

THE INTERNATIONALIZATION OF BRAZILIAN COMPANIES: DEVELOPING MANAGERS AS AN ESSENTIAL BUSINESS STRATEGY FACTOR

Hilário de Macedo Oliveira

International Executive MBA Specialist

Fundação Instituto de Administração, Brazil

hilario.oliveira@embraer.com.br

ABSTRACT

The globalization phenomenon has given rise to a new and virtually limitless dimension for companies to gain access to new markets beyond their country borders. This has proven to be an opportunity for growth and expansion. Given the transformations that this phenomenon has driven in the international business environment, one is struck by the fact that the presence of Brazilian companies abroad is still low, as Brazilian business continues to be shy of expanding via internationalization. One concludes that the leaders of Brazilian firms are better prepared to operate in the domestic market and with processes and businesses that focus on exports; few executives are required to run operations abroad. However, the reality of internationalization calls for a new type of manager, the "global executive," who is expected to be cosmopolitan, a negotiator and a cross-culture communicator that is able to generate synergy and lead changes. Brazilian companies that want to grow beyond cultural and ethnic frontiers are facing the challenge of forming these "citizens of the world," capable not only of making room in the international market, but also of leading the processes of transformation and change within corporate environments. The aim of this article is to discuss how to develop people for the strategic management of internationalization processes, as well as to identify current gaps and to provide recommendations both for the development of the competences that a global mindset requires among our managers, and for the management of the international mobility of Brazilian executives.

Key words: Company internationalization. Expatriation. People management. Leadership.

RESUMO

O fenômeno da globalização abriu uma nova dimensão praticamente sem limites para que as empresas possam acessar novos mercados, além das fronteiras de seus países, tendo nessa via a oportunidade de crescimento e expansão. Diante da transformação que tal fenômeno provocou no cenário dos negócios internacionais, notamos ainda uma baixa presença das empresas brasileiras no exterior, pois somos ainda tímidos na expansão econômica pelas vias da internacionalização. Não é difícil concluir que a liderança das nossas empresas está mais preparada para atuar no mercado interno e com processos e negócios voltados à exportação; poucos executivos estão sendo exigidos a dirigir operações no exterior. A realidade da internacionalização demanda um novo perfil de gestor, o "executivo global", cosmopolita, negociador, comunicador intercultural, capaz de criar sinergia e de liderar mudanças. As empresas brasileiras que querem crescer além das fronteiras culturais e étnicas têm diante de si o desafio de formar esses "cidadãos do mundo", capazes não apenas de abrir espaço no mercado internacional, mas também conduzir processos de transformação e mudanças dentro do ambiente das empresas. O objetivo deste trabalho é discutir o desenvolvimento de pessoas para uma gestão estratégica nos processos de internacionalização, pretendendo identificar os *gaps* existentes e trazer recomendações, tanto para o desenvolvimento de competências necessárias à formação de um *mindset* global em nossos gestores, como para a gestão de mobilidade internacional de executivos feita pelas empresas brasileiras.

Palavras-chave: Internacionalização de Empresas. Expatriação. Gestão de Pessoas. Liderança.

1 INTRODUCTION

The globalization phenomenon has opened up a practically limitless new dimension for companies to access new markets beyond the frontiers of their own countries, which in turn has provided them with an opportunity for growth and expansion. Stiglitz (2002, after Nunes et al, 2008) reminds us that the 1980s marked the start of this phenomenon, which was characterized by capital mobility and the opening up of international trade as one of the possibilities for economic growth. Tallman and Faldmoe-Lindquist (2002 after Nunes et al, 2008), characterize this phenomenon more clearly as a strategic effort to treat the world (or a significant part of it) as a single market in which to do business.

Given this transformation of the international business environment, we also note that the presence of Brazilian companies abroad is weak; we are more concentrated in the domestic market and, while exports have grown well, we are still timid when it comes to increasing our operations abroad, through acquisitions and international partnerships or economic expansion via internationalization. In the research conducted by Reis and Fleury (2010), in analyzing the differences in global mindset (hereinafter referred to as "GM") between early mover organizations (such as the European, North American and Japanese enterprises) and the late movers (such as the BRICs), some of the conclusions are as follows: "This work showed that in the group studied, the GM of Brazilian companies is, in several cases, regular or low, just as forecast in the literature. Generally speaking, foreign companies had a greater GM. Brazilian companies have a similar, albeit slightly greater GM and global orientation than the Chinese companies.

On the other hand, several Brazilian companies were seen to have a GM pattern similar to that of the early movers." It is also relevant to mention the survey that has been done every year since 2006 by the Dom Cabral Foundation on Brazilian transnational enterprises. According to the 2010 survey, which considers data for 2009 (Dom Cabral Foundation, 2010), the 30 most

internationalized Brazilian multinationals go from 0.616 (the highest level, attributed to JBS-Friboi) to 0.035 (DHB, in 30th place); in putting together this index, the study takes into account gross revenue of subsidiaries abroad over total revenue, the worth of assets abroad over total company assets and the headcount abroad over the total headcount. The same survey observed a drop of 149.3% in Direct Brazilian Investment Abroad (*DBIA*) relative to 2008 and a negative balance of US\$ 10 billion in the Brazil's outbound flow of capital. Although these results reflect the crisis of 2008, the study shows that, historically, foreign direct investment in Brazil (*FDI*) has been significantly greater than *DBIA*. In line with this reality, one concludes that our corporate leaders are better equipped for operating in the domestic market and, when it comes to foreign markets, for dealing with export-oriented processes and business; few of our executives are required to manage expansion operations abroad.

In discussing the decision-making process of companies entering international markets, Kotler and Keller (2006) state that if the domestic market were large enough, most companies would prefer to remain only in their home country. The aforementioned authors warn that one of the risks to be considered before deciding to go international is that the company may realize it lacks managers with international experience.

Given the management mobility required in a constantly changing and increasingly globalized world, the figure of the "global executive" emerges, a term explored in the studies of Freitas (1999, after Nunes et al, 2008) on globalization. The term was also used by Harris and Moran (1993, after Nunes et al, 2008), who stated that growing in the midst of cultural limitations makes the executive a cosmopolitan person in the strict meaning of the word: belonging to the world, not being limited to just one part of the political, social, commercial or intellectual sphere; being free from "local or national" ideas; and not being restricted to prejudging situations or to his roots. According to these authors, a cosmopolitan person is someone who functions effectively anywhere in the world. They state that the invasion of foreign competition in almost all countries and markets has forced managers to become more "culturally sensitive," which demands a global executive profile that they define as being cosmopolitan, a

negotiator, an intercultural communicator, a person capable of creating synergy and of leading cultural change.

In their study of executive expatriation, Nunes et al (2008) introduce us to the strategic people management model (also known as the management of competences or the political model), which is associated with the resource-based view of the firm theory (*RBV-Resource Based View*) in corporate strategy. They see expatriation as a form of training in order to prepare senior managers for the organization. The research of Reis and Fleury (2010) into GM found a link between the degree of internationalization and GM, suggesting that the latter increases as the company becomes more international and commits itself to having operations and assets abroad; in another interpretation the research also adds that greater GM is a catalyst for greater internationalization.

Therefore, we have a challenge before us, which is for Brazilian companies to prepare "citizens of the world," so that we may not merely gain a greater share of the international market, but also lead transformation and change processes within our own corporate environments.

2 RESEARCH PROBLEM

In this study, we aim to show that, in regard to international expansion, Brazilian companies in particular have no corporate strategy for investing in the selection, training and development of executives with GM. In general, companies send executives abroad who distinguish themselves in their particular fields of expertise, such as operations management, engineering, sales, marketing, supplies and others, but who are not fully prepared to act effectively in the insertion and expansion process of their companies abroad. This criterion for selecting executives comes from the importance still ascribed to technical competence per se, even for assuming leadership positions in a local market. This denotes great shortsightedness concerning the challenges of management within the international environment. It is not enough to take part in prior training in order to become familiar with the local culture of the destination country. What other skills would an international executive needs to develop? What competences are necessary to operate models for entering the complex international market, such as through the acquisition or establishment of a new,

wholly owned subsidiary company? How does one practice diplomacy in a culture that is different from one's own? What information and strategies are necessary for dealing appropriately with government agencies in the destination country? Are our executives up to appearing in court in another country to defend the interests of their company? Are our executives aware of the intricacies of the multilateral agreements being discussed by the economic blocks and how they might affect the business environment in the country where they will be operating? What can be said of the emotional competences required to face "the psychological and affective destructuring and restructuring that are typical of expatriation"? (Nunes et al, 2008)

We believe that few companies include in their business strategies investments in the training of managers as a key part of their expansion plan. This extends far beyond formal corporate education directed at people chosen for such a purpose. Talking about international expansion means international entrepreneurship, which must be undertaken by competent managers. In dealing with the issue of international entrepreneurship, Hitt et al (2008) state that the probability of entering international markets increases when the company has top level executives with international experience. Everything should start with the organization asking itself questions about what must be changed internally before venturing into internationalization. This change needs to be in harmony with the company's global strategies, which must include the training and development of talent.

3 OBJECTIVE

The focus of this work is the development of people for strategic management in internationalization processes. Crozier (1981, after Nunes et al, 2008) argues that change in organizations is a sociological issue, because it is people who change. Also according to Crozier (1994, after Nunes et al, 2008), creation of the future and the development of organizations is primarily based on transforming the people that comprise them, which happens when these people start learning. Thus, we will have no global companies if our leaders are not transformed into global executives.

Because we are dealing with Brazilians and Brazilian companies, it is important to emphasize the competitive advantage (if that is what one may call it) that Brazilians enjoy, in that they are very well accepted by practically all nations. Because we are a country that has always welcomed the flow of immigrants from various parts of the world, have not been imperialistic and have no belligerent calling, Brazilians are well accepted in the widest range of cultures and political environments.

It is not the objective of this work, however, to discuss in depth the internationalization process or the phenomenon of globalization, which have been the subject of various pieces of research and works published over many years.

4 THEORETICAL FRAMEWORK

The theoretical basis of this work includes aspects related to internationalization, culture, organizational competences and personal careers and competences. They form the backdrop against which to contextualize the discussion of the effective management of executives within the strategy of those Brazilian companies whose aim is to grow through internationalization.

4.1 INTERNATIONALIZATION

The changes in the Brazilian competitive context that occurred after 1991 due to the opening up of markets, on the one hand destabilized national industry and, on the other, in addition to the foreign exchange crisis of 1999 and the devaluation of the *Br Real*, encouraged many companies that had for many years focused on the Brazilian market to look "outside" and to invest abroad (ROCHA, 2003 after Urban, 2006). As Urban (2006) pointed out, companies from emerging countries such as Brazil, which previously had been accustomed to their prominent positions in protected markets, had to face a large number of foreign competitors that enjoyed substantial financial resources, advanced technology, superior products, strong brands and sophisticated marketing and management skills. If we consider the flow of outbound *FDI* (foreign direct investment) from Brazil, we see a strong retraction after the crisis at the end of 2008, which led to a negative flow (minus US\$ 10 million) in 2009, vs. the US\$

20 million invested in 2008 (UNCTAD, WIR REPORT, 2010). This shows our weakness in maintaining a consistent presence in international production investments. For comparison purposes, in developed economies in the same period, the retraction after the crisis was discrete, with a drop of some US\$ 69 million in 2009 vs. 2008. In other words, the figure went back to the 2006 level (US\$ 229 million). Brazil's biggest presence internationally comes from its exports, consisting mainly of commodities; our biggest market, particularly for consumer and durable goods, is concentrated in our own country.

According to Urban (2006), studies into the internationalization of companies run along two distinct lines. The first, which focuses on economic aspects, tends to regard the internationalization process of the firm as being based on economic rationality and on the optimal allocation of resources worldwide. The other line adopts a more behavioral approach and tends to focus on the subjective factors of the decision to invest abroad, assuming the internationalization process to be a gradual sequence of adjustments to factors relating to the firm and its environment (BARRETO; ROCHA, 2003 after Urban, 2006).

As Urban (2006) points out, a global orientation is considered to be the positive attitude of the manager toward international issues, his skill in adapting to different environments and cultures, and his commitment and international vision. Entrepreneurship is related to the person's entrepreneurial characteristics, such as risk acceptance, innovation and proactivity, i.e. internationalization is not only the result of market pressures, but is dependent upon a suitable internal environment. The above statement is in line with the assumption of Santos (2008), according to whom the question a company should ask is "what must we change in our organization to discover what we should do in country X?" and not simply "what should we do in country X?" The company that wants to go international needs above all to change its mindset and this involves having leaders in key functions, who take high-level decisions in the company, have a strong vision and are strategic thinkers.

Among the various texts in the literature that try to define and characterize what GM is, Reis and Fleury (2010) cite Dow and Karunaratna (2006), to explain that in a highly competitive and globally connected scenario, managers are required who can deal with very strategically and cross-culturally

complex situations, “think globally and act locally,” and operate in countries that have different psychological distance levels, which involves cultural, institutional, administrative, economic, industrial, language, religious and educational differences.

Rocha (2003, after Urban, 2006) lists a series of factors that work against the internationalization of Brazilian companies, such as its geographical and cultural isolation, and recommends that businesspeople and managers be prepared through contact with foreigners at fairs, missions, cultural trips, and by language education and working with cultural, social and economic diversity from various viewpoints.

Entering global market demands that managers be especially prepared; it is enormously important that they be gradually exposed to international business beforehand as part of their training, in order for them to develop a broader view of the existing horizons and possibilities. It is also fundamental to have key people in government agencies who are educated for internationalization, not only in terms of its economic aspects, but also its behavioral ones; this would speed up the evaluation and approval of projects that depend on government authorization or funding and would make room for internationalization development initiatives and strategies for Brazilian companies. On May 15, 2010, Professor Mansour Javidan delivered a lecture at the International MBA course at FIA (Management Institute Foundation) in São Paulo about his work, “Global Mindset Inventory.” Professor Javidan said that not only companies but also governments are beginning to look for global business (integration with governments from other countries) and commented that he had been invited by the Chinese Communist Party to head GM studies on how best to conduct business in other countries, particularly Western ones.

As we intend to show the behavioral aspects of internationalization, we cannot fail to refer to the Uppsala School or the Nordic School, which resulted from an article written by Johanson and Vahlne in 1977, who explain internationalization as a gradual process. Urban (2006) says that the Uppsala model established that internationalization begins with light behavior, normally through direct exports or via an agent, which enables the firm to acquire knowledge about the foreign market; as experience accumulates, international commitment grows.

The Uppsala model suggests that there is an incremental process of organizational learning concerning internationalization. According to this line of thinking, organizational knowledge and the lessons learned throughout the process must be increasingly managed; the firm has to adjust internally and to rethink itself with the aim of growing outwards.

The study by Nadolska and Barkema (2007) assumes that the frequent growth of acquisitions abroad results from organizational learning. Both this learning and the aforementioned internal adjustment of companies occur because people influence the process and even contradict the status quo.

In discussing the Uppsala School vision, Vieira (2008) points out that the entrepreneur is a person who has the skill to deal with different situations, proposing alternative forms of action and, fundamentally, attracting investors to the proposed projects. Considering the different types of necessary entrepreneurs cited by Vieira (2008), whether they are technicians, marketing or structural personnel, we are led to reflect on another relevant issue: the complexity of operations abroad requires special management models. As a result, we have to take into account the type of business and the economic, social, political and cultural context in which the company's operations are taking place, among other elements that call for different management profiles.

Another factor to be considered by our companies when dealing with the training and preparation of managers for operating internationally concerns the type of internationalization the company wants to undertake. One of the ways of assessing the motivation that leads to foreign direct investment derives from the work of Dunning (1994, after Módolo, 2010), who presents a classification of the reasons why companies go international. He divides them into four categories: resource seeking, market seeking, efficiency seeking and strategic asset seeking. Each of these strategies requires managers with specific and suitable profiles.

Complementing the backdrop of this complexity, Marginson and Wende (2007) remind us that nations and institutions have varied capabilities and agendas when it comes to global interchange, whose flows across frontiers between nations are not symmetrical; not every national system is engaged with every other one to quite the same extent or intensity. Marginson and Wende (2007) draw an interesting distinction between 'Globalization' and 'Internationalization':

In this article, "internationalization" is taken literally, as international. The term refers to any cross-border relation between nations, or between individual institutions located within different national systems. This contrasts with globalization, worldwide engagement and convergence processes, with the growing role of global systems that cross national borders. Globalization is obviously more transformational than internationalization. Globalization involves the core of communication and the economic, cultural and political center of nations; remaking the "heartland," where local and national identities are formed and reproduced, while at the same time remodeling the more extensive higher education environment across and between nations. One difference between globalization and internationalization is whether national systems become more integrated, as suggested by globalization, or more interconnected, as suggested by internationalization.

4.2 CULTURE

In analyzing the role of managers within the context of the global insertion of companies, we cannot ignore aspects of culture as regards both the environment of each country and the organizational environment that these managers will experience. In the analysis of Rifkin (2004) of what he calls the "European dream" (in contrast to the "American dream"), veritable cultural Diasporas occurred. With the globalization of financial flows, transportation and communication, the global flow of labor accelerated and, in this context, the notion of culture confined to a geographical space or within an ethnic context has become increasingly complex. Examining the arguments of Rifkin (2004), we can see that the challenge of being an expatriate has increased greatly when it comes to cultural issues. In addition to bringing their own cultural heritage along, expatriates must coexist with the culture of their country of destination, with the other cultures found there (Europe is an example of multicultural coexistence), with the cultural relativism of other immigrants, and also with the peculiarities of the organizational culture of the company that they will work for.

Urban (2006) quotes Hofstede's definition of culture as a "collective programming of the mind that distinguishes the members of one group or category of people from another" (HOFSTEDÉ, 1991, p. 19, after Urban, 2006). Hofstede shows that culture differences are manifest in symbols, heroes, rituals and values, the latter being deeper and the former more superficial.

Having received theoretical information about cultural differences will not prevent the shock the expatriate will experience with situations that have their origin in the culture's underlying elements. The expatriate executive has to be

psychologically and emotionally prepared to deal with situations arising from cultural differences and to understand that he will be living within a new organizational culture context.

For Schein (2001, after Urban, 2006), the general characteristics of the culture of a country influence the culture of organizations, but do not allow patterns to be deciphered and, therefore, do not make it possible for one to actually understand them. Fleury and Sampaio (2002), when discussing organizational culture, also cite Schein (2001) and his notion of culture as a dynamic model in which this culture is learned, transmitted and changed. According to the author quoted, there are three different levels at which the culture of an organization can be learned: visible artifacts, shared values and basic assumptions; the latter are unconscious and deeper, and determine how members of the group perceive, think and feel.

This issue of organizational culture poses an enormous challenge for the expatriate manager, who needs to spread his company's organizational values in a culture that is different from that of his home country without getting onto a collision course with the local culture. In discussing expatriation as a tool for developing the global executive, Nunes et al (2008) say that the context of globalization and the post-industrial (information) economy demand professionals who, among other capabilities typical of the global executive, know how to lead processes for opening branches abroad and to manage subsidiaries, by adapting global policies to fit the local reality.

Another issue that stands out when the cultural shock of expatriates in the country of destination is analyzed, particularly within the environment of the foreign branch, is why the multinational allocates expatriates to its subsidiaries. Brock et al (2008), when analyzing this, comment that, above all, organizations try to find a way of controlling their units in order to promote and uphold strategic objectives, preserve consistency in standards, implement policies developed at the head office, reduce risks and avoid misalignment and duplications that might be costly.

4.3 ORGANIZATIONAL COMPETENCES

According to Urban (2006), the theoretical origins of the Uppsala School are the same as that of RBV (Resource Based View theory), which, in turn, led to the organizational competences approach. It does not intend to substitute industry analysis tools, such as the five forces of Porter (1992) or the game theory, but it complements them (PETERAF; BARNEY, 2003 after Urban, 2006). Urban (2006) adds:

The discussion about competences in academia follows two paths. On the one hand, there is the discussion of researchers from the strategic area, in which authors such as Mills et al (2002), Prahalad and Hamel (1990, 2005), who focus on organizational competences, stand out. On the other, the people management area concentrates more on individual competences. Authors such as Fleury and Fleury (2001) and Dutra (1991) seek evidence of the link between the two concepts (aligning individual and organizational competences and strategy). Fleury and Fleury (2000), for example, present organizational and individual competences linked to three possible corporate strategies: operational excellence (focused on operations), product innovation (focused on R&D) and service-orientation (focused on marketing).

Developing or acquiring competences is always a challenge for the firm, but with a view to expanding via internationalization this challenge acquires exponential proportions, in which at least the following play a role: 1) technical competence; 2) emotional competences; 3) adherence to company culture; 4) global vision, and 5) ability to permeate a new culture, generating the expected results.

4.4 CAREER AND PERSONAL COMPETENCES

Walker (2010) brings us his relevant reflections on international careers, commenting that it has become routine in many organizations to speak a second or third language, to hold teleconferences at times of the day that make it feasible to communicate with business partners on the other side of the world, to take part in international teams or networks, and to travel through the five continents. Walker (2010) also comments that with the rapid growth of the economies of those countries collectively known as the BRICs (Brazil, Russia, India and China), the opportunities for Brazilian professionals to have an international career will increase. Additionally, with the economies of the BRIC countries and of other emerging markets driving economic growth over the next few years, the major employment opportunities are now abroad. If Brazilian

companies acknowledge that their international expansion will result from the actions of competent professionals that have GM, it follows that they must put together a human resources system that includes efficient and attractive management of international careers. As we are already facing a shortage of leaders within Brazil, we must wake up to the fact that there is also strong competition at the global level for the best resources. This fact should encourage our companies to rethink their strategies for attracting and retaining personnel, particularly those needed for filling international positions, including the issue of repatriation and taking advantage of the experience acquired abroad.

The above statements can be substantiated by the study of Liu and Lee (2008), who emphasize that one of the main challenges for companies is to manage human resources on a global scale. To implement a global business strategy successfully requires a global human resources system and people with global competence. This discussion should lead our companies to consider that expatriation is much more than a necessary contingency for covering shortages or filling organizational boxes; it is, above all, a strategy for managing knowledge and forming competences in order to render feasible not only the firm's insertion, but its success in the global scene. The way in which a company's international careers are handled, more than being a mere allocation of resources, should be the result of a strategic vision and one that is increasingly aligned with corporate macro-strategies.

The theory of "career capital" as an accumulation of career competences, as put forth by DeFillippi and Arthur (1994, after Cappellen and Janssens, 2008), identifies career competences in three categories: 1) knowing-why competences, related to motivation, personal meaning and identification; 2) knowing-how competences, related to work-related skills and knowledge that have been accumulated over time, thus contributing to the knowledge base of the individual and the organization; 3) knowing-who competences, which reflect the relevant career networks, by which multiple and diversified meanings are reinforced.

In analyzing these issues and considering the skills and competences necessary for occupying an international position, we conclude that our companies, which have a more domestic vocation, definitely need to restructure radically how they identify and manage talented people, particularly potential expatriate candidates. We would go as far as to state that cross-cultural skills or

the capacity to deal with unstructured ambiguities and situations, which are the environment that the expatriate is going to face, are not part of most of the hiring profiles in the country.

An important concept to be considered by organizations in terms of competences for operating internationally is the so-called "cross-cultural social intelligence" (CCSI). This term was used by Ascalon et al (2008), who developed a test to measure CCSI, which can be used for selecting and/or promoting expatriates and other employees in cross-cultural contexts. Having cross-cultural social intelligence means having the capacity to act effectively across cultures. In short, CCSI is a marriage of what is known about social intelligence and culture and includes the skills of: a) recognizing and understanding the non-verbal signs of people of various cultures; b) making accurate social inferences in a variety of cultural encounters; c) meeting relevant social objectives by means of cultural negotiations and interactions, by accepting and understanding other cultures.

5 METHODOLOGY

In general, the research for this work was exploratory (in type), qualitative (in its approach) and survey-based (as to the research method or procedure). Concerning the method, part of the research was carried out by way of the bibliography, but the bibliography researched does not completely address the research problem and the objectives of the work.

Un terms of research procedure, interview scripts were prepared, the target-audience for the interviews being basically of two types: 1) Brazilian executives who have experienced the expatriation process, both in Brazilian companies and in multinationals with operations in Brazil, but principally Brazilian companies ranked among the most internationalized ones; and 2) human resources professionals involved directly or indirectly in expatriation processes. The quality of the information obtained from the interviewees made it feasible for the research to adhere to the expected solution to the problem, making the number of people interviewed of little relevance. The interview scripts were divided into four parts, as follows: 1) overview of the interviewee of the internationalized company and its strategies; 2) personal perceptions of the expatriated professionals; 3) views of the interviewee on the personal

competences required in a professional who is being selected for a leadership position abroad; and 4) cultural aspects.

6 RESEARCH RESULTS

Interviews were conducted with 21 people from 8 multinationals, as well as with an independent consultant. Below, we summarize the more significant impressions obtained during the interviews for each of the topics.

6.1 THE INTERNATIONALIZED COMPANY

These companies generally have well defined expansion strategies. Even if they lack a clear internationalization strategy, they have great skill in interpreting the market, grasping opportunities and adapting quickly.

One of the Brazilian companies that was born global, being heavily involved with import and export activities, has already incorporated international business and an effective international presence into its culture and structure. This was all done as part of a natural organizational learning process, in line with theoretical considerations. However, the interviews indicate that there were gaps over time, particularly in terms of human resources for internationalization. In some cases, there was a lack of prepared professionals both in the organization and in the Brazilian market.

Not all companies have a mature human resources system and a corporate education program to train executives for expatriation and, therefore, they try to supply this training using the services of recognized institutions. Competence, technical experience, the capacity to adapt to local customs and leadership are the most often considered factors in the selection of executives for positions abroad. Some of those interviewed feel that the company has the talent in-house and that it is just a question of identifying it and developing it, while others admit that at times it is necessary to turn to the market. The most aggressive companies have an attractive expatriation package and have a "balance sheet approach" to this issue, besides managing the expatriate's career well and preparing his repatriation appropriately. Others try to be within the average of the market in terms of best practices, by attempting to adapt to the

needs of each expatriation process. A well-known problem for companies is repatriation; not necessarily the logistics, financial and legal process *per se*, but the professional's re-placement within the company's staffing structure; the complaints of those interviewed about the future after expatriation being uncertain were very clear and the companies do indeed have difficulty when it comes to dealing with this issue. In general, the expatriate himself has to maintain contact with the head office and await an opportunity to return to his company in Brazil.

Expatriation is more expensive than hiring locally and therefore many companies temporarily use expatriation in expansion processes until they identify, train and develop professionals locally. One of the interviewees commented that for professionals at the start of their careers or for positions that are not top management, his company's package is attractive, perhaps because international experience is a major attraction. This is less true for top executives or professionals who are in "mid-career," who have a well-established life in Brazil and therefore may face greater adaptation difficulties, mainly because of their family.

Another relevant comment made by an interviewee is that the multinationals in Brazil have many more years of expatriation experience. Their processes and policies are brought to Brazil and are much more mature; this puts Brazilian companies at an apparent disadvantage when comparisons are made, because these multinationals come from a different social, economic and cultural context and end up establishing a higher standard than ours. For example, one of those interviewed had been to China where he had been given no local logistical support for settling in the country; neither did he have the right to a car and driver (foreigners are not allowed to drive in China). In comparison, another expatriate from a European company in the same sector had the support of a local company with an interpreter to help with various aspects, in addition to the car and driver, all paid for by the company. In other words, more mature companies have a standard process of global mobility.

These companies try to maintain a suitable balance of power between the head office and local leaders. Normally the roles are well defined, as is the expatriate's degree of autonomy.

6.2 PERSPECTIVE OF THE EXPATRIATES

The interviewees were generally people with a high level of technical competence, flexibility, previous international experience and sufficient breadth of experience for the position. The fact of having undergone an expatriation experience provides a sense of achievement and the professionals consider themselves to be successful in their mission, seeing themselves as global leaders.

One problem pointed out by one of the interviewees was opening up opportunities for the repatriates; he estimates that some 30 to 40% remain with the same company. On the other hand, in a fully globalized foreign multinational, the person interviewed said that the retention percentage after repatriation was very high, because the opportunity of becoming an expatriate was based on career development.

We compared the above comments on this topic with a study carried out by Tung (1998), who evaluated 409 expatriates from the United States who went to 51 countries around the world. Among other aspects, he examined their perception as to the importance of undertaking international positions for the overall development of their careers. To show the concern with turnover after return to the home country, one of the issues considered in the study was the satisfaction of the expatriates with their repatriation process. Tung (1998) cited research by Black, Gregersen and Mendenhall (1992), whose conclusion was that 74% of American expatriates expected to leave their employers within a year of their repatriation and 26% of them were actively looking for new jobs. The analysis of Tung (1998) considers that the high levels of dissatisfaction of those repatriated may lead to an equally high turnover, with disastrous long-term consequences for multinationals. He adds that the main factor that contributes to dissatisfaction among repatriates is job insecurity and the lack of opportunities upon their return. Of all those interviewed in the Tung study (1998), only 7% had a guarantee of promotion upon their return after successfully completing their mission abroad.

Although the research of Tung (1998) was conducted within the US context, the interviews held for our study also reveal a certain degree of generalized dissatisfaction with the repatriation process in Brazilian companies.

We believe that for the new generations of executives, born into a globalized world, companies will need to review their mechanisms for managing and retaining expatriate professionals by introducing more aggressive repatriation policies.

6.3 PERSONAL COMPETENCES

Those interviewed emphasize that the personal competences that apply to an expatriated executive are breadth of technical knowhow, skill in dealing with different cultures, being highly flexible, adaptability, leadership, openness to change, relationships, the initiative to look for solutions and alternatives, knowledge of local laws and forms of personal relationships in the culture, not being prejudiced, and willingness to learn and to become immersed in the local culture.

Living in a culture that is very unlike one's own jolts personal principles; this aspect limits the flexibility factor and may be a barrier if the professional does not know how to deal appropriately with the differences without giving up his own values. An example (cited in an interview) is that it is common in China to be asked to pay for presents and to cover the travel costs of members of government bodies, with the aim of speeding up processes; in our culture, this is an unethical and illegal procedure.

Another person interviewed emphasized the importance of knowing the language of the country of destination as a means of reducing barriers. He also mentioned that the attitude that "things in Brazil were better" should be avoided, because the professional must grasp that he is in a totally different context and that some things will be different from how they were in his home country.

Observing the profile of the interviewees, some were more entrepreneurial than others, but it is widely known that international entrepreneurship ends up being put to the test by the practical circumstances of expatriation. It is one thing to assume an existing position that had already been occupied by another person, and then having to deal only with the more cultural aspects. This is very different from assuming a newly created position or setting up an enterprise from scratch. It is looking for new alternatives, making business feasible, selling projects, opening up room in the local political sphere, and

moving among the various bureaucratic agents in the country, among other activities, that will truly test the entrepreneur in his new function.

6.4 INFLUENCE OF CULTURAL ASPECTS

As for cultural aspects, the interviewees emphasize that the family has greater difficulty in adapting; one of them even suggested that there should be a preparation program for families, to reduce the culture shock. Another interviewee recommends that the family situation be analyzed as part of the decision process for approval of the expatriation. A professional who went to Colombia had few adaptation difficulties because it is a Latin culture quite similar to our own. On the other hand, one of the professionals who went to China needed to make a big effort to adapt to a culture that is very different from Western culture and that requires practical experience to be fully understood.

Most of those interviewed seriously indicated the family adaptation issue as a factor that can lead to the expatriate's professional failure, an early return and crises, with undesirable consequences for the expatriate's family. The recommendation for companies to carefully and seriously look after this aspect was almost a message in unison from all our interviewees.

The management of people in a very different culture from ours is a great challenge, because one must have a broad understanding of how local professionals regard professional reality and relationships. The estimate of local adaptation time, according to the interviewees, ranges from three months to two years. In global companies, whose internationalization is mature, the expatriate candidate generally takes part in an intercultural program to make the transition easier.

7 THOUGHTS ON THE RESEARCH RESULTS

The interviewees are executives chosen for being experienced (or having distinguished themselves) in their respective fields and who, therefore, combined this competence with the GM already found in their companies. They were aware that they would face cultural diversity and were prepared to run the required risks.

In interviewing these executives, we found that not all of them had received a broad preparation package for operating abroad. Improvising is a Brazilian cultural characteristic and, notoriously, many expatriates believe that they will be successful because of this flexibility trait of ours. To some extent this is true, but when we come up against companies in developed countries, with mature operations and more advanced management qualifications, this trait may be less useful.

Executives who are to be expatriated must be properly selected and trained to deal with all the adversities of the process. This will only be possible if internationalization is part of the company's solid expansion strategy and it understands that it needs to have agents prepared for such a mission. What is more, it must have "thinking heads" (leaders who will not necessarily be expatriated) who understand global work and design its strategies, which includes training suitable agents.

The gradualist line of the Uppsala School on the importance of the entrepreneur is proven in part by the interviews that were carried out. It is well known that being the key decision-maker is tied more to the executive's position abroad than to the profile of the person interviewed.

In this sense, the greater the decision-making scope that the expatriate is to face, the better prepared he must be. Above all, the person must be selected (or recruited) for having a truly entrepreneurial profile, with a wide range of professional experience and with prior international relations experience.

It is worth emphasizing the issue of prior international experience as a competence acceleration factor for leaders who are to work abroad. Having travelled internationally for work or for leisure, having undertaken a cultural exchange program to learn languages or even having experienced longer stays abroad for professional reasons are conditions that expand the multicultural view and teach people how to behave socially and professionally in special or in unstructured situations. Even if the executive already has international experience, as an integral part of a leadership training program with a view to expatriation, it is worth considering a temporary stay abroad, accompanying business missions and taking part in discussion forums (in person or at a distance) with international entities.

Given the general trend toward an increasingly global world, one can easily imagine that in the future this competence will be incorporated into the life of most of our companies. We draw a parallel with IT knowledge. In the hiring profiles from a not very distant past, it was common to see something like "knowledge of PCs" or "mastery of MS Office package"; now it is assumed that any candidate has this knowledge as part of his normal education, so that it is seen as a type of commodity. Likewise, we believe the same thing will happen in the future with regard to international competence. Most candidates will already have lived or traveled abroad and undoubtedly will be members of international social networks; in other words, GM will be part of the "DNA" of future generations.

Speaking specifically about culture, the interviewees were very emphatic in confirming their difficulties with local culture. Still, the biggest impact, for the expatriate really occurs in the professional context, in power relations and in human interaction at work. Regardless of the culture of the company, the person needs to understand very well how things function in the professional environment of that culture.

In the interviews we carried out, we observed no classic case of failure, other than the early return of one interviewee at the request of the company. In general, the interviewees indicated that they were very successful in their missions and came back to Brazil, if not in a higher position, at least as professionals acknowledged as a reference in their companies for the work they had done. On the other hand, most of those interviewed indicated aspects that can lead to failure; we comment on this below.

8 FINAL THOUGHTS

An issue we must raise here and that was the object of suggestions and warnings by those interviewed is the possibility of the expatriate failing in his mission. In this context, it is relevant to mention the study by Lee (2007), who analyzed the factors that influence the failure of expatriates. The study indicated that such failures go beyond merely returning early and that the role of head offices has increased considerably in avoiding such failures. One of the important aspects that the said study identified from the company point of view is the high

cost of expatriation failure. A study carried out in 1994 by the National Foreign Trade Council, Ashamalla (1998 after Lee, 2007) indicates that poor decisions in the training of staff abroad can cost US\$ 200,000 to US\$ 1,200,000, adding that these costs include relocation, compensation and new training for the substitute. Ashamalla and Crocitto, 1997, Daniels and Insch, 1998, and Shilling, 1993 (after Lee, 2007) warn, however, that indirect costs are the most harmful and difficult to reverse in the short-term; they may arise, for example, from the loss of market share or business opportunities, damage to the corporate image and a productivity drop. The studies of Lee (2007) concluded that the main reasons for expatriate failure are: 1) inability to adapt to the new environment; 2) lack of acceptance and assimilation on the part of the family; 3) lack of support from the head office; 4) lacking an open mindset; 5) unwillingness to learn; 6) lack of technical competence on the part of the expatriate.

As we have already mentioned, some of those interviewed for this study were fairly emphatic concerning this issue and cited cases of failure they knew of. If the executive is not satisfied that his family is being well looked after and comfortable in its new environment, his performance will be strongly affected, especially if his function requires constant business trips, as was the case with several of those interviewed.

In the work on the expatriation of Brazilian executives and their respective families by Rockert de Magalhães (2008), the author analyzes outbound and inbound movements that generate perceptible feelings, and others that are less explicit, belonging to the realm of subjectivity. This movement, represented by what is known as the behavioral iceberg, exemplifies how much can be seen (tip) and that which goes unnoticed (values, needs, expectations, emotions, perceptions, beliefs and feelings). Implicit feelings definitely cannot be ignored even if they do not always rise to the surface due to initial euphoria, whether from the move abroad or the return to the land of one's birth.

Furthermore, all the points of failure indicated by Lee (2007) were cited by those interviewed in this work, such as the risks and situations that might occur, even if the expatriation turns out to be successful. Another fairly relevant source of complaints among several of the interviewees is the lack of support from the head office, especially at the start of the process (arrival in and adaptation to the country of destination) and during repatriation. The research

supplied insufficient data as to how much this may have affected the performance of the interviewees, i.e., it may have had an unmeasured cost (principally indirect), which ended up going unnoticed by the company, but which is no less relevant.

Given the different reasons for companies to go international (as already dealt with in the theoretical framework section), managers for international operations must be developed in line with the strategies of their respective companies. If we were to go even deeper into the issue, we would find that the development of managers with GM helps companies to define the best strategy for international expansion. This may seem to be a dilemma akin to the "chicken and egg" issue, but the truth is that whether it is for defining strategies or for acting as an agent of strategies as defined by the organization, companies need to base their expansion on the allocation and preparation of managers who have an international vision.

Going forward, we can risk saying that the criteria (and processes) will also be global and that this distinction between hiring and developing within the country or looking to expatriation may become a much weaker line, which will tend to disappear. Given this possibility, our companies must seek, without distinction, to develop those capabilities inherent to a global executive that were summarized by Nunes et al (2008), bearing in mind the globalization context and the post-industrial (information) economy:

- Being capable of adapting to different working contexts;
- Being able to deal with the changes and transformations that ensue from the company's innovation processes, reinventing themselves, evolving with the organization and renegotiating positions and strategic alliances;
- Knowing how to conduct and lead the change and transformation processes that accompany innovation, dealing with phenomena of resistance to change and negotiating with the social players involved in the process;
- Knowing how to lead processes for opening branches abroad, managing subsidiaries and adapting global policies to the local reality. In their international management, multinationals need

executives that can adapt strategy policies, products and services, and adopt marketing and people-management strategies in keeping with the local reality, but without abandoning the fundamental characteristics determined by the head office. The search for this balance is always delicate;

- Competence to lead teams of different nationalities, beliefs, languages, genders, cultural patterns and ages within the spirit of cultural diversity of the work that accompanies globalization.

Nunes et al (2008) add that these competences of the global executive can be developed by successful expatriation. Therefore, we can infer that as companies use the expatriation expedient and these executives return to the head office or are relocated to other sites abroad, there is a progressive effect on the company knowledge base and on GM development that, within the business and market of each company, will open up opportunities that may never have been noticed before. It is essential, therefore, that Brazilian companies that want to expand globally place among their top strategic priorities a human resources management system focused on identifying, selecting, recruiting, training and managing the careers of talented people who have a global calling.

An interesting study by Selmer (2002) on the training of expatriate European managers in China reveals the importance of prior and also of follow-up and continuous training after the expatriate reaches the country of destination. The research results, however, show that there is no direct connection between training and the degree of success of expatriates in their positions abroad. Expatriates who were given training seemed to be more satisfied than those who got none, but this did not guarantee the success of their mission. Selmer (2002) recommends developing a careful expatriate selection process. Among the criteria, preference should be given to candidates who already have prior experience of expatriation to the country of destination, as this has a highly positive effect on the adjustment of the expatriate to his function. Furthermore, this type of expatriate may exercise the function of local coach for supporting other expatriates in the same company.

To conclude, we believe that the research addressed the problem identified and provided evidence that our companies still have a long way to go before they acquire truly global executives on their staff. Some, however, are

already going in the right direction and are closer to overcoming the obstacles to being considered highly internationalized. The concerns raised by this study's interviewees converge on aspects that merit the attention of top management and human resources departments in our companies.

Obviously, the research had its limitations, as we might have had a bigger universe of interviewees and companies at different stages of internationalization outside Brazil (in developed and emerging countries) in order to prepare the comparative analyses. Nonetheless, this small, predominantly Brazilian sample did provide us with a diagnosis that, in addition to constituting a salutary provocation, can be a useful recommendation for taking effective and consistent action.

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