

Original Paper

Fostering Global Entrepreneurship and Business Development in Latin America Using Government, Public Universities and Private SME Partnerships: The Vibrant International Trade Alliance (VITAL) Model

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Abstract

Economic development requires a complex mix of markets, financial resources, and expertise. Business development in Latin America has followed a tradition of natural resource exploitation, representing a classic example of the “old economy” in today’s global marketplace. However, in order to reap significant economic and social advancements it is imperative that this emerging region embrace a value-added approach requiring increasing knowledge resources. Today, the traditional drives of wealth creation—land, labor and capital—tend to be commodities. Ideas are the now the main currency driving development. One area where ideas flourish is entrepreneurship embedded in small and medium sized enterprises (SMEs). It is here where great promise for introducing innovation and boosting competitiveness lies. This paper, based on these notions, presents a development model that integrate—1) expertise from government agencies charged with enhancing international trade and investment (AITIs), 2) public institutions of higher education (PIHEs) charged with educating the next generation of globally competitive business leaders and 3) small to medium sized enterprises (SMEs)

seeking real growth in the globalized business environment leading to a “win-win” situation for all. More specifically, the authors introduce one such model—VITAL (Vibrant International Trade Alliances), and—1) overview the realities of globalization that have created unprecedented SME opportunities for emerging markets, such as those in Latin America, 2) review the importance of entrepreneurship in moving SMEs to the next level of wealth creation, 3) present an example of the model currently utilized in a globally engaged U.S. state (Virginia) that has fostered SME and entrepreneurial enterprises in global markets, 4) explains how the model can apply to Latin American nations and also to partnerships between Latin American nations and their U.S. counterparts, and 5) provides managerial, policy and future research implications related to this “boundary spanning” way of thinking.

Keywords

Entrepreneurship, economic development, government consortia, university knowledge transmission, global trade

1. Globalization—An Overview

To provide the context for the focus of this paper a brief look at “globalization” is valuable. In many respects, globalization is the force that has brought about a renewed interest in global business for private business, including small-to-medium-sized enterprises (SMEs). When the Berlin Wall fell in 1989 and the Soviet Union imploded in 2001-2002, the old super story of our time—communism versus capitalism (central planning vs. market-based resource allocation) was replaced by the era of globalization where the barriers and walls that divided our world for seventy-five years disappeared (Friedman, 2005). Globalization fostered a process by which nations, businesses and people became more interconnected (economically, socially, and culturally) across the globe (Ali, 2000). With the old barriers removed, the impact of globalization accelerated. Results included—1) falling transportation and logistics costs for goods, services, and people, 2) diminishing trade barriers that portend lower tariff and non-tariff impediments to global business, 3) adoption of advanced technologies to communicate information, ideas, innovations, and market insights quickly and inexpensively around the world, 4) an expanding world of investors able to participate in a broader search for promising international business options, and 5) mass movements of rural populations to urban areas in search of education and/or better employment opportunities, many created by the globalized world. Zakaria (2008; 2011) aptly characterized this as “the rise of the rest”, or a massive growth of new middle-class consumers around the world

Globalization means millions, if not billions of formerly disenfranchised people can now compete in world markets and achieve a better life. To fully take advantage of globalization two perspectives are useful—1) a broad sense of how the world as a whole is changing. and 2) a more subtle understanding of the changes happening in individual markets, particularly those emerging from economic desolation. Consider these realities. The percent of people living on one dollar a day or less has dropped from 40%

in 1981 to 18% in 2004 and is predicted to be 10% by 2030. Over the last 25 years, China has lifted 400 million people out of poverty, spearheading growing prospects in countries housing 80% of the world population. During the same period, two to three billion people have entered the world of business and trade. Investment bank, Goldman Sachs, predicts that by 2040 five emerging-market countries—China, India, Brazil, Russia, and Mexico will have a larger economic output than the G-7 countries Western nations (the US, Canada, Great Britain, France, Germany, Italy, and Japan) that now dominate global business (Zakaria, 2008, 2011). While the debate on the benefits of globalization persist (see Reeves 2019), most observers agree that over the last thirty years, it has generated enormous wealth and has provided unprecedented opportunities for a better life to billions of people around the world (Collins, 2015).

Globalization has become the “super-story” of our time. With this has come the willingness of organizations of all sorts (for profit, not-for-profit, MNCs, SMEs, NGOs, etc.) to venture into the far reaches of the planet to capture markets, secure supply alternatives, and aid those left at the broad “bottom of the population pyramid”—those who would not have been considered viable markets in the past (Pralahad, 2004; *The Economist*, 2010; Wood, 2018). U.S based organizations in particular began to expand overseas as never before, realizing that 96% of the people and approximately 65% of the world’s productive resources lay outside the U.S. border (Zakaria, 2011).

2. Entrepreneurship—SMEs and Global Wealth Creation

As technology allows pursuit of markets that are increasingly fragmented, even the smallest participants see opportunities. Indeed, global trade by entrepreneurial firms has grown. This shift by smaller more flexible enterprises started before the age of globalization. Acs et al. (1994) examined 23 OECD countries and found that 15 experienced increased entrepreneurship activity during the 1970s to 1980s, and the pace continued concurrent with the increase in global competition. The development of new technologies and emergence of new business models has made the shift from large corporations to smaller, more nimble ventures attractive (Jorgenson, 2001; Audretsch & Thurik, 2001; Thurow, 2003; Pridham, 2018). In particular, entrepreneurial and smaller to medium-sized enterprises (SMEs) increased their economic performance through creative innovation and by competing with and working with larger rivals (*Global Entrepreneurship Index*, 2018). Indeed, in the global marketplace, SMEs, primarily entrepreneurial startups have played a key role in shaping economies throughout the world (Wong, 2005; Klonowski, 2010).

Economic development is a process of the birth, growth, maturity and decline of firms and industries. For example, the Fortune 500 experienced a 40% turnover from 2000 to 2010. Two hundred companies which were successful enough to be part of the list did not retain their level of success as markets and economies changed (Solis, 2013). Successful SMEs contributed to this effect, helping restructure existing industries, and in turn becoming vital for sustained economic growth (*Global Entrepreneurship Index*, 2018).

There are several factors that account for the importance of a healthy SME sector. First, they bring new skills to maturing industries. Six out of every ten new jobs are created by the SME sector (Klonowski, 2010). Second, SMEs aggressively use their nimbleness, idea sharing cultures and relatively small internal bureaucracy to seize opportunities that large firms often eschew. In particular, they have played an important role in shifting traditional industries to data-driven, high-technology fields (Audretsch, 2001, Freel, 2003, Dibrell et al., 2008). Third, to succeed, SMEs are known to take risks and embrace innovative concepts to achieve competitive advantages over larger, more well-endowed rivals (Audretsch, 2001; Low & Chapman, 2007). Finally, many SME's willingly span geographic boundaries in search of opportunities. Some are termed "born global". They tap into overseas markets upon startup, reaching disparate markets with Internet and other communication platforms to leverage their limited resources to millennial consumers in particular that embrace such platforms (Lituchy & Rail, 2000; Karagianni & Labriandis, 2001; Acedo & Florin, 2006; Salvato et al., 2007; Kocak & Abimbola, 2009). Despite their significant importance, SMEs are by nature vulnerable. They tend to be young and small, and even with flexibility, resources are limited. Few survive more than five years (*Global Entrepreneurship Index*, 2018).

Progressive government agencies are now discovering both the importance and the vulnerabilities of SMEs and entrepreneurs. In particular, they have also begun to realize that SMEs in the global trade arena can be a significant part of any economic development strategy. Likewise, a recent survey indicated that eighty-two percent (82%) of small business say global trade drives economic growth (Borderbuster Monthly E-Newsletter, 2019). As a consequence, some government trade agencies are beginning to consider venture assistance programs to motivate, educate and drive SMEs and associated entrepreneurs to consider the global trade prospects (Wood, Harrison, & Myrich, 2017). The incentives for such government backed programs are many, including they boost the employment numbers in participating firms (resulting in higher income tax collections), they boast business tax revenues, they educate a new cadre of savvy international business managers and promote the brand names of all participants in the global business arena. In short, they promote economic growth at home.

This paper examines one government program, namely a joint business community, university, and state government initiative. While our focus is on Latin America and the U.S. economies, the program and model could be applicable to any region of the world where knowledge, ideas and motivated participants are intertwined to fully exploit that which globalization portends.

3. Entrepreneurship, SME's and Latin America

Entrepreneurship and business development in Latin America have attracted considerable attention by scholars, practitioners and government entities. Latin America has a tradition of natural resource exploitation in its quest for economic development. However, there have been calls for value added approaches to offset the dependence on natural resources as the only driver of wealth creation. Moving up the value chain is now seen as an alternative to old traditions, particularly in newer and promising

industries representing information technology, biotechnology, alternative energy industries, consumer and business services and the like (Bas et al., 2009; Álvarez & Grazzi, 2018).

Likewise, Amoros et al. (2012) and Pe ña-Vinces et al. (2017) provided evidence that value adding small to medium sized enterprises hold significant potential to spur knowledge-based, idea driven industries in Latin American countries. In addition, these authors emphasized that Latin American entrepreneurial firms need to transform their traditional local market-focused ventures into adept, networked firms, capable of success in global markets. They emphasized that doing this will hedge risks of local or regional economic downturns and will also expose such firms to new ideas originating from global competition and world-wide consumers.

Entrepreneurial success is typically driven by the vision of founders and their ability to operationalize and implement such vision. Implementation of plans based on vision is often challenging. Research points to many strategic and operational issues facing entrepreneurial organizations as they expand into the global market arena (Ljiljana & Tchaka, 2010; Hallb äck & Gabrielsson, 2013). These include:

- Lifestyle enterprises (fashion, food, healthcare, fitness), stemming from personal preferences of founders, which are often reluctant to conduct adequate research on international markets because they encounter different customs, cultures, mores and values.
- A tendency to focus on offerings with insufficient product/market differentiation, which diminishes “first mover” advantages as price-oriented competitors arise,
- Short-term focus, such as creating employment for friends and family or quickly selling excess inventory, rather than meeting consumer needs over a long run, or solving problems that require more involved strategies that unfold over time.
- A reluctance to continuously monitor innovative development, market trends, government programs and other research-based insights related to viability, scalability, adaptability and long- term survivability,

Many of these issues stem from the perception that resources are not available. Global entrepreneurial firms clearly need resources to launch, grow and thrive. Knowledge building resources that provide insights into markets and viable strategies are critical. Such knowledge may take the form of consumer profiles (demographic, psychographic and behavioral), technological information, and an understanding of a host of environmental areas, such as politics, legal systems, infrastructure realities, social influences, and sources of financing. It is not prudent to assume that local business leaders, especially those managing local SME’s, have international/global market insights. To do well in new markets, to thrive and prosper over the long run, particularly in global markets, requires valid research, leading to strategic ideas and actionable knowledge (Blyde, 2004; Wood & Harrison, 2015).

4. Strategic Ideas and Actionable Knowledge—Where Do They Come From?

Montobbio and Sterzi (2011) noted that the international flow of ideas and knowledge can increase the ability of emerging countries and their respective organizations to learn, to replicate, to innovate and to

compete in global markets. Ideas and knowledge transmission from any location (be it developed or developing regions) facilitate a “leapfrogging” in the creative, innovation and insight processes that can exploit market and commercial opportunities. This in turn reduces investment costs, development costs and time-to-market costs. Conversely, idea and knowledge isolation inhibit these processes, which has the effect of dampening wealth creation and competitiveness. The issue is—where do ideas and knowledge come from and how are they diffused? And then, how best to develop strategies for acting on them?

Montobbio and Sterzi (2011) highlighted the importance of manifest ideas, knowledge and interpersonal links as drivers of wealth creation. Their research illuminated the importance of the free flow of ideas, knowledge, and interpersonal connections (face-to-face links) across organizations around the world. They studied five Latin American countries—Argentina, Brazil, Chile, Colombia and Mexico—and identified three channels of ideas and knowledge transmission: 1) collaborative research, 2) patent development and registration, and 3) face-to-face partnership relations between inventors. These studies and others demonstrated that joint substantive research efforts, around a common set of goals, based on shared vision and values, were keys to strategic plans and their successful implementation. This holds true for a myriad of global human endeavors, including scientific research, government relations, environmental collaborations and international trade (Wood, Pitta, & Franzak, 2009).

In the global economy, entrepreneurial firms can benefit from significant governmental assistance (Zelong et al., 2011). Indeed, the importance of government resources to business cannot be underestimated. However, if the assistance methods are poorly designed and managed and do not deliver what enterprises need, they are of little value (Klonowski, 2010; Czinkota, 2012). One approach that offers promise involves pooling of knowledge resources from multiple organizations to the benefit of all. In particular, public—private sector cooperation models that highlight best practices, insightful ideas and strategic implementation approaches are encouraged.

Some of the partners in such cooperations may also be competitors but agree to collaborate in order to succeed. Termed “coopetition”, this can occur at the individual, firm, dyadic and triadic relationship levels among organizations. The most important determinants for successful coopetition are perceived trust, commitment, and mutual benefit. Any agency or actor that attempts to foster cooperation among competitors must strive to achieve trust and commitment. The best factor to promote them is a clear portrayal of the mutual benefits that will accrue to the parties. Any perceived inequities are likely to prevent coopetition entirely (Thomason et al., 2013).

The model presented in this paper depicts an alliance of institutions of higher learning that would normally be perceived as competitors (for resources, faculty, rankings, etc.), in partnership with private enterprise and with government agencies charged with global trade enhancement. Achieving a level of trust and commitment in such partnerships is possible if each sees specific benefits resulting from cooperation (Lechner & Leyronas, 2009).

The literature focusing on global trade and SMEs highlights the importance of ideas and knowledge sharing for entrepreneurial enterprise success (Tassabehji et al., 2019; Michna, 2018). This literature, for the most part, emphasizes that effective mechanisms for sharing knowledge, illuminating ideas and implementing strategies to encourage and enhance SME global trade is sorely needed (Pérez-González et al., 2017).

To address this need, the following section describes a model involving partnerships among public institutions of higher education (universities), private SMEs and government trade agencies to cultivate ideas, share knowledge and subsequently build wealth.

5. VITAL—A Model for Leveraging Globalization and Entrepreneurship through Government Supported Agencies and Public Universities to Enhance Global Competitiveness

In today's global business environment, knowledge acquisition, idea dissemination and strategic action are major ingredients to economic development and business success. This is particularly true for SMEs that might not have the time, expertise and resources of larger firms that can undertake research pertinent to international marketing of their products and services (Wood, Franzak, & Pitta, 2009). SMEs spend most of their time and energy on day-to-day management issues and the requirements of their domestic market decision making at the micro level. This includes communicating with stakeholders, developing promotional materials, dealing with logistics issues, communicating with potential customers, and managing inevitable crises as they arise. The macro-level requirements for long-term global business evolution and success, include analysis of the market potential in foreign countries do not get needed attention. Likewise, the political, legal, cultural, and economic trends in foreign countries that impact opportunities are not typically on domestic SMEs/entrepreneurs' radar screens. Similarly, consumer market details related to preferences, desires, customs, mores and motivations of the burgeoning middle-classes around the world remain a mystery if not properly researched. Add to this challenging list of research requirement knowledge concerning infrastructure realities, such as ports, railroads, highways, storage facilities, distribution and retail structures; Internet connectivity; competitive threats in potential export or trade markets. In short, information needs of SMEs seeking success in global markets can seem overwhelming. It is not surprising that international market research and analysis are not at the forefront of SMEs' expertise or top of their "to-do" lists (Wood and Robertson, 2000). They need help.

While government agencies, be they at the supra-national, national, state or local levels, do try to offer support in one form or another to business organizations wishing to explore and possibly enter international markets, such support, if not specifically mandated, is often not effective (Whipple & Frankel, 2001, Appiah et al., 2019). This is particularly true for emerging countries or those still in the early stages of global engagement, including those of most Latin American countries. As noted previously, such countries may still be dominated by commodity—based exports where economic development is often tied to the whims of global demand for undifferentiated offerings, primarily raw

resources such as unprocessed metals, ores, energy, forest products, and basic agriculture products (Robson & Katsikeas, 2005; Appiah et al., 2019).

Likewise, many emerging country state agencies charged with providing export support for local companies are poorly funded, and may contain staff that do not have the backgrounds or the personal expertise to have an impact on local SME success in the international arena (Moen & Servais, 2002; Klonowski, 2010). However, most, if not all such countries, support public institutions of higher education where a wealth of knowledge and a thirst for opportunity to apply such knowledge exists.

Harnessing state mandated export agencies, public supported universities and motivated SMEs represents a mechanism for overcoming some of the obstacles to untapped global market success. One mechanism or model to achieve such success is the Vibrant International Trade Alliance (VITAL). It is currently implemented in the United States and shows much promise of success (see—“Governor Announces Creation of International Trade Alliance”, 2014). VITAL is a research and professional partnership created to bring state supported export/trade agencies together with state supported public institutions of higher education for purposes of SME growth in the globalized business world. If implemented properly, with the right partners, it can lead to the successful realization of all partners’ missions and goals. The premise of this paper is that it represents a potential catalyst for fostering global entrepreneurship and business development in emerging markets such as those in Latin America.

6. A Research and Professional Partnership

The VITAL model (shown in Figure 1 and Graphs 1 and 2) represents a process and organizational structure of a mechanism currently implemented by a U.S. based “state supported export promotion agency” charged with enhancing SME exports, in partnership with “state supported public institutions of higher education”. As its name implies, VITAL (Vibrant International Trade Alliance) is an international trade partnership representing a vibrant research and professional collaboration focusing on global export and trade enhancement from SMEs and other private companies.

Beginning in 2014, with a dedicated core of state-supported Public Institutions of Higher Education (PIHEs), in collaboration with the U.S.-based state supported Agency for International Trade and Investment (labeled AITIs), a visionary proposal was crafted to form coordinated and active research/professional alliances that would eventually bring all state supported PIHEs into an international consortium dedicated to global trade expansion for SMEs. The ultimate objective behind the creation of VITAL was to bring state supported entities (public universities and public agencies) together for purposes of aiding SMEs and other promising organizations, led by entrepreneurs, to enter and be successful in the global business arena. The opportunities brought on by globalization were significant drivers of this initiative.

As shown in Figure 1, VITAL (focusing in this figure on Latin America) began with an “idea sharing” conference that included relevant SMEs and interested entrepreneurs along with state Agencies for International Trade and Investment (AITIs), and motivated Public Institutions of Higher education

(PIHEs). The conference resulted in a “State Agency—Public University Memorandum of Understanding (MOU)” signed in 2014 by representatives from participating AITIs and all PIHEs (“Governor Announces Creation of International Trade Alliance” 2014). The MOU’s specific purpose was to enhance collaboration between state AITIs and PIHEs by focusing on initiatives that could effectively bring global business opportunities to SMEs. Partners to the MOU signed and agreed to support and extend the message of state’s economic development advantages through outreach activities, and to develop strategies and identify opportunities to engage the state’s PIHEs in economic development initiatives. Outcomes envisioned from this partnership included: 1) a higher number of business contacts and project leads for the state’s AITIs, 2) increased opportunities for the state’s PIHEs to support and work with SMEs, entrepreneurs and other business focused entities, 3) increased opportunities for SMEs and entrepreneurs to interact in meaningful ways with the state’s PIHEs, 4) the creation of shared marketing messages that communicate to business clients and other audiences the core strengths, assets and expertise of the state and its PIHEs, 5) the identification of collaborative joint outreach opportunities to strategic clients and business leaders in ways that meet the goals of both the state’s AITIs and PIHEs, and 6) the identification and support of shared legislative priorities.

The VITAL partnership established a network that required all involved to regularly communicate their ideas, opportunities, and experience with on-going joint research projects on a bi-monthly basis, either at “face to face” forums or conference calls. This “required communication” led to the creation of VITAL sub-teams made up of representatives from specific PIHEs (professors and students) and state AITIs (and their international business professionals) who identified and were charged with undertaking globally focused SME international export research projects. As shown in Figure 1, key moderators in the VITAL model included the degree of support of all participating “top” SME management, all participating “top” state AITIs directors and all participating PIHEs, namely presidents and deans. Likewise (as shown in Figure 1), the VITAL models success depended greatly upon the full “buy-in” and support of the specific university champions (typically professors) that coordinated teams of students for the participating PIHEs undertaking global business research projects aimed at promising international markets for participating SMEs. Finally, specific levels of funding and time support from all participating partners (the state AITAs, the participating PIHEs, and SMEs) were necessary if the alliance was to truly work.

7. Outcomes from VITAL

Referring again to Figure 1, one can ask—what are the outcomes sought from the creation of VITAL? The state agencies for international trade and investment (AITIs) have as their mission – to enhance the quality of life and raise the standard of living for all citizens of the state, in collaboration with all state communities, through aggressive business recruitment, expansion assistance and trade development, thereby expanding the tax base and creating higher-income employment opportunities. In alignment with this mission, the state AITI’s core objective with respect to VITAL includes assisting state

business (particularly SMEs) to expand export opportunities overseas. More specifically, the professional staffs that work at state AITIs have as their goal increasing the number of state SMEs selling overseas and raising the volume of international business done by state companies in general, year after year. The state AITIs thus work with both new and experienced exporters to enter and expand into international markets.

The state's PIHEs have a common mission and core objective of creating and disseminating knowledge. A primary sub-category of this mission is educating and training the next generation of organizational leaders who are equipped with the insights and tools necessary to be successful in the global business arena. This, in turn, will determine much of the state's future growth and prosperity. As illuminated previously, the creation and transfer of ideas and knowledge are the currency of success in today globalized business environment.

A significant motivation behind the formation of VITAL was the realization that while the state AITIs assisted several hundred SMEs to "go global" each year, there were thousands of SMEs within the state that could potentially be brought into the global business arena, in one form or another, if they were made aware of the program. Establishing and funding VITAL could significantly leverage the strengths of AITIs and PIHEs, benefiting the missions of both. This would enhance state's global business footprint, illuminate global business opportunities in promising export markets and develop the next generation of global business leaders.

In a specific sense, VITAL was focused on identifying and implementing the following:

- The best practices that state AITIs and state PIHEs should jointly embrace to connect state businesses, students and international trade experts for purposes of leveraging the states' position in the global business arena,
- The most impactful programs, classes, research projects and global business-related seminars such that the missions of state AITIs and the state PIHEs would be more fully realized,
- A partnership that leverages the strengths of both AITIs and PIHEs such that real global business success is realized by state-based SMEs

In a more general sense, the established research and professional partnership behind VITAL is assisting AITIs and PIHEs in meeting their respective missions at a higher level that they could working alone. Moreover, it is also aiding state-based SMEs and entrepreneurs, who prior to VITAL were not being fully exposed to export/trade possibilities in the international business arena. VITAL does this by—

- Partnering to nurture state businesses that are in the pre-international business stage,
- Identifying new international business opportunities for state SMEs in all stages of "readiness" for expanding into international markets,
- Funneling state SMEs who are most ready to "go-international" to more advanced AITIs programs and professionals,

- Developing databases of international students from participating state PIHEs and soliciting from them, on an annual-basis, ideas related to international opportunities, contacts and leads in the international business arena,
- Building the state AITIs' and state PIHEs' brands, and the overall business brand of the state, as an engaged, knowledge-based and integrated place from which global partnerships and wealth-creating activities derive (Figure 1—Outcome 2).

Figure 1 and Graphs 1 and 2 are provided to help Latin American nations and their respective state AITIs and state PIHEs visualize that the VITAL model could be established both within their respective nations (Graph 1) and between U.S. state-based VITAL partnerships and their respective nations (Graph 2). The conceptual model shown in Figure 1 has universal applicability, and in Latin America, a preliminary count of the number of potential participating PIHE in selected countries (see Figure 2) indicates that the needed players in such an alliance are significant in number.

8. Conclusion—Managerial, Policy and Research Implications:

The challenges of pointing the individual strengths of SMEs toward global opportunities are significant. Despite the demonstrated value of business and commercial partnerships, the obstacles to trust and cooperation have to be overcome if such value is to be realized. The U.S. state (Virginia) in which VITAL has been implemented exercises a measure of control of its public supported state institutions of higher education and thus far has been successful in securing their cooperation. A persistent question arising from implementation of the VITAL model is whether all partners in the model can continue to obtain the results they seek and thus continue to support its existence.

The VITAL model posits that individual organizations (public and private) acting for the benefit of all involved can be a model for fostering global entrepreneurship and business development in both developed countries and emerging markets, such as for Latin America.

There are two levels of benefits. First, PIHEs supply a diverse pool of skills, knowledge and resources, which can fully participate in aiding international business development. Moreover, in cases in which several PIHEs, from different countries, cooperate on a particular global business project, even more significant synergies might be realized. In such cases, each PIHE cooperating in the alliance may learn and grow as a result of the mutual efforts. Government assistance and participating private business entities must be included in the partnership/alliance in an effective manner if true long-term benefits are to be realized for all.

Second, in the case of nations, the Latin American countries that develop, participate and nurture an internal trade alliance, as described here, can benefit significantly as their “nation brands” spread around the world through their SME's global business success. Likewise, cooperation across borders may boost productivity and allow regional development at all levels. In the larger arena, idea generation and knowledge sharing generated from alliances such as represented by VITAL promise to deliver enhanced benefits to local, regional, national and global economies.

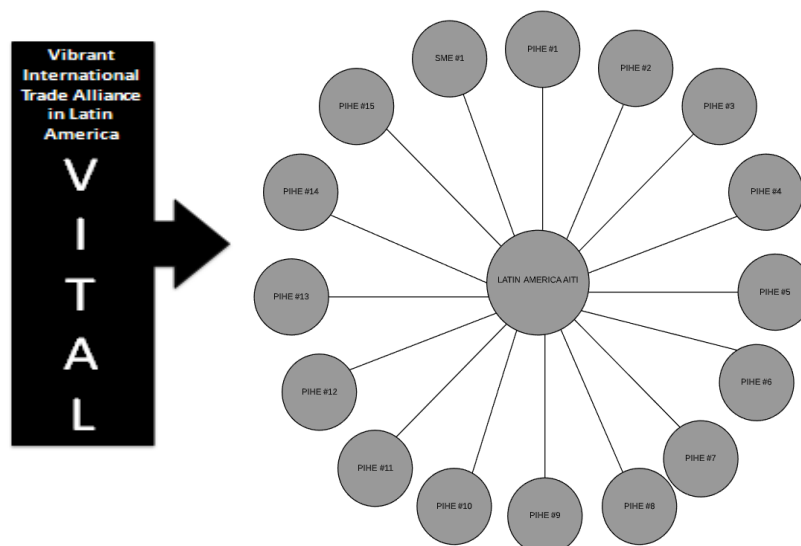
One consideration applied to developing markets is that some home-grown innovations may find that their domestic market is too small to guarantee success. One promising benefit of a VITAL model applied across borders is that it can reach a larger number of global markets whose combined customers overcome this obstacle. This is true for Latin America as well as other emerging markets.

Using a VITAL alliance as a policy of economic development is up to individual states and nations. In cases in which there are fewer rather than larger numbers of PIHEs, countries may find it difficult to generate sufficient critical mass to aid SME's within their borders. The lesson is clear and points to the need to expand beyond a country's borders to include other PIHEs in partnerships in other countries (Figure 2). More specifically, the possibility of Latin American PIHEs collaborating with their U.S. counterparts in an expanded VITAL alliance offers great promise where none may have existed.

Key research issues to be explored in the future include: 1) does the model shown in Figure 1 fully contain the drivers of success for global entrepreneurship success, or should other antecedents, moderators and outcomes be added?, 2) what specific methods are currently being incorporated or should be incorporated to guide the research projects undertaken by participating universities and SMEs in the VITAL model?, and 3) what metrics should be used to measure the ultimate success of the VITAL model in terms of enhanced participation of entrepreneurs and SMEs in the global marketplace? Overall, the VITAL model offers significant food for thought focusing on important benefits that may help SME's and their home economies succeed in an ever-growing global marketplace. The real challenge lies in getting all participating partners to see the benefit of an alliance and then to cooperate fully in the implementation of the model. Meeting this challenge requires a champion, or champions, with enough motivation, will and resources to compel, coerce, convince, co-opt or reward all participants into action. The benefits from such could be a whole new wave of entrepreneurship and business development in our globalized societies' march to a nobler future for all.

Graph 1

VITAL In Latin America



Graph 2

VITAL Partnerships between Latin America and the United States

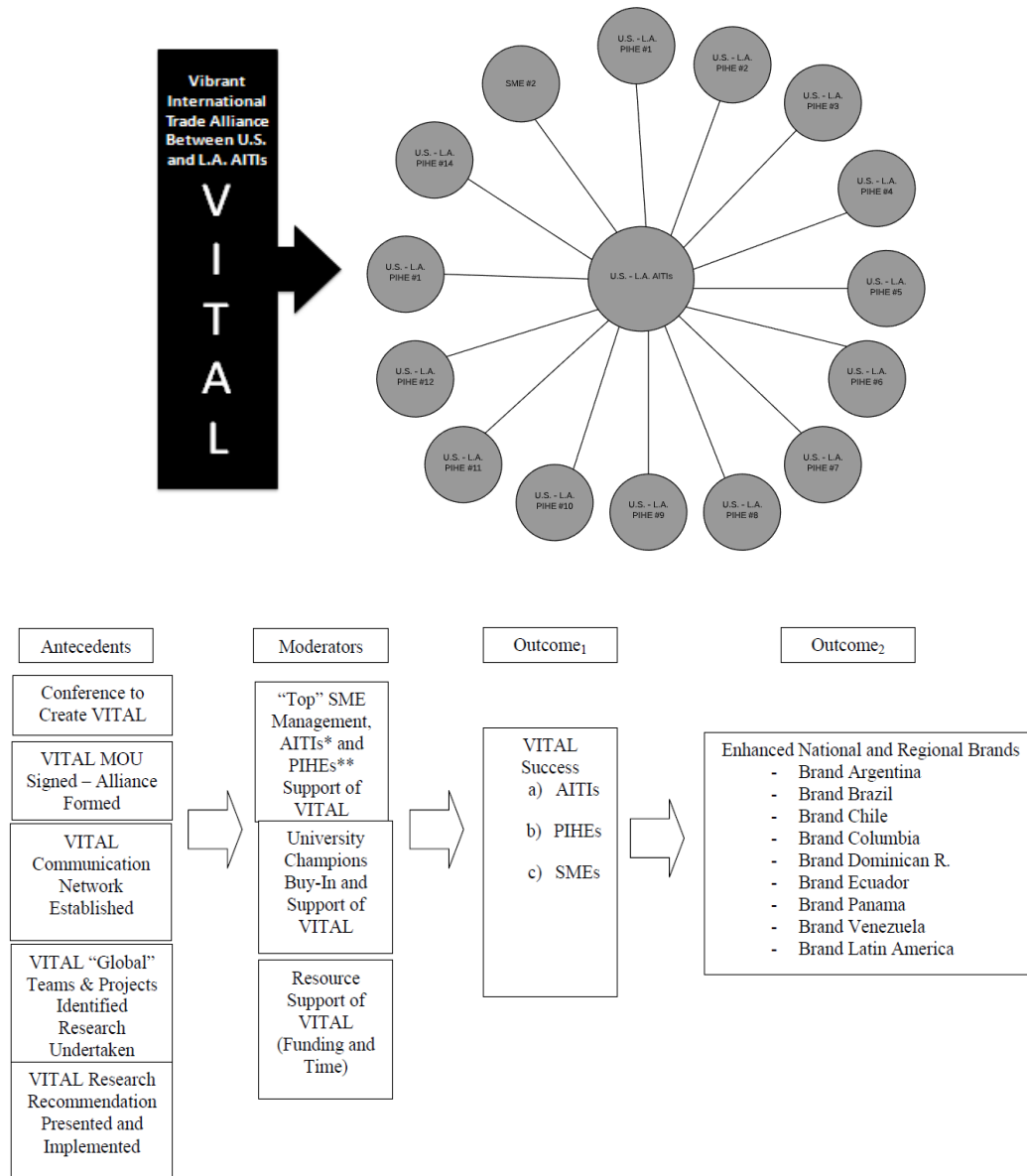


Figure 1. A Conceptual Model of VITAL (Vibrant International Trade Alliances) as Applied to Latin America

* Agency for International Trade and Investment (governmental)

** Public Institutions of Higher Education (Universities)

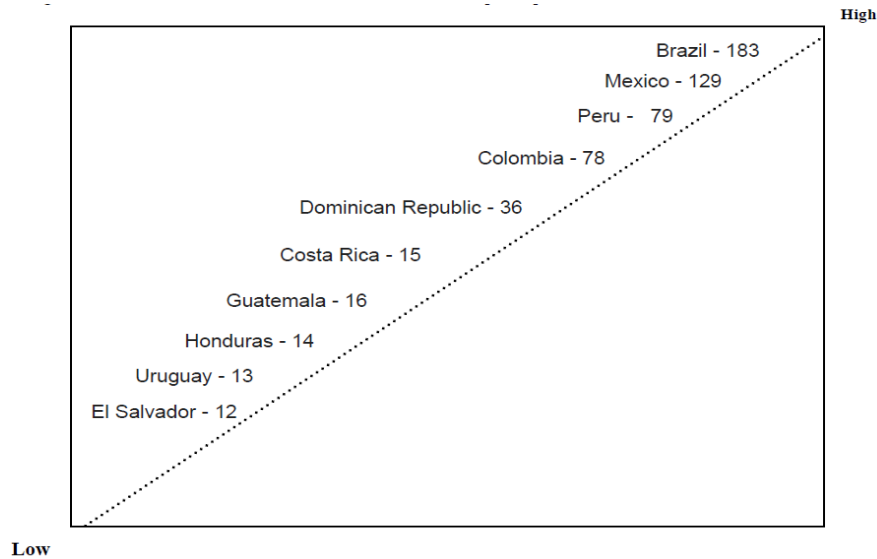


Figure 2. Institutions of Higher Education in Select Latin American Nations Who Could Participate in Vital International Trade Alliance

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