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Internationalization of Mexican Smes in the European Union Market: Rules of the Game

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ABSTRACT

The aim of this research is to analyze from the perspective of institutionalism if the European Union market is a potential market for the internationalization of Mexican SMEs. Based on a literature review identifies a framework of the current situation, encompassing as the political-economic aspects that govern the cooperative relationship as the normative and cultural factors that impact directly businesses, concluding that the complexity of the European Union resulting from the uniqueness of each of its members is reflected in a set of formal and informal rules that negatively impact on the internationalization of Mexican SMEs to that market.

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INTRODUCTION

The phenomenon of globalization has revolutionized the business world. Falling trade barriers has generated the need to implement new and better strategies to enter the world economic space to improve the competitiveness of enterprises. Internationalization is a growth and development strategy that has been implemented by a large number of countries and Mexico is no exception. Given the openness of the Mexican economy with a wide variety of agreements and treaties beneficial for the country in more than 43 countries, Mexico strongly promotes the internationalization of operation of both large and small businesses.

The European Union has a number of qualities that make it a highly attractive market for the Mexican country. However, the positive political-economic relations between these markets do not ensure that Mexican companies adequately fit the demand.

The SMEs are the key player of Mexican international trade, given its importance in the country currently receive more attention and support to achieve increase their competitiveness and be able to compete with foreign companies both in local and foreign markets. Speaking of a binomial Mexican SMEs - European Union is still much to be desired of the relationship strategy, and there is a low turnout and a large number of constraints that although at first glance are not observed, were key variables in limiting expansion of operations to the European market.

Background of the problem:

Globalization is a dynamic of interdependence process that has erased national borders and has challenged the economic, political, social, technological and cultural development. The International Monetary Fund (IMF) (FMI, 1997) defines globalization as the accelerating global integration of economies through trade, production, financial flows, technology diffusion, information networks and cultural flows. It is obvious that globalization has transformed the world, and has impacted heavily on the field of business changed the rules and generating the tone for the creation of new strategies.

Faced with the opening of international markets, countries have developed international trade agreements that allow them to appear in the global economic game. Mexico in 1986 entered the GATT (General Agreement on Tariffs and Trade) and later held the North America Free Trade agreement (NAFTA), with the governments

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of the United States of America and Canada, which came into force in January 1994, with the purpose to promote trade and to achieve economic growth, and thereafter Mexico has increased and strengthened trade relations.

Currently the Ministry of Economy said that Mexico participates in 12 free trade agreements with 44 countries (FTAs), 28 Agreements for the Promotion and Reciprocal Protection of Investments (BITs) (Acuerdos para la Promoción y Protección Recíproca de las Inversiones-APPRIs) and 9 trade agreements (Economic Complementation Agreements and Partial Scope Agreements) in the framework of the Latin American Integration Association (LAIA) (Asociación Latinoamericana de Integración-ALADI). Despite numerous trade agreements Mexico, the United States remains the main Mexican partner with whom Mexico performs about 80% of international operations. This can be explained because for the proximity, Mexicans business have a greater understanding of the economic rules governing political and social competition, though the country has not limited resources and other countries are beginning to appear in the strategic plan for internationalization of Mexico.

Between Mexico and the European Union it has been consolidated a major commercial tie. The first formal relations date back to 1960 and after several cooperation and exchange agreements on December 8, 1997, it was signed the Agreement on Economic Partnership, Political Coordination and Cooperation, and the Interim Agreement on Trade and Trade Related Issues, and start negotiating a free trade area, a process that was successfully completed on November 24, 1999, leading to the July 1, 2000 when it comes into force on Free Trade Agreement Mexico-European Union (FTAMEU-TLCUE).

The FTAMEU serves as a business strategy that allows preferential access of Mexican products, diversification of economic relations, a greater flow of foreign direct investment and strategic alliances, as well as a means to strengthen the country's presence abroad. Under this narrow FTAMEU, EU trade has become the second largest trading partner of Mexico, with 9.5% of total operations and simultaneously Mexico is the second largest trading partner in Latin America.

Trade liberalization has increased the competitive level, and has radically changed the conditions of production and marketing, so there is the need for companies to implement new competitive strategies. In response to the effects of globalization, business identifies company’s internationalization as an opportunity for growth and business development. Thus, internationalization is a synonym for geographic expansion of economic activities beyond the national borders of a country (Ruzzier, Hisrich , & Antonic, 2006, p. 477). However, this process is not simple. It requires a comprehensive strategy that considers both the characteristics of the company, its resources and capabilities, and the set of formal and informal institutions that regulate the interaction.

The large Mexican transnational and multinational corporations companies have an internationalization framework grounded enough. However, Small and Medium Enterprises (SMEs) are just beginning to appear in the international arena. SMEs are key players in the Mexican economy, because most economic units belong to this classification and contribute significantly to GDP and employment generation. Such companies face a number of challenges in order to survive and participation in the international market is very limited. Soto and Dolan (2003) emphasize that Mexican SMEs, like those of other developing countries are characterized by: management and financial restrictions, low capacity and limited experience in international markets.

Data from the Ministry of Economy of Mexico, points out that less than 2 percent of SMEs have exported operations and the value of these transactions is less than 5 million. It is observable that SMEs are not being exploited properly, leveraging the strengths of the same and identifying opportunities to enter the global market.

The bilateral relationship between the EU and Mexico is an important opportunity for SMEs in the country, due to the great interest and momentum that these governments have given to this sector. In addition to support programs, government funding and social banking, exist joint support programs as PROCEI (Programa de Competitividad e Innovación México-EU or Competitiveness and Innovation Programme Mexico-EU), which aims to help Mexican SMEs to enhance competitiveness, offering expert advice oriented toward European new technologies and innovation, so that they can access European markets.

Although conditions are beneficial for Mexican SMEs to internationalize into the European market, their activities are not greatly proliferated. Only less than two percent of the universe of Mexican SMEs is involved in international business, and this proportion is smaller when we talk about exports to Europe, which account for only five percent of total Mexican exports (Ruiz, 2009, p. 386).

In recent years, Mexico has significantly increased its international activities. However, such market opening has not had a major impact on national economic growth. Analyzing only the trade balance of goods provided by INEGI (2013) it is possible to identify a deficit of 1,468 million dollars in 2011. More encouraging data in 2012 shows a product of 163 billion dollars, and the most recent information indicates a deficit of 1,106 million in the first quarter of this year. No doubt such statistics data coupled with the low participation of SMEs in national businesses reflect a serious problem for Mexico. The Mexican SMEs are not properly leveraging their resources to compete in a global market and contribute to the generation of wealth.

Definition of the problem:

Given the characteristics of the European Union and the political-economic agreements have concerted, the European market could represent a potential area for the internationalization of Mexican SMEs. However real data show little participation of local firms in such a market, leading to reflect on what aspects of the SMES are impacting the internationalization process.

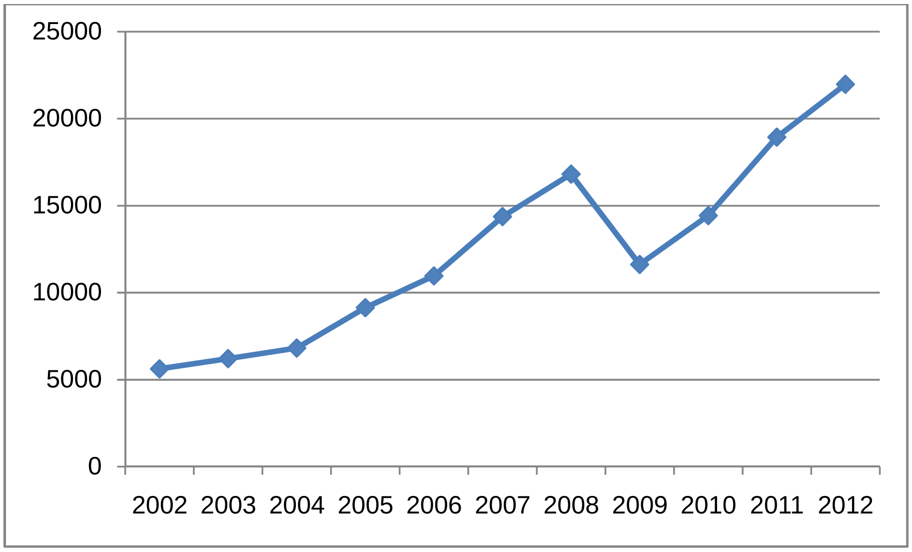

Fig. 1: Mexico exports to UE in millions of dollars (2002-2012).
Source: Own elaboration with data from Ministry of Economy (2013a).

As is shown in Table 1, the exports from Mexico to UE have been increased during the last 10 years. Only in 2009 suffered a downfall due to the United States crisis although after this the trend returned to increase. It is important to poin out that UE is a demanding market, due to the european citizen are traditionally strict in the quality of the goods and services that consume. For this the increase of the mexican exports are not an irrelevant fact.

Therefore, considering that each market has a degree of complexity derived not only from economic aspects but also from the overall set of regulations, rules, formal and informal rules, and even cultural aspects such as values, beliefs, traditions and ideologies. It is worth examining whether variables like these are affecting the internationalization strategy of Mexican SMEs to European Union market. Based on previous analysis of this research, it is planned the following question:

How the rules of the game have impacted the internationalization of Mexican SMEs to the European market?

Justification:

Given the country's current economic characteristics is necessary to promote international activities in order to compensate and balance the market before the great invasion of investments and foreign companies. The SME is the most representative economic unit of Mexico. Data from INEGI (2010) indicate that there are approximately 4 million 15 thousand business units in the country, of which 99.8% are SMEs, which generate 52% of gross domestic product (GDP) and contribute to 72% of national employment. Although this type of company every day face a number of challenges in order to survive, also are searched for attacking other markets solutions with a vision of global competition.

However, these companies still reflect a low share in international markets, which leads to the detection of a necessity. Mexican SMEs must identify new markets and develop comprehensive strategies ad hoc, which must consider not only the financial and economic aspects, but also the set of rules, norms, laws, customs, values and other variables that impact directly or indirectly in the internationalization process, to enable them to leverage their strengths and create opportunities to dabble successfully in the globalized world of business.

Being SMEs a key player in the national economy, their increased performance and competitiveness beneficially impact the economic and social environment. By achieving growth and development of these economic units, they will create more jobs with better pay, directly impacting the quality of Mexican life and contributing to the generation of wealth.

Theoretical assumption:

The formal and informal rules governing the European market impact negatively on the internationalization of Mexican SMEs.

Conceptual framework:

A. SMEs:

Both nationally and globally Small and Medium Enterprises (SMEs) are economic units of great importance to the economy, reflecting equally noticeable impact on employment generation. The classification criteria of SMEs are different in each country. In Mexico SMEs are classified based on two variables: The number of employees and annual sales level.

According to the stratification of companies published in the Official Journal of the Federation (Diario Oficial de le Federación) on June 30, 2009 SMEs are classified as follows:

Table 1: Classification of SMEs in Mexico.

Sector	*Small*		*Medium*	
	Number of workers	*Annual sales (million of pesos)*	*Number of workers*	*Annual sales (million of pesos)*
Industry	From 11 a 50	From \$4.01 to \$100	De 21 a 250	From \$100.1 to \$250
Trade	From 11 a 30	From \$4.01 to \$100	De 31 a 100	From \$100.1 to \$250
Services	From 11 a 50	From \$4.01 to \$100	De 51 a 100	From \$100.1 to \$250

Source: INEGI (2009).

According with PROMEXICO (2013), the SME´s in Mexico presents some particular features:

- The 65% of the SME´s in Mexico are familiar.
- More than 80% do not have any kind of certification.
- The 50% do not use quality and productivity techniques.
- Only 24% manage a license o patent.
- The 83% do not realize activities in order to consolidate its prescence abrod.

Due to it is a relevant fact that SME´s can carry out development strategies. Internationalization is one of the most important path for firm growth (Lu & Beamish, 2001) . It is particularly important growth strategy for SME´s whose business scopes has been geographically confined (Barringer and Greening, 1998). In the case of Mexico this strategy has been wasted.

The motives of internatrionalization of SME´s has been a interesting topic in recent years. According with this the main motivations for internationalization of SME are diverse. Some studies have shown differents results (Iwata, 2008, Milesi et al., 2007, & Stoian, 2006). However, according with a review of differentes studies carried out by OECD (2009), the main motivations for SME´s internationalization are: (1) Growth motives, (2) Knowledge related motives, (3) Network Social Ties and Supply Chain Links, (4) Domestic/ Regional Market Drivers.

B. Theories of internationalization:

Around the internationalization arise a large number of definitions. Internationalization according Villarreal (2005) is a corporate growth strategy for international geographic diversification through an evolutionary process and long term dynamic that gradually affects the different activities of the value chain and the company's organizational structure, with increasing commitment and involvement of its resources and capabilities to the international environment and augmentative knowledge-based.

One could summarize the internationalization as a strategy that involves business operations conducted on a global scale. The aims to internationalize a company certainly vary based on the particular object of the same, could be getting a growth in operations, enter a new market and even acquire new technology. Canals (1994) states that the objectives of internationalizing a business are: Opening of new markets, lower production costs, production structure and distribution of the company more efficient.

In order to understand different perspectives on internationalization is necessary to know the theories that have emerged around the phenomenon throughout history. Research in this field has been extensive and dates back to the classical theory of Ohlin (1933) that stressed the importance of comparative advantages possessed by different countries. From then, new approaches have emerged as the theory of internationalization based on transaction costs, which as it has been expressed by Buckley and Casson (1993), focuses on the notion that firms aspire to develop their own domestic market as long as the transactions are carried out in a lower cost within the company, and will continue until the benefits and costs of globalization are the same at the margin.

Another relevant theory is Dunning's eclectic paradigm, Dunning (1988) points out the existence of three types of benefits that determine the internationalization of ownership advantage that refers to possessing property of the company, such as intangible assets and capabilities or technological innovations; internationalization advantages derived from the company's ability to manage and coordinate activities internally, and the location advantages, which speak of institutional and productive factors present in a specific geographic area.

On the internationalization process arise approaches that differ as the Uppsala model (Johanson and Vahlne, 1977), which analyzes the internationalization as a gradual process, assumes that companies start their operations in its home market, and internationalization is direct consequence of a series of incremental decisions, unlike the recent focus on Born-Global, which suggests that companies since the beginning of its activities are operating in international markets, and have a strong international orientation and entrepreneurial since its foundation, are innovative and risk greatly enterprise resources.

Based on social network theory , Johanson and Mattson (1988) propose a theory of internationalization based on “networks”. This theory asserts that the internationalization of a firm depends on the position in a foreign network and , thus, enjoys direct relationship with foreign actors. Having a network orientation and, consequently, identifying the roles and strengths of the actors within it provides to the firm a knowledge in orfer to take advantage in its international operations.

A recente theory of internationalization is called “born global” , this theory states that companies start the internationalization process rapidly soon after their foundation or instantly from inception (Fuerst, 2010). In adittion these companies are resource constrain, young in age and small in size (Oviatt & McDougall, 1994).Early internationalization and superior performance in foreign market are among the main features of born global that is derived from critical knowledge and information about foreign markets (Falahat, Mohamad & Migin, 2013).

C. Theory based on institutions:

Institutional economic theory has evolved in various schools and movements that have sprung up around it. It can differentiate three aspects: The authors belonging to the first generation of institutionalists, the institutionalists and the new institutionalists or new institutional economics (Urbado, Diaz, & Hernandez, 2007, p. 185).

In the last decades of the nineteenth century emerge the institutional economic thought, being the American institutionalists the first to highlight the economic impact of human behavior and thinking and trying to understand the complex social institutions. The founder economist Thorstein Veblen (1965) defines institutions as common and predictable patterns of behavior in society, including the habits of thought and action usually shared.

The economist Douglas North has made significant contributions to institutionalism, analyzing the role of institutions in economic growth. North (1993) defines institutions as the rules of the game in a society or, more formally, institutions would be devised by those constraints that shape human interaction. Similarly, he classifies the formal and informal institutions. In the formal institutions it encompasses the formal laws, regulations and standards, while the informal refers to the norms, culture and ethics, encompassing the beliefs, values, ideas and attitudes of individuals and society.

Whilst that the institutions are the rules of the game, the organizations are the players. The institutions establish the incentives and restrictions that guide the perceptions and prferences of individuals and organizations. The distinction between the rules and actors is basic for understanding the process of preference formation and institutional change (Oriol- Prats, 2007).

In general, the theory proposed by North (2005) further explains how institutions and institutional change affect economic and social development. Economic change analysis is based on a triple axis: Beliefs, institutions and economy. For really understand how an economy works, it must be known the political, social and cultural relations that establish institutional dynamics, and for this, it is necessary to study the belief systems and decision-making.

Contextual framework:

The European Union consists of 27 countries and it is a unique economic and political partnership. It was created in 1958 under the name of European Economic Community (EEC). Its main objective was to boost economic cooperation, creating an economic interdependence of countries and decreasing the likelihood of conflict. In 1993 became the European Union (EU) thus reflecting the evolution of the economic union politics. In January 1999, the new euro (€) was adopted as their common currency. Currently 17 member countries of the Union have adapted and are called euro area or euro zone. The use of the euro as a common currency has led to greater economic stability, since by eliminating exchange rate fluctuating costs have been reduced by the exchange, and have expedited and facilitated transactions between member countries.

Table 2: Member countries of the EU and Eurozone.

Member countries of the European Union Euro area countries (*)			
Country	*Year of entrance*	*Country*	*Year of entrance*
Germany *	1952	Ireland *	1973
Austria*	1995	Italy *	1952
Belgium *	1952	Latvia	2004
Bulgaria	2007	Lithuania	2004
Cyprus *	2004	Luxembourg*	1952
Denmark	1973	Malta *	2004
Slovakia*	2004	Netherlands *	1952
Slovenia*	2004	Poland	2004
Spain *	1986	Portugal *	1986
Stonia *	2004	United Kingdom	1973
Finland*	1995	Czech	2004
France *	1952	Romania	2007
Greece*	1981	Sweden	1995
Hungary	2004		

Source: Prepared by the information obtained from europa.ue (2013,a).

The EU is a single market and a leading trade power. Only in 2010 registered a gross domestic product (GDP) of 12.27 billion Euros, beating the U.S. economy. Similarly, participation in world trade is notorious, its exports account for 18.1% of the total amount of exports and 18.9% of world imports. United States and China are major trading partners. The European market recorded a high purchasing power; its population accounts for 7% of the world population and in general has a high standard of living with an average annual income per capita of € 20.900.

Features European Union market from the perspective of the institutions:

The European Union is a single market but not characterized by homogeneity among members. There are large differences between member countries as they have their own social, political and cultural structure which makes them in a single tough and complex market to penetrate. Hutchinson and Quinn (2006) in their investigation of internationalization of SME retailers claim that cultural, legal and economic relations between different countries contribute to the complexity of foreign market development and all together make the expansion more complex.

The EU rules 27 markets under the same trade rules but with different characteristics and conditions. Only income level varies considerably. The country with the highest income is Luxembourg with EUR 80 000, while the lowest is Bulgaria with 5000 Euros. Overall income distribution in the European Union presents a pattern of behavior, the countries located in the Northern and Western Europe have a higher income level, such as Luxembourg, France, Germany, among others, while the eastern have lower incomes, such as Bulgaria, Poland and Hungary.

In adittion the EU presents a unique institutional operation. The EU´s broad priorities are set by the European Council, which brings together national and EU level leaders. Directly elected deputies representa the European citizens in the European parliament. The interests of the EU as a whole are promoted by the European Commission, whose members are appointed by national goverments. Goverments defend their own country´s national interests in the Council of the European Union (Europa.eu, 2013b).

In adittion cultural distance is observable in the European Union because despite holding the relationship, each country retains its beliefs, traditions, values and ideology. On the other hand, Europe lives and experience an influence generated by significant migration which results in multicultural market. Language is a cultural aspect that impacts the internationalization. EU has 23 different languages that are recognized in the negotiations. The most representative are English, French and German, having very little relevance Spanish language to be used in one country only.

Another feature qualifying European market is its commitment to social responsibility and environmental care. The values and lifestyle are carried on sustainable development practices as part of their daily lives, thus requiring company's responsible behavior guaranteed by mechanisms of social and environmental certification. The average European consumer registers a high purchasing power because of the high standard of living that characterizes the region, compared to more affluent Europeans who demand higher quality standards. The European attitude against products from other countries is often negative. As indicated by Al-Sulaiti and Baker (1998), goods originated from developing countries are regularly perceived as low quality products and low price.

The EU as a trading partner has a large number of specifications. Only in the field of exports must meet certain health requirements, phytosanitary, environmental and technical, as well as comply with the marketing standards and import restrictions. Speaking of companies seeking to internationalize to the European market should likewise consider the possible actions of protectionism, foreign companies interested in entering and remaining in the EU should be aware that international trade operations, the EU has been criticized for practices such as the disruption of the treaty and the political use of aid (Ruiz, 2009, p. 378).

The bilateral relationship between Mexico and the European Union is currently at its peak. Major government programs promote the internationalization of Mexican companies. However, the difference in the normative structure of Mexico and EU regulations have limited national product placement. Mexican SMEs are experiencing rejection by European companies to establish joint-venture because the implications of greater financial resources and more complex negotiations. Similarly, Mexico lacks a business strategist perception against members of the European Union by making it difficult to initiate interactions without objective data background.

The bilateral relationship between Mexico and the European Union also represents a challenge due to the duality of this. Acording with Ministry of Foreign Affairs, Mexico has established diplomatic relationship with each one of the different 27 countries of the EU (Mexico holds 24 embassies in different European countries) and also an individual relationship with the EU. This fact generates a major complexity of the relationship in the commercial, political and economic scopes.

Business relationships and cooperation between Mexico and European Union:

The business relationship and cooperation between Mexico and the European Union is strong and positive at the current market characteristics and the recent economic crisis. Proméxico facts indicate that the EU is the second largest trading partner of Mexico, who made 9.5% of its total operations, only after the United States. Mexico for its part is the second largest trading partner of the European Union among the countries of Latin America.

The EU is a major trading partner given their outstanding participation in international trade. Only in 2008 presented a total trade volume of about 2.86 billion Euros, one of the major players in international trade is the world's number one volume exports and second in imports. Regarding exports Mexico is located in 18th place as a supplier of the European Union, while it ranks 26 as an importer.

The products that Mexico exports to the EU are perceived as follows: Spain (21.6%), Germany (19.8), the Netherlands (10%), France (8.7), Belgium-Luxembourg (8.2) Italy (4.4%) and Ireland (2.7%). The main products exported to these markets are: machinery (29.3%), oil (21.1%), transport equipment (18.9), chemicals (8.2), agricultural products (6.7) and other (15.8).

Likewise, the Program of Facilitation of the Free Trade Agrement EU-Mexico (PROTLCUEM) is a co-joint program used for promoting the economic and commercial relationship. In adittion it facilitates the government and business procedures in order to simplificate some of the activities state in the FTA EU-MEX. This program has represented an important tool in order to develop a more dinamic commercial and economic relationship (Protlcuem, 2013).

Method:

In the present study it is used the qualitative method based on the literature review, beginning on studies in both Mexico and the European Union countries. Also, it is analyzed statistical data submitted by institutional bodies of the two economies, in order to explain and describe the phenomenon under study.

Analysis of results:

The political-economic relationship between Mexico and the European Union has strengthened an interesting business alliance, which has set the pace to generate new momentum and support programs to promote the weakest market sectors such as SMEs, which represent a sector of opportunity for growth in the country, given its important role in the local economy. It aims to promote internationalization of enterprises to new markets in order to increase their competitiveness and performance and thereby contribute to the growth of the Mexican economy. But SMEs have a number of features that could become severe limitations to expand their operations, especially when it comes to complex market.

The European Union viewed as a single market reflects a synonym of complexity, characterized by the heterogeneity of its 27 members, who although are handled under one economic system retain their identity, culture, and political and social structure, which strongly influence the trade because demand products and / or services with specific adaptations.

The internationalization approached from the perspective of institutionalism, implies the existence of formal and informal rules that determine the global trade game. Overall there has always been a huge difference in the normative structure of Mexico and the European Union, being the second a market with a large number of requirements that vary from the packaging, labeling, to the production process and practices of social and environmental responsibility, that although in the first instance are not explicit as entry barriers for small and medium enterprises account for more than just a strong limitation barrier.

In adittion in some countries of UE the requeriments of import and exports are differents between them. This fact made more complex the entry process to UE for foreign companies, mainly SMES. This complexity discourage the internationalization process of the SMES due to the lack of experience and knowledge in the market and export process. This generate a waste of business opportunities.

Simultaneously, informal aspects represent a challenge for SMEs because of characteristics of their structure are costly and difficult to perform a thorough research on the beliefs, values, customs and ideas of potential consumers, to determine appropriate strategies to attack new markets. The European market as a whole is attractive. However considering that each country demands products with unique features and more each country has a specific behavior pattern, the charm is lost by reducing the European Union market unique market segment with abysmal cultural distance, geographic distance aggrieved by high transportation costs and a very demanding market.

Conclusions and recommendations:

The EU even being considered a large market with strong impact on the global trade does not mean it represents an ideal market for all companies in all countries. The label of greatness does not show a more viable market for the internationalization of SMEs Mexican because of its complexity arising from the union of 27 countries with its own entity, and private formal and informal institutions.

Mexican SMEs have characteristics highly valued abroad which certainly represent an opportunity for internationalization. However, it should also be aware of the challenge posed by other markets. Specifically talking about the European Union market should make a thoughtful analysis of the growing threats that are derived from the uniqueness of its members, since not having enough resources to deal with them is an adventure very risky and ambitious. The Mexican SMEs strategies should not be limited to seemingly attractive markets, but focus on identifying potential markets, which, although of a smaller size there are rules, regulations, standards, practices and ethical values more similar and thus generate greater chance of winning.

Likewise it is important to understand the bevahiour of the SME´s in regions of the world where the complexity of the institutional environment do not represents an important matter. Moreover It is relevant analyze the effects of the institutions in the internationalization process specifically in regions as Latin America, Asia and North America. Above in order to the Mexican SME´s implement better strategies to compete abroad.

As in conclusion it is observable that despite the existence of agreements and programs that foster competitiveness, innovation and technology transfer, financial management of SMEs, and a positive relationship of economic cooperation between nations. It is necessary to evaluate other variables such as institutional aspects that are crucial because when establishing a comprehensive strategy of internationalization. In this investigation it was possible to analyze how the formal and informal rules set by European Union are so varied that negatively impact the internationalization process and reach to be a major barrier to the success of Mexican SMEs.

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