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WHEN SURVIVAL IS INNOVATION: A SYSTEMIC REFRAMING OF DYNAMIC CAPABILITIES FOR THE GLOBAL SOUTH FROM THE BRAZILIAN EXPERIENCE

QUANDO SOBREVIVÊNCIA É INOVAÇÃO: UMA RESSIGNIFICAÇÃO SISTÊMICA DE CAPACIDADES DINÂMICAS PARA O SUL GLOBAL A PARTIR DA EXPERIÊNCIA BRASILEIRA

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ABSTRACT:

This article revisits the dynamic capabilities framework in light of the structural conditions faced by firms in the Global South. Drawing on Brazil's More Food International program as a case study, the article proposes a systemic reframing of dynamic capabilities, one that recognizes survival in volatile environments as a legitimate form of innovation. While the original framework emphasizes long-term transformation through organizational routines and strategic orchestration, such expectations may be unfeasible for small and medium-sized enterprises (SME) operating under macroeconomic instability and institutional constraints. Based on interviews and secondary data, the study finds that the program did not foster enduring changes in managerial processes or routines, but it did support financial performance and tactical adaptation. These findings suggest that in the Global South, dynamic capabilities may manifest not as radical innovation, but as adaptive responses to survive economic and political uncertainty. This reframing expands the theoretical understanding of innovation under constraint and contributes to bridging gaps between development policy, business strategy, and international cooperation.

Keywords: Dynamic Capabilities; Global South; Innovation under Constraint; More Food International; South-South Cooperation; Brazilian Foreign Policy.

RESUMO:

Este artigo revisita a estrutura de capacidades dinâmicas à luz das condições estruturais enfrentadas pelas empresas no Sul Global. Baseando-se no programa Mais Alimentos Internacional do Brasil como estudo de caso, o artigo propõe uma ressignificação sistêmica das capacidades dinâmicas, que reconhece a sobrevivência em ambientes voláteis como uma forma legítima de inovação. Embora a estrutura original enfatize a transformação de longo prazo por meio de rotinas organizacionais e orquestração estratégica, tais expectativas podem ser inviáveis para pequenas e médias empresas (PMEs) que operam sob instabilidade macroeconômica e restrições institucionais. Com base em entrevistas e dados secundários, o estudo conclui que o

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programa não promoveu mudanças duradouras nos processos ou rotinas gerenciais, mas apoiou o desempenho financeiro e a adaptação tática. Essas descobertas sugerem que, no Sul Global, as capacidades dinâmicas podem se manifestar não como inovação radical, mas como respostas adaptativas para sobreviver à incerteza econômica e política. Essa reformulação expande a compreensão teórica da inovação sob restrição e contribui para preencher as lacunas entre a política de desenvolvimento, a estratégia de negócios e a cooperação internacional.

Palavras-chave: Capacidades Dinâmicas; Sul Global; Inovação sob Restrição; Mais Alimentos Internacionais; Cooperação Sul-Sul; Política Externa Brasileira.

1 INTRODUCTION

In Business Management and other related sciences, there is a longstanding trend in the literature that states all companies must innovate ahead of their competitors in countless ways, especially in a VUCA world characterized by its volatility, uncertainty, complexity, and ambiguity. Thankfully, there is a well-constructed and widely debated framework within the literature. This framework is known as "dynamic capabilities". It was first developed by David Teece in the 1990s and has received contributions from other authors in the following years. Indeed, this framework represents a valid and scientific theoretical approach for fostering and motivating enterprises in innovation processes, not only in terms of goods and services but especially in terms of organizational management.

As Teece states, 'dynamic capabilities is a policy tool for industrializing economies to help them understand the difference between accumulation and assimilation.' (Teece, 2022). Given this context, I must inquire whether the Brazilian government has effectively leveraged its public policies, exemplified by initiatives like More Food International, to foster innovation and entrepreneurship among Brazilian companies. The response to this inquiry might indeed prompt further reflections: does South-South cooperation (SSC) administered by Brazil or any other developing country effectively achieve its optimal outcomes in terms of overall development and the emancipation of means of production and firms, consequently necessitating the adoption of new business management methodologies in enterprises, such as innovation and competition management? Has More Food International fostered exporting firms' ordinary capabilities only?

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Dynamic capabilities, as they were conceptualized for Teece et al. (1997), are 'the firm's ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments.' (Teece et al, 1997). Much has been written about the concept of dynamic capabilities and other authors have also added specifications, making it a non consensual concept (Collis, 1994; Zollo & Winter, 2002; Eisenhardt & Martin, 2000; Winter; 2003; Andreeva & Chaika, 2006; Helfat et al. 2007; Wang & Ahmed, 2007; McKelvie & Davidson, 2009). Differently, Eisenhardt and Martin (2000) define dynamic capabilities as 'the firm's processes that use resources - specifically the processes to integrate, reconfigure, gain and release resources - to match and even create market change. Dynamic capabilities thus are the organizational and strategic routines by which firms achieve new resource configurations as markets emerge, collide, split, evolve, and die.'

The purpose of this article is not to undertake a brand-new conceptual review of dynamic capabilities and their various interpretations. Sufficient attention has already been given to this topic by other authors (Meirelles & Camargo, 2016; Burisch & Wohlgemuth, 2016; Rengkung, 2018; Bitencourt & Zanandrea, 2024). In particular, Bittencourt and Zanandrea (2024) have effectively traced the evolution of the field of dynamic capabilities from 1997 to 2020, revealing that approximately 10,838 papers mentioned dynamic capabilities, with 2,396 of them citing Teece et al. and Eisenhardt & Martin (Bitencourt & Zanandrea, 2024). Both articles authored by Meirelles & Camargo and Bitencourt & Zanandrea were published in Brazilian academic journals, specifically *Revista de Administração de Empresas*, which held an impact factor of 0.8 according to the Journal Citation Reports in 2022, and Revista de Administração Contemporânea, which is not indexed by any metrics repository.

The primary objective of this article is to propose a new perspective on the framework. Rather than introducing a new concept, I aim to offer a viewpoint from the Global South. I question whether the widely accepted concept and application of dynamic capabilities are appropriate for enterprises in the Global South. I do not seek to engage in a critical debate regarding epistemology or the construction of knowledge. Instead, my goal is to emphasize the contextual differences that may result in the misapplication of concepts that, in my view, do not adequately align with these settings. The findings do not aim to generalize to all firms or cooperation programs, but to inform a reframing of the dynamic capabilities framework in contexts of institutional and economic volatility.

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Due to economic stability, trade openness, high competitiveness in terms of technology and added value, and cultural acceptance, exporting is not a significant challenge for firms from the North. Companies from developed countries find international commerce easier compared to their counterparts in the South. For developed countries, exporting is a vital source of GDP growth due to the specific characteristics of their goods. Essentially, countries in the North exhibit high economic complexity, where complexity reflects a nation's level of knowledge and technology, from manufacturing to exports (Erkan & Yildirimci, 2015). The 2023 Economic Complexity Index ranks the top 10 countries as developed economies, with Japan in the first position and the United States in tenth (Observatory of Economic Complexity, n.d.). These countries benefit from competitive advantages in exporting, enabling them to identify and establish high-revenue markets more easily.

Conversely, relying on the export of raw materials (commodities) creates a high dependence on other economies and poses risks to the trade balance. However, exporting manufactured goods, even if they are not high-tech-based, can create new opportunities for the exporting country, particularly for the exporting firm. This suggests that, in the Global South, a shift toward exporting manufactured goods could serve as a catalyst for organizational changes leading to innovation. For this purpose, Brazil's More Food International program was chosen as a case study due to the country's efforts to export manufactured goods to Africa through a government-backed financing program. In seeking new markets for their value-added goods, Brazilian firms may find this initiative to be a trigger for innovation and strategic development, driving profound organizational transformation. In other words, exporting to other developing countries allows them to leverage their dynamic capabilities to differentiate themselves from both national and international competitors (including those from the North) as manufacturers of value-added goods.

The term 'South-South Cooperation' (SSC) is frequently used in scholarly research and in speeches made by heads of state in developing nations. Its execution facilitates the formation of a coalition to demand greater attention from international regimes and organizations and to make significant advancements in the field of global governance (Amorim, 2010). In order to create a new paradigm in politics and economics among the Southern countries, it seeks to preserve the values of solidarity, sovereign equality, and mutual aid (Aneja, 2019).

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The basic claim of this thought is that developing countries' technologies and methods are more easily adopted by their counterparts than wealthy countries' technologies and methods in unequal relationships (Milhorance, 2013; Osabutey & Jackson, 2019). Furthermore, the distinct challenges encountered by lower-income countries often elude the attention of wealthier nations, thus impeding timely resolution. Consequently, rather than being business concerns for regional producers or technology centers, general issues pertaining to South-South Cooperation are typically viewed as political issues of governments using a systemic approach.

To achieve the goals of this research, I first conducted a thorough literature review of the Dynamic Capabilities framework, using David Teece and other scholars as key references. While not all relevant articles could be cited, this framework has fostered a cohesive body of debates and scholarly discussions. Its core principles can be contrasted with the realities of the Global South, offering a complementary perspective. All data regarding the Global South refers to the Brazilian context, as Brazil has been an active participant in South-South Cooperation over the past two decades. Additionally, Brazil's expertise in international cooperation programs makes it a valuable theoretical model for the Global South, despite the well-known fact that Southern economies vary in terms of social, economic, and educational development. All data were extracted directly from official sources, and where data were missing, they were sourced from academic papers.

Initially, the hypothesis of this research was formulated as follows: "The dynamic capabilities framework is not suitable for small and medium-sized companies in the Global South, due to the persistent constraints imposed by macroeconomic and political factors. The economies of the Global South operate at a different pace, and it requires ordinary capabilities rather than dynamic ones to sustain a business in this context." However, this hypothesis overlooked any kind of call for change. As mentioned earlier, exporting value-added goods through a South-South Cooperation program could serve as a positive trigger for such change: It brings a peripheral market that can be accessed under a currency undervalued policy. In conclusion, the theoretical models presented, along with empirical evidence collected through interviews, partially accepted the initial hypothesis and emphasized the importance of a change trigger, which in this case was the More Food International program.

The dynamic capabilities framework, as conceived by Teece as "doing the right things, at the right time, based on new product (and process) development, unique

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managerial orchestration processes, a strong and change-oriented organizational culture, and a prescient assessment of the business environment and technological opportunities" (Teece, 2014, p. 221) and other complements is not suitable for the realities of the Global South due to economic and political differences.

Additionally, the More Food International program cannot be considered a trigger for change. During interviews, a large tractor manufacturer cited only financial gains, without mentioning any operational or cultural changes. An association of machinery manufacturers, representing small and medium-sized companies, stated that while some of them found the exporting process challenging, their main concern was the Brazilian government's commitment to fulfilling payments for their sales, emphasizing the economic factor as the main issue. Given the conceptual nature of this article, the empirical material is used illustratively, and no claims of empirical generalization are intended.

The first, second and third sections of this article focus on presenting key concepts and historical events related to South-South Cooperation and Brazilian initiatives toward the African continent. Brazil's More Food International program will be analyzed as a catalyst for innovation in the Global South, due to its complexities, scope, and its intent to foster technology transfer to Africa and other developing countries.

After having detailed the main aspects of the Brazilian case, the fourth section presents a debate over the concept of dynamic capabilities and how the Global South responds to it. Due to all uncertainties, especially economic and political ones, the firms from the Global South innovate in other ways and enhance traditional capabilities, which are said to be ordinary by the literature.

And the last section questions if More Food International fostered any kind of innovation or required new permanent organizational routines within the companies. In fact, More Food International was launched as an element of South-South Cooperation by the Brazilian government, however, there is no evidence of being an extraordinary policy that could change the minds of Brazilian managers and entrepreneurs. In this section, two cases will be presented in order to differentiate the concerns of large and medium/small-sized companies.

This research on South-South cooperation and the More Food International program is justified by the increasing relevance of this form of collaboration in recent years. China has followed a similar pattern, particularly in its

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engagements in Africa (Buckley, 2013; Amanor, 2013; Amanor & Chichava, 2016; Scoones et al., 2016; Kalim & Hyatt, 2024). While the significance of South-South cooperation is well-documented at the state level, there is a gap in the existing literature regarding its relevance to private sector interests in the field of business studies. A recent search in the Scopus, Web of Science, and Dimensions databases found no results in English for the search strings ("South-South Cooperation" OR "South South Cooperation" OR "South-South Collaboration" OR "South South Collaboration") AND ("Business Management" OR "Strategic Management" OR "Private Compan*") as of May 2024."

2 METHODOLOGY

This study adopts a qualitative, exploratory research design aimed at revisiting and expanding the theoretical scope of the dynamic capabilities framework in contexts marked by macroeconomic volatility and institutional fragility, particularly within the Global South. The goal is not statistical generalization, but rather the development of conceptual insight based on empirical observation which is consistent with a theory-building approach.

The research is structured as a single-case study, focusing on Brazil's *More Food International* (MFI) program, which was conceived as a public policy linking agricultural development, South-South cooperation, and the promotion of industrial and organizational innovation. The case is treated as a critical case (Flyvbjerg, 2006), given its political and economic relevance and the expectation that it would generate innovation within domestic manufacturing firms through internationalization mechanisms.

3 DATA COLLECTION

Two semi-structured interviews were conducted in May 2024:

1. Interview 1: a senior executive at a major Brazilian tractor manufacturer that participated in the MFI program. This interview provided insight into how a well-

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established and resourceful company engaged with the program and perceived its outcomes in terms of innovation.

2. Interview 2: a technical director at ABIMAQ (Brazilian Machinery and Equipment Industry Association), representing a broader institutional view and the challenges faced by small and medium-sized enterprises in their interactions with the program.

Despite the limited number of interviews, the two selected perspectives were intentionally chosen to represent opposite ends of the institutional and operational spectrum: on one side, a large, financially independent manufacturer with established export capabilities; on the other, a sectoral organization representing small and medium-sized enterprises (SMEs), which are more exposed to systemic constraints. This contrast was designed to capture the structural tensions within the More Food International (MFI) program and to reflect the range of experiences and capabilities shaped by firm size and institutional positioning.

Given the theory-building aim of this study, these interviews function as ideal-type representations: one from a dominant, resource-rich actor, and another from a policy intermediary advocating for the segment that constitutes the core analytical focus. The contrast between these positions enabled theoretical saturation on how innovation is framed under the MFI context. Rather than being treated as isolated accounts, interview excerpts serve as interpretive anchors that inform the theoretical reframing developed in the discussion.

4 DATA ANALYSIS

Interviews were conducted under informed consent and anonymized to preserve the confidentiality of participants. Audio recordings were transcribed and subjected to thematic coding, combining deductive categories derived from the dynamic capabilities literature (sensing, seizing, and transforming; Teece, 2007) with inductive insights emerging from the empirical material, particularly references to short-term adaptation, institutional uncertainty, and bureaucratic bottlenecks.

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The study also relied on triangulation using secondary sources, including Government policy documents, Industry reports, Academic publications, Media coverage related to MFI.

These sources were used to contextualize and validate the interview data, ensuring a more robust interpretation of the institutional environment in which firms operated.

5 ANALYTICAL RATIONALE

Given the exploratory and theory-building nature of this research, the methodology aligns with the principles of analytic generalization (Yin, 2018), whereby insights from a single case are used to refine theoretical constructs. In this context, the MFI program serves less as a representative policy and more as a lens to question the universality of dynamic capabilities theory and to explore how firms in the Global South adapt not through structured innovation routines, but through strategic survival in volatile environments.

5.1 WHAT IS THE GLOBAL SOUTH AND WHY DO THEY COOPERATE?

The term 'South' usually refers to developing countries in the field of International Relations and related subjects. According to the United Nations Development Programme (2004), this classification stems from the fact that all industrialized countries (apart from Australia and New Zealand) are located to the north of developing countries. It also represents a common experience of vulnerabilities and difficulties that these countries share, despite their unique differences. Because of the centuries-long colonization processes, historically, developed countries have imagined and developed technological advances that are then spread, often under special conditions, to emerging nations and former colonies.

In 1948, under Resolution 2000, the United Nations General Assembly endeavored to solicit expertise from developing nations to aid their underdeveloped counterparts by imparting the requisite skills for advancement to nations across Africa, Asia, and Latin America. However, after a prolonged period, it became apparent that such progress could not be efficaciously diffused through this approach. Consequently,

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developing countries advocated for alterations to the international economic framework established during the colonial era, a task that proved substantially more challenging. Referring to the 'Global South' underscores an emphasis on geopolitical power relations (Dados & Connell, 2012).

South-South Cooperation is also known as Technical Cooperation among Developing Countries (TCDC), however, in 2003 the General Assembly of the United Nations formally opted to use "South-South Cooperation". It is not only about commerce, low cost manufacturing or extraction of raw materials. It also includes sharing capacities, new specialized technologies, experiences and, also, some solidarity among the global South nations (Briceño-Ruiz, 2017; Nel & Taylor, 2013; Engel, 2019; Baranyi et al, 2015; Muhr, 2016; Aneja, 2019).

As previously mentioned, developing nations encounter analogous challenges and require comparable solutions. This does not imply that North-South cooperation can be entirely supplanted, but rather, South-South Cooperation represents a reconfiguration of the global order that arose from World War II, aimed at mitigating asymmetries among nations and fostering partnerships (Santander & Alonso, 2018). In fact, it means that common problems require common answers, and countries in the South are more likely to understand one another's viewpoints and find chances that benefit both parties, creating a win-win situation. "The premise behind South-South Cooperation is that the cooperation among these developing states is facilitated by these states themselves, without any outside influence from the developed countries of the north." (Diko & Sempijja, 2021). But it's important to recognize that there can still be differences in privilege between them, not only at the state level but also in private domains. With that said, South-South Cooperation reflects geopolitical and geoeconomic perspectives on the world that may not necessarily align with the priorities of the North (Milani & Carvalho, 2012).

South-South Cooperation, as an idea, focuses on reinforcing a collective identity and, eventually, achieve the following goals: promoting values such as the right to development with social justice and the need to resist before pressures from developed countries; retrieving the past of difficulties imposed by the international system on less developed states and the consequent limitations for poverty reduction and improvement of the quality of life of their populations; influencing the definition of international standards that indicate better conditions for the participation of less powerful states; increasing the negotiation capacity and promotion of the interests of

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Southern countries in relation to those of the North through various cooperation strategies (Ramanzini Junior et al, 2015). Thus, rather than being described as mere aid transfers between donors and recipients, it is presented as a type of development cooperation between trustworthy partners. It is predicated on the idea that complementaries in trade, investment, technology, production, consumption, and development cooperation can be utilized. Additionally, rather than the vertical or hierarchical donor-recipient model that is typical in North-South engagement, South-South Cooperation participants contend that they are involved in a form of horizontal cooperation, that is, a non-hierarchical partnership between equal actors (Aneja, 2019; Gomes Coelho Ferreira et al., 2023).

The Bandung Conference in 1955 signaled the beginning of "a movement aimed at challenging the Northern-dominated political and economic order" and is credited with helping to establish South-South cooperation (Gray & Gills, 2016; Ramanzini Junior et al, 2015; Leite, 2011; Milani & Carvalho, 2013; Aneja, 2019). 'The Asian and African decolonization movement, the interventionism of major powers during the period, the ideological rivalry between the United States and the Soviet Union, and the structure of international regimes established the normative environment in which many South-South cooperation movements and organizations were formed.' (Ramanzini Junior et al, 2015). Regardless of the Cold War backdrop, Third World nations gathered to highlight the global South's development concerns. This pattern continued as a focus for some nations and subsequently developed into what is now commonly known as South-South Cooperation.

In 1978, UNCTAD held a summit in Buenos Aires at which it debated how developing countries may promote and implement technical cooperation. In contrast to the vertical North-South paradigm, this event recognized the idea that Southern countries should forge their own growth trajectory (Aneja, 2019), which is marked by horizontal collaboration.

During the 2008 financial crisis, North-South cooperation was diminished, since numerous North nations had pledged to give developing nations financial support. When the 2008 financial crisis struck, a large amount of the promised money was rendered unavailable since it had to be reallocated (Diko & Sempijja, 2021). In 2008, during a visit by the Russian President Dmitry Medvedev, Brazilian President Lula da Silva remarked that 'Brazil, Russia, along with other nations, particularly China and India, have the capacity to capitalize on opportunities from this crisis, rather than tears, thus strengthening their ties’. At the same occasion, both presidents stated that BRIC countries would hold their first-ever summit in Russia in 2009 (Stuenkel, 2013).

The global economic crisis of 2008, which resulted in a decrease in the supply of Overseas Development Assistance (ODA) to developing nations, especially middle-income countries, made the need for greater collaboration between Southern countries even more pressing. During this time, these middle-income nations transitioned from being recipients to providers of development cooperation, reviving hopes that SSC might challenge the hegemony of the global North and the Bretton Woods Institutions (Aneja, 2019). With the rise of the ‘emerging South,’ new actors entered the field of technology transfer. Countries in the ‘emerging South’ began investing in and transferring technology to other nations in the Global South, which caused concerns from the North: *‘The North is worried about the rise of South-South technology transfer since it may have the effect of creating rivals not only in the market of a Southern country exporting technology but also in the global market’ (Anwar & Raslan, 2021).*

Although there are initiatives to foster a sense of unity and common identity among Southern nations, evidence also indicates that differences in these nations' objectives and capacities cause a gap between principles and actions. This contradiction has in certain ways enhanced the importance of principles as a performative tool, hiding sources of rivalry within the South and concurrently supporting the pursuit of a unique Southern identity and purpose (Aneja, 2019).

South-South Cooperation has eventually expanded beyond trade to include other industries including public health and medicine, much like any other type of international cooperation (Birn et al., 2017; Birn & Muntaner, 2019). For instance, Brazil and Cuba have worked closely together in the field of biotechnology since the 1990s. This partnership has been successful, especially in the creation and manufacturing of biotechnological products like Recombinant Human Erythropoietin, or rHuEPO, which is used to treat anemia linked to chemotherapy, HIV/AIDS, chronic kidney disease, and antiretroviral therapy; and Interferon alpha 2b is an antiviral and anti-neoplastic agent. Brazil received these compounds in a phased technological transfer strategy with royalties to Cuba. Consequently, one of Latin America's top health science and technology agencies, Bio-Manguinhos, a Fiocruz division, is now able to produce rHuEPO for less than ten percent of the global average price (Sáenz et al, 2010).

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5.2 BRAZILIAN SOUTH-SOUTH COOPERATION TOWARDS AFRICAN AGRICULTURE

Brazil is well known for having significant agriculture potential. The South American nation is one among the top producers in the world for soybeans, corn, and other agricultural and livestock goods because of its large area and rich soil. In order to address Africa's agrarian crisis, the Brazilian government started to outline a new development position as an agribusiness power with pertinent technologies as the agribusiness industry grew to dominate the Brazilian economy in the 2000s (Amanor & Chicava, 2016). Brazil is thought to be able to offer important technical advice and facilitate the transfer of technologies to African countries given the geographical and agroecological circumstances of the continent (Scoones et al., 2016).

Brazil's economy is still highly dependent on agribusiness, which contributed 23.8% of the country's GDP in 2023 (Centro de Estudos Avançados em Economia Aplicada, 2023) despite major changes. Brazil produced 151,963,045 tons of soybeans and 131,085,011 tons of corn in 2023, accounting for 89.8% of the country's total agricultural production (Instituto Brasileiro de Geografia e Estatística, 2024). These numbers are still rising annually. As a result, according to UNCTAD data, 73.5% of all Brazilian exports during the 2019–2021 biennial period originated from agribusiness (UNCTAD, 2023).

The Brazilian economy seems to benefit from its reliance on commodities, but things do not seem as optimistic for overall development. A nation is considered commodity export dependent, according to UNCTAD, if more than 60% of its total merchandise exports are made up of commodities. It is critical to track this dependence's global evolution because it may hinder economic development (UNCTAD, 2021). Brazil is a commodity-dependent developing country (CDD) which makes it especially vulnerable to unfavorable shocks that impact the volume and/or cost of the commodities it exports. These countries' terms of trade are directly impacted by changes in commodity prices; hence, a rise in price volatility may worsen these fluctuations (UNCTAD, 2023).

Given its economic significance, agribusiness benefits from robust advocacy within the legislature, supported by a sizable contingent of lawmakers dedicated to promoting sectoral interests. This group, known as the Parliamentary Front for Agriculture (or Ruralist Bloc), officially formed in 1995, operates as a multi-party faction.

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Its primary objective is to advocate for the expansion of public policies conducive to the development of national agribusiness. These policies include the modernization of labor, land, and tax legislation, as well as the regulation of indigenous lands and quilombola areas[1]. As of 2024, after the elections in 2022, the Ruralist Bloc comprised 324 members in the House of Representatives (out of 513) and 50 senators (out of 81) (Frente Parlamentar da Agropecuária, 2024). Consequently, confronting agricultural elites through democratic means presents considerable challenges in Brazil, with even prominent figures like President Lula da Silva refraining from direct confrontation with them, often cultivating alliances within the Ruralist Bloc to secure governability.

In the midst of Brazil's deindustrialization process (Rodrigues & Veríssimo, 2023; Doré & Araújo, 2025), the agro-industry has become increasingly technologically advanced, as demonstrated by initiatives like Agro 4.0 that use Internet of Things (IoT) technology to improve production's quantitative and qualitative features. According to Lima et al. (2020), 'the application of IoT in rural areas brings numerous benefits, with different applications for the field like monitoring of climatic conditions, growth of the plantation, performance of agricultural machines, and detailed monitoring of animal's health.'. This evolution coincides with the observations of Rodrigues & Veríssimo (2023), who assert that, although not uniform, Brazil's deindustrialization has unfolded when the value of commodities increased and the economy became more primary in the 2000s. This pattern points to a reallocation of productive resources away from industrial expansion and toward primary sectors, which would impede long-term economic progress. According to the Brazilian Institute of Geography and Statistics (IBGE) report, from 2022 to 2023, agribusiness in Brazil grew by 15.1%, while industrial growth was only 1.6%. The Brazilian Gross Domestic Product (GDP) increased by 2.9%, primarily due to the expansion of the agribusiness sector (Instituto Brasileiro de Geografia e Estatística, 2024).

Brazil's technical and scientific research in agriculture and livestock is therefore adapted to the unique features of the country's topography. Despite these differences, Brazil's agricultural know-how can benefit Africa because of the continent's similar soil composition, climate, and agricultural difficulties. Brazil has become a 'prominent leader in production technologies adapted to tropical climates' (Favareto, 2016). This

[1] Regions that are home to the offspring of quilombos, or communities of fugitive slaves. According to Brazilian law, Quilombola places are recognized, and the people who live there have rights to their land and the preservation of their cultural legacy. In 2022, there were 494 recognized quilombola territories.

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offers a chance for focused South-South cooperation based on the apparently advantageous principle of cooperative efforts in food production and agricultural techniques. As for the African countries, Brazil was a genuine promoter of assistance that could boost African agricultural performance. 'As a country that struggled with underdevelopment and poverty but was now positioning itself among emerging powers, Brazil was able to project its cooperation policy within the South–South mould.' (Yeros et al., 2019, 106).

Brazil has been playing a significant role in international cooperation with Africa. While there are numerous initiatives, the most noteworthy ones pertain to agriculture, particularly small-scale farming. These include More Food International (MFI), the Food Acquisition Programme for Africa (Ethiopia, Malawi, Mozambique, Niger and Senegal), the Cotton-4 Project in West Africa, and ProSavana in Mozambique. This article will specifically examine More Food International due to its export-oriented nature and the substantial impact it has had on exporting enterprises.

Large-scale farming is the main source of political and economic power in Brazil, as was previously said. However, there is a second main social form of production: family farming. According to Pierri (2013), the Brazilian dualism is 'thus the main channel through which agricultural policies are thoughtabout and delivered in Brazil. The Ministry of Agrarian Development (MDA)[2] supports the family farm sector, while the Ministry of Agriculture, Livestock and Food Supply (MAPA) supports the agri-business sector.'. Cabral et al (2016), however, argue that the difference of both forms of productions is subject to a socially constructed and shifting demarcation (see Cabral et al, 2016, for a complete view on the narratives of family farming).

Nonetheless, the nation's government initiatives continue to give small-scale family agricultural importance. The National School Feeding Program (PNAE), which offers school lunches and nutritional education to students in all public basic education levels, stands out among these programs. A new federal law (Law 11.947/2009) was passed in 2009 and requires that small-scale family farms provide at least 30% of the food consumed by this program. However, this quota wasn't reached until 2018. A year after the law was passed, in 2010, small family farms accounted for just 4.9% of the

[2] In 2019, under Bolsonaro, this Ministry was dissolved, and its responsibilities were transferred to the Ministry of Agriculture, Livestock, and Food Supply (MAPA). From 2023 onwards, during Lula's third administration, the Ministry of Agrarian Development was recreated as the Ministry of Agrarian Development and Family Agriculture.

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expenditure of PNAE. This percentage increased dramatically to 37.93% by 2019 (Paula et al., 2023).

Compared to the large-scale production model, which frequently focuses on a narrow variety of grains, small-scale family farming is acknowledged for its vital role in creating jobs in rural regions and for providing a varied range of agricultural goods, such as cassava, tobacco, onions, pineapples, cashew nuts, and grapes and relevant participation in banana and coffee crops (Instituto Brasileiro de Geografia e Estatística, 2017; Tanure et al, 2024).

The Brazilian government launched a new foreign policy initiative in 2010 that was dubbed More Food International (MFI) in an effort to provide help for small-scale farming. With the participation of forty African delegates, the More Food International (MFI) initiative was launched during the Brazil-Africa Talks on Food Security, Hunger Alleviation, and Rural Development in Brasilia. Furthermore, Brazil and Mozambique are partners in the ProSavana program, whereby the former contributes its knowledge of large-scale agricultural techniques derived from the Cerrado ecosystem, which is analogous to the African Savanna (Gonçalves and Shankland, 2016) and ‘aims at strengthening the productive capacity of smallholder farmers in African countries, who are claimed to bear a resemblance to Brazil’s family farmers’ (Cabral et al, 2016). The ProSavana program is a trilateral cooperation partnership between Japan and Brazil’s cooperation agencies and holds as exemple the cerrado, which was converted from barren land into one of the most productive agricultural regions in the world (Patriota & Pierri, 2013).

5.3 MORE FOOD INTERNATIONAL PROGRAM

In 2008, the Brazilian government launched the national initiative named ‘Programa Mais Alimentos’, which is translated into English as ‘More Food Program’, in order to foster small-scale family farming all over the Brazilian territory. This initiative focused on small family farming and promised low-interest credit for modernization of infrastructure of productive units and partnerships with national industries to offer products at acceptable prices. This program served as a catalyst for new foreign policies directed towards Africa.

The ‘Brazil-Africa Talks on Food Safety, Hunger Alleviation, and Rural Development’ summit, which took place in Brasília in May 2010, led to the creation of

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the More Food International program. Initially, More Food International was conceived as More Food Africa in order to include five countries: Ghana, Kenya, Mozambique, Senegal and Zimbabwe. The program was renamed More Food International after Cuba joined the initiative.

Access to technology and mechanization for family and smallholder farmers was the program's primary objective in ensuring food and nutritional security. Muchetu & Shonhe (2022) named the effect of the More Food International program 'tractorization'. 'The typology of agricultural machinery and equipment (M&E) available under the programme was set to be the same as that included in the Brazilian version, a typology which had been defined as suitable for Brazil's family farming.' (Cabral, 2015). Cabral (2015) also states that the tractors included in the programme had a power attribute of up to 170 CVs, which therefore also suited large farms. It was not only about tractors and equipment, but it also combined technical cooperation activities, such as policy dialogue on family farming-focused policies and technical assistance. (Cabral, 2015). As Oliveira & Schor (2020) assert, the provision of technical assistance has encountered numerous challenges during its implementation in Mozambique, primarily due to the fact that only one company had been trained to provide such services for the entire country.

Originally designed as an export credit facility for underdeveloped nations, the More Food International offers concessional loans conditioned on the purchase of Brazilian-made agricultural equipment. The loan is intended to benefit a group of individuals similar to family farmers in Brazil; in sub-Saharan Africa, these people are likely to be small- to medium-sized farmers (Cabral et al, 2016).

The private sector had an important role inside More Food International. The exporting enterprises were autonomous to define the lot of machinery to export and to establish authorized companies to provide technical assistance (Oliveira, 2019). In Mozambique, there was a consensus that the route to agrarian development and food security involved the mechanization of rural production. During a visit to Maputo, members of the Ministry of Agrarian Development of Brazil were informed that More Food International was primarily recognized as a program for agrarian mechanization in Mozambique (Oliveira, 2019).

Having Mozambique as example, Brazil has exported more than 500 units of tractors under More Food International. However, Oliveira (2019) states that there were two basic contradictions: the smallholder farms were too small to justify the use

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of sophisticated tractors; the price of the tractor were similar to the commercial tractors. 'Increasing the overall mechanization capacity of the country is a strategy that provides little benefit to the small farmer and makes them less competitive compared to those who can afford tractor usage.' (Oliveira, 2019).

Cabral et al. (2016) brilliantly demonstrated that More Food International, overall, has become a one side path, confessed by a member of the Brazilian Ministry of Agrarian Development: 'one MDA [Ministry of Agrarian Development] respondent even expressed embarrassment at the course followed, and the fact that the program had become exclusively associated with the selling of machinery.' (Cabral et al, 2016). Nevertheless, Muchetu and Shonhe state that perfect win-win scenarios are not easily attainable in practice (Muchetu & Shonhe, 2022).

The Brazilian government asserts that the principles underlying Brazilian technical cooperation involve responding to requests from foreign countries without imposing conditions, utilizing local resources, and maintaining non-profit motives (Ipea, 2013). In essence, the lesser-known aspect of South-South Cooperation transcends mere solidarity or shared challenges; it encompasses domestic political considerations, relative benefits, and pragmatism. According to Apolinario Junior (2016), there is also a positive relation between Brazilian foreign aid and the composition of the Brazilian bloc in the International Monetary Fund and the World Bank. The fact that a country supports Brazil in international financial institutions translates to a positive shift in the amount of Brazilian foreign aid received by each country.

More Food International has not significantly impacted any of the parties involved in the cooperation, benefiting only a small portion of machinery industries in Brazil and small-scale farmers. Small-scale farmers often struggle to afford mechanizing their crops, and even when they can, it does not propel them beyond subsistence agriculture. While this may alleviate local food insecurity, it fails to stimulate economic dynamism or foster job creation and income generation in the communities (Oliveira, 2019).

5.4 REFRAMING THE DYNAMIC CAPABILITIES FRAMEWORK FROM THE BRAZILIAN EXPORTING EXPERIENCE IN MORE FOOD INTERNATIONAL PROGRAM

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Irrespective of practical outcomes of More Food International, it is imperative to delve deeper into the effects it had on the participating exporting companies. The goal of this section is to examine how exporting firms in the More Food International program have managed to be selected as participants among all competitors and whether this selection has led to lasting changes in their routines and organizational processes. As Cabral et al. (2016) argue, a new legal framework had to be created to combine technical cooperation with sales operations, demanding a political process to accommodate the interests of politicians, bureaucrats, and the business sector. As will be discussed, even in competitive scenarios, macroeconomic fluctuations in the Global South tend to deter companies, particularly small and medium-sized enterprises, from engaging in any form of sustained internal innovation processes, including after the participation in the More Food Program.

The theoretical framework of this research is the dynamic capabilities framework, which is not a single, cohesive concept. I do not wish to promote a reconfiguration or state of art analysis of this concept, since this job has already been done successfully (Eisenhardt & Martin, 2001; Winter, 2003; Zahra et al, 2006; Barreto, 2010; Peteraf et al., 2013; Meireles & Camargo, 2014; Teece, 2007, 2014, 2018). I shall introduce our theoretical framework by referencing Teece et al.'s (1997) concept of Dynamic Capabilities, which they defined as "the firm's ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments" (Teece et al., 1997, p. 516). However, this definition merely marked the inception of the discourse surrounding dynamic capabilities and its relevance to business sciences. There is no consensus of what dynamic capabilities are and what agents are involved in it.

To ensure clarity and comprehension, I initially focus on Teece's 1997 definition before incorporating subsequent insights from Teece and other authors post-1997. Indeed, dynamic capabilities encompass a wide array of definitions, also with contributions by himself evolving over the years. Nevertheless, there exists a comprehensive debate in the literature in English on this subject (Collis, 1994; Zollo & Winter, 2002; Eisenhardt & Martin, 2000; Winter, 2003; Andreeva & Chaika, 2006; Helfat et al., 2007; Wang & Ahmed, 2007; Bygdas, 2006; McKelvie & Davidson, 2009).

As Teece states in his 2023 publication, that since 1997, the definition of dynamic capabilities has been in constant construction. As time passed, Teece added refinements, such as the three major clusters of high-level capabilities: sensing,

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seizing, and transforming (Teece, 2007); clarification of the need for both organizational routines and entrepreneurial action by individual managers (Teece, 2012), the division between dynamic capabilities and strategy, and the distinction between ordinary and dynamic capabilities (Teece, 2014).

As for sensing, sizing and transforming, Teece states that “dynamic capabilities can be disaggregated into the capacity (1) to sense and shape opportunities and threats, (2) to seize opportunities, and (3) to maintain competitiveness through enhancing, combining, protecting, and, when necessary, reconfiguring the business enterprise’s intangible and tangible assets” (Teece, 2007, 1319).

It is important to work on the primary meaning of enterprise capabilities. ‘Capabilities is a set of current or potential activities that utilize the firm's productive resources to make and/or deliver products and services.’ (Teece, 2014, 238). There are ordinary capabilities, which involves performance of administrative, operational, and governance-related functions to accomplish ordinary tasks. Ordinary capabilities are ingrained within a combination of skilled personnel, facilities and equipment, processes and routines, and administrative coordination. ‘Ordinary capabilities are considered strong when the firm has achieved best practices, and its employee base includes the relevant skilled people and advanced equipment’. (Teece, 2014, 330).

On the other hand, dynamic capabilities involve higher-level activities that can enable an enterprise to direct its ordinary activities toward high-payoff endeavors (Teece, 2014). In other words, aspiring competitive and profitable companies should not only develop their ordinary capabilities but also anticipate the need to address dynamic capabilities.

> Whereas ordinary capabilities are about doing things right, dynamic capabilities are about doing the right things, at the right time, based on new product (and process) development, unique managerial orchestration processes, a strong and change-oriented organizational culture, and a prescient assessment of the business environment and technological opportunities. (Teece, 2014, 221).

In competitive markets, simply mastering ordinary capabilities is insufficient. "Best practices alone are generally insufficient to undergird sustainable competitive advantage, except in a weak competitive environment" (Teece, 2014, p. 330). Achieving proficiency in ordinary capabilities and best practices may foster a sense of overconfidence in the company's future, albeit negatively. While meeting market

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demands with ordinary capacities may render the firm competitive to a certain extent (with competitive pricing, quality etc.), it is destined for failure if it fails to exercise its dynamic capabilities when environmental conditions change and demand innovation. According to Teece (2023), Strong capabilities to create and capture value in this manner are necessary for an organization to establish a sustainable competitive advantage over both its current and potential competitors. Although innovations, especially in the technological field, are expected from large companies as the real engines of innovation, small, medium and micro enterprises have been recently found to be a non-negligible source of innovation (Farè et al., 2024).

How could More Food International facilitate an environment characterized by rapid change, necessitating from exporting firms the capacity to develop and adapt both internal and external competencies? Initially, More Food International represented a novel program that amalgamated technical cooperation with sales operations, thereby requiring the establishment of a new legal framework and the definition of operational mechanisms (Cabral, 2015). Exporting firms were compelled to delineate what could be exported under this program, with small-scale farming as the target; what pricing strategy should be adopted for foreign markets within this program; how technical support should be provided; and ultimately, what type of export strategy to pursue: one geared towards profitability with competitive market prices or maximum profit margins, or one emphasizing differentiation under the principles of solidarity and technology transfer to less-developed economies. Additionally, considerations encompassed estimating both direct and indirect costs associated with the program, determining the appropriate organizational design to ensure success, and assessing the potential long-term benefits for the enterprise. Naturally, this overview represents a simplification of the myriad questions that enterprises confronted. Furthermore, all such decisions had to be made while considering potential competitors also participating in the program.

Individually, addressing these questions adequately can often be accomplished utilizing ordinary capabilities as a foundational framework. Determining prices, profit margins, costs, organizational design, and other pertinent factors can be accomplished by personnel from various sectors within the enterprise. These capabilities are typically acquired through university courses, consulting services, or targeted recruitment (Teece, 2023). However, dynamic capabilities necessitate enterprises to formulate future strategic plans while considering entrenched routines within the organization's

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culture and historical context. Dynamic capabilities must be cultivated internally since they cannot be simply acquired through external means (Teece, 2023). This is why the cultivation of dynamic capabilities requires the active engagement of all stakeholders, particularly managers and the board of directors, in developing hypotheses about emerging trends and simultaneously being prepared to confront unforeseen challenges in the business environment (Teece, 2023; Teece et al., 2016).

Zollo and Winter (2002) propose a different approach to dynamic capabilities. According to them, a dynamic capability "is a learned and stable pattern of collective activity through which the organization systematically generates and modifies its operating routines in pursuit of improved effectiveness" (Zollo & Winter, 2002, p. 341). They argue that "rapidly changing environments" are not a requisite for the existence of dynamic capabilities, since firms can integrate, build, and reconfigure their competences even in environments subject to lower rates of change. It is possible to change without having dynamic capabilities (Winter, 2003).

Furthermore, Winter (2003) states that changing behaviors must be routine, highly patterned, and repetitious to be considered a dynamic capability. Otherwise, they are mere "ad hoc problem-solving" alternatives. Winter (2003) mentions that firms may be pushed into 'firefighting' mode, a high-paced, contingent, opportunistic, and perhaps creative search for satisfactory alternative behaviors. If these changes do not become routine, they are not exercising a dynamic capability. "Routines are stable patterns of behavior that characterize organizational reactions to variegated, internal, or external stimuli" (Zollo & Winter, 2002, p. 340). According to the authors, dynamic capabilities are structured and persistent.

In this article, rather than introducing a completely new variation, my aim is to offer a fresh perspective on enterprises from the Global South. This perspective stems from some key observations:

1) In developing countries, currency exchange rates are subject to significant fluctuations, which can impact final prices and profits (Kandil, 2004, 2015; Kandil & Mirzaie, 2002; Eklou, 2023).

2) In developing economies with undervalued nominal exchange rates, enterprises often increase their exports, thereby enhancing profits. However, unless the enterprise or its national partners dominate the full manufacturing

process, they may need to import parts and/or semi-finished materials, potentially leading to the opposite effect of unfavorable exchange rates. (Kandil, 2004, 2015; Kandil & Mirzaie, 2002; Eklou, 2023).

3) In contrast to the previous observation, developing countries with rigid interest-targeting (IT) frameworks, such as those in Latin America, tend to exhibit a trend of currency overvaluation driven primarily by a higher interest rate differential relative to the United States in the context of a high degree of openness to capital flows. As a result, these countries face lower economic dynamism and slower productivity growth compared to developed economies, where exchange rate appreciation reflects relatively higher productivity (Nassif et al, 2020; Nassif et al, 2025).

4) Although there is no consensual South-South Model of transfer of technology (Anwar & Raslan, 2021), it may sometimes involve technology transfer, necessitating adjustments in workflows, final goods, investments, intellectual property management, and the recruitment of skilled personnel.

5) Lower average wages (compared to other developed markets) may induce brain drain and, consequently, result in a shortage of qualified human resources. The outflow of qualified workers toward developed economies seems to be a natural phenomenon (Osipov et al, 2024).

6) Shadow economies negatively affect developing countries much more aggressively than developed ones. These are markets where the shadow economy is prevalent, reducing government revenues and regulatory efficacy, while also contributing to financial instability (Mazur et al, 2025).

7) Governmental changes may also influence the financing and dynamics of the foreign policy (Hermann, 1990), consequently affecting importing and exporting enterprises.

One could argue that these observations reflect the potential changes that any business market may undergo. However, the challenges faced by small and medium enterprises in the Global South are inherently distinct from those encountered by counterparts in the Global North. For instance, the economy of a developing country reliant on the export of commodities is often less stable than that of an industrialized, developed nation. Due to price fluctuations and their low aggregate value, reliance on commodities can affect the entire macroeconomic scenario of a country, making conditions tougher for small and medium companies. The enterprises from the Global South are subject to the domino effects caused by macroeconomic constraints.

During price downcycles, limited government revenues may diminish incentives for investment and public financing, leading to increased taxation and higher interest rates. The extent to which these challenges are addressed depends on the government's willingness to confront them effectively. Bortoluzzo et al. (2022) conducted an econometric study to understand the relationship between the bankruptcy rate of Brazilian companies and macroeconomic variables from 2010 to 2020. The authors found that variations in GDP are relevant for medium and large companies, with a lag of 8 months, as larger companies have greater resilience to turbulent periods. Additionally, the money supply is relevant for medium and small companies in the short term, whereas it is relevant for large companies over a medium-term period. Overall, an increase in the money supply leads to a decrease in the bankruptcy rate of companies, while an increase in the cost of credit is associated with a rise in the bankruptcy rate. Overall, macroeconomic volatility, serving as both a cause and a symptom of underdevelopment, is a critical issue for developing nations (Loayza et al., 2007).

While these macroeconomic changes present critical shifts in the business environment, small and medium enterprises often find themselves constrained to traditional solutions and aligning with competitors due to limited resources and alternatives. This raises the questions: does the company lack ordinary and dynamic capabilities? Is it reasonable to expect the firm to respond with extraordinary actions? Consequently, in the face of constant economic fluctuation, should enterprises prepare for worst-case scenarios on a daily basis through innovative means and processes? Should constant economic fluctuations be considered “rapidly changing environments”? While this approach may have merit, perhaps safeguarding profits through ordinary capabilities *(status quo scenario)* rather than focusing solely on ‘dynamic capabilities à la Teece’, would be more prudent. Even if economic uncertainties are considered part of the "rapidly changing environment," the scenarios

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faced by firms in the North and the South are inherently different. As a popular Brazilian saying goes, exercising dynamic capabilities in the Global South often resembles "selling today's lunch to afford tonight's dinner", a reflection of the precarious balancing act required for survival rather than strategic transformation.

As Winter (2003) and Winter & Zollo (2002) argue, dynamic capabilities are persistent and constitute routines through highly patterned repetitive behaviors. How would such firms exercise dynamic capabilities when they are constantly pushed by external constraints from the economy and bureaucracy? Should firms shield themselves from external constraints as a routine? And in doing so, will they be exercising their dynamic capabilities? In this case, would surviving the external constraints from the economy and bureaucracy be considered an improvement in effectiveness, given that not all competitors would be able to achieve the same thing or at the same level of excellence? In this case, would survival not be about "doing the right things", as Teece defines dynamic capabilities? (Teece, 2014b, 2023)

Given this context, I propose an adaptation tailored to the reality of the Global South, using Brazilian firms as a model. According to the Brazilian Micro and Small Business Support Service (Sebrae), 859,000 small businesses were founded in 2023, and they accounted for 80% of all formal jobs created. That year, their revenue grew at twice the rate of the GDP growth. Small businesses represented 94% of all registered enterprises and contributed 30% of the total GDP in 2023 (Agência Sebrae de Notícias, 2024).

I do not intend to regard this approach as a unique exception; however, social and political differences and macroeconomic factors compel us to rethink the notion of a firm as a universal entity with standardized behaviors, means, and interests. In economic theories, all firms may have the same goals in terms of earnings, supply, or profitability. However, in management sciences, their strategies and methods should not follow a universal or natural pattern. When one universalizes theories or approaches, one risks falling into a counterproductive cycle of thought. Enterprises are highly sensitive to macroeconomic changes, and developing countries experience greater macroeconomic volatility than other countries. Three major sources contribute to this instability: larger exogenous shocks, such as "sudden stops" of capital inflows; domestic shocks, including instability in the development process and self-inflicted policy mistakes like erratic fiscal and monetary policies; and the lack of financial

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markets to diversify macroeconomic risk and stabilization policies to counter aggregate shocks (Loayza et al., 2007).

In this approach, small and medium enterprises from the Global South do not engage in innovation to the same degree as their counterparts from the North are typically expected to. Initially, they must identify systemic constraints, such as socioeconomic situation of the country, how competitors are handling it, how the market demands are structured, and when appropriate, they should capitalize on opportunities and adjust behaviors to fully exploit those opportunities. In contrast to the traditional view by Teece (2022), long-term planning in the Global South is predominantly influenced by external factors. For medium and small enterprises in the Global South, ensuring "access to the resources the firm will need, and implementing the organizational design that will be best suited" (Teece, 2022) is not straightforward. This does not imply that small and medium enterprises cannot exercise their dynamic capabilities. Rather, their dynamic capabilities are best exercised when they manage the firm's current activities in a *constantly uncertain* rapidly changing *economic and political* environments.

I advocate for a *systemic* approach rather than the existing reductionist one, with no negative connotations implied by the latter term. Firms must maintain awareness of their entire operational milieu, as any quasi-constant variable holds the potential to impact their business. Despite existing in all countries, those systemic factors do not seem to be primordial concerns for small and medium enterprises in developed countries. According to a 2004 essay by Bradley & Coldery, “some of the major causes of bankruptcy are poor planning, lack of financing, lack of business experience and lack of personal discipline”. The authors emphasize that failure rates are related to market competition, where only the strongest survive.

I appreciate that some authors have conducted research on the connection between macroeconomic variables and bankruptcy rates in Brazil and in full developed countries (Contador, 1985; Mario & Carvalho, 2007; Harada & Kageyama, 2011; Salman et al., 2015), however, I emphasize that macroeconomic and political factors are the primary determinants of failure for small and medium enterprises in the Global South. According to Loayza et al. (2007), the volatility observed in developing countries results from a combination of significant external shocks, erratic macroeconomic policies, microeconomic inflexibilities, and weak institutions. The most important task now is to monitor changes in these variables and understand their impact on businesses in both the long and short term. Monitoring changes can be regarded as sensing changes, and in my view, it is primarily an ordinary capability in Teece's terms (2007, 2014a, 2014b, 2023).

Teece's delineation of ordinary capabilities (2007, 2014a, 2014b, 2023) stands as the paramount assets for the survival of small or medium-sized enterprises in the Global South. Furthermore, it is imperative to consider additional cultural variables, such as the integrity and efficacy of state institutions, the demographic profile of consumers and competitors, and the prevailing tolerance towards malpractices, such as corruption, which is a major economic issue in developing economies, and that can have a wide range of consequences for small and medium enterprises (Amin & Motta, 2023).

As they promote changes in their behaviors, they should not become permanent routines. Enhancing effectiveness involves adopting various measures flexibly, recognizing that reverting to previous methods is not necessarily indicative of weakness or lack of competitiveness. In such contexts, companies may need to resort to traditional methods to maintain their competitiveness. Innovation occurs when opportunities arise and systemic constraints are absent. In this scenario, ordinary capabilities, as conceptualized by Teece (2014), are the primary capabilities for a firm, as they enable the sensing of threats and opportunities. Having a macro and systemic view of the scenario will demonstrate whether it is time to pursue innovation or focus on survival, and surviving may often be the first option.

Moreover, concerning the traditional concepts of dynamic capabilities (Teece et al., 1997; Teece, 2003, 2007, 2014; Winter & Zollo, 2002; Winter, 2003), innovation for small companies in the Global South, in some moments, may be not innovating at all (as in the North view of innovation). Continuously striving to innovate may paradoxically lead to adverse outcomes, including financial losses, a lack of management focus, and reduced competitiveness.

More Food International achieved its first export of tractors in 2014, during Dilma's presidency. Following years of economic growth, the government was able to implement expensive programs such as Science Without Borders (Ciência sem Fronteiras) and utilized the Brazilian Development Bank to finance infrastructure projects in other developing countries and to purchase goods from Brazilian industries, including those from More Food International. These were Brazil's peak economic moments before a severe crisis emerged, which became public knowledge after Dilma

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was re-elected for the 2015-2018 term. Brazil surpassed the United Kingdom in terms of GDP, ranking as the 6th largest economy in the world (BBC, 2011). This was surprising to many, as the government was expending significant resources like a truly developed country.

More surprisingly, a serious financial crisis struck Brazil in 2015, driven by decreasing commodity prices and high government expenditures. How could a potential economic superpower fall from grace in such a short period? Who could have foreseen this scenario? Starting in 2016, the Brazilian government, in an effort to achieve a primary fiscal surplus, aggressively reduced its expenditures, including those on basic public services such as education and health. In contrast, in 2009, the consequences of the 2008 financial crisis were absorbed without significant issues in the Brazilian economy: "Most importantly, the economy resumed growth in the 2nd quarter of 2009; the unemployment rate did not spike; real wages continued to grow; and consumer and business confidence recovered very quickly." (Holland, 2019).

This situation underscores our argument that managing a firm in Brazil, or in any developing country, tends to require different expertise, strategies, and skills compared to managing firms in developed countries. Therefore, there is a need for adaptation of the dynamic capabilities approach for the Global South.

When international commerce is involved, the situation becomes even more complex. All 7 observations (mentioned previously) can exert significant negative influences on decision-making processes, necessitating greater attention to ordinary capabilities. Developed economies are driven to innovate and differentiate themselves in various aspects, from evolving internal organizational culture to investing in quality improvement ahead of competitors. As stated, "elaborating productions, proceeding much more complex goods instead of raw materials and basic goods bring a country to the certain place that competitiveness and earnings are at high level." (Erkan & Yildirimci, 2015).

As mentioned by Teece (2023), ordinary capabilities are typically acquired through university courses, since an ordinary capability is about the enterprise "doing things right" (Teece, 2014b, 2023) with technical knowledge or hard skills, and the Brazilian market appears to align with this assertion. Since 1980, the number of students enrolled in higher education has been increasing significantly, as indicated by the higher education census conducted in 2022 by the Ministry of Education. Moreover, in 2022, 28,1% of all students were enrolled in degrees in the field of Business

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Management and Law. (Instituto Nacional de Estudos e Pesquisas Educacionais Anísio Teixeira, 2024)

There is no exaggeration or hyperfocus on the importance of ordinary capabilities in this context. In 2021, the Brazilian Institute of Geography and Statistics (IBGE) released a report on business conditions in Brazil, revealing that almost 60% of all firms declare bankruptcy within the first five years, and 80% do not survive to their tenth anniversary (Instituto Brasileiro de Geografia e Estatística, 2021). According to Silva Junior and Rodrigues (2021), the main reasons for bankruptcy are factors beyond firms' control, such as inflation and rising prices. They state that there are 'factors beyond the control of entrepreneurs. However, good business planning can be an effective way to prevent moments of crisis and panic. After all, it is known that these moments will occur; it is just unknown when or how, but they will come. The likelihood of an increase in the bankruptcy rate is directly linked to economic performance: taxes, interest rates, and inflation rate can provide a good level of explanation for the variation in the bankruptcy rate. There exists a profound, though not singular, connection between bankruptcy and macroeconomics (Mario & Carvalho, 2007).

This suggests that, in the Global South initially, ordinary capabilities must be strengthened within a firm. Subsequently, at appropriate times (that may never arise), additional capabilities, such as dynamic ones through innovation and opportunity seizing, can be pursued. For small and medium-sized companies in the Global South, achieving innovation should not be seen as a mandatory or easy strategy to surpass competitors. Traditional methods of competition, such as competitive pricing, customer service, favorable conditions for customers, and effective management, remain the best initial choices for these firms. Teece (2014, 331) recognizes the importance of ordinary capabilities in developing countries: ‘in developing countries, mastering existing technologies and practices may be more important than innovation.’. However, the author suggests that they cannot bring long-run success unless competition is weak. In developing economies, competition tends to be strong, as firms in the formal economy face an increasing number of activities in the shadow economy, which can be highly competitive due to the absence of tax obligations (Mazur et al, 2025).

Afterall, for small and medium enterprises in the Global South, dynamic capabilities entail the capacity to identify opportunities promptly and devise innovative processes that, while not necessarily permanent, enhance effectiveness optimally. This enables them to gain a competitive advantage over rivals and maintain market

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share, particularly during unfavorable periods when traditional alternatives must be sought rather than relying solely on innovation. n the Global South, could dynamic capabilities simply be about surviving in a competitive market, amid severe uncertainties from the government, domestic economy, monetary authority, and international geopolitics?

6 HAS MORE FOOD INTERNATIONAL ENHANCED THE BRAZILIAN FIRMS' CAPABILITIES?

Regardless of the concept of dynamic capabilities, the More Food International program was chosen as a case study to test the hypothesis that argues this program required a completely new behavior from the participating companies, enabling them to do "the right things, at the right time, based on new product (and process) development, unique managerial orchestration processes, a strong and change-oriented organizational culture, and a prescient assessment of the business environment and technological opportunities" (Teece, 2014, 221).

Although large enterprises or publicly traded companies are subject to the effects mentioned previously, they typically possess financial resources to mitigate losses or prior expertise to navigate the situation without requiring significant adaptations or changes to their processes. To illustrate how large enterprises are often exempt from many of these challenges, an interview was conducted with a senior executive (D-level) of a large Brazilian tractor manufacturer based in Caxias do Sul, Brazil, on May 14th, 2024, regarded here as respondent 1. This manufacturer participated in More Food International in 2014 and 2015, exporting 476 tractors to Zimbabwe and reached more than 6,000 families.

During the interview, it became evident that the company did not need to alter its internal processes or suppliers significantly and did not encounter any insurmountable obstacles. The respondent explained that the company did not require loans from financial institutions, as it had sufficient resources to finance production costs internally. Furthermore, minimal adjustments were made to the exported goods, such as applying special wax finishing to withstand weather conditions during transportation to the final destination.

Respondent 1 also highlighted that More Food International contributed positively to the company's export income, particularly since its export department had been established in 1970. The primary challenge faced by the company was the complex logistics involved in shipping to Zimbabwe. According to the respondent, 200 containers departed from Brazil by sea to South Africa or Mozambique, and then had to be transported by train for 600 km to reach Zimbabwe. Despite these logistical challenges, 'not a single screw was lost', and the experience gained from managing such complexity was considered valuable.

Regarding technology transfer, the respondent described the operation as a technological package. Over 500 individuals were trained to provide technical support in Zimbabwe. Despite our earlier mention of tractors being intended for large-scale production in Mozambique (Oliveira, 2019), the respondent clarified that this did not occur in Zimbabwe. On the contrary, in some instances, lower horsepower tractors were utilized in inappropriate large-scale productions.

In the end, the respondent asserts that More Food International served as a success story for other companies in the program. Each stage of the process was executed satisfactorily, and all financial obligations were promptly met by the Brazilian Development Bank. Major adaptations were unnecessary, as the company's expertise guided it along a secure path. According to the interview, it appears that the company effectively managed challenges and had everything under control. In this case, I wonder if the More Food International program required something beyond ordinary capabilities from the enterprise. As mentioned by the respondent, More Food International was merely a single opportunity and not a unique or essential activity for the company's survival.

Since my focus is on small and medium-sized enterprises, which are much more sensitive to the economic and political landscape, another interview was conducted on May 22nd, 2024 with an executive-level member of the Brazilian Machinery and Equipment Industry Association (Abimaq), referred to as 'respondent 2'.

Respondent 2 stated that small and medium-sized companies faced some specific challenges in the program. Their main difficulties included bureaucratic processes, such as documentation, and concerns about potential defaults by foreign governments, which could jeopardize financial transfers to the companies. Small and medium-sized enterprises are highly sensitive to any changes in financial arrangements, in contrast to large companies.

For small and medium-sized enterprises, seizing opportunities like More Food International is a way to grow and accumulate resources to face economic downcycles

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and survive the volatilities posed by national and international constraints. As mentioned earlier, small and medium-sized companies in the Global South innovate primarily by managing to survive. This systemic approach involves sensing and seizing opportunities from the macroeconomic and political status quo and then implementing actions or innovations to ensure market survival. While it may seem redundant to state that all firms aim to survive, the innovation process I describe is a distinctive way to achieve this goal. More Food International did not provide a lifetime growth opportunity for small companies. Additionally, according to respondent 2, only 70-90 companies associated with Abimaq participated in this program, out of a national total of 8,000 companies across all sectors.

The ability to capitalize on government programs and favorable economic periods is crucial and it is a real challenge for small and medium-sized businesses. According to respondent 2, internal operations and routines were not the central concern. When small businesses participated in the program, some lacked the expertise to export, arrange necessary documents, or trust the viability of the program. However, respondent 2 noted that Abimaq was responsible for providing help and assistance to these businesses. The same respondent stated that there were no significant problems for small businesses; their main concern was the financial return from the Brazilian government due to changing economic conditions.

Overall, the small and medium-sized enterprises that participated in the More Food International program did not engage in innovation processes capable of generating difficult-to-imitate routines or organizational practices (Teece, 2014). While they experienced temporary increases in revenue during the program, these gains proved unsustainable, and most firms reverted to their pre-program operational patterns once the initiative was discontinued. There were no substantial or permanent changes or new routines. Temporarily changes do not evolve into permanent changes in small and medium enterprises, due to their costs of opportunity.

The question I could pose is whether small and medium-sized enterprises in Brazil have exercised dynamic capabilities during the More Food International program. I can assume two different answers for that question: A) No, if I work on the traditional view of dynamic capabilities. By traditional view, I refer to Teece et al. (1997), Teece (2003, 2007, 2014), Winter & Zollo (2002), and Winter (2003) within a reductionist approach, where enterprises view themselves solely within their market and focus on how they can improve, considering that transformation stems from within

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the company, despite minor external events. B) Yes, if I adopt our assumption that innovating means surviving in unfavorable and unpredictable macroeconomic environments, without permanent transformations, routines, or resources, but with an accurate view of the external environment (market, economy, volatility of exchange rates, politics, competitors etc.), thus *making it a systemic approach*.

As mentioned before, More Food International Program did not transform Brazilian businesses into major exporters or create a widespread culture of exporting agricultural equipment. Small companies did not grow into medium or large companies as a result of this program. Instead, it provided a temporary profitable opportunity that companies used to maintain their growth rates or to minimize their past or anticipated future losses. In the Global South, no economic scenario is guaranteed or durable, and companies, whether large or small, are aware of this constant environment. These interview findings are not meant to provide empirical generalization but serve as illustrative evidence to ground the proposed reframing.

7 CONCLUSION, CONTRIBUTION AND LIMITATIONS

The dynamic capabilities framework, as initially introduced by Teece et al. (1997), defines dynamic capabilities as “the firm’s ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments.” This framework assumes that firms innovate through the development of new routines and strategic orchestration, based on three core activities: sensing, seizing, and transforming (Teece, 2007). While widely applied in business studies, such a formulation implicitly relies on contexts of relative economic and institutional stability, conditions that are often absent in the Global South.

This article proposes a systemic approach to dynamic capabilities tailored to the realities of small and medium-sized enterprises operating in structurally volatile environments, such as Brazil. In this alternative model, survival under systemic uncertainty becomes a legitimate and strategic form of innovation, even when it does not produce long-term or permanent organizational routines. Instead of associating dynamic capabilities solely with strategic transformation and durable competitive advantages, this approach interprets firms’ ability to adapt, reposition, and endure in unstable markets as a distinct form of dynamic capability. The table 1 below contrasts the traditional dynamic capabilities model with the systemic approach proposed here:

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Table 1: Comparison between the Traditional Model and the Systemic Approach

Dimension	**Traditional Model**	**Systemic Approach**
Environmental context	Stable or predictable markets	Persistent macroeconomic and political volatility
Innovation orientation	Long-term, strategic, routine-based	Short-term, adaptive, survival-oriented
Role of ordinary capabilities	Secondary; basic operational baseline	Central; platform for sensing and responding to systemic shocks
Expected outcomes	Transformation and competitive advantage	Resilience and continuity under adverse conditions

This systemic approach does not discard the foundational contributions of Teece and others but rather extends the framework to contexts where the very idea of "doing the right thing at the right time" is conditioned by macroeconomic instability, institutional fragility, currency volatility, and state-driven programs. In such settings, innovation often takes the form of pragmatic adaptation rather than radical transformation.

This approach has two theoretical implications. First, it broadens the definition of dynamic capabilities to include adaptive strategies not based on permanent routines, but on systemic awareness and opportunistic responses to transient windows of viability. Second, it challenges the universal applicability of innovation models built on Northern economic logics, arguing for a contextualized understanding of capability development in the Global South. By incorporating survival and adaptation into the concept of dynamic capabilities, this article provides a foundation for future empirical research on enterprises in emerging economies and offers a reframing of managerial agency under constraint.

It was demonstrated how developing countries have arranged a different pattern of collaboration, aiming to create a horizontal and equitable network of cooperation among themselves. More Food International was launched in 2010 to enhance cooperation with African countries in food production, particularly focusing on small family farming. This program was an international extension of the More Food Program and was directed towards Africa (and Cuba) due to Brazil's advanced expertise in tropical farming.

Overall, More Food International, as a good example of a South-South Cooperation initiative, did not present itself as a challenging or competitive program, nor did it create a rapidly changing environment. Perhaps due to the similarities between the parties involved in South-South Cooperation, all goods and services required no major implementation strategies. However, I shall abstain from making such assumptions without further research about the sales strategies among Global South countries. While More Food International may initially appear to be a challenge due to its complex scope, for the participating companies, it was merely a means of survival without requiring any innovation or actions that would be expected from a company in a North-North or North-South cooperation, where competitiveness is a factor.

As for the main inquiry of this article, although there is a wealth of excellent research on dynamic capabilities (Collis, 1994; Zollo & Winter, 2002; Eisenhardt & Martin, 2000; Winter, 2003; Andreeva & Chaika, 2006; Helfat et al., 2007; Wang & Ahmed, 2007; Bygdas, 2006; McKelvie & Davidson, 2009), I propose a new approach. I argue that the traditional approach to dynamic capabilities and its variations are not suitable for enterprises in the Global South due to their persistent macroeconomic volatility. As observed, "the welfare costs of macroeconomic volatility in developing countries are particularly large" (Loayza et al., 2007).

I propose a different approach to dynamic capabilities, a systemic one. In this approach, enterprises in the Global South do not necessarily need to develop new routines or innovate to differentiate themselves from competitors. Instead, I understand that, due to economic and political constraints, enterprises from the Global South typically analyze the environment and take actions to ensure their survival in a competitive and persistently unfavorable economic scenario. In this context, there is no magical trick or unique action that is difficult for competitors to imitate. Instead, they often resort to traditional strategies such as engaging in low-price competition or seeking governmental support, as exemplified by programs like the More Food International.

I term this approach “systemic” because enterprises and their agents cannot rely solely on internal expertise to employ survival techniques. Companies are integral parts of markets, and markets are integral components of a larger financial system influenced by governmental policies, external and internal shocks, which can affect the financial system in various and sometimes unpredictable ways. It is essential to remember that developing economies are far more susceptible to these shocks than developed countries. South-South Cooperation may be perceived as a period or trend

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during which Brazilian public policies were oriented towards industrial development and international power projection, leveraging international solidarity as a pretext.

Indeed, it is crucial for enterprises to monitor South-South Cooperation as a trend in Brazilian politics in order to comprehend its potential impact on the market and public investment in the near future. However, it is essential to recognize that this trend is not permanent, as evidenced previously. Therefore, it is imperative to strengthen the so-called ordinary capabilities within enterprises.

In free, developed, and stable markets (such as those found in developed or industrialized economies), observing competitors and implementing hard-to-imitate strategies through new processes or routines may lead to success in terms of competition. In comparison to our approach, this would represent a reductionist perspective, with no negative connotations implied by the term. I state that the existing approach is reductionist, due to the given importance of the internal routines and management to create new behaviors or products (Teece et al., 1997; Eisenhardt & Martin, 2000; Winter, 2003). Naturally, all changes come from the perception of external changes, but the focus lies on managerial skills, as Teece argues: “the ability of managers to conceive of new combinations is increasingly a key factor in sustaining competitiveness, and no framework for competitive advantage can be complete without including this managerial skill in some form.” (Teece, 2022, 122).

In the Global South, however, enterprises must remain vigilant of all threats and variables, as circumstances can change rapidly. In the Global South, the entrepreneurial landscape is haunted by omnipresent risks that can arise unexpectedly, and the only way to identify them is by possessing ordinary capabilities, which are often underestimated in the literature.

More Food International was instrumental in maintaining the economic viability of enterprises. However, it did not lead to changes in their size or internal capabilities. Through interviews with key industry stakeholders, I found that More Food International cannot be regarded as a turning point in Brazilian export agribusiness. Despite significant investment from the Brazilian government and involvement from various bureaucratic sectors, it was merely seen as a commercial opportunity for companies to sustain their operations. No new practices or routines were implemented as a result. Overall, it is perceived as a reflection of a prosperous moment in the Brazilian economy, which was translated into public policies aligning industrial promotion and foreign policy efforts only.

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I propose that in the Global South, dynamic capabilities involve the ability to swiftly identify opportunities and develop innovative processes that, while not necessarily permanent, significantly enhance effectiveness. This enables enterprises to gain a competitive edge over rivals and maintain market share, especially during unfavorable periods when traditional alternatives must be pursued rather than relying solely on innovation that is hard to imitate.

This proposal is not intended to be a counterweight to other views and approaches. Instead, I expect it to stimulate new research, critiques, and perspectives on the subject. Additionally, as the first perspective on the connection between dynamic capabilities and the Global South, like any other study, it is not immune to criticism and limitations. As conceived, there are several limitations that I can identify.

Firstly, the focus on the More Food International program in Brazil as a single case study reflects both a strength and a limitation. While Brazil serves as an important and illustrative example within the Global South, its unique socio-political and economic characteristics inevitably restrict the generalizability of the conclusions. The complexity of development contexts means that similar programs in other countries may face different institutional and market dynamics, limiting the direct applicability of the findings without further contextual adaptation.

Secondly, the qualitative nature of the research, relying on a small number of interviews with company executives and sector representatives, means that the range of business experiences captured may not represent the full heterogeneity of enterprises engaged in South-South cooperation. This limitation arises from practical constraints such as access and availability of key informants, yet it also reflects the challenges of conducting empirical research in emerging markets where data scarcity and institutional opacity are common.

Thirdly, the proposed systemic approach of dynamic capabilities is still in an early conceptual phase. The complexity of measuring adaptive survival capabilities, especially in informal or semi-formal business environments typical of many Global South economies, makes operationalization challenging. This limitation highlights a broader gap in the literature and points to the need for future methodological innovation to empirically validate the framework.

Finally, the rapidly evolving economic and political landscape of the Global South, influenced by external shocks and shifting geopolitical alignments, means that the mechanisms and patterns observed may be time-bound. This dynamic context justifies caution in extrapolating results too broadly or assuming stability in the phenomena studied, underscoring the importance of longitudinal and comparative research designs in future studies.

Regarding the literature review on dynamic capabilities, I mentioned several authors, including some who are top-cited authors, some who are recently published authors, and some who are Brazilian scholars. Although dynamic capabilities are a significant issue in business sciences, some authors have already published excellent reviews, which helped delineate the topics. However, there are undoubtedly some aspects that could not be fully addressed or explored, which may have contributed to a relatively modest literature review. By recognizing and explaining these limitations, the article situates its contributions within the realistic constraints of the research context and offers a transparent basis for interpreting its findings and guiding subsequent work.

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