavior of internationalization by identifying management characteristics and attitudes, such as cultural orientation and risk-taking, and firm characteristics, such as the size of the firm or international experience (Aulakh, Kotabe, & Teege, 2000). There has been a rapidly increased interest in international entrepreneurship over the past decade, with the emergence of globalization (Peiris, Akoorie, & Sinha, 2012). As shown in figure 1, the domain of international entrepreneurship (IE) can be considered to be at the intersection of the domain of entrepreneurship and international business (McDougall & Oviatt, 2000; Wach & Wehrman, 2014).

Figure 1: International Entrepreneurship as the Intersection of International Business and Entrepreneurship



Source: Author construction based on Wach & Wehrman (2014) research

According to Zahra & George (2002), the term international entrepreneurship was introduced in a short article by (Morrow, 1988), in which the untapped foreign markets new ventures faced reflecting a new cultural awareness and technological advances was highlighted. Soon after

International entrepreneurship (IE) has become an increasingly popular research field (Gil-Pechuán, Expósito-Langa, & Tomás-Miquel, 2013).

Hisrich (2010), states in his work that the moment an entrepreneur has a business in more than one country, you can speak of entrepreneurship and defines international entrepreneurship as the process in which an entrepreneur conducts business abroad, which can be in the form of something simplistic as placing an advertisement in a foreign magazine to something more complicated such as exporting, licensing or even opening a sales office in another country. Operating abroad requires creativity, ingenuity and pre-calculated risk taking, which will determine the success of your global business, because domestic strengths do not necessarily guarantee success abroad (Gil-Pechuán, Expósito-Langa, & Tomás-Miquel, 2013).

Companies, mostly broaden their international scope through entrepreneurial actions (McDougall & Oviatt, 2000). These entrepreneurial actions refer to a set of behaviors, which are defined as the determinants of internationalization in this paper, such as innovativeness, proactiveness, risk-taking etc, that have been proven to influence international learning and therewith positively influence internationalization process (Dai, Maksimov, Gilbert, & Fernhaber, 2014). To provide a clear overview of the determinants of internationalization, a chronicle overview, derived from Kosala (2015), which in turn was adapted from Wach & Wehrman (2014), of the development of the definition of international entrepreneurship will be presented in Table 2. Table 3 provides a concrete overview of the identified determinants that are related to the framework of international entrepreneurship from the different authors.

Table 2: Chronicle development of the definition of international entrepreneurship by different authors

<i>Definition</i>	Author
International Entrepreneurship is the development of international new ventures or start-up firms that, from the beginning perform in foreign markets, viewing their operating domain as international from the initial stages of the firm's operation	McDougall (1989)
The study of the nature and consequences of a firm's risk-taking behavior as it ventures into international markets	Zahra (1993)
IE is a business organization that, from inception, seeks to derive significant competitive advantage from the use of resources and sale of outputs in multiple countries	Oviatt & McDougall (1994)
International entrepreneurship is any activity of an entrepreneur that crosses national borders	Hisrich, Honig-Haftel, McDougall, & Oviatt (1996)
New and innovative activities with as goal to create value and growth in international business organization	McDougall & Oviatt (1997)
A combination of innovative, proactive, and risk-seeking behavior that crosses national borders with the aim to create value in business organizations	McDougall & Oviatt (2000)
IE is associated with opportunity seeking, risk taking, and decision action catalyzed by a strong leader or an organization	Knight G. (2000)
IE is the scholarly analyses of how, by whom, and with what effects opportunities are discovered, evaluated and exploited to create future goods and services	Shane & Venkataraman (2000, p. 128)
International entrepreneurial orientation reflects the firm's overall proactiveness and aggressiveness in its pursuit of international markets	Knight G. A. (2001)
The process of creatively discovering as well as exploiting opportunities in foreign markets in order to benefit from competitive advantages	Zahra & George (2002)

IE includes the discovery, evaluation and exploitation of market opportunities that take place in foreign markets, as well as cross-national comparisons of these three entrepreneurial processes.

Baker, Gedajlovic, & Lubatkin (2005)

IE is an evolutionary and potentially discontinuous process determined by innovation, and influenced by environmental change and human volition, action or decision

Jones & Coviello (2005)

International Entrepreneurship comprises the discovery, enactment, evaluation, and exploitation of opportunities, across national borders, to create future goods and services

Oviatt & McDougall (2005)

IE is a behavioral processes creates value through identifying and exploiting opportunities across national borders

Styles & Seymour (2006)

Consumers as international entrepreneurs are individual consumers and online communities of consumers who identify, evaluate and exploit opportunities across national borders to create and distribute products for both financial and non-financial reasons

Chandra & Coviello (2010)

International entrepreneurship involves identifying and exploiting opportunities for international exchange

Ellis (2011)

IE is the cognitive as well as behavioral processes related with the creation and exchange of value through the identification and exploitation of opportunities that in foreign markets

Peiris, Akoorie, & Sinha (2012)

International Entrepreneurship is the process of an entrepreneur conducting business activities across national borders

Hisrich (2012)

IE is establishing new subsidiaries in foreign markets, the product lines of which are beyond the spectrum of the existing product lines in the firm's domestic market and the locations of which are beyond the spectrum of the existing host countries

Wang, Chung, & Lim (2015)

Source: Adapted and extended from Kosala (2015, p.77, Table 4).

Table 3: Concrete overview of the determinants that influence international entrepreneurship according to different authors specified in Table 2.

<i>Authors</i>	<i>Internationalize from inception</i>	<i>Risk propensity</i>	<i>Derive competitive advantages</i>	<i>Innovative activities</i>	<i>Proactive behavior</i>	<i>Decision action</i>	<i>Opportunity based</i>
Baker, Gedajlovic, & Lubatkin (2005)							X
Chandra & Coviello (2010)							X
Ellis (2011)							X
Hisrich, Honig-Haftel, McDougall, & Oviatt (1996)							
Jones and Coviello (2005)				X		X	
Knight (2000)		X				X	X
Knight (2001)					X		
McDougall (1989)	X						
McDougall and Oviatt (1996)				X			
McDougall, Oviatt and Shrader (2003)							X
Oviatt and McDougall (1994)			X				
Oviatt and McDougall (2000)		X		X	X		

Oviatt and McDougall (2005)							X
Peiris, Akoorie, & Sinha (2012)							X
Shane & Venkataraman (2000)							X
Styles & Seymour (2006)							X
Wang, Chung, & Lim (2015)				X			
Zahra (1993)		X					
Zahra & George (2002)		X		X			X

4. METHODOLOGY

The goal of this paper, is to assist as a guideline for SMEs from Curacao to cross borders by providing an insight into several aspects/factors that can facilitate their internationalization process. The focus of the guideline to internationalization is based on the support and advantages SMEs from Curacao can benefit from, creating an interesting starting point for SMEs from Curacao to start operating abroad. These guidelines were formed based on the findings, presented in the literature review in which information from different sources was gathered.

In order to collect rigorous data and to create reliable and validate findings, this study identified and reviewed articles, concerning the internationalization, from different journals,

official websites, news, magazines, annual reports etc. The following four journals were reviewed to acquire information and different theories concerning this research: *The Journal of International Business Studies* (IBS), *International Business Review* (IBR), *Journal of World Business* (JWB) and *Management International Review* (MIR). These journals are considered to be the top peer-reviewed journals in international business and management/strategy (Coviello & Jones, 2004). Studies that were suitable for this research were those integrating theory and concepts from ‘‘internationalization’’ and ‘‘international entrepreneurship.’’ More specifically, this study focused on the internationalization and therewith its process of SMEs.

5. GUIDELINE TO INTERNATIONALIZATION FOR FIRMS FROM CURAÇAO

Governmental support

Governments play a significant role in providing support and stimulating firms to take the first step of internationalization (Hoskisson, Wright, Filatotchev, & Peng, 2013). Open government information is one example, in which local as well as national governments provide more information to the public through channels such as websites, news and conferences, in which firms subsequently can obtain reliable information, which in turn leads to efficient strategic decision making (Zhou & Delios, 2012). Inter-government agreements is another example, wherein government can directly assist exports and outward foreign direct investment (OFDI) (Hoskisson, Wright, Filatotchev, & Peng, 2013). Moreover, incentives, such as financial support, provided by the government encourages a firm’s internationalization (Bannò, Piscitello, & Varum, 2014).

From the perspective of governmental support, Curaçao has numerous fiscal initiatives as well as tax incentives, for its priority sectors (which include hotel, manufacturing, land

development and e-commerce) to foster entrepreneurship, investment and innovation within the country (Watson, 2013). The focus of the government is also on the SMEs in Curaçao, as they are significant for the economy of the island. As previously indicated, the government has developed a National Development Plan Curaçao 2015-2030 to foster SMEs, by improving amongst others access to *finance, incentives* and *knowledge* (UNDP, 2015). Financial assistance for SMEs as well as Large firms in different sectors is available through OBNA (Deltaworks, n.d.) and Korpodeko (Korpodeko, 2016). Incentives for SMEs, that focus on providing services to foreign markets, is amongst others provided through the Free (Economic) Zones to stimulate private investments and entrepreneurship (Ruta-Curaçao, n.d.). Curaçao has two of such zones (one located adjacent to the international airport Hato and one at the Industrial Park (The European Times, 2011)) where goods for export to the Caribbean, Americas and the EU, can be stored, manufactured, processed, assembled, packed, and exported, while firms are completely free from any duties, customs fees and benefit from special tax incentives (Curinde, 2016). The special tax incentive include a reduction of profit tax to 2%, including surtax, until January 1, 2025, instead of taxation at the standard Curaçao profit tax rate of 25% (2015) and no turnover tax (E-Zone, 2016). Companies operating within the free (economic) zone are only allowed to make up to 25% of sales from the local market (The European Times, 2011). It is important to mention that all these fiscal facilities are established and approved by the Netherlands and internationally (E-Zone, 2016).

Knowledge, the third mentioned factor by the government in the National Development Plan Curaçao 2015-2030, is provided within the government's main SME policy principle which include amongst others, reduced bureaucracy and barriers to trade for SMEs, easier and additional access to financial resources, business support and personal coaching services and a

Small Business Administration Office, which acts as the central coordination office in dealing with and helping SME entrepreneurs (Watson, 2013).

As Curaçao is an autonomous country within the Kingdom of the Netherlands, the island obtains close juridical and political ties with the Netherlands (Curaçao Chronicle, n.d.). Curaçao has established trade agreements with the EU and USA (Watson, 2013). The government continuously attempts to diversify its industry and trade and has signed an Association Agreement with the EU in order to develop business there (The World Factbook, 2016). In addition, the island has a trade agreement with the EU under the Council Decision of the Association of the Overseas Countries and Territories, in which a wide range of products can be exported duty free to the EU and a tariff treatment granted by the US under the Caribbean Basin Initiative. In both cases the product have to meet certain criteria to qualify (Ruta-Curaçao, n.d.).

Alongside the trade agreements, the island also has a broad tax treaties network. Being a part of the Kingdom of the Netherlands, the island subsequently benefit from access to many Dutch tax treaties and good withholding tax regime. The country has been seeking to broaden their tax treaty network next to the Tax Information Exchange Agreement (TIEA) it has with the United States and has settled a number of TIEAs with other countries (Lowtax, n.d.). In 2015, Curaçao has exchange of information relationships with 28 jurisdictions through 5 DTCs (Double Tax Convention) and 23 TIEAs (eoi-tax, 2015).

Hypothesis 1: Support from the government is positively related to international expansion of SMEs in Curaçao

Infrastructure building

Governmental support is necessary for the internationalization of SMEs as mentioned in the former paragraph. Nevertheless, this support does not only include financial support, as infrastructure building and maintenance, such as enabling technology, for instance via Internet, also impact the internationalization of SMEs, since these type of technologies reduce barriers of information gathering as well as approaching customers in foreign markets (He, 2011). Poor internet infrastructures could hold a country and its SMEs back in terms of innovation and competitiveness (Kumar, Mudambi, & Gray, 2013). Upgrading the infrastructure, such as a well-developed airport and increase in the capacity of hotels also creates an incentive factor for business tourism internationalization (Morozova, 2013). For Curaçao this is an important factor as tourism is one of the most important sectors of the economy (UN-OHRLLS, 2015). According to Taylor (2013), business environments, in general in developing countries, with amongst others low technology level and poor state of local infrastructure, lead to poor export performance.

Curaçao has an excellent business infrastructure and has for a long time been a center of trade (Ruta-Curaçao, n.d.). The island, is a leading transshipment point in the Caribbean (Caribbean Export Development Agency, 2007), and is at the crossroad of major shipping routes and provides easy access throughout the Caribbean, North, Central and South American markets (The European Times, 2011). Its well-developed infrastructure include the region's largest deepwater port, a full service international airport, with direct flights to several international destinations in the Caribbean, Latin America, north America and Europe (Caribbean Export Development Agency, 2007), outstanding telecommunication, with stable telephone and broadband internet connections and state-of-the-art container transshipment terminal, with at

least four major seaports (Caribbean Export Development Agency, 2007), including two natural harbors (Curaçao Chronicle, n.d.).

Hypothesis 2: Curaçao's well developed infrastructure lead to good international performances of SMEs in Curaçao

Language, Culture & Networks

Previous literature studies have found that gradual internationalization, wherein firms normally start internationalizing to psychic nearby markets and gradually expand to more distant markets, is a method performed by many international firms (Johanson & Vahlne, 2006; Kontinen & Ojala, 2010). Examples of such psychic distance factors include differences between home and host country in, inter alia, language, culture, political systems, level of education, level of industrial development, etc (He, 2011). For this section, an in-depth focus is solely on the factors language and culture.

Mastering foreign languages contributes to the internationalization process, as it facilitates social contacts, improves communication between the person or firm in question and the foreign market and creates a better understanding in the ethos and business practices of the market in the host country (Serra, Pointon, & Abdou, 2012). Sui, Morgan, & Baum (2015) also suggest that language impacts internationalization process and specifically researched the correlation between language and the decision to pursue either a regional internationalization strategy, where firms only export to the regional market, or global internationalization strategy, in which firms also export beyond the regional market, and found that firms that have the same native language as their surroundings tend to internationalize nationally, whereas a language

mismatch between the native language of the firm and its regional markets lead to global internationalization.

Culture on the other hand, as another psychic distance factor is defined by Hofstede, Minkov, & Hofstede (1991, p. 3) as “the collective programming of the mind which distinguishes the members of one group or category of people from those of another.” Also culture plays a significant role in internationalization as firms are more likely to internationalize to a host country that depicts similar cultural characteristics and where ethnically based social networks are present (Deng, 2012). According to Kraus, Ambos, Eggers, & Cesinger (2015), the greater the cultural distance between home and foreign country, the greater the risk in making proper internationalization decisions, due to the lack of, amongst others, understanding the foreign cultural norms and values and miscommunications.

Curaçao, an island in the Caribbean, has an educated multilingual population (Caribbean Export Development Agency, 2007). Dutch is the official language but the inhabitants speak English and Spanish very well along with Papiamentu (CINEX, 2015), which is the local Creole language that is also predominately spoken in its surrounding island’s Bonaire and Aruba (Narin, 2003). Not only does Curaçao have a multilingual population, but the island is also multicultural with an ethnically mixed population representing 50 countries (The European Times, 2011). The Caribbean, consisting of more than 7,000 islands is located in the Caribbean Sea and the southeast of the Gulf of Mexico, east of Central America and Mexico, and the north of South America (Worldatlas, 2015). The Caribbean includes islands and countries as diverse as Cuba, Curaçao, Dominica, Aruba, Bonaire, Dominican Republic, Haiti, Jamaica and Trinidad and Tobago (Globalgourmet, 2007). Due to several similar characteristics between the nations, one

can say that geographic borders and differences between the islands appear to be erased (Puerto Rico Encyclopedia, n.d.).

Present day, networking seems to be an interesting topic in the international business and industry practice as it can have a significant effect on the internationalization of SMEs (Iskanius & Lamminsalo, 2005). When a firm's ability to successfully internationalize may be impeded by limited access to networks, they may face the liability of outsidership which in turn can be caused by the liability of foreignness that is closely related to the psychic distance, since the liability of foreignness, increases with psychic distance (Sui , Morgan, & Baum, 2015). As the surrounding islands of Curaçao are psychical relatively the same, as aforementioned, the liability of foreignness is less likely, making it easier for firms from Curaçao to connect with foreign markets, reducing the likelihood of the liability of outsidership.

Hypothesis 3: Due to Curaçao's multilingual culture, SMEs are more likely to pursue global internationalization

Hypothesis 4: Curaçao's multicultural culture creates a beneficial position in internationalizing in the Caribbean.

Hypothesis 5: Regionally internationalizing with the use of networks, which is facilitated by the low psychic distance and there with liability of foreignness and subsequently the liability of outsidership, is preferred by SMEs from Curaçao

4. CONCLUSION AND FUTURE RESEARCH

It is undeniably that SMEs play a significant role in the economic development of developing countries. SMEs in developing countries are often referred to as the backbone of the country,

nevertheless often constrained by lack of resources, know-how and experience to successfully participate international activities. This study sought to provide an understanding of the factors that can influence internationalization and therewith a guideline for entrepreneurs seeking to operate abroad. The purpose of the guideline is to form as a reference for SMEs in Curaçao, whom seek to cross national borders by exporting. With the guideline entrepreneurs gain first hand basic information and suggestion of where and how to start internationalizing, important determinants of internationalization, as well as how firms can use existing resources, such as the government support, incentives and well organized infrastructure provided by the island.

As choosing the right market is one step within the internationalization process, this paper discussed several important factors for SMEs to choose their foreign market, which are network relationships, cultural knowledge and language skills. Another step within the internationalization process is choosing the right entry mode. The Uppsala model, in which firms start internationalizing to psychic nearby markets, via exporting and gradually expand to more distant markets, is highlighted in this paper. Mastering different languages and a multicultural population, leaves SMEs from Curaçao in a beneficial position in doing business with its surrounding markets that are found to possess similar cultural characteristics as well as language. In addition, SMEs from Curaçao can benefit from several appealing incentives, provided by the government, when exporting to foreign markets and the extensive tax treaty network of the island. Furthermore, financial support and information is provided, for the SMEs, by different institutions. In this study, the belief that governmental support and the development and maintenance of infrastructure are fundamental factors for prospering the international business of SMEs. Well-developed infrastructure allows for easier access to the foreign markets and easier access to gathering information online.

This study have found that firms from emerging markets deal with latecomer disadvantages, and try to overcome these by taking amongst others aggressive and risk-taking measures. In addition to these measures, firms mostly widen their international presence through entrepreneurial actions, which refer to a set of behaviors, to positively influence their internationalization process. These set of behaviors, which are firm as well as entrepreneur related, include internationalizing from inception, identifying and exploiting opportunities across national borders, derive significant competitive advantage by using the provided resources, able to make decision and put it into action, constantly be innovative and have a proactive behavior. Since this paper is conceptual, further research, both empirical and non-empirical, must be done in order to uncover more information regarding the internationalization process of SMEs of Curaçao. This paper has developed some concrete research hypotheses, for future studies, which can be tested. This research could also be expanded in performing a qualitative research to test the theories in regard with the internationalization process of SMEs from Curaçao and include SMEs in different sectors, with international experience or SMEs that are in the process of internationalizing. It would be interesting to understand which resources and determinants are commonly used, more significant to the SMEs and have influence on their internationalization. In addition this paper only acknowledges the support and advantages SMEs have when expanding abroad, whereas in further research also limitations should be presented.

ACKNOWLEDGEMENTS [MA1]

Foremost, I would like to express my sincere gratitude to my thesis supervisor, Maria-Alejandra Gonzales, for her valuable guidance and patient throughout the course of the study. I am most grateful for her insightful comments and immense knowledge. Besides my advisor, I would like to thank my family, boyfriend and friends for supporting me emotionally as well as spiritually

during the time of research and writing of this thesis. In addition I would like to thank Universidad de EAFIT for giving me such learning opportunity to support my thesis. It has been a great ride in which I gained much experience and knowledge thanks to everyone involved in this period.

REFERENCES

- AEF. (2011). *Beleid Midden-en Kleinbedrijf en Entrepreneurship*. Ministerie voor Economische Ontwikkeling.
- Ali, S. (2013). The Small and Medium Enterprises and Poverty in Pakistan: An Empirical Analysis. *European Journal of Business and Economics*, 8(2), 25-30.
- Amal, M., Raboch, H., Awuah, G. B., & Andersson, S. (2010). *The Internationalization of Multinational Companies (MNCs): An intrasector comparison among firms from developing and developed countries*. Rio de Janeiro: ANPAD Conference ("XXXIV Encontro da ANPAD).
- Amal, M., Raboch, H., Awuah, G. B., & Andersson, S. (2010). *The Internationalization of Multinational Companies (MNCs): An intra-sector comparison among firms from developing and developed countries*. Rio de Janeiro: ANPAD Conference ("XXXIV Encontro da ANPAD). Retrieved from <http://www.anpad.org.br/admin/pdf/eso713.pdf>
- Andersen, O. (1993). On the internationalization process of firms: A critical analysis. *Journal of international business studies*, 209-231.
- Aulakh, P. S., Kotabe, M., & Teegen, H. (2000). Export Strategies and Performance of Firms from Emerging Economies: Evidence from Brazil, Chile, and Mexico. *Academy of Management journal*, 43(3), 342-361.
- Axelsson, B., & Johanson, J. (1992). *Foreign Market Entry: The textbook vs the Network view*. Routledge.
- Baker, T., Gedajlovic, E., & Lubatkin, M. H. (2005). A framework for comparing entrepreneurship processes across nations. *Journal of International Business Studies*, 36(5), 492-504.
- Bannò, M., Piscitello, L., & Varum, C. A. (2014). The Impact of Public Support on SMEs' Outward FDI: Evidence from Italy. *Journal of Small Business Management*, 52(1), 22-38.
- Bradley, J. (1993). Methodological issues and practices in qualitative research. *The Library Quarterly*. *The Library Quarterly*, 431-449.
- Cardoza, G., & Fornes, G. (2011). The internationalisation of SMEs from China: the case of Ningxia Hui autonomous region. *Asia Pacific Journal of Management*, 28(4), 737-759.
- Caribbean Export Development Agency. (2007). *Doing Business with Curacao*.
- Ceglie, G., & Dini, M. (1999). *ME cluster and network development in developing countries: the experience of UNIDO*. Geneva: UNIDO.

Chandra, Y., & Coviello, N. (2010). Broadening the concept of international entrepreneurship: 'Consumers as international entrepreneurs'. *Journal of World Business*, 45(3), 228-236.

Chen, C., & Messner, J. I. (2010). Permanent versus mobile entry decisions in international construction markets: Influence of home country—and firm-related factors. *Journal of Management in Engineering*, 27(1), 2-12.

CINEX. (2015). *Why Invest in Curaçao*. Retrieved from Curacao Investment & Export Promotion Agency: <http://curinvest.com/about/why-invest-in-curacao/>

Coeurderoy, R., & Falize, M. (2012). *The Network Approach to Rapid Internationalization among Born-Global and Born-again Global Firms: The Case of the 'Global Innovation Network'*. Research in Entrepreneurship and Small Business XXVI Conference.

Coviello, N., & Munro, H. (1997). Network relationships and the internationalisation process of small software firms. *International business review*, 6(4), 361-386.

Coviello, N. E., & Martin, K. A. M. (1999). Internationalization of service SMEs: an integrated perspective from the engineering consulting sector. *Journal of international marketing*, 42-66.

Crick, D., & Jones, M. V. (2000). Small high-technology firms and international high-technology markets. *Journal of international marketing*, 8(2), 63-85.

Criscuolo, C., Gal, P. N., & Menon, C. (2014). *The Dynamics of Employment Growth: New Evidence from 18 Countries*. OECD Science, Technology and Industry Policy Papers, 14.

Curaçao. (2016). *People and Culture*. Retrieved from Curacao: <http://www.curacao.com/en/stories/people-and-culture/>

Curaçao Chronicle. (n.d.). *Curacao's Advantage*. Retrieved from Curacao Chronicle: <http://curacaochronicle.com/curacao/>

Curinde. (2016). *Economic Zones*. Retrieved from Curinde: <http://www.curinde.com/free-economic-zones>

Dai, L., Maksimov, V., Gilbert, B. A., & Fernhaber, S. A. (2014). Entrepreneurial orientation and international scope: The differential roles of innovativeness, proactiveness, and risk-taking. *Journal of Business Venturing*, 29(4), 511-524.

Daszkiewicz, N., & Wach, K. (2012). *Internationalization of SMEs: Context, Models and Implementation*. N. Daszkiewicz & K. Wach, Internationalization of SMEs. Context, Models and Implementation, Gdańsk University of Technology Publishers.

Deltaworks. (n.d.). *Subsidies en andere regelingen*. Retrieved from Zakelijk Curaco.

- Durmaz, A. Y., & Tasdemir, A. (2014). A Theoretical Approach to the Methods Introduction to International Markets. *International Journal of Business and Social Science*, 5(6).
- Easton, G., & Axelsson, B. (1992). *Industrial networks: a new view of reality*. Routledge.
- Eberhard, M. (2013). *The Role of Inter-personal Networks in SME Internationalisation*. Doctoral dissertation, Bond University Australia.
- Edinburgh Group. (2013). *Growing the global economy through SMEs*. Edinburgh Group.
- Ellis, P. D. (2011). Social ties and international entrepreneurship: Opportunities and constraints affecting firm internationalization. *Journal of International business studies*, 42(1), 99-127.
- Enciclopedia. (n.d.). *Caribbean Traditions and Customs*. Retrieved from Puerto Rico Encyclopedia: <http://www.encyclopedia.org/ing/article.cfm?ref=11112506>
- Eoi-tax. (2015, 03 16). *Curacao*. Retrieved from Exchange of Tax Information Portal: <http://www.eoi-tax.org/jurisdictions/CW#agreements>
- European Commission. (2005). *The new SME definition*. Enterprise and Industry Publications.
- European Commission. (2015). *2015 SBA Fact Sheet*. European Commission.
- Evans, J., Mavondo, F. T., & Bridson, K. (2008). Psychic distance: antecedents, retail strategy implications, and performance outcomes. *Journal of international marketing*, 16(2), 32-63.
- E-Zone. (2016). *E-zone*. Retrieved from E-zone Curacao.nl: <http://www.e-zonecuracao.nl/>
- Fa, T., & Phan, P. (2007). International new ventures: revisiting the influences behind the 'born-global' firm. *Journal of International Business Studies*, 38(7), 1113-1131.
- Fernández, Z., & Nieto, M. J. (2005). Internationalization strategy of small and medium-sized family businesses: Some influential factors. *Family Business Review*, 18(1), 77-89.
- Fernhaber, S. A., & Li, D. (2013). International exposure through network relationships: Implications for new venture internationalization. *Journal of Business Venturing*, 28(2), 316-334.
- Gil-Pechuan, I., Exposito-Langa, M., & Tomas-Miquel, J. V. (2013). International entrepreneurship in SMEs: a study of influencing factors in the textile industry. *International Entrepreneurship and Management Journal*, 9(1), 45-57.
- Globalgourmet. (2007, 01). *The Caribbean*. Retrieved from Globalgourmet: <http://www.globalgourmet.com/destinations/caribbean/cariback.html#axzz47DJVUS00>
- Goede, M. (2015). *Small and Medium Enterprises in Curaçao: What is the Policy?* (Vols. Volume 6, No. 7, pp. 1306-1312). *Journal of Business and Economics*.

- Gubik, A. S., & Wach, K. (2014). *International Entrepreneurship and Corporate Growth in Visegrad Countries*. University of Miskolc.
- Guercini, S., & Milanesi, M. (2013). *Learning in interaction and liability of foreignness. The case of an Italian firm in Russia*.
- Harling, K. (2012). *An overview of case study*. Available at SSRN 2141476.
- He, S. (2011). The Influential Factors on Internationalization of the SMEs in China: on Wenzhou's Shoe Industry and Policy Implications. *Research in World Economy*, 2(1), 48.
- Hessels, J. (2005). *Internationalisation of Dutch SMEs*. EIM Onderzoek voor Bedrijf & Beleid.
- Hill, C. W., Hwang, P., & Kim, W. C. (1990). An eclectic theory of the choice of international entry mode. *Strategic management journal*, 11(2), 117-128.
- Hisrich, R. D. (2010). *International Entrepreneurship* (Vols. 53-54).
- Hisrich, R. D. (2012). *International Entrepreneurship: Starting, Developing, and Managing a Global Venture: Starting, Developing, and Managing a Global Venture*. Sage.
- Hisrich, R. D., Honig-Haftel, S., McDougall, P. P., & Oviatt, B. M. (1996). International entrepreneurship: Past, present, and future. *Entrepreneurship Theory and Practice*, 20(4), 5.
- Hitt, M. A., Ireland, R. D., Camp, S. M., & Sexton, D. L. (2001). Strategic entrepreneurship: Entrepreneurial strategies for wealth creation. *Strategic management journal*, 22(6-7), 479-491.
- Hoskisson, R. E., Wright, M., Filatotchev, I., & Peng, M. W. (2013). Emerging multinationals from Mid-Range economies: The influence of institutions and factor markets. *Journal of Management Studies*, 50(7), 1295-1321.
- ILO. (2015). *Small and medium-sized enterprises and decent and productive employment creation*. Geneva: International Labour Office.
- Iskanius, P. M., & Lamminsalo, M. T. (2005). Networking as a tool for internationalization of biotechnology SME's. *The 21st Annual IMP Conference*, 1-3.
- Jensen, P. D. Ø., & Petersen, B. (2013). Build-operate-transfer Outsourcing Contracts in Services—Boon or Bane to Emerging Market Vendor Firms?. *Journal of International Management*, 19(3), 220-231.
- Johanson, J., & Wiedersheim-Paul, F. (1975). The internationalization of the firm—four swedish cases 1. *Journal of management studies*, 12(3), 305-323.

- Johanson, J., & Vahlne, J. E. (1977). The internationalization process of the firm—a model of knowledge development and increasing foreign market commitments. *Journal of international business studies*, 23-32
- Johanson, J., & Vahlne, J. E. (1992). Management of foreign market entry. *Scandinavian International Business Review*, 1(3), 9-27.
- Johanson, J., & Vahlne, J. E. (2006). Commitment and opportunity development in the internationalization process: A note on the Uppsala internationalization process model. *Management International Review*, 46(2), 165-178.
- Johanson, J., & Vahlne, J. E. (2009). The Uppsala internationalization process model revisited: From liability of foreignness to liability of outsidership. *Journal of international business studies*, 40(9), 1411-1431.
- Johnson, D. (n.d.). *What is Haute Couture?*. Retrieved from Infoplease: <http://www.infoplease.com/spot/fashionside1.html>
- Jones, M., & Coviello, N. (2005). Internationalization: Conceptualising an Entrepreneurial Process of Behaviour in Time. *Journal of International Business Studies*, 36, 284–303.
- Kaynak, E. (2014). *Internationalization of Companies from Developing Countries*. Routledge.
- Knight, G. (2000). Entrepreneurship and marketing strategy: The SME under globalization. *Journal of International Marketing*, 8(2), 12-32.
- Kontinen, T., & Ojala, A. (2010). Internationalization pathways of family SMEs: Psychic distance as a focal point. *Journal of Small Business and Enterprise Development*, 17(3), 437-454.
- Korpodeko. (2016). *About Us*. Retrieved from Korpodeko Curacao's Sustainable Development Corporation: <http://korpodeko.cw/about-us/>
- Kosala, M. (2015). Innovation Processes as a Stimulant of Internationalisation Process of Firms. *Entrepreneurial Business and Economics Review*, 3(2), 65.
- Kraus, S., Ambos, T. C., Eggers, F., & Cesinger, B. (2015). Distance and perceptions of risk in internationalization decisions. *Journal of Business Research*, 68(7), 1501-1505.
- Kumar, V., Mudambi, R., & Gray, S. (2013). Internationalization, Innovation and Institutions: The 3 I's underpinning the competitiveness of emerging market firms. *Journal of International Management*, 19(3), 203-206.
- Kushnir, K., Mirmulstein, M. L., & Ramalho, R. (2010). Micro, small, and medium enterprises around the world: how many are there, and what affects the count. *Washington: World Bank/IFC MSME Country Indicators Analysis Note*.

- Lee, Y., Shin, J., & Park, Y. (2012). The changing pattern of SME's innovativeness through business model globalization. *Technological Forecasting and Social Change*, 79(5), 832-842.
- Lemmers, O., Rozendaal, L., van Berkel, F., & Voncken, R. (2014). *Internationalisering MKB, hnadelsprioritaire landen en DGGF-landen*. Centraal Bureau voor de Statistiek.
- Lloyd-Reason, L., Deprey, B., & Ibeh, K. (2009). *Top barriers and drivers to SME internationalisation*. OECD.
- Lowtax. (n.d.). *Curaçao: Country and Foreign Investment*.
- Luo, Y., & Tung, R. L. (2007). International expansion of emerging market enterprises: A springboard perspective. *Journal of international business studies*, 38(4), 481-498.
- Malhotra, N., & Hinings, C. R. (2010). An organizational model for understanding internationalization processes. *Journal of International Business Studies*, 41(2), 330-349.
- Mathews, J. A. (2006). Dragon multinationals: New players in 21st century globalization. *Asia Pacific journal of management*, 23(1), 5-27.
- McDougall, P. P. (1989). International versus domestic entrepreneurship: new venture strategic behavior and industry structure. *Journal of Business Venturing*, 4(6), 387-400.
- McDougall, P. P., & Oviatt, B. M. (1996). New venture internationalization, strategic change, and performance: A follow-up study. *Journal of business venturing*, 11(1), 23-40.
- McDougall, P. P., & Oviatt, B. M. (2000). International entrepreneurship: the intersection of two research paths. *Academy of management Journal*, 43(5), 902-906.
- McDougall, P. P., Oviatt, B. M., & Shrader, R. C. (2003). A comparison of international and domestic new ventures. *Journal of international entrepreneurship*, 1(1), 59-82.
- Melin, L. (1992). Internationalization as a strategy process. *Strategic Management Journal*, 13(S2), 99-118.
- Milanov, H., & Fernhaber, S. A. (2014). *When do domestic alliances help ventures abroad? Direct and moderating effects from a learning perspective*. *Journal of Business Venturing*, 29(3), 377-391.
- Milel, M. B., Huberman, A. M., & Saldaña, J. (2014). *Designing matrix and network displays. Qualitative data analysis: A methods sourcebook*.
- Milner, H. V., & Keohane, R. O. (1996). *Internationalization and domestic politics: An introduction*. Internationalization and domestic politics.

MKB. (2015, 12 3). *Informatie over het MKB (midden- en kleinbedrijf) in Nederland: MKB Cijfers, definities en organisaties belangrijk voor marktonderzoek* . Retrieved from mkbservicedesk: <http://www.mkbservicedesk.nl/569/informatie-over-midden-kleinbedrijf-nederland.htm>

Moore, S. B., & Manring, S. L. (2009). Strategy development in small and medium sized enterprises for sustainability and increased value creation. *Journal of cleaner production*, 17(2), 276-282.

Morozova, N. (2013). The impact of internationalization on the business tourism in the regions of Russia: challenges and opportunities in the beginning of 21st century. *World at the beginning of the XXI century*, 261.

Morrow, J. F. (1988). International entrepreneurship: A new growth opportunity. *New Management*, 3(5), 59-61.

Musteen, M., Datta, D. K., & Butts, M. M. (2014). Do international networks and foreign market knowledge facilitate SME internationalization? Evidence from the Czech Republic. *Entrepreneurship Theory and Practice*, 38(4), 749-774.

Narin, A. (2003, 09 29). *Bon Bini - Welcome*. Retrieved from Papiamentu.com: <http://www.papiamentu.com/>

Ocloo, C. E., Akaba, S., & Worwui-Brown, D. K. (2014). Globalization and Competitiveness: Challenges of Small and Medium Enterprises (SMEs) in Accra, Ghana. *International Journal of Business and Social Science*, 5(4).

OECD. (1997). *Best Practices for Small and Medium-Sized Enterprises*. Paris: OECD.

OECD. (2015). *Global Forum on Transparency and Exchange of Information for Tax Purposes Peer Reviews: Curacao 2015: Phase 2: Implementation of the Standard in Practice*. OECD Publishing. Retrieved from <http://www.eoi-tax.org/jurisdictions/CW#latest>

OECD. (2015). *Taxation of SMEs in OECD and G20 Countries, OECD Tax Policy Studies, No. 23*. Paris: OECD Publishin. Retrieved from <http://dx.doi.org/10.1787/9789264243507-en>

Ojala, A., & Tyrväinen, P. (2009). Impact of psychic distance to the internationalization behavior of knowledge-intensive SMEs. *European Business Review*, 21(3), 263-277.

Osarenkhoe, A. (2008). A study of the enablers of non-sequential internationalization process among small and medium-sized firms. *International journal of business science and applied management*, 3(2), 1-20.

Oviatt, B. M., & McDougall, P. P. (1994). Toward a theory of international new ventures. *Journal of international business studies*, 45-64.

Oviatt, B. M., & McDougall, P. P. (2005). Defining international entrepreneurship and modeling the speed of internationalization. *Entrepreneurship theory and practice*, 29(5), 537-554.

Pandya, V. M. (2012, September). Comparative analysis of development of SMEs in developed and developing countries. In *Proceedings of the 2012 International Conference on Business and Management* (pp. 426-433).

Patel, P. C., Fernhaber, S. A., McDougall-Covin, P. P., & van der Have, R. P. (2014). Beating competitors to international markets: The value of geographically balanced networks for innovation. *Strategic Management Journal*, 35(5), 691-711.

Peiris, I. K., Akoorie, M. E., & Sinha, P. (2012). International entrepreneurship: a critical analysis of studies in the past two decades and future directions for research. *Journal of International Entrepreneurship*, 10(4), 279-324.

Robu, M. (2013). The Dynamic and importance of smes in economy. *The USV Annals of Economics and Public Administration*, 13(1 (17)), 84-89.

Roth, M. (2011a). *Het mkb in Nederland*. Deutsche Bank Research.

Roth, M. (2011b). *SMEs in the Netherlands: Making a Difference*. Deutsche Bank Research.

Ruta-Curaçao. (n.d.). *Profile of Curaçao*. Retrieved from ruta-curacao: http://www.ruta-curacao.com/index.php?topic=profile-curacao_en

Saleem, Q. (2013). *Overcoming Constraints to SME Development in MENA Countries and Enhancing Access to Finance*. International Finance Corporation World Bank Group. Retrieved from http://www.ifc.org/wps/wcm/connect/1e6a19804fc58e529881fe0098cb14b9/IFC+Report_Final.pdf?MOD=AJPERES

Senik, Z. C., Scott-Ladd, B., Entekin, L., & Adham, K. A. (2011). Networking and internationalization of SMEs in emerging economies. *Journal of International Entrepreneurship*, 9(4), 259-281.

Serra, F., Pointon, J., & Abdou, H. (2012). Factors influencing the propensity to export: A study of UK and Portuguese textile firms. *International Business Review*, 21(2), 210-224.

S hane, S., & Venkataraman, S. (2000). The promise of entrepreneurship as a field of research. *Academy of management review*, 25(1), 217-226.

Styles, C., & Seymour, R. G. (2006). Opportunities for marketing researchers in international entrepreneurship. *International Marketing Review*, 23(2), 126-145.

Sui, S., Morgan, H. M., & Baum, M. (2015). Internationalization of immigrant-owned SMEs: The role of language. *Journal of World Business*, 50(4), 804-814.

Sullivan, D. (1994). Measuring the degree of internationalization of a firm. *Journal of International Business Studies*, 325-342.

Taylor, P. (2013). The effect of entrepreneurial orientation on the internationalization of SMEs in developing countries. *African Journal of Business Management*, 7(19), 1927-1937.

The European Times. (2011). *Curacao*. The European Times. Retrieved from <http://www.european-times.com/archive/curacao/>

The World Bank Group. (2015). *Small and Medium Enterprises (SMEs) Finance*. Retrieved from <http://www.worldbank.org/en/topic/financialsector/brief/smes-finance>

The World Factbook. (2016). *Curacao*. Central Intelligence Agency.

Tiggeloo, N., & Hessels, J. (2009). *Review : Internationalisation of Dutch SMEs*. EIM a member of Panteira.

TravelGuide. (2016). *The languages of Curacao*. Retrieved from Curacao-TravelGuide.com: <http://www.curacao-travelguide.com/about/language.html>

Tromp, E. (2007). *Small and Medium-sized Enterprises in Curacao: Challenges and Opportunities*. Centrale Bank van Curacao en Sint Maarten.

UNDP. (2015). *Building on Strengths: National Development Plan Curacao 2015-2030*. Government of Curacao.

UN-OHRLLS. (2015, 01). *UN-OHRLLS*. Retrieved from Curacao: <http://unohrlls.org/curacao/>
van der Veen, G. (2013). *Internationalisation monitor 2013*. Statistics Netherlands.

Wach, K., & Wehrman, C. (2014). Entrepreneurship in International Business: International Entrepreneurship as the Intersection of Two Fields. *International Entrepreneurship and Corporate Growth in Visegrad Countries*, 9-22.

Wang, Y. K. M., Chung, C. C., & Lim, D. S. (2015). The drivers of international corporate entrepreneurship: CEO incentive and CEO monitoring mechanisms. *Journal of World Business*, 50(4), 742-753.

Watson, N. (2013). *Policies Fostering Entrepreneurship, Investment and Innovation in Curacao and Comparisons with Similar Small-Scale Economies*. TAC Applied Economic & Financial Research. Retrieved from http://www.taceconomics.com/tacie/S5_2013.04.18_Policies-fostering-entrepreneurship-investment.pdf

- Welch, L. S., & Luostarinen, R. (1988). Internationalization: Evolution of a concept. *The Internationalization of the firm*, 14, 83-98.
- Worldatlas. (2015, 08 05). *Caribbean*. Retrieved from Worldatlas: <http://www.worldatlas.com/webimage/countrys/carib.htm>
- World Bank Group. (2014). *The Big Business of Small Enterprises: Evaluation of the World Bank Group Experience with Targeted Support to Small and Medium-Size Businesses, 2006–12*. Retrieved from http://ieg.worldbank.org/Data/reports/chapters/sme_eval1.pdf
- XE Currency Converter. (2016, 04 30). Retrieved from XE Currency Converter: <http://www.xe.com/currencyconverter/convert/?Amount=1&From=ANG&To=USD#converter>
- Yamakawa, Y., Peng, M. W., & Deeds, D. L. (2008). What drives new ventures to internationalize from emerging to developed economies?. *Entrepreneurship theory and practice*, 32(1), 59-82.
- Zahra, S. A. (1993). A conceptual model of entrepreneurship as firm behavior: A critique and extension. *Entrepreneurship: Theory and Practice*, 17(4), 5-22.
- Zahra, S. A., & George, G. (2002). International entrepreneurship: The current status of the field and future research agenda. *Strategic Entrepreneurship: Creating an Integrated Mindset. Strategic Management Series*.
- Zhang, J. (2014, June). The Psychic Distance of the Enterprise Internationalization. In *WHICEB* (p. 47).
- Zhou, N., & Delios, A. (2012). Diversification and diffusion: A social networks and institutional perspective. *Asia Pacific Journal of Management*, 29(3), 773-798.
- Zohari, T. (2008). The Uppsala Internationalization Model and its limitation in the new era. *International Management Strategy, Stockholm University School of Business*.
- Zucchella, A., & Scabini, P. (2007). *International Entrepreneurship: Theoretical Foundations and Empirical Analysis*. Palgrave Macmillan.