

ASPECTS OF THE INTERNATIONAL EXPANSION PROCESS OF COMPANIES

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SUMMARY

The main purpose of this article is to highlight how Brazilian companies are expanding internationally, the main characteristics of international business expansion models, the challenges faced during the process and the benefits that companies achieve. It was understood that the challenges are the most varied, therefore, for a national company to gain space in the global market, it must be aware of the management of the necessary activities and investments, and the importance of strategic planning so that growth is continuous and that efforts are convenient with the desired and achieved results.

Keywords: Expanding. Internationalization. Challenges. Market. Strategic. Companies.

ABSTRACT

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1 INTRODUCTION

The international expansion of companies has been occurring in different sectors and in many different ways, Rocha (2004). Countries such as Sweden, Japan, Germany, the United States and other more developed countries have made significant progress in the internationalization of these companies. Companies from developing countries have been experiencing significant and sustainable growth in the global market for some time now, in terms of direct investment and exports.

In Brazil, the internationalization of companies has been slower and more delayed (Rocha, 2004). Even with this slow pace, some Brazilian companies have undergone major transformations and significant experiences in relation to the foreign market, especially after the economic opening that occurred in the 1990s. The process of international expansion of a company involves a series of precautions, such as a high level of knowledge of the market it aims to enter, investment in new technologies in the area

production, the search for new suppliers, professional training, the proper adaptation of product labels and/or packaging to the standards of the retailer country, knowledge of current export policies and transportation and logistics costs.

This article was written based on an exploratory-descriptive bibliographic study, according to the proposed theme. All research took into consideration the concepts explored, correlating market practices and adapting them to education, in a qualitative approach, with the intention of highlighting how this theme is currently carried out and viewed.

2 INTERNATIONALIZATION OF COMPANIES

Companies seeking foreign trade usually begin the process gradually, through small international businesses until they set up a manufacturing plant in other countries, becoming multinationals (MARIOTTO, 2007). According to Mariotto (2007), a company's international operations begin with trade agreements for an indefinite period. Soon after, imports and exports are the company's first steps in a growing process of development in global markets. From the moment the entity makes the first direct investment in manufacturing facilities abroad, it will become a multinational corporation (MNC). The process tends to expand so that subsidiaries are opened in several countries. This process of opening the company to international operations is called "internationalization".

Similarly, Cortiñas Lopez (2002) states that, when opening up to the international market, the entity needs to develop a new culture, improving administrative and organizational procedures. On the other hand, market diversification, which is inevitable for the development of the export process, leads to the improvement of market strategies, the absorption of new production and marketing techniques, and the use of sales plans. *marketing* much more improved. The reasons mentioned contribute to the firm's rivalry both in the international market and domestically. The daily concern with adapting the product to what the market demands of its customers stands out, encouraging the institution to change its attitudes that enable a leap in quality and positive reflections on its performance in the domestic market (CORTIÑAS LOPEZ, 2002).

2.1 BENEFITS OF MARKET EXPANSION

In short, the international expansion of business causes corporations to grow and develop, becoming more capable even within the country of their headquarters, as the process of internationalization requires constant improvement in strategic management.

Economic blocs are becoming stronger every day, and commercial distances are decreasing significantly. Therefore, it is essential to think about the internationalization of a company as the only way to survive at different levels (NOSÉ JUNIOR, 2005). The process of "Internationalizing is giving a new dimension to the company; it is essential to gain experience to win the war of competitiveness" (NOZÉ JUNIOR, 2005, p. 145).

According to Nozé Junior (2005), there is a list of advantages that companies that decide to internationalize can acquire. Among them are market diversification, risk diversification, quality improvement, acquiring technology, the possibility of being aware of global trends, acquiring productivity and competitiveness, implementing an international brand, national and international status, improving the *marketing*, increased sales volume, reduced fixed costs, reduced marginal production costs, reduced financial costs, greater development of human resources, increased product life cycle profitability, improved competitive advantage and survival in the national market. Regarding the risk of market expansion, aspects of uncertainty and political instability in the country where the company intends to establish itself must also be considered. Most of the time, this is associated with government actions that deny or restrict the right of a company to establish itself in the local market. There are also uncertainties regarding demand and intensity of competition, legislation and contracts of permanence with local government agencies.

In short, the international expansion process can be bureaucratic and involve a series of levels until it is consolidated, but this process is healthy for organizations, as there are several advantages in addition to those listed above. For an organization to be able to stabilize itself in the international market, it must create a panorama with the variables involved and carry out actions in a scenario with safe conditions (CIGNACCO, 2009).

To create this suitable scenario the author states that it is necessary for the decision-making process to include some items such as rationality and coherence, planning and

forecast of the results brought by access to external markets, responsibility and commitment, and creativity (CIGNACCO, 2009).

The ability to communicate and interact with countries with different cultures has been seen as essential for the success of internationalization. In international negotiations, different conditioning factors are dealt with, such as culture, language, religion and ideologies. Therefore, even though many gestures are international, there are, however, different interpretations that can be attributed to gestures in accordance with local customs.

2.1.1 Porter's Diamond

In summary, Michael Porter (1990) developed what he called the determinants of national competitive advantage. These determinants created a context in which organizations are born and compete, to seek a new vision of competitive advantage with a focus on understanding why companies from a given country are able to compete more successfully against companies from other countries.

These issues are rooted in the industry's ability to innovate and improve, to act in time, in response to a continuous state of change. They also have a close connection with the government policy of these countries and, in the case of multinational companies, it is important to consider the role of the host countries in encouraging competitive improvement and innovation.

Among the four most noteworthy determinants of the diamond is "strategy, structure and rivalry between companies", which can be considered the greatest driver of the competitive environment. The dispute for domestic market share strongly drives companies to prepare and qualify to compete internationally.

This is where important national differences in the industry are identified in terms of its strategies and administrative practices capable of making it important in the international market. The local culture significantly interferes in this determinant in terms of interpersonal relations, capital and labor, social norms, political issues, culture, etc.

3 EXPATRIATE EXECUTIVE PROFILE

In short, there is no consensus on the ideal profile of an expatriate, the diversity of cultural contexts, internationalization strategies, the variety of functions assigned

to expatriates and the multiplicity of expatriation policies make the task of defining skills difficult.

However, there is a subset of competencies that garners some consensus, which is particularly related to competencies that are relevant to the executive's intercultural adjustment. For example, McCall and Hollenbeck (2003) emphasize that certain qualities are fundamental, namely an open and flexible mind, combined with the ability to live and work in a variety of settings with multiple people from different cultures.

In addition, an expatriate manager must have technical skills or abilities related to the activities he or she will be developing. Brislin (1981) focuses on personal traits such as intelligence, tolerance and patience, but also adds relational skills such as empathy, sociability and non-judgmental orientation. Hammer (1988) refers to communication skills such as respect, non-judgmental orientation, empathy, the ability to deal with *stress*, the establishment of interpersonal relationships and tolerance for ambiguity.

Cultural interest and sensitivity are also fundamental aspects, with a focus on respect for other cultures and points of view, and empathy, social skills and attitudes. Furthermore, these skills influence each other, operate synergistically and consequently have a joint impact on the expatriates' ability to adjust (Wang, 2014).

FINAL CONSIDERATIONS

Globalization has allowed a transformation in the contemporary world, resulting in a number of factors, including technological improvements, the collapse of borders and the intertwining of markets, resulting in the demand for new, more comprehensive and responsive skills than those presented prior to the development of capitalism. The new reality requires companies to be more flexible and adaptable to different business scenarios, as well as to have a frequent flow of knowledge and to share it as skills required for a multinational corporation. These skills considered essential are divided into interrelated ones, and the relationship networks that connect the company to the foreign market, establishing links between the company and its distributors and customers. The greatest difficulty would be to find and connect to these networks. Briefly and objectively, the study of the internationalization of companies is strongly linked to networks, called business networks, where companies willing to

develop and expand their work interact with each other, exchanging information, strengthening relationships, both personal and professional, reducing possible barriers that may arise. The interaction between these networks has played one of the fundamental roles when talking about the relationship between companies and industrial markets (HILAL; HEMAIS 2002).

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