INTERNATIONAL BUSINESS

Danillo Miguel de Sales Santos[57]

SUMMARY
The objective of this study is to understand the economic, social, cultural, political, legal and financial differences that require strategic planning for the internationalization of organizational activities. The methodology used was bibliographical, with a qualitative approach. Internationalization is an innovative aspect for the survival of organizations, and should be a process that is guided by the economic, political, social, cultural, financial and legal differences of the country in which internationalization is sought, while also requiring a managerial profile with specific personal, organizational and professional attributes to overcome challenges in these aspects in order to avoid failures. Internationalization planning should include some decision-making strategies on how to enter this market, such as mergers/acquisitions and direct solo investment, both with advantages and disadvantages that should be analyzed in terms of cost/benefit and threat/opportunities for small, medium and large organizations, as well as emerging ones. Successful cases of internationalization of Brazilian companies contribute to this process in such a way that competition from globalized companies emerges as a line of thought that enables their survival in terms of competitive strategies.
Keywords: Competitive strategies,*International Business,*Planning.

1 INTRODUCTION

Envisioning a new market scenario and innovation in their activities to stand out in competitiveness and survival, companies have been seeking to adapt to globalization due to its characteristics of "[...] absence of borders, companies without a homeland and products without nationality" (Echeveste*et. al*. 1999, p. 168).

However, the literature presents some aspects to be considered in this process regarding economic, social, cultural, political, legal and financial differences that can promote uncertainties in this process (Hilal; Hemais, 2003; Haibin, 2010). Therefore, managers need to analyze these differences as challenges to be overcome, as well as a way to adapt their profile to specific attributes (Echeveste*et. al*., 1999). In this sense, planning is essential, as to observe how, when and in which markets to enter so that strategic decisions in terms of search (of market, natural and financial resources and

[57]Graduated in Business Administration from Unisal. Postgraduate degree in Quality Engineering from USP. MBA in Educational Management from Faculdade Damásio Educacional. MBA in Business Management from FGV. MBA in Communication and Marketing from ESPM. MBA in People Management from UNISAL. Education Program in Business from George Washington University. Master in Emerging Technologies in Education from Must University. Email: < danillo.miguel@live.com >.

capabilities) demonstrate the success of globalization, as in the case of the companies Gerdau and Marcolopo (MACADAR, 2009).

Thus, the purpose of this *paper* is to understand the economic, social, cultural, political, legal and financial differences that require strategic planning for the internationalization of organizational activities. This study is based on bibliographic research with a qualitative approach.

The organization of the work follows the following order: we introduce the theme, present the economic, social, cultural, political, legal and financial differences of some cases of internationalization and consider some strategies for planning the *International Business,* to outline some considerations about the study.

2 INTERNATIONAL BUSINESS AND THE MANAGER: CHALLENGES

In a market where innovations mark adaptation to social changes, economic, political and technological consequences, inserting organizations into the international market seems to be a viable solution to survive in the competitive market, due to the hegemonic aspects (GANDIN; HYPOLITO, 2003) of globalization that brings this market closer.

However, at the same time that it brings organizations closer together, the market is permeated by differences that distance organizations in economic, social, cultural, political, legal and financial aspects that, if not taken into consideration, can constitute challenges to be faced by managers who intend to enter the international market, as warned by Suen and Kimura (1997). Differences that, in the internationalization process, can be seen within the scope of its market counter-hegemony (Gandin; Hypolito, 2003).

In this counter-hegemonic sense pointed out by Gandin and Hypolito (2003), it is also worth highlighting the differences between the local and the global. Haibin (2010), when analyzing the global partnership between Brazil and China to pursue the category of the ten largest world economies, highlights differences between the countries in economic, political and cultural aspects that can be configured as challenges for these managers.

In economic terms, the author highlights the difference in the restructuring of the Chinese economy, in parallel with the structuring of the international Brazilian economy. In political terms, in turn, the author highlights Brazil's pacifist policy, while China has to be included in peace initiatives with neighboring and conflict countries, due to its participation in the Cold War. In cultural terms, the author addresses the cultural singularity of the two countries in terms of language, geographical distance (HAIBIN, 2010), as well as effective information management superimposed on the processes of the Industrial Age (ECHEVESTE*et. al.*, 1999).

Although these differences pose challenges for managers who intend to enter the global market, the author emphasizes that strengthening relations regarding economic cooperation and social interaction was a solution in this case. From the perspective of points of convergence in the internationalization process of Swedish companies, Hilal and Hemais (2003) state that differences in crossing national borders create uncertainties that must be associated with value aggregation.

These authors, in financial and legal terms, add as challenges for managers in the internationalization of their businesses the differences between “the lack of knowledge of local business conditions, customers, bureaucratic procedures, exchange rate fluctuations, tariff and non-tariff barriers and how to obtain information [...]” (Hilal, Hemais, 2003, p. 112) which, above all, demarcate the level of uncertainty of this process. Thus, in the globalized market, according to Echeveste*et. al.* (1999, p. 167) outlined through their research, the executive profile in this scenario must include attributes such as

> [...]integrity, strategic vision, leadership, knowledge of the company's operations, decision-making ability, negotiation and coordination of teamwork, focus on results, ethics in dealing with professional and social issues, motivation, proactivity and interpersonal skills.

As can be seen, these attributes encompass personal, professional and organizational dimensions, and are therefore necessary for the internationalization process more than the need to adapt to market innovation.

2.2 INTERNATIONAL BUSINESS AND PLANNING: ADEQUATE AND INADEQUATE STRATEGIES

Planning is an action that must be present in any organizational process. For each planning, managers make strategic decisions so that, in the end, success is the hallmark of the initiative, including innovation in terms of internationalizing commercial activities.

Domingues and Bueno (2011, p.14), as concluded in their research on the internationalization of emerging Brazilian companies, highlight that the ideal time to plan and make strategic decisions in this sense is based on elements such as “[...] maturity and economic capacity [...]”, since these elements subsidize high costs.

that the company has to bear, as well as adequate experience when compared to the uncertainties of younger companies.

After observing when to enter the globalized market, companies still need to analyze which markets to enter. In this regard, the same authors highlight parameters such as “[...] the sector of activity, the management style, the institutional context and the maturity of the market” (DOMINGUES; BUENO, 2011, p. 14) in order to avoid, as the authors themselves point out, failure in internationalization processes in powerful countries worldwide.

Having analyzed, therefore, when and which markets to enter, another important aspect of internationalization planning is how to enter. In this sense, Suen and Kimura (1997), in a study on mergers with Brazilian companies, present the following strategies: merger/acquisition, licensing, direct solo investment,*joint venture,*strategic alliance.

The authors highlight mergers/acquisitions, for example, in the case of Gerdau (Macadar, 2009) as a way of entering the globalized market. In turn, Domingues and Bueno (2011) add partnerships, as in the case of the Rio Grande do Sul companies Marcopolo, Randon and Guerra (MACADAR, 2009), in addition to the establishment of subsidiary companies which the company also used to successfully internationalize its activities. As for mergers/acquisitions, due to the competitive advantages of being able to explore different techniques and knowledge, adaptation to the local market, gaining market knowledge, controlling costs and product quality, as well as business activities,*marketing*and sales potential (Suen, Kimura, 1997), it presents itself as the most effective way.

Although foreign direct investment, as another form of strategic internationalization decision, which transfers knowledge from one company to another, has almost the same competitive advantages as mergers/acquisitions, it can be highlighted that, given the political, social, cultural and economic differences, the authors also point out that this choice may be seen as a failure in the process.

On the other hand, when the Brazilian company promotes the internationalization process, the following competitive advantages are at stake as strategic decisions, according to Dunning (2001, as cited in Macadar, 2009): search for resources; markets, efficiency and capabilities.

Competitive advantages, therefore, are the foundations of strategic decisions for internationalization for large companies. However, in addition to them, there is the line of thought that demarcates the competitive strategy outlined by Porter (1993) in which it focuses on “[...] markets and competitors and the competitive advantages arising from the identification of threats and opportunities" (JANSEN, ROTONDARO; JANSEN, 2005, p. 408) as a way for small and medium-sized companies to survive in this scenario.

FINAL CONSIDERATIONS

Innovation is the watchword for organizations that intend to survive and remain competitive in today's globalized market. One of the innovative alternatives has been the internationalization of the activities of national companies.

However, economic, political, social, cultural, financial and legal differences in the country where internationalization is sought constitute challenges to be overcome by managers, for example, through closer diplomatic relations, requiring a manager profile with specific personal, organizational and professional attributes so that the failure of this process is avoided.

Planning for the internationalization of activities involves some decision-making strategies on how to enter this market, such as mergers/acquisitions and direct solo investment, both of which have advantages and disadvantages that must be analyzed in terms of cost/benefit and threats/opportunities for organizations of specific sizes. Successful cases of internationalization of Brazilian companies contribute to this process in such a way that competition from globalized companies emerges as a line of thought that enables their survival in terms of competitive strategies.

REFERENCES

DOMINGUES, C.R.; BUENO, J.M.**Internationalization Strategies for Emerging Companies:** A Comparative Study of Brazilian Cases. (2011). Rio de Janeiro. Available: http://www.anpad.org.br/diversos/down_zips/58/ESO2574.pdf. [Accessed 04 Oct. 2020.

ECHEVESTE, S.; VIERIA, B.; VIANA, D.; TREZ, G; PANOSSO, C. (1999). Executive Profile in the Globalized Market.**RAC**[online], 3, 167-186. Available: https://www.scielo.br/pdf/rac/v3n2/v3n2a09.pdf. [Accessed 05 October 2020].

JANSEN, LK; ROTONDARO, JR G; JANSEN, JU Survival strategies for small and medium-sized companies in globalized environments: a case study of electronic companies.**Prod. Management,**12, 405-416, 2005. Available: https://www.scielo.br/scielo.php?script=sci_arttext;pid=S0104-530X2005000300010. Accessed 08 Oct. 2020.

GANDIN, LA; HYPOLITO, AM (2003). Dilemmas of our time: globalization, multiculturalism and knowledge.**Curriculum without Borders**,3, 5-23. Availble:

http://www.curriculosemfronteiras.org/vol3iss2articles/boaventura.pdf. [Accessed 06 October 2020].

HAIBIN, N. (2010). Emerging Global Partnership.**Rev. bras. Pol. Int.**[[online],53, 183-192. Available in: https://www.scielo.br/scielo.php?pid=S0034-73292010000300011;script=sci_abstract;tlng=pt. [Accessed 03 October2020].

HILAL, A.; HEMAIS, CA (2003). The internationalization process from the perspective of the Nordic School: empirical evidence in Brazilian companies.**RAC,**[online], 7, 109-124. Available: https://www.scielo.br/pdf/rac/v7n1/v7n1a06.pdf. [Accessed 03 October 2020].

SUEN, AS; KIMURA, H. Merger and acquisition as an entry strategy (*between mode*) in the Brazilian market.**Research Notebooks in Administration**[online], 2, 53-60. Available: http://suen.com.br/papers/fusao_e_aquisicao_1997.pdf. [Accessed 05 October 2020].

MACADAR, BM The internationalization of large Brazilian companies and the experiences of the Gerdau Group and Marcopolo.**FEE Tests**[[online],30, 7-34, 2009. Available at: https://revistas.fee.tche.br/index.php/ensaios/article/view/2268/2617. Accessed October 5, 2020.