



International Journal of Innovation

E-ISSN: 2318-9975

editora@uninove.br

Universidade Nove de Julho

Brasil

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International Journal of Innovation, vol. 1, núm. 1, enero-diciembre, 2013, pp. 38-48

Universidade Nove de Julho

Valdivia, Brasil

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NOVATION IN THE STRATEGIES OF INTERNATIONALIZATION OF BRAZILIAN MULTINATIONALS: EVALUATION OF THE CULTURAL NATIONAL DIMENSIONS: A STUDY CASE OF THE MEAT PROCESSING SECTOR

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ABSTRACT

This article sketches the evolution of Brazilian multinational companies, from the perspective of the development of Latin-American multinational companies, with respect to the process of globalization. With this article, we looked to characterize the typical profile of these enterprises in agreement with the Dunning Model to confirm if this typology is adequate for the characterization of internationalization strategies. We also explored the Theory of the Cultural Dimensions of Hofstede. While doing this, we analyzed which model measures the strategic alignment and is more orientated in terms of: (i) exploration of natural resources and advantages of costs of labor not qualified (resource seeking), advantages; (ii) location and synergies of market (market seeking), investments; (iii) search of strategic assets of the type efficiency seeking (for what they look to rationalize the production and to explore savings of specialization and location), investments; and (iv) type of strategic asset seeking (turned to the acquisition of resources and competences with the objective to develop competitiveness through of the innovation and growth of strategic capacities). We also summarize the referential system that makes possible the development of future inquiries for the delineation of the principal strategies, of the public politics of the National States, and also the financial strategies of these enterprises.

Key Words: Strategic innovation; Brazilian multinationals; Foreign investment; Globalization; Latin American multinationals and multinationals from emerging countries.

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1 INTRODUCTION

The research regarding the character and nature of Foreign Direct Investments (FDI) in emerging or developing countries (ECs) has a dual nature. The FDI is addressed in central countries (CC) for EC and other CC. ECs also have made investments for both EC, and for CC. FDI is relevant, since many multinational companies from emerging countries (MCEC) act as suppliers of other companies from the CC. In 1997, emerging countries received 37% of FDI and were responsible for carrying out only 14% of these investments, of which only 9% were from Latin American MCEC (Chudnovsky & López, 1998). The origin of the FDI of MCEC is predominantly Asian, and more specifically from South and Southeast Asia, predominantly from South Korea, Singapore, and Taiwan. These FDI accounted for 88% of total ECs (Chudnovsky & López, 1998). Coincidentally, these countries are at the same time the largest recipients of FDI, and have achieved high levels of economic, industrial, and commercial growth (Lall, 1997, 2002).

Statistics published by the United Nations Conference on Trade and Development (UNCTAD, 1997) explain that out of the 50 largest MCEC, 30 (60%) are of Asian origin and only 15 (30%) are from Latin American origin (Chudnovsky & López, 1998). Another important fact is the activity profile of these companies include: (i) those of Asian origin have predominantly intensive profile strategic or high-tech resources (electronics, automotive, electrical equipment, heavy, and fine chemicals), and (ii) the source of Latin American operating segments are strongly linked to the exploitation of oil, food, and beverages and linked to mining industry (cement and mining) activities.

Ghemawat (2002) sets out the main theoretical relationships between the Model and the Theory of Dunning Dimensions by Hofstede. By doing this, he concludes that companies with their source in countries where power distance is prevalent have a greater number of companies classified within the asset-seeking strategy. With respect to this phenomenon, systemic study of the theoretical reference framework, which involves the evolutionary perspective of MCEC, is an important contribution in terms of filling the gap in the characterization of a typology of Latin American MCEC, especially from Brazil.

Faced with the above, this study aims to identify the (theoretical) pattern of the multi-nationalization of Brazilian multinational companies (MNC) process. By doing this search, we want to characterize the stage of most of these MNCs through subsidiaries abroad. Two theoretical frameworks were adopted: (i) Dunning (1997),

particularly the theory of specific, related to the hypothesis of the product life cycle locational advantages, and, (ii) Nordic school, particularly Hörnell, et al. (1973), Paul - Wiedersheim & Johanson (1974) and Johanson & Vahlne (1977, 1990, 2003). The integration of these theories is taken to the Theory of Cultural Dimensions of Hofstede (2011), as revised by Reiche & Ghemawat (2011). Within the latter, we intend to explore behavioral aspects and their influence in decision-making and pattern of inversions. The next section presents the methodological approach employed.

2 METHODOLOGY

This descriptive exploratory study has the bias that, according Cooper & Schindler (2008), it should be applied when the focus of research relates to issues already crystallized (in the case of this study, the understanding of the phenomenon of internationalization of firms) and nature *ex post fact* (where the researcher has no way of controlling variables as a means to intervene and/or evaluate the influence of explanatory variables on the phenomenon(s) or variables of interest). More specifically, the exploratory method should be used in situations where the researcher has no clear idea of the problems they will face, and this orientation is recommended to develop concepts more clearly, establish priorities, and develop operational definitions associated with the phenomena under research.

The combination of the exploratory approach with descriptive techniques leads to a better understanding of phenomena or related to "target population" characteristics, allowing the identification, evaluation, or associations between variables that may (or may not) be relevant to the understanding of a given phenomenon. In fact, the use of this method is justified because the goals are linked to the pattern identification (theoretical-explanatory) associated with the multinationalization of Brazilian multinational companies (MNCs) process. We seek to characterize the stage of the majority of Brazilian MNCs operating effectively abroad, based on the theoretical frameworks adopted.

Through the case study we intend to better capture the behavioral aspects and the influence of this dimension in the process of decision making with respect to the strategies of internationalization.

The use of exploratory and descriptive methodology was done through a single case study. Validated by Eisenhardt & Graebner (2007), Eisenhardt (1989), and Yin (2005), a case study can be used to account for "how" and "why" questions,



and provides an explanatory power that does not demand the researcher control variables, but instead focuses on contemporary events. Particularly, a single case study applies in the following situations: (i) a consolidated theory test (critical case), (ii) review of an unusual or extreme situation (much used in medicine), (iii) situations that present typical or representative phenomenon (aimed at capturing ordinary events of everyday life), and (iv) longitudinal sectional studies (studies in which single case of the same object are deployed at two different points in time). And, beyond these situations, the single case study can also be used in other circumstances.

In this research, we used our data as a **pilot case** since it is "the first of a multiple case study", and since it is **illustrative case**, i.e., "the single case study can not be regarded as a complete study in itself" (Yin, 2005, p.64). It also comprises a first approach or insight to consolidate an explanatory-descriptive approach to evaluating the phenomenon of internationalization at the level of Brazilian companies. In fact, this study comprises the first in a series of developments that seek to assess the business experience of internationalization of Brazilian companies based on the Theory of Cultural Dimensions of Hofstede (2011), as revised by Reiche & Ghemawat (2011). By Brazilian multinationals we mean: (i) national capital companies operating in foreign markets and having installed factories abroad and faturem at least USD 600 million per annum, and, (ii) the activities generated in foreign markets correspond to 40% of the total bill. For example, Brazilian companies Embraer, Gerdau, Brasil Foods, JBS - Friboi, Petrobrás, AmBev, Vale, and Sandálias Havaianas, among others, fit these criteria.

The research process was divided into three sections: (i) literature survey, (ii) selection of the company to study, and (iii) construction of the concept map. The selection was made based on convenience, since the authors could have much information related to the company investigated. The theoretical basis was detailed in the following sections through discussion and analysis of the premises of each theoretical-conceptual approach. The literature survey was conducted on a scientific basis by the virtual library USP (SibiNet) and Journal Portal CAPES, which incorporates various indexed databases, and national and international journals. The construction of the concept map was based on the identification of points of convergence and divergence of the theoretical approaches presented, which enabled the development of a reference matrix that served as the basis for the framework of the pilot case.

In sum, we based the literature survey on globalization and its use in the evaluation of the

pilot case, which was proposed delimitation of the theoretical and conceptual framework to link the contributions of literature to the understanding of the internationalization process multinationalisation and the level of Brazilian MNCs. By doing this, there was an effort to understand the phenomenon of internationalization in light of the theory proposed by Hofstede (2011), which was later revised by Reiche & Ghemawat (2011).

As a result, the established study targeted a widespread and deepening understanding of the processes of internationalization of research MCEC. This objective was pursued through the analysis and evaluation of national cultural dimensions of their influence on the process. Finally, it is worth noting that the relevance of this study lies in the originality of the application of established construct for understanding the processes of internationalization of Brazilian companies.

3 MODELS VALIDATED INTERNATIONALLY

To acheive a broader understanding of the theoretical framework of reference about the MNCs, the MCEC, and Brazilian MNCs, we sought initially to explain the MNCs in developing countries; in particular MCEC, then later in Latin America, and finally in Brazil. This referential theoretical framework can best be synthesized from four perspectives including: (1) the Dunning model (which has two theoretical strands), (2) the Theory of Locational Advantages Specific, (3) the Hypothesis Life Cycle and Product, and (4) Other Eclectic Theoretical Perspectives, including the so-called Theory of Cultural Dimensions of Hofstede (2011) duly criticized, adapted, and relativized by the observations of Ghemawat and Reiche (2011).

3.1 THE DUNNING MODEL

The Dunning (1997) model serves organizations twofold: (i) as an eclectic paradigm, and (ii) it models ways to development of international resources available for investment. The prospect of Eclectic Paradigms is quite interesting from the point of view of the wealth approach. This seeks to explain the reasons for internationalization, the main strategies adopted for this purpose and results. For Dunning (1999), MNCs seek to obtain competitive advantages not shared by competitors in the short term in the host emerging countries (ECs). Among these, we highlight the advantages of technological management, exploiting the so-called advantages of internationalization (based on



costs of labor and reduced freight costs, for example). Under this approach, the advantages of location, especially those related to natural resources and certain comparative advantages are also taken into consideration in the decision to open filias other countries. As a corollary, Dunning (1998) proposed a classification for foreign direct investment (FDI) according to motivation, namely: (i) resource seeking, (ii) market seeking, (iii) efficiency seeking, and (iv) strategic asset seeking.

In the second wave of multi-nationalization of CC businesses, if the government promotes an industrial policy geared towards the international market, promoting export activities, MNCs can then develop specific innovative activities of the host country, better leveraging the comparative advantages based on resources of the host country, and increasing the net inflow of FDI. From second to third wave, the phenomenon of maturity of the comparative advantages of resources and the net increase in FDI occurs. This phenomenon provides a relative decline of the disadvantages of location of the recipient or host country. The expected result is the consolidation of a more internationalized production, rationally aligned with the factor endowments of the country structure (autochthonous). The maturation of the characteristics of the third wave leads to fourth wave of non-linear form and is characterized by the change of character of the investment profile of MNCs. These come to be associated with the overall goals of the parent company, which seeks to take advantage of coordination between its subsidiaries (efficiency seeking). ECs, as they advance in their process of economic development eventually reaches the fourth stage. These usually become emitters of FDI. This is due to the cost of local resources becoming less attractive than in distinct stages of development that provide resources and incentives to lower costs in other countries. The ownership of strategic assets (skills, management, advanced technology, differential information systems, etc.) can also explain the process of growth of FDI. It also explains the transformation of the country in net emitter of FDI (Dunning, 1997).

Dunning (1997) reveals the rise of the so called second wave of FDI from developing countries and also the process of stoppage of FDI, which corresponds to the first wave of downsizings and merger processes that characterized the world economy in the last decade. Chudnovsky and López (1997) emphasize that most of the assets of companies in the first wave of FDI were "country specific" and would introduce barriers to entry. These allowed the hosts or host countries to adapt to imports to operate on small scale technologies. This fact enabled the development of the marketing strategy seeking MCEC of these countries. The

generalization of the globalization process gave rise to a wave of opening foreign markets, reducing the benefits achieved during the first wave.

3.2 THEORY OF SPECIFIC LOCATIONAL ADVANTAGES

The theory of specific locational advantages was widespread in mainstream economic literature during the 1980s. It was derived from the conventional theory about Transnational Corporations (TC). Regarding MCEC, the theory of specific locational advantages is an application of the conventional theory about the ET in general to MCEC as reported by Yeung and Chung (1999). The theory of specific locational advantages of MCEC postulates that it has low or temporary advantages due to size and technological profile, depending heavily on specific locational advantages of countries of origin or hosts.

The specific locational advantages of MCEC are derived from two characteristics of technological progress (Lall, 1983; Chudnovsky; López, 1998). The first is the location of technical change at the microeconomic level, achieved through economies of scale exploitations and technological innovations implemented by MNCs of CC. This phenomenon usually occurs through joint ventures, strategic alliances and partnerships, and, in many cases, through mergers and subsequent spin offs. The second characteristic relates to irreversible changes such as techniques. Once incorporated by MCEC, these changes can not be reversed easily due to high costs of outputs and the alternative is the progressive evolution through the incorporation of correlated techniques. The MCECs thus gain competitive advantage through expertise in adapting technical capabilities of MNCs of CC (Aggarwal; Ghauri, 1993 & Dunning, 1995, 1997).

3.3 HYPOTHESIS OF THE LIFE CYCLE OF PRODUCTS

The hypothesis of the life cycle of products has its origins in the Hymer-Kindleberger Model (2002). MNCs perceive a limitation of CC growth of their market shares in the domestic market (despite the enormity of the U.S. market) and therefore seek to increase their shares in the international market by producing in countries that were initially a target for exports. The result is to achieve greater competitive advantage due to the reduction of transport costs and associated costs. This phenomenon corresponds to the "first wave" of multinationalisation in developing countries through import substitution. According to Vernon (1966), American MNCs sharpened their skills,



shortening the lifecycle of products, seeking to obtain greater competitive advantages arising from the launch of new products. This strategy also translated in terms of their investment cycles (Michalet, 1984).

The hypothesis of the product life cycle includes five stages: (i) exports of MNCs, (ii) office opening of representations, (iii) deposits or opening logistics warehouses, (iv) installation of plants, and (v) expansion of neighboring markets. There is another aspect of this theoretical model of hypotheses, called picking order (Wells & Gobeli, 2003) that seeks to classify the emerging countries according to their level of economic development and degree of technological sophistication approach. According to this theoretical framework, two factors are critical to explain the motion of FDI between the economies of developing countries, technological gaps and costs. Technological gaps are related to different levels of the economies of emerging technology standards.

4 NORDIC SCHOOL APPROACH

In the 1970s, some researchers from Uppsala University (Hornell, Vahlne, Wiedersheim-Paul, 1973; Johanson, Wiedersheim-Paul, 1974; Johanson, Vahlne, 1977, 1990, 2003) concentrated their efforts on the internationalization of Swedish firms' manufacturing processes and developed an explanatory model to understand how these firms chose markets and entryways. The research was influenced by the theory of the firm by Cyert and March (1963), Aharoni (1966), and Penrose (1995). According to this concept, the process of internalization is seen as arising from experiences of success achieved in receptive markets to Swedish companies, with a history of profitability. It is worth noting the absence of planning arising from this process, which took place incrementally (Johanson; Vahlne, 1977).

The operating modes for direct exportation begin when you have the opportunity to gain knowledge of the new market, increase and improve such knowledge and information channels, and reach a high involvement represented by establishment of subsidiaries in a foreign country. The uncertainty about the outcome of an action increases with distance from the array to the affiliate marketing. However, the nature of the process reduces this uncertainty, stimulating allocation decisions of strategic resources.

Vahlne and Wiedersheim-Paul (1973) attempted to identify factors influencing the psychic distance (sum of the factors that impeded the flow of information between countries) between Sweden and other countries, coming to the following: (i) the

level of development, (i) the level of education, (iii) the language of business, (iv) cultural differences, and (v) daily language and links between the home country and the foreign market (Carlson, 1975). Additionally, Nordström; Vahlne (1985); and Nordström (1991) introduced in the model the importance of market size and other economic determinants in the process of internationalization of the firm. Johanson and Mattson (1988) argue that the internationalization model is less efficient when there is a situation in which market and firms are highly internationalized. The gradual internationalization was not an exclusively Swedish phenomenon, since the growth of the subsidiaries of American and European companies in Latin America, Asia, and even in Africa explained to a large extent, the flow of trade and associated FDI.

4.1 NORDIC SCHOOL (SOCIAL NETWORKING)

To Hemaïs and Hilal (2003) the issue of networks of relationships (networks) is considered a natural evolution of the thinking of the Nordic School. According to them, followers have played a central role in the development of the industrial perspective, focusing on the relationships between firms and industrial markets. Thus, Johanson and Mattsson (1988) argue that the factors and the competitive forces in highly internationalized industries create a heterogeneous pattern of entry opportunities. This heterogeneity motivates the firm to choose markets and entry strategies that may be quite different from what is predicted by the traditional Uppsala model, which shows that there are issues controversial to the perspective of the Nordic School.

4.2 THEORY OF THE CULTURAL DIMENSIONS OF HOFSTEDE

Another theoretical perspective dedicated to explaining the process of internationalization of firms from national cultural differences between countries and their impact on decision making and operation of firms that internationalize and become transnational or multinational companies, is the Theory of Cultural dimensions of Dutch social psychologist Geert Hofstede. Hofstede (1976) conducted a survey of IBM employees between 1967 and 1973 in more than 50 cultures from different countries. The analysis of responses from more than 116,000 IBM employees, based on questions about their occupations and employment, revealed systematic cultural differences across four dimensions: (i) power distance, (ii)



individualism/collectivism, (iii) mitigation of uncertainty, and, (iv) masculinity/femininity.

For Ghemawat and Reiche (2011), the most important cultural dimensions identified in this research was the power distance, which is concerned with the degree to which a culture accepts and reinforces that power is distributed unequally in society. The positional differences that exist within the organizational hierarchy, is more pronounced in Asian cultures than in Western cultures, especially Europe and the U.S. The concept also applies in Asian cultures, where the hierarchy is mandatory in decision making and has a direct impact on the decisions of multinationalization of companies and operations from day to day. Initially, the calculation of distances based on Hofstede's samples (1980) suggests that the distances are symmetrical. For example, a Swedish investment in China faces exactly the same cultural distance as a Chinese investment in Sweden. Such an assumption required some form of empirical evidence. Though these large number of forms of cultural distance have been widely applied to explain various phenomena in international business (mode select input diversification of internationalization, development of strategies multinationalisation, etc.), this theoretical approach has also been widely criticized.

Hofstede's theory (1980), based exclusively on the IBM case, seeks to explain the impact of cultural factors on the decision making process of companies, how they influence the strategies of internationalization, and ongoing multinationalisation using the four dimensions listed above. Ghemawat and Reiche (2011) argue that Hofstede's theory (1980) provides an important contribution to the understanding of how cultural factors influence investment decisions, and multinationalisations' own decision making in the management of day to day operations of the companies.

5 . BUSINESSES AND LATIN AMERICAN ECONOMIC GROUPS

Latin American economies have generally been the subject of studies in terms of the role of MNCs, especially the countries Argentina, Brazil, Chile, and Mexico (Chudnovsky; López, 1999). In this group of countries during the 1950s and 1960s the process of import substitution industrialization was prominent. This was used by large national conglomerates and MNCs in core countries (CC) under the coordination of the National States. This process falls under the "first wave " of multinationalisation in these countries. Another common factor is that, compared to the 1970s and

1980s, in the 1990s there was a higher degree of openness to flows of trade, capital, technology, R & D, and other conveniences.

5.1 PROCESS OF INTERNATIONALIZATION AND TRANSNATIONALIZATION

The processes of internationalization of companies in Latin American countries date back to the agro-export model at the beginning of the century, except there are large domestic markets as a determining factor. The adaptive capabilities, flexible models of management, aggressive marketing management, etc., allowed the companies located in these countries to compete successfully in foreign markets, especially adjusting to the needs of clients from various locations. It is interesting to note that in 1980, Argentina had primacy as a large emitter of FDI among developing countries, with about US\$1 billion, behind only Hong Kong (Chudnovsky; López, 1998). Brazil and Chile held about USD \$200 million (data from UNTAD 1993). In the 1990's it was also possible to establish the existence of investments of some groups of Brazilian auto parts in the U.S. and Europe, approximately USD \$50 billion.

In addition to the factors mentioned, the relative backwardness of Brazil on this issue can also be attributed to the delay of reforms and the privatization process and the lack of awareness that the preservation of local markets depends to a large instance, to compete successfully in major world markets.

5.2 PROFILE OF LATIN AMERICAN COMPANIES INVESTING

While MNCs in Latin American countries bill between USD \$800 and USD \$900 million/year, the equivalent of Asia bills between USD \$80 and USD \$120 billion. Another feature that distinguishes MNCs in these regions is the fact that Asian countries diversify their revenue significantly to the rest of the world and not just to neighboring countries (Chudnovsky; López, 1998).

In Brazil, the most internationalized companies are linked to major economic groups of family governance in transition to forms of control and more professional management, and more recently, companies with participation of pension funds in the stock controls. It is very common for these companies to act in commoditized sectors, often linked to possession of natural resources (cement, glass, oil, banks, construction engineering, food and beverage, hospitality, television, entertainment,



and transport). Some may also reflect more specific comparative advantages of each country (as segments of pharmaceuticals and steel in Argentina). Paper and copper, as well as timber forest complexes, social security, and trade are primary in Chile; Agro and Biotechnology, television, telecommunications, and transport equipment lead in Mexico.

Finally, as a preliminary classification, it can be stated that Latin American multinationals dominate in operating in seeking and resource seeking marketing sectors, with the exceptions that work focusing on the strategies efficiency seeking and strategic asset seeking (in these cases, usually with strategic alliances and joint ventures).

5.3 STRATEGIES FOR INTERNATIONALIZATION AND TRANSNATIONALIZATION OF LATIN AMERICAN AND BRAZILIAN MNCs

Within the evolutionary and classificatory logic of the Dunning model (1998), FDI of MNCs in Latin America are driven by market seeking strategies, emphasizing that international companies look bigger and have stronger growth prospects and sustainability markets, to the detriment of localized regional markets. International companies seem to have low demand and high risk in the earlier stages of the internationalization process. The strategy of resource-seeking is very common in the oil industry, but it is worth noting that technological factors and skills are required for this strategy condition. This explains, at least partially, strategic alliances between YPF, Petrobrás, and PEMEX Petroleum of Venezuela. Brazilian companies in the food sector and basic supplies are also based on this strategy, notably in operations in Argentina, as well as some Chilean companies of agro forestry and mining.

Much of Latin American multinational corporations operate through the strategy of seeking markets locally (neighboring countries), regionally (the whole continent) or globally (for

need for scale) (Yeung, Chung, 1999). The strategies that make use of the efficiency seeking are few and heterogeneous and seek leadership in their respective segments (Sabo, Techint, Siam, Cemex, La Moderna, Seminis), and a more complex integration due to particularities of the competition in their sectors. The predominance of the market seeking strategy is understandable, since more capital, higher levels of learning, lower barriers, and higher compliance costs, which are not always within reach of these companies or the environment, are not attractive for necessary competition in other strategic levels. The few companies that operate the strategic asset-seeking way usually do through partnerships and strategic alliances.

The trades with neighboring or more distant countries within the continent are operated, in many cases, through the purchase of other companies in the recipient countries which represents an important access to strategic assets (Chudnovsky; López, 1998; Yeung; Chung, 1999).

5.4 RESULTS OF THE INTERNATIONALIZATION PROCESS FOR COMPANIES AND COUNTRIES

The analysis consists of four countries, Argentina, Brazil, Chile, and Mexico. In light of the contributions of Chudnovsky and López (1999) we infer that, for the companies analyzed, the benefits were quite broad in terms of: (i) accelerating the development technologies, (ii) access to cheaper sources of international credit, (iii) growth of skills and management systems, (iv) increased process quality (zero defect in many cases), (v) access to essential strategic assets as a means to compete in the international market, and (vi) achieving gains scale and advantages of shared costs. As a result, many companies are moving from the resource seeking stage (Petrobras, YPF, CVRD, Pemex) to marketing seeking (Itaú Guarantee, Odebrecht, Cemex, Socma, Bimbo Gerda).



Figure 2: Matrix framework of the pilot case.

| Dunning Model | |
|---|---|
| 1. Background | Standard Operating gathers, synthesizes, and typifies characteristics of different arrangements/external investment strategies. |
| 2. Synthesis approach | Model predicts the following typology of strategies: resource seeking, market seeking, efficiency-seeking, and strategic asset seeking. |
| 3. Strategic revision through the model | Adoption option for allocation of resources to achieve control of large herds and pastures, as well as more efficient use of distribution channels and logistics; Diversification of activity in markets that tend to be more demanding contributing to amplify the scale of operations and expand mix of products offered; strategy of vertical integration. |
| Hypothesis of the life cycle of the product - HLCP | |
| 1. Background | Operation pattern seems to combine strategies that affect profitability through diversification of revenue sources and cost savings through optimization of economic and financial processes |
| 2. Synthesis approach | Companies operate on the basis of product life cycles, today's increasingly shortened. |
| 3. Strategic revision through the model | Expansion and diversification of markets; Increased profitability, reduce and change the degree of release risks; Reducing logistics costs, reduction of frictions associated with exposure to phytosanitary barriers; Searching for reducing tax costs and greater efficiency in compliance; Gain with exchange rate arbitrage operations, access to modern inputs and increased efficiency in processing and logistics. |
| Nordic School | |
| 1. Background | Standard operation is aimed at seeking gains achieved through access to production networks that generate economies of diversification are oriented to wholesale and retail markets. |
| 2. Synthesis approach | The company's multinationalization due to its network of relationships in the international market. |
| 3. Strategic revision through the model | Oriented establishment where the senior management participates in networks; achievement, highly competitive and diversified (U.S.: increase in product mix and profile more demanding consumer) markets, target segments dictate the rules of operation patterns on a global scale (ditto); guarantee contact patterns of production and supply that tend to influence international phytosanitary standards (reversals in the U.S. and Europe: consolidation of global culture); Searching for expansion and consolidation of operations in the east (ditto investments in Russia). |
| Theory of Cultural Dimensions by Hofstede | |
| 1. Background | Standard operation is directed to flexible operation means indispensable to competitiveness in global markets. |
| 2. Synthesis approach | Masculinity/Femininity, power distance, individualism/ collectivism and risk aversion are key variables in the process of international corporate management. |
| 3. Strategic revision through the model | Operating in global markets, strategy implies assisted management, trend marked by the democratization of decision-making processes, interaction with other cultures induces the change in knowledge regarding the power distance; operate on a global scale causes changes in the profile and degree of attentiveness risks and greater transparency and flexibility in decision-making processes. |



7 FINAL REMARKS

At the present stage of its development, large Brazilian companies with a standard of world-class excellence that operate internationally on a global scale have as a strategic option internationalization or transnationalization, and these strategies constitute growth potential and guarantee of survival. Companies that internationalize get higher added value to their exports, access to new markets, incorporate and/or develop new technologies, restructure their production processes, add to their distribution channels, gets credit lines at a lower cost, and better qualify their management and their teams of professionals and executives. The internationalization of Brazilian MNCs was accompanied by greater trade and economic liberalization, deepening and enriching the contents of internationalization processes, allowing room for distinct stages of development for some countries in the region.

This single case study showed some theoretical assumptions and revealed the predominance of market-seeking and efficiency-seeking strategies, which are justified by the need for more resources to compete in global strategic levels, a curve of more sophisticated learning, a more globalized corporate culture, more efficient skills logistics, product areas and more integrated marketing, greater expertise in the management of facilities and financial management, and more adaptable and flexible accounting and tax requirements.

Some branch offices operating in strategic asset-seeking mode, usually do so through the formation of partnerships and strategic alliances with locations in western Europe and the U.S. companies. The operation in neighboring or more distant countries and within the continent is operationalized in many cases through the purchase of other companies in recipient countries and represent an important access to strategic assets as put by Chudnovsky; López, 1998; Yeung & Chung, 1999. However, recent strategies try to shorten the internationalization endeavor by buying competitors and partners in European and U.S. This may be indicating a turning point on these strategies and the rise of another ones: the asset-seeking and the efficiency seeking marketing strategies.

From the perspective of Hofstede's (2011) theory of cultural dimensions, the company has the prevalence of aversion to uncertainty as major cultural driver, with a strong influence of masculinity over femininity. The distance of the power factor is very discreet and participation rates of employees in decision-making have grown

substantially. Indeed the individualism/collectivism factor is determinative in the decision making process and has a smoothing effect on an alleged concentration of power by the power distance factor. This highlights a gap in the model of cultural dimensions of Hofstede (1980), because the dimension individualism/collectivism is clearly leading to individualism in Brazilian companies and neutralizes the preponderance of the power distance factor.

We can also conclude that the current nature of competition allowed these technologically productive structures more efficient companies, although many of them still use the operating strategy based on resource seeking or marketing seeking. Some authors conclude that some companies fall into as a strategic border seeking and efficiency marketing seeking, molded by the conditions of the current competition between global MNCs that drive companies to incorporate more advanced strategies or very concrete threat of being acquired. (Brash, 1999; Dunning, 1998). Brazilian multinational companies operate in general in commoditized sectors (textiles, steel, aluminum, pulp and paper, cement, petrochemical, beer, and food) and this has implications directly associated with their results and ownership of strategic assets.

Even without explicitly articulated public policies to support the development needs of these companies, we can not disregard the tacit support of local governments and especially the home states (São Paulo, Rio de Janeiro, Santa Catarina, Minas Gerais, Rio Grande do Sul, Bahia and Espírito Santo). Access to financing from international markets makes these companies leverage their chances of flattening with the support of international investors to put funds into these companies.

It is possible to conclude that they have more space in terms of incorporating new technologies through partnerships and joint ventures, which they could not in their local markets in isolation, and we can say, too, that there is room for performance in terms of strategy strategic asset-seeking in the areas of software (joint ventures between American, Taiwanese, Indian, and Brazilian companies), biotechnology (American, Mexican, and Brazilian MNCs) and aircraft construction (Embraer and Airbus).

Receiving FDI is the starting point for economic development, increase in gross capital formation, and macroeconomic stability. Strong FDI inflows are generally preceded by gradual, consistent, and high rates of growth over time (Taiwan, South Korea, Singapore, Hong Kong). However, all of these "paths of development investments" to paraphrase Dunning (1998), require a schedule that strategically considers the



articulation of the following key policies to promote FDI Brazilian multinationals: (i) **Exchange Rate Policy**: to promote a flexible exchange rate policy which does not link economic problems and seasonal fluctuations to the strategic objectives of gains in long-term competitiveness, (ii) **Tax Policy aligned to the international tax system**: stable agreements to avoid double taxation are ideal to encourage export production activities of Brazilian MNCs that is similar to balancing automotive system factors, (iii) **Policies designed to stimulate the competitiveness of Brazilian MNCs**: stimulating competitiveness through the wider dissemination of the country's potential to increase outward FDI by FDI and obtain balances positive net, trying to reconcile the needs of short-term balance of payments so as not to undermine the import of capital goods and outward FDI, (iv) **Articulated industrial policy**: centralize all ordinances, rules, regulations, substantiate in articulated and integrated packages aimed at promoting and untangle the activity of Brazilian MNCs, and (v) **Technological and innovation policy**: that enables the achievement of innovative and differentiated technologies that could lead the Brazilian MNCs to higher levels of the strategic Dunning model: efficiency seeking and strategic asset seeking.

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