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Articles

Risk Perception in the Internationalization of Brazilian Companies: An Analysis in Different Entry Modes

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Abstract: The existence of risks is a premise in business-related matters, mainly in the exploration of international opportunities. Organizations seeking to operate abroad are potentially more susceptible to the risks that exist internationally. This study follows the behavioral approaches to internationalization and conceptual ideas about risk and risk perception in international business. The main goal is to understand how the risk perception of managers in Brazilian companies with different entry modes is configured. In this qualitative research, a multiple case study was carried out. The data collection techniques established were the analysis of documents and the performance of semi-structured interviews with managers responsible for the internationalization processes of six Brazilian companies. Regarding the risks inherent to these processes, there was a greater emphasis on country/political risk factors, followed by monetary risk. The risks perceived with greater evidence, considering the entry modes addressed, are also presented for a better understanding of the results.

Keywords: risk, risk perception, entry modes, internationalization process.

Introduction

The international business scenario, especially regarding the last two decades, saw the growing expansion of companies from emerging countries operating abroad (Ahmed & Bebenroth, 2019). These are companies with little tradition of operations outside their countries of origin and known as late movers since, in countries with higher economic development, more intense engagement movements for internationalization were made already in the middle of the 20th century (Cuervo-Cazurra et al., 2019). Brazil, along with other emerging nations, fits into this context, which brings up the contemporary nature of this investigation.

For Rwehumbiza and Marinov (2020), emerging economies ventures are characterized by several unique features, such as weak institutional foundations, unstable economic growth dynamics, strong government policies, as well as other social and economic factors (De Clercq, Zhou & Wu, 2016; Sengupta, Sahay & Croce, 2018; Urbano et al., 2019). These characteristics are potential sources of risks in business and underline the importance of conducting studies in companies of emerging markets since there is, in the literature, a more evident presence of studies considering the context of countries with more advanced economies.

In this perspective, the existence of risks in business is an inevitable premise, especially when opportunities beyond national borders are being explored (Eduardsen & Marinova, 2020). As companies seek to operate in new markets, where there is a greater degree of uncertainty for foreign organizations, it becomes more necessary to expand knowledge about international business risk (Feinberg & Gupta, 2009; Heidenreich, Mohr & Puck, 2015; Eduardsen & Marinova, 2020). Therefore, given the continuous changes in the international environment, the idea of risk can be understood as a central concept in studies related to the internationalization of companies.

The idea of risk has been defined in different ways inside and outside the management literature, i.e., there is still no consensus on the theme, which is susceptible to different interpretations. Thus, the risk is a construct of a multidimensional nature, involving psychological, political, social, and economic domains (Karam, Abib & Hayashi, 2014). In this paper, we present the classic notion of risk and uncertainty as issues related to probability (Knight, 1921), but we follow the idea of risk as a distribution of possible deviations in the expected results due to events of uncertainty, which may be internal or external to the organization (Spikin, 2013). We follow this conceptualization arguing that it is more coherent with the context of the research target country.

Internationalization has become a trend and an almost indispensable condition for business success and survival (Eduardsen & Marinova, 2020). It is considered a process of increasing involvement by a company in other countries' markets, and one of the most critical strategic decisions, when companies seek to internationalize, is choosing an appropriate way to enter the foreign market (Agarwal & Ramaswami, 1992; Peng, 2013). This choice determines the risks that the company will have to bear in the host country (Hill, Hwang & Kim, 1990) and what new demands will arise for its decision-makers (Hill, Hwang & Kim, 1990; Herrmann & Datta, 2006; Laufs, Bembom & Schwens, 2016).

Thus, as our main goal, we seek to understand how the risk perception of managers in Brazilian companies with different entry modes is configured. Based on this, our research aims (1) to identify the profiles of the managers of the investigated companies, (2) to understand the internationalization processes of these companies and (3) to describe the risk factors perceived in this context. In other words, the study intends to understand what decision-makers perceive as risks to their business concerning the international operations of their companies.

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The Brazilian context is justified when we observe the scenario of political, economic, and social crises established since the mid-2010s. During this period, the country experienced several issues, such as corruption scandals, presidential impeachment, monetary devaluation, and high unemployment levels. These and other situations represent risks and may have a direct or indirect influence on business operations. Thus, we assume that Brazil is an interesting field to better understand the risks perceived by the managers and decision-makers involved in a context of uncertainties.

From a theoretical perspective, this work seeks to contribute to the fields of studies on internationalization, risk, and risk perception, since research on how decision-makers perceive risk in the process of entering international markets is still incipient (Acedo & Jones, 2007; Liesch, Welch & Buckley, 2011; Eduardsen & Marinova, 2016). From an empirical point of view, the work seeks to generate a greater practical understanding of international business risks, considering how managers in Brazilian companies perceive such risks. Reflection on the importance of developing more structured methodologies to deal with uncertainties existing in operations across borders is one of the study's contributions. Specific risks related to the entry modes are also presented.

The paper is structured as follows: in the next section, we provide an overview of the literature on internationalization and risks. After this, we introduce research settings and explain the method used. Then, we present the description and discussion of data analysis, and, finally, we conclude the paper's reflections by presenting limitations and future research possibilities.

Theoretical Framework

International business covers a series of commitments and projects that are planned by the company's management. However, according to the literature, managers are not able to predict and mitigate all the risks faced in the international scenario (Kubíčková & Toulová, 2013). In other words, in this context, many companies face a lack of information and knowledge about foreign markets, affecting their perceptions of risk (Rodríguez, Barcos & Álvarez, 2010; Leite & Moraes, 2014). In this way, the theoretical framework presents, as guidelines, the main theoretical perspectives and concepts about the researched constructs.

Entry modes

It is observed in the international business literature that the expansion of organizations to foreign markets occurs primarily in two fundamental ways, namely: (1) serving foreign markets through exports – when they present opportunities for growth – characterized by lower costs and risks inherent; and (2) through direct investment abroad, through the installation of commercial representations or production units (Peng, 2013). Internationalization can range from direct or indirect export of products or services to partial or total internationalization of business production through direct investments, becoming a transnational organization.

Entry modes, which are part of the internationalization strategy, depend on the characteristics and objectives established by the company that seeks such expansion. Considering that the internationalization process is involved in the interaction of a company's operations with the foreign market, internationalized organizations adopt different strategies to achieve their needs and objectives (Cuervo-Cazurra et al., 2019).

Internationalization considers how a company enters the foreign market (Root, 1994). In this perspective, the variety of these entry modes results in increased commitment to the resources spent on its international development (Bandeira-de-Mello et al., 2016). Internationalization processes may differ from each other and have their characteristics; however, they need to be consistent with the company's organizational structure and with the objectives intended for the overseas expansion. Therefore, the main entry modes adopted, according to the analyzed literature, refer to exports, licensing, franchising, associations and strategic alliances, joint ventures, and installation of subsidiaries (Cuervo-Cazurra et al., 2019). Table 1 presents in more detail the main entry modes observed in the literature related to internationalization.

Table 1

Entry modes in foreign markets advantages and disadvantages

Entry Modes	**Advantages**	**Disadvantages**
Indirect exports: commercial transactions abroad carried out by intermediaries and involving third-party structures.	– Concentration of resources in production; there is no need to manage export processes. – Little need for knowledge about foreign markets.	– Less learning about business in the foreign market; – Higher transaction costs, less distribution control, and greater dependence on intermediaries.
Direct exports: commercial transactions abroad carried out by commercial offices and professionals of the organization itself.	– Economies of scale, with production concentrated in the country of origin; – Greater control of distribution (compared to indirect exports).	– High costs for transporting large volumes; – Greater impact of trade barriers.
Licensing: by contract, the company abroad obtains the right to manufacture and sell, using processes, brands, patents, and knowledge from the licensor. There is a fee and/or royalty payment.	– Lower costs than acquisitions and greenfield investments; – Lower risks (of the licensor or franchisor) in international expansion.	– Little control over technology and marketing; – Requires effort to maintain standardization; – Possibility of disseminating know-how and creating competitors; – Less chance of engaging in global coordination.
Franchises: the franchisor grants rights related to the brand, processes, knowledge, and products to foreign franchisees, receiving a franchise fee and royalties. Standards and rules defined in the contract are established.		
Joint venture: the alliance between companies, aiming at joint operation with the possibility of exchanging or sharing tangible and intangible assets in the exploration of a market. It is not considered a fusion.	– Sharing costs and risks, as well as access to knowledge and assets of the partner; – Possibility of greater market dominance; – Taking advantage of synergies can leverage competitive advantages.	– Possibility of diverging goals and interests between partners; – Possible impacts caused by cultural differences; – Possible difficulty in international coordination.
Acquisition: the investment involves the acquisition of one or more units of another company abroad.	– Possible absorption of skills, technologies, and acquired networks; – Global coordination skills; – Full control of the unit; – Higher entry speed.	– Potential political problems and risks; – High costs; – Post-acquisition integration problems.
Greenfield: unit built from the beginning, with investment and full control of the headquarter.	– Full control of the unit; – Protection of technology and know-how; – Possibility of global coordination; – Greater possibility of global standardization.	– Impact of high costs and acquisition of knowledge necessary for the new market, country and culture; – Potential political and legal problems and risks.

Adapted from Peng (2013)

As we can note, considering its overall benefits and entry mode of choice, the internationalization process can improve the companies' competitiveness and adapting skills (Fleury & Fleury, 2007; Amato Neto, 2008). However, as observed in this research, the process of entering overseas markets can also expose companies to the risks that exist on the international stage, which can affect their performance depending on the strategies for entering and maintaining their presence in the foreign market, revealing possible disadvantages of the process (Peng, 2013; Stocker & Abib, 2019).

Theoretical perspectives for internationalization of companies

The literature is extensive regarding the internationalization subject and presents several perspectives developed over the past decades that seek to explain the motivations and strategies adopted by companies operating across borders. There are two lines of research promoted

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by several authors who have contributed to the theme over the years (Cruz, Floriani & Amal, 2021). The first of these and established as a guideline for this research, is based on behavioral approaches, in which the company's knowledge about the various market variables is decisive for the internationalization process. The second approach is based on theories of economic nature that seek to explain the characteristics of companies and markets that stimulate internationalization.

The internationalization of companies by allowing a variety of theoretical approaches, whether they be behavioral-based (Uppsala School, Nordic School of International Business) or economic-based (Product Cycle Theory, Market Power Theory, Internalization Theory, Theory Eclectic Paradigm), points to a possible interconnection with other theoretical approaches and a range of potential studies on the subject. In Table 2, prominent theoretical perspectives on the topic are observed, considering both approaches mentioned.

Table 2

Main theoretical perspectives of internationalization

Behavioral Approach	
Theory	**Arguments**
UPPSALA School (1977/1990/2009) Johanson; Vahlne	Companies develop their international operations gradually. The model premise predicts that the lack of knowledge about markets is an obstacle to the development of international operations, and that the necessary knowledge can be acquired over time. Evolution is considered by the degree of learning, which will influence the process of international involvement.
Networks perspective (1988) Johanson; Mattson	This perspective appears as a complement to the thoughts of the Uppsala school, with aspects of relationship networks. Networks emerge as determinants and influencers in international business. Not only will behavioral factors determine the choice of markets, but networks will also influence participation in other markets and networks.
International Entrepreneurship (1989/1994/2005) Oviatt; McDougall	International entrepreneurship seeks to explain the international expansion of companies by analyzing how entrepreneurs recognize and exploit opportunities. The motivations that lead them to international operations are also studied. The outlook is not limited to new companies, as it understands that established companies also need to become entrepreneurs to compete internationally efficiently.
Economic Approach	
Theory	**Arguments**
Market Power Theory (1960/1976) Hymer	When organizations are in an early stage of growth, they envision greater participation in the domestic market, thereby getting involved in the processes of acquisition, merger, and strategic alliances (strength of monopoly or oligopoly).
Internalization Theory (1976/1998) Buckley; Casson	It aims to seek cost minimization. Location costs, internalization factors, financial variables are all identified in the literature as playing an important role in determining how to enter the foreign market.
Eclectic Paradigm Theory (1977/1980/1988) Dunning	It seeks to explain that when companies decide to produce internationally, they must, primarily, have a specific advantage over their competitors. Ownership Advantage (O) – possession of the best resources, management capacity, brand, patents. Location Advantage (L) – location, labor, energy, costs, transportation, Internalization Advantage (I) – option to internalize or externalize operations– transaction costs.

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Regarding this background, a gradual – however growing – line of studies involving the risks existing in specific situations is emerging, especially to understand the manager's role in dealing with perceived risks (Leite & Moraes, 2014). There is, then, a need to develop studies about risks regarding new situations and business opportunities (Kot & Dragon, 2015) in the context of international business (Kot & Dragon 2015; Müllner, 2016).

Risk

Due to a high level of uncertainties in the business scenario, it is seen that difficulties are expected from organizations in predicting behaviors and consequences. For Cabedo and Tirado (2004), internal and external factors influence the business performance and are related to the challenges inherent to the companies operations and the market in a generalized way, thus configuring the risk intrinsic to the business.

The risk construct has been conceptualized in several ways, an issue that hinders the existence of a consensus on the subject. However, the different interpretations for the idea of risk can also be understood as useful tools to encourage the continuous development of studies on the topic (Jhunior & Abib, 2019; Spikin, 2013).

The notion of risk probability refers to one of the first accepted definitions of the term developed by the economist Frank Knight in 1921, which focuses on the distinction between risk and uncertainty. Thus, in this classical definition, risk refers to situations in which the probabilities can be identified in possible outcomes. In other words, it can be quantified. Uncertainty, in turn, in Knight's (1921) perspective, is related to events or results whose probability of realization cannot be determined statistically, and it can be associated with probability distributions in a subjective context.

The boundary between risk and uncertainty is somewhat dynamic, that is, although they are different concepts, they are associated in an omnipresent way (Knight, 1921). Based on the analyzed literature, we argue that the risk and uncertainty constructs can be conceived as complementary regarding the understanding of the risk perceptions of managers in strategic movements, as in the case of the internationalization of companies.

In this way, the present research used a definition of risk more consistent with the contemporary perspective for the business environment, as observed in the empirical course of the study. Therefore, we understand that risk is the distribution of possible deviations in the expected results and objectives due to uncertain events, which may be internal or external to the organization (Spikin, 2013). In this perspective, the influence of risk factors can have positive or negative connotations, in other words, it can generate losses and, also, potential opportunities (Pagach & Warr, 2011; Spikin, 2013; Brustbauer, 2016; Guo & Jiang, 2020).

Thus, the risk addressed in this study is the risk faced by managers and entrepreneurs to internationalize the company, which depends on the willingness and possibility of the resource's commitment (Lumpkin & Dess, 1996; Leite & Morais, 2014). The exploration of opportunities in the international environment presents itself as risky (Johanson & Vahlne, 2009) since the managers involved can rely on their perceptions and make both decisions that guarantee good returns as well as those that are negative to the company (Etemad & Keen, 2018).

In this perspective, Sitkin and Weingart (1995) define risk perception as the assessment of the levels of risks inherent in a situation and the control that individuals perceive they have over such risks or uncertainties and their results. This is the definition adopted in this research. The perception of risk encompasses the substance of the definition of risk (Lehtiranta, 2014) and determines the scope of the risks that are considered in specific situations.

Regarding the context of international business, perceptions of risk varying between countries, mainly in terms of institutional, psychic, geographical, and cultural distance (Johanson & Vahlne, 1977; Kogut & Singh, 1988; Bouncken, Cesinger & Kraus, 2014), and differences in market development (Brouthers, 2002) affect the processes of internationalization. The literature also states that strategic choices are not only guided by industry conditions and firm capabilities but are also a reflection of the formal and informal constraints of a particular institutional framework that managers confront (Jarzabkowski, 2008; Peng et al., 2009). It is possible to argue then that strategic decisions, such as the internationalization process, can be influenced by various factors depending on the way that these managers perceive and deal with the risks inherent to international operations.

Another risk driver in internationalization is the entry mode choice (Šarapovas, Hüettinger & Ričkus, 2016) since entry modes with greater capital investments generally imply greater risk (Brouthers, 2002; Hennart, 2009). Ghemawat (2001) argues that most of the risks result from barriers created by the idea of distance. The author states that distance has cultural, administrative, political, and economic dimensions that can make foreign markets considerably more or less attractive in internationalization processes. That is, such distances are factors that can influence the risk perception of managers involved in strategic processes such as internationalization (Ghemawat, 2001). Although distance and entry mode choice are theoretical representations of risk in location and entry decisions, little evidence exists about how these combined perceptions of risk lead to effective management processes (Kraus et al., 2015).

Given the above, in the current scenario of studies related to corporate risk, the great volatility characteristic of the business environment caused by economic and political circumstances gives new perspectives to issues related to how to deal with risks (Kot & Dragon, 2015). Companies that aim to remain active in the market must dynamically adapt their exposure to risk (Müllner, 2016).

Thus, considering the empirical path of this research, we adopted the risk classification of Cavusgil, Knight, and Riesenberger (2010), which presents internationalization as related to four main types of risk, namely: commercial risk, monetary risk, country risk, and intercultural risk. In this classification, the authors listed as inherent to commercial risk: the weakness of the partners, the competitive intensity, operational and strategic problems. As monetary risks, issues related to assets, foreign taxation, price, inflation, and monetary exposure are considered. In country risk, also known as Political Risk, government, social and political issues are observed, and in cultural risk, ethical and cultural issues are considered, as well as the decision-making and management styles of companies present in the country. According to the aforementioned authors, the risks inherent in international business are not seen as inevitable. Through their perception and assessment, managers can direct strategic actions to accept, avoid, transfer or mitigate their effects on the organization.

Finally, it can be seen that internationalization implies benefits, costs, and risks that must be observed for each case, depending on the business objectives and the capabilities of each organization in dealing with the risks inherent in external markets (Stocker & Abib, 2019). In this perspective, this study analyzed specific cases of internationalization processes in Brazilian companies to ensure a better understanding of their entry into international markets based on the risk perceptions of the managers and entrepreneurs involved. The next section presents the methodological procedures adopted in the research.

Methodological procedures

For the research design presentation, we need to define the main parameters of the study, formulated from the theoretical framework and guided by the established objectives. In this perspective, considering our goals, this qualitative research is characterized as descriptive, which seeks to observe, analyze, and correlate facts or phenomena without manipulating them (Cervo, Bervian & Silva, 2007). In this type of research, information is obtained in the reality, that is, the environment in which events emerge (Cervo, Bervian & Silva, 2007).

Regarding the research strategy, this is a case study that, according to Stake (2010), is one of the typical forms of the qualitative method. In the context of organizational research, the case study consists of a detailed investigation, using data collected from one or more organizations, aiming to guarantee analysis of the context and processes involved in the studied phenomenon (Hartley, 1995). Therefore, the data collection techniques established were the analysis of documents and, mainly, the performance of semi-structured interviews (See Appendix). Regarding the temporal dimension, the study was characterized by its cross-section with a longitudinal approach allowing individuals to resume previous experiences to describe and clarify current events (Cooper & Schindler, 2016), thus enabling access to the perceptions of managers before, during and after the internationalization of their companies.

Given the above, regarding the choice of the studied cases, the internationalization processes of six Brazilian companies from the southeastern and southern regions of the country were investigated. These regions were selected as they are the most economically developed in the country, having the highest industrial concentration among the five Brazilian geographic regions (Monteiro Neto, Silva & Severian, 2020).

All the companies, considering the context of their internationalization processes, were initially sought following the Brazilian classification of small and medium-sized enterprises (SMEs) established by the Ministry of Industry, Foreign Trade and Services and its Secretariat of Foreign Trade, i.e., companies with up to 200 employees. Following the research objectives, we selected companies considering their different sectors and internationalization contexts, in addition to the possibility of access to decision-makers. In this way, we sought to obtain varied perspectives of the managers' risk perceptions.

The choice of companies was also based on their internationalization strategies, considering the main entry modes chosen by Brazilian companies and recognized by government agencies (ApexBrasil, 2018). The managers interviewed in this investigation were directly responsible for their internationalization, whether with a process still in progress or previously established. To gain access to the interviewees, the researchers contacted their respective companies through publicly available phones and e-mails, as well as using the social network focused on business networks, LinkedIn, which made it possible to send direct messages to possible interviewees.

In this research, it was decided not to identify the analyzed companies since there were requests for confidentiality by some of the interviewees. The companies will be cited according to the following nomenclature: Alpha, Beta, Gamma, Delta, Epsilon, and Zeta. Thus, six interviews were conducted with managers who were directly involved in the internationalization process of companies. All were recorded with the interviewees' consent for later transcription and content analysis of the collected data. Content analysis is a set of techniques for analyzing communications, which uses systematic procedures to describe the information obtained (Mozzato & Grzybovsji, 2011).

The data generated were treated by transcribing the interviews, as well as by organizing the documents obtained. The transcript of each case was then analyzed individually by the researchers while comparisons were made with documents obtained from different sources (sites, social networks) and with those provided by companies. As this is a qualitative investigation with a large volume of textual data, it was decided to use the seventh version of the ATLAS.ti software to assist in the analysis of the data. The software served primarily to ensure greater organization of the obtained data, facilitating the observation of nuances in each case studied.

Data description and analysis

Based on the information previously presented, Table 3 presents the general data of the companies studied considering their years of foundation and internationalization, the business sectors, the entry modes adopted, as well as the countries in which the organizations worked during the realization of this research.

Table 3
General data of the studied companies

Company	Business sector	Foundation	Entry into a foreign market	Entry modes in the foreign market	International markets in operation
Alpha	Software & Consulting	2011	2014	Strategic Alliance and export of software and services	Mexico, Colombia, and Argentina
Beta	Clothing	1990	2007	Export of textile products	Bolivia, Uruguay, Paraguay, Ecuador, Costa Rica, Saudi Arabia, Palestine, and Japan
Gamma	Audio-visual	2010	2014	Licensing and export of services	United States, Germany, and other European countries
Delta	Software	1998	2008	Merger, acquisition of subsidiaries, and greenfield	United States, Colombia, Mexico, and Argentina
Epsilon	Software	2012	2014	Licensing, service export, and greenfield	The United States of America and Latin America
Zeta	Food	2014	2016	Franchise	England and Canada

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Regarding the interviewees in the empirical research path, Table 4 presents general data about their profiles, containing their hierarchical positions in companies, in addition to whether they participated in the internationalization process since its beginning and whether they had an international experience before the internationalization of organizations they represent in the study. The interviewees were aged between 29 and 35 years.

Table 4
Interviewee profiles

Company	Hierarchical position	Participation since the beginning of the process	Academic education	Previous international experience
Alpha	International expansion manager	Yes	Journalism and Social Communication	No
Beta	Exportation manager	No	Administration and Foreign Trade	Yes
Gamma	CEO	Yes	Communication and Advertising	No
Delta	Former Executive Director and Former Vice President (currently a shareholder)	Yes	Business Administration	Yes
Epsilon	Managing Partner (responsible for the Brazilian headquarters)	Yes	Information Technology with an MBA in Strategic Management	No
Zeta	CEO	Yes	Business Administration	Yes

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Based on the theoretical background and the analysis of the data obtained, and considering the interviewees' profiles, some information can be discussed. Thus, it is observed that research on the argumentative context of behavioral approaches to the internationalization of companies (Johanson & Wiedersheim-Paul, 1975; Mcdougall, Shane & Oviatt, 1994; Toulová, Votoupalová & Kubíčková, 2014) argues about the importance of the managers having previous international experience for the success of the internationalization processes, however, this did not prove to be an essential characteristic in entering external markets for the companies analyzed in this investigation.

Despite this, understanding internationalization as a process in which it is necessary to deal with various types of risks, it was confirmed that the search for foreign markets is directly affected by the existence of a global mindset or desire for growth across borders (Toulová, Votoupalová & Kubíčková, 2014). In other words, such motivation to make the company internationalized was more evident in the effectiveness of the process when compared with the interviewees having or not having previous international experiences.

Regarding the process of internationalization of the companies analyzed based on the behavioral approach of internationalization, it was noticed that all companies have internationalized or are carrying out the process gradually following the precepts of Uppsala, making the learning factor and experiential knowledge present in their entry modes (Johanson & Vahlne, 2009; Carvalho & Dib, 2013). In other words, despite the different levels of aggressiveness in the entry modes observed in the research, we noted the concern of managers regarding the continuous search for greater understanding about the target markets as well as the establishment of networks capable of promoting internationalization.

In this perspective, Moraes et al. (2017) state that the role of networks in promoting the internationalization of companies is undeniable in the international business literature. Thus, it is observed that the Networks theoretical perspective was also present in our study. The establishment of professional networks in the internationalization processes was constant even in companies whose manager sought to avoid the establishment of partnerships with other organizations, as in the case of the Epsilon Company, which, despite this, needed to be part of internationally established networks to effectively enter the US market.

Concerning the risk perceptions of the interviewed managers based on the classification of Cavusgil, Knight and Riesenberger (2010), they were asked about what each one considered as types of risks more and less impacting their companies in the internationalization processes in a scale from 1 (least impactful) to 4 (most impactful). Regarding the two largest companies in the software industry analyzed in the study, Alfa (one of the largest in Brazil in Digital Marketing) and Delta (one of the largest developers of applications and software in Brazil), it was argued that the most evident risk and with the greatest potential for impact is country risk, or political risk, given its unpredictability and mitigation difficulties, as the Delta Company interviewee comments.

> Between country and commercial risks, I think both are inherently high. But I think the country risk is a little more. Because commercial risk, in some way, can be better measured. This risk with a political perspective follows the same uncertainty of the countries themselves. Some have a little more volatility than others, and this can affect a lot because political issues have a great influence on business, since things can change when we least expect it, and an election, for example, can change all of our planning (E04).

In the case of Alpha, the country risk is most evident considering the internal issues in Brazil, due to the country's instability scenario, according to the company's interviewee. It was observed that the context of the Brazilian crisis was frequently cited during the research by different managers. In the case of Gamma, the CEO argues that his presence in the USA made the company look more reliable for customers and partners, ensuring greater investment possibilities. The company Delta, in turn, understands that the risks existing in the Brazilian territory are more evident in comparison with the risks in the established international businesses. It can be seen, considering the experiences of these companies, that the contemporary situation of political and economic uncertainties in the country is a motivating factor in the internationalization processes of companies.

For the Alpha and Delta companies, monetary risks were positioned as less impacting as there is a greater planning and governance structure for situations involving financial issues. Beta was the only company in the textile industry with exports of physical products (fabrics and clothing collections). In the Beta company interviewee's perception, the type of risk with the higher possibility of an impact on business is commercial, due to the difficulty in dealing with more aggressive competitors, mainly foreigners such as the Chinese, and in maintaining efficient strategic partnerships in the activity of direct export, as observed in the analysis of the Beta case. The country risk was also mentioned by the manager as being of high relevance because of its unpredictability. For the interviewee, the least evident type of risk is intercultural, which, for him, despite having caused problems in the company's history, can be solved with "a good alignment of expectations", in his words.

In the case of Gamma, representing the audiovisual industry, the CEO interviewed argued that commercial risk is the least likely to affect the company due to the existing confidence in the strategies used by him and his team. Intercultural risk, in turn, is seen by the entrepreneur as the most impactful for the company, since the organization works with the production of creative content, as commented by the manager.

> [...] it is important to do an extremely thorough job when we are creating content or advertisements, for example, for our international clients because any faux pas, however small, can greatly affect the image of a company like ours. (E03).

Regarding the company Epsilon, the director interviewed commented that monetary risk is characterized as having the greatest influence on the company's international business relations, which focuses on the American market. The accounting and legal rules of the United States, in the interviewee's view, are less flexible than the Brazilian ones. This fact makes it necessary to maintain high levels of discipline with the established payment terms. It is a different reality from the existing one in Brazil, according to his perception. Another type of risk mentioned as important in the interviewee's perception is intercultural, due to the technical culture existing in the United States, with no room for the "Brazilian way", in his words, which companies are used to working within Brazil.

In turn, the company Zeta carries out the internationalization process through the expansion of its franchises. The interviewed CEO had difficulties in measuring which types of risks would be more evident, however, he argued that he perceives with greater clarity the country and monetary risk factors. As mentioned in the individual analysis, the expansion to the English market was initiated in the context of the official departure of the United Kingdom from the European Union. For the manager, the types of risks mentioned as most important are complementary in specific issues such as Brexit and had a greater possibility of making Zeta's entry into international business unfeasible.

Thus, to simplify the previous arguments, Table 5 presents the types of risks perceived with greater evidence in the analyzed companies based on the typology adopted in the study.

Table 5

Types of risk perceived with greater evidence

Company	Types of Risk	Arguments
Alpha	Country Risk and Commercial Risk	"For the time being, we don't feel so much political risk issues in the countries where we operate. But we followed the situation here in Brazil with some apprehension. Everything has been very unstable in recent years, and we don't know how it can affect us as a Brazilian company operating outside the country." (E01)
Beta	Commercial Risk and Country Risk	"[...]Chile buys a lot from China because it has Chinese agreements. So how can we compete on an equal footing with Chinese companies? It is very difficult to act. The Brazilian industry itself internally already suffers from Chinese products, even here having much more protectionism. Now if we compare with Chile [...], how will we be able to compete with Chinese companies if they have zero import taxes in Chile? It is impossible to compete with a price under these conditions." (E02)
Gamma	Intercultural Risk	"Language and culture are factors that we take into consideration in all the movements that we make. Outside of Brazil, we work producing content in English for an audience that consumes in a different way than we are used to. We cannot fail in this regard under any circumstances." (E03)
Delta	Country Risk and Commercial Risk	"There was a time there in Argentina when, together with other companies, they blocked all the resources that we had generated in the country. These funds could not be withdrawn from Argentine territory. This promptly determined our strategic change with the country [...] We cannot control or even accurately predict this type of risk with political influence." (E04)
Epsilon	Monetary risk	"[...]Here in Brazil, it is much easier. We can leave the credit account negative, but if you pay the interest, everything is fine. Except that in the USA, if we are negative for something like three days, they charge extremely high values and that's it, there's no way and you have to pay. There is another culture. Something that also becomes a risk is the accounting and legal issues. We see this as a risk because we still don't understand some rules well, we need to adapt better." (E05)
Zeta	Monetary Risk and Country Risk	"When we entered London, we observed and reflected a lot on the issue of Brexit [...]. We decided that we would not stop operation because of speculation that in the end became a fact [...]. At the end of the day, things happen, and all the prevention we make gives us some security. We tried to prepare ourselves as was possible for this operation. It was important for us to arrive on different soil and have to bow our heads, be humble, and learn more and more about the local economic issue." (E06)

the authors, based on the study's empirical data (2021)

Regarding the risks perceived by the managers, observed mainly when conducting the interviews and presented in the description of the investigated cases, Table 6 presents the perceptions about the risks inherent to the entry modes analyzed, according to the interviewees' arguments. Seeking to contribute to the theoretical-empirical development on the idea of risk and uncertainty in international business, the table reveals the main risks considered by the companies studied.

Table 6

Perceived risks considering entry modes

Entry Modes	Perceived Risks
Export	– Market adaptability (cultural issues); – Company's internal adaptation to internationalization; – Brazilian political and economic fragility and uncertainty; – International taxes; – International political uncertainties; – The intensity of local and international competitors; – Customer retention; – Pricing; – Qualification of employees for export; – Timing for production/product development.
Licensing	– Market adaptability (cultural issues); – Costs for maintenance of physical structure in another country; – Brazilian political and economic fragility and uncertainty; – International political uncertainties; – Competitive intensity; – Maintenance of company leaders abroad; – Accounting, legal and contractual issues less flexible compared to Brazil.
Franchise	– Market acceptance of products (cultural issues); – Brazilian political and economic fragility and uncertainty; – International political uncertainties; – The intensity of local and international competitors; – Franchisee relationship.
Merger and Acquisition	– Differences in foreign cultures and business habits; – Brazilian political and economic fragility and uncertainty; – Management of branches in international territory; – International political uncertainties; – Competitive intensity; – High investments in the company's entry and maintenance processes abroad.
Greenfield	– Differences in foreign cultures and business habits; – Brazilian political and economic fragility and uncertainty; – Management of branches in international territory; – International political uncertainties; – Competitive intensity; – High investments in the company's entry and maintenance processes abroad; – Maintenance of company leaders abroad.

the authors, based on the study's empirical data (2021)

In this research, four of the six internationalized companies investigated work with export, whether of physical products (textile industry) or virtual (software), and the perceived risks presented in the previous table reveal the existing convergences regarding the risks inherent in the internationalization carried out through direct and/ or indirect exports. Two companies used the licensing strategy to be able to operate physically in a foreign territory and, as they are still classified as small companies, they are specifically impacted by the need to maintain leadership in the target foreign market. Competitive intensity and relationship with franchises are prominent factors in an internationalization carried out through franchises, as observed in the case of the company Zeta.

Previous studies in emerging markets focused mainly on understanding the behavior and performance of large multinational companies, such as Multilatinas, which, as proposed by Cuervo-Cazurra (2008), present strategic positioning standards in the international market, considering the proximity and cultural distance, and the development level of the countries with which business is carried out. On the other hand, Ramamurti (2012) analyzed the determinants for the internationalization of emerging multinational enterprises (EMEs) considering the influence of the global context of internationalization, the effects of the country of origin, the industrial context of multinationals, the stage of multinationals evolution; as well as the impact on the internationalization speed, the target countries, and the entry modes/ internationalization strategies.

The results found in the analyzed cases also show the risks perceived in internationalization through mergers and acquisitions, as well as in the greenfield strategy, both entry modes that require a higher organizational maturity level, which is present in the Delta company case. Greenfield is the strategy that is to be used by the company Épsilon due to the imminent end of the incubation that it receives abroad since there is the company's interest in staying in the American market. Thus, especially with Delta company, it is observed that the arguments of Peng (2013) are corroborated in the internationalization strategies for mergers, acquisitions, and greenfield, since the political risk/country risk factors in the classification of Cavusgil, Knight, and Riesenberger (2010) present themselves as more prominent.

In comparison to the risk factors perceived in these international ventures, it is noted that, like other ventures originating in emerging countries, such as studies in Indian companies (Singla & George, 2013), Chinese companies (Prange, 2012; Chen, Ahmed & Bebenroth, 2020) and Taiwanese companies (Wen-Ting, 2012), the institutional environment has a great influence on the internationalization process of companies, mainly because in these environments, some multinational companies already dominate the domestic market and there are no strong institutions to support small enterprises, and for this reason, SMEs are forced to expand their business outside the country searching for competitiveness in a global scenario.

After presenting and discussing our results, the following two sections present concluding remarks addressing this study's general panorama and its limitations as well as suggestions of new research paths, especially when considering the current context of systemic crises experienced by Brazil, a similar context of other emerging countries in the international scenario.

Concluding remarks

This research, based on internationalization behavioral approaches and conceptual ideas about risk in international business, aimed to understand the configuration of the risk perception of managers in Brazilian companies with different entry modes. Our study sought to identify the profiles of the investigated managers while trying to understand their companies' internationalization processes so that it was possible to describe the risk factors perceived in this context.

The internationalization processes of six Brazilian companies were qualitatively investigated through interviews with their managers and analysis of documents obtained. Content analysis was the methodological decision in the path to understanding the data generated. The study in companies of diverse branches and realities made it possible to obtain a broader comprehension of what is perceived as a risk by managers in a context of high uncertainties.

The main contribution of this research to the management literature is made by pointing out, with empirical support, the risk factors that may impact the internationalization of companies in an emerging market, such as Brazil. From a managerial perspective, it is understood that this study can support managers who deal with international business to understand which risks may have a considerable impact on their business.

During the development of the study, it was noted that in different approaches, all the companies analyzed looked for ways to supply the lack of information on foreign markets and to mitigate the perception of risk and uncertainty caused by lack of knowledge. To this end, there was an attempt to be part of networks maintaining contact with other managers and entrepreneurs in the specific branches of each company. Strategies such as (1) benchmarking, (2) participation in events, lectures,

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and fairs to expand the network, (3) entry into international incubators, (4) licensing of spaces to operate abroad, as well as (5) seeking support in organizations and government agencies were observed in the studied internationalization processes.

Regarding the risks inherent in the internationalization processes of the companies studied, there was a greater emphasis on country risk factors, characterized by issues such as the possibility of government intervention, protectionism, and barriers to trade and investment, in addition to monetary risk related to uncertainties about possible fluctuations in exchange rates. In addition to these risks, commercial and intercultural risk factors were also identified, despite having less influence.

Another piece of information that can be highlighted is the fact that companies consider the impact of national and international risks in their strategies. It was observed that cultural issues related to trading style, as well as factors related to trade and monetary legislation, make Brazil a scenario with risk levels comparable to the risks perceived in international markets. This characteristic of the Brazilian market proved to be an incentive for the companies studied to engage in the internationalization process.

Finally, the specific risks perceived by the interviewees were presented considering the entry modes addressed in the research. Among them, similarities and particularities were observed regarding the risks inherent to the different entry modes into foreign markets. An example of risk perceived by all the companies studied was the context of Brazilian political and economic fragility. Our findings indicate that despite being an internal/domestic factor, the importance given to country risk reassures the specificity of internationalized Brazilian companies in the scenario of crisis and uncertainty experienced by Brazil since the mid-2010s.

Limitations and suggestions for future studies

The development of this investigation found limitations that can serve as guidance for new research avenues. The risk in international business remains a fruitful area to be explored. For instance, an agenda for future research goes beyond this present study and includes, considering our limits and focus on SMEs, the perceived risks for large and multinational companies with greater bargaining power and broader operations.

We investigated cases from different sectors, and we understand that this makes it complex to develop a deeper understanding of a more specific context. Furthermore, being a qualitative study, it is not possible to guarantee generalization on the analyses performed. In these perspectives, we suggest the development of new studies focusing on specific sectors, as well as the use of quantitative approaches to improve the findings of this study. The perceived risks observed here may serve as input for the development of variables in future research.

Investigating the internationalization processes more deeply would also be interesting. In this study, we analyzed the interviews conducted,

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and the documents obtained. Such analyses could be even more interesting if they were accompanied by the participation of researchers in the companies' routines, with non-participating observations, for instance. Thus, it would be possible to guarantee greater accuracy in the perceptions analyses, capturing more subjective nuances.

Another opportunity for new studies is shown from the results since our focus was on the international business manager and not on a specific business sector or entry mode. Future studies can explore the possible correlations between decisions in internationalization processes and ways of dealing with the risks inherent in these contexts. Besides, further research can expand the scope of the investigation by studying other actors involved (directly or indirectly) in the processes. In this perspective, stakeholders such as customers, employees, and partners can be heard about the company's internationalization to capture new perspectives capable of complementing the information provided by managers.

The research findings show how the instability common to the international business environment – already affected by factors such as cultural distance and monetary issues – is increased by factors related to political, economic, and social contexts both in the host countries and in the countries of origin of the internationalized companies. Corroborating the previous studies (Jiménez, Luis-Rico, Benito-Osorio, 2014; Laufs, Bembom, Schwens, 2016; Costa, Figueira, 2017; Eduardsen & Marinova, 2020) and considering the empirical findings of the investigation, we suggest the development of research regarding the impact of political risks on international business. In other words, it is understood that the current context of increasing uncertainties in the beyond national borders scenario makes it necessary to study more specific risks, as in the case of political risk.

Finally, corporate risk management techniques were not addressed directly in the present work, which limited the idea of risk perception and can also be studied in research to come, since such management can be essential in the way companies deal with perceived risks. Corporate risk management comprises a process that directly impacts the achievement of the organization's strategic objectives based on the managers' perception of risk (Jhunior & Abib, 2019). Then, risk management proves to be a relevant issue for the business context and, therefore, the present study can guide new research perspectives on this topic.

Given the research discussed and considering the due limitations, we believe that it was possible to achieve the established goals. We hope that this study will assist the development of the literature on risks in international business.

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Appendix: Interview script

a) Interviewee information:

a) Interviewee information

   1. Tell us a little about your professional career and relationship with the company.
   2. What is your role in the organization? (Could you talk a little about your background?)
   3. In your previous experiences, did you establish contacts with people or companies abroad? (What impact does this have on your performance?)

b) Company Profile:

   1. Tell us about the conception and creation of the company (historical data, time of operation, portfolio of products or services, diversification, and geographic activity).
   2. Was there an intention to make the company international since its conception?

c) Characterization of the company's internationalization:

   1. What internationalization strategies were adopted as an entry mode? (alliances, licensing, collaborative production, opening branches, direct or indirect export)
   2. Which countries are part of the company's international activities? (What are the reasons for choosing these countries?)
   3. When did you realize that the company was ready to enter the international market?
   4. Considering the internationalization, did the company adopt a step-by-step strategy, or was it more aggressive?

5. What changes occurred internally in the company after the internationalization process started? How did management perform in the face of these changes?
6. Has the company established any partnerships in its international activities? (Any type of partnership, whether with Brazilian companies or not, multinationals or even individuals).
7. In your opinion, what is the relevance of the internationalization process for the company?

d) Risks in the company's internationalization: Risks Perception

1. What do you consider the main challenges for internationalization?
2. In your opinion, what do you mean by risk?
3. Do you consider the company's internationalization as a risky activity for the company? (Why?)
4. How do you interpret the company's national and international operating environments? (What are the similarities and differences between the markets, and which ones would be the riskiest?)
5. How are risks identified? (Analysis of the environment, hiring consultancy, practical experience, experience in the sector?)

e) Types of Risks

1. In the company's understanding, what are the risk factors related to the intercultural environment in which the company is operating internationally (e.g., language, customs, culture, negotiation styles, ethical practices)?
2. How do country-related risk factors (government intervention, bureaucracy, corruption, legislation, political and economic instability) influence company decisions?
3. How does the company prevent monetary risks concerning monetary exposure, foreign taxation, inflation, and currency transfers?
4. Are commercial risks perceived (choice of partners, operational problems, competitive intensity, definition of strategies)? How does the company deal with them?
5. Considering the identified risks (intercultural, country/political, monetary, and commercial), how, on a scale of 1 to 4, would you measure them?

f) Other comments:

1. After perceiving the risks involved in the process, what actions were taken to avoid them? (Are there

instruments, tools, and practices that assist in risk management?)

2. Are there plans for new projects and greater involvement with international activities?
3. Are there any questions about the interview that you consider important and that have not been addressed? If so, what would it be?