

# *PRO 2310 ENGENHARIA E SOCIEDADE*

*Um pouco da história das empresas  
brasileiras  
com destaque para as suas  
multinacionais*

*Fleury, 20 maio 2010*

# *The Economist*

The  
Economist

NOVEMBER 14TH-20TH 2009

[Economist.com](http://Economist.com)

The decline of music piracy  
Nigeria gets better  
Farmers v greens in America  
How drugs are being decriminalised  
Bland bosses

## **Brazil takes off**



A 14-PAGE SPECIAL REPORT  
ON LATIN AMERICA'S BIG SURPRISE STORY

## ***Brazilian Multinationals***

- *6 are ranked among Fortune 500 largest global firms*
- *3 are classified among the largest (non-financial) MNEs from Emerging Countries (UNCTAD)*
- *14 are identified as part of 100 New Global Challengers by BCG*
- *were considered as the best performers in 2009 according to E&Y*

# ***Brazilian MNEs operate in a variety of Industrial Sectors ...***

## **RESOURCES-BASED**

***Oil and gas: Petrobras*** \_\_\_\_\_



***Mining: CVRD*** \_\_\_\_\_



## **BASIC INPUTS**

***Steel: Gerdau, CSN*** \_\_\_\_\_



***Cement: Votorantim (B)*** \_\_\_\_\_



***Construction: Tigre, Duratex***

# ***Brazilian MNEs operate in a variety of Industrial Sectors ...***

## **WAGE GOODS**

**Food:** *Friboi, Sadia, Perdigao* \_\_\_\_\_



**Beverage:** *Ambev/Inbev* \_\_\_\_\_



**Textile:** *Coteminas, Santista* \_\_\_\_\_



## **COMPONENTS AND SUBSYSTEMS**

**Embraco, Weg, Sabo** \_\_\_\_\_



**Complex Product Systems**

**Embraer, Marcopolo, Busscar** \_\_\_\_\_



## ***... and Services Sectors***

### **ENGINEERING SERVICES**

*Odebrecht (B)*

**ODEBRECHT**

### **RETAIL**

*Downstream O&G: Petrobras*

### **ENTERTAINMENT**

*Globo*



### **SOFTWARE**

*Stefanini, Datasul, Totvs*



## ***Key Questions to be Addressed (\*)***

- *What competitive advantages and capabilities do Brazilian Multinationals leverage in international markets?*
- *How are those advantages and capabilities shaped by the Brazilian context?*
- *What strategies do they follow and why?*

(\*) Ramamurti and Singh (2009): *Why study emerging-market multinationals*. In Ramamurti and Singh (eds): *Emerging Multinationals in Emerging Markets*. Cambridge University Press

# **Agenda**

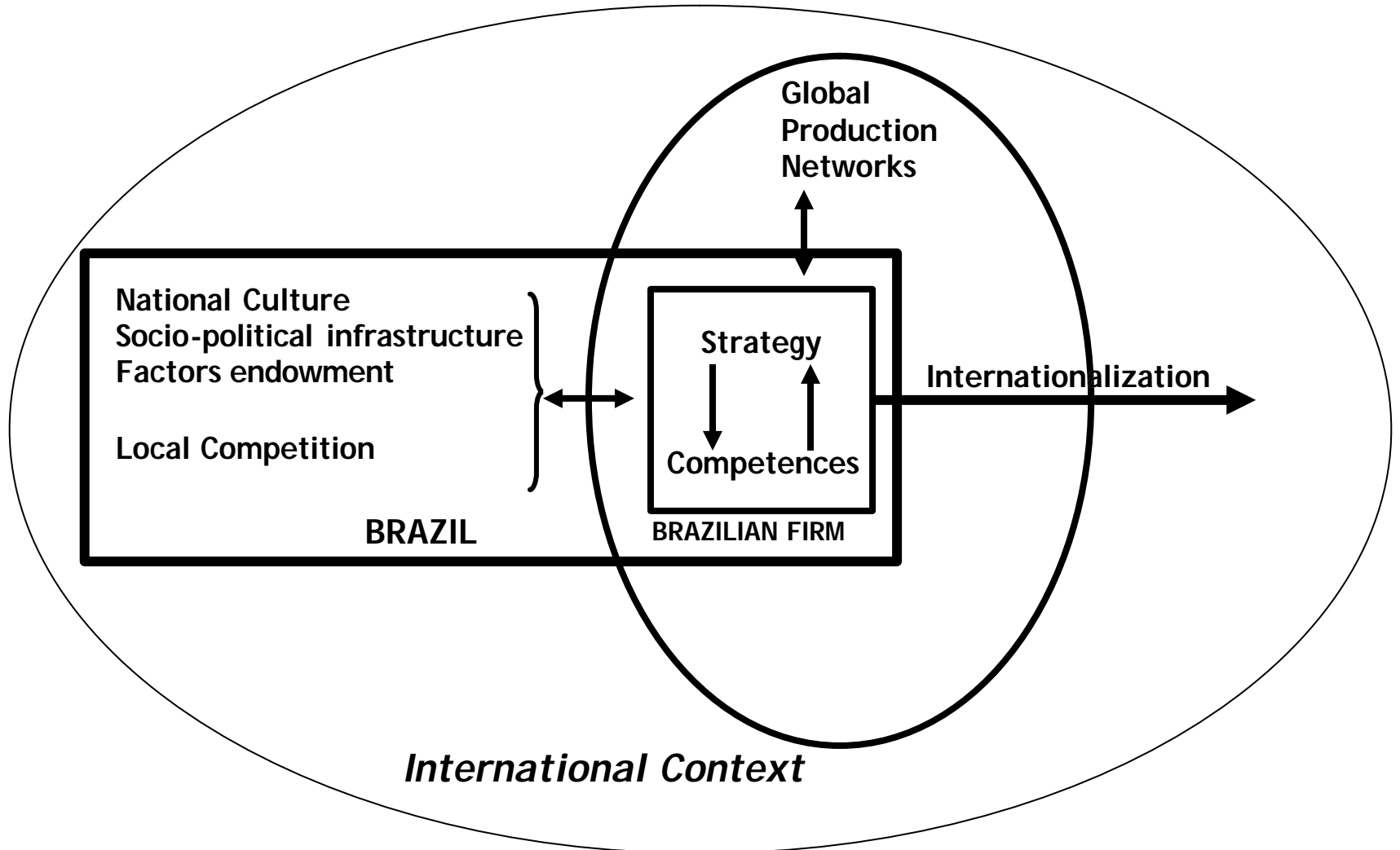
1. *Building a framework to study multinational enterprises*
2. *The evolution of Brazilian firms towards internationalization*
3. *Brazilian Multinationals: competences for internationalization*
4. *Brazilian Multinationals as networks of competences*
5. *Insights and recommendations*



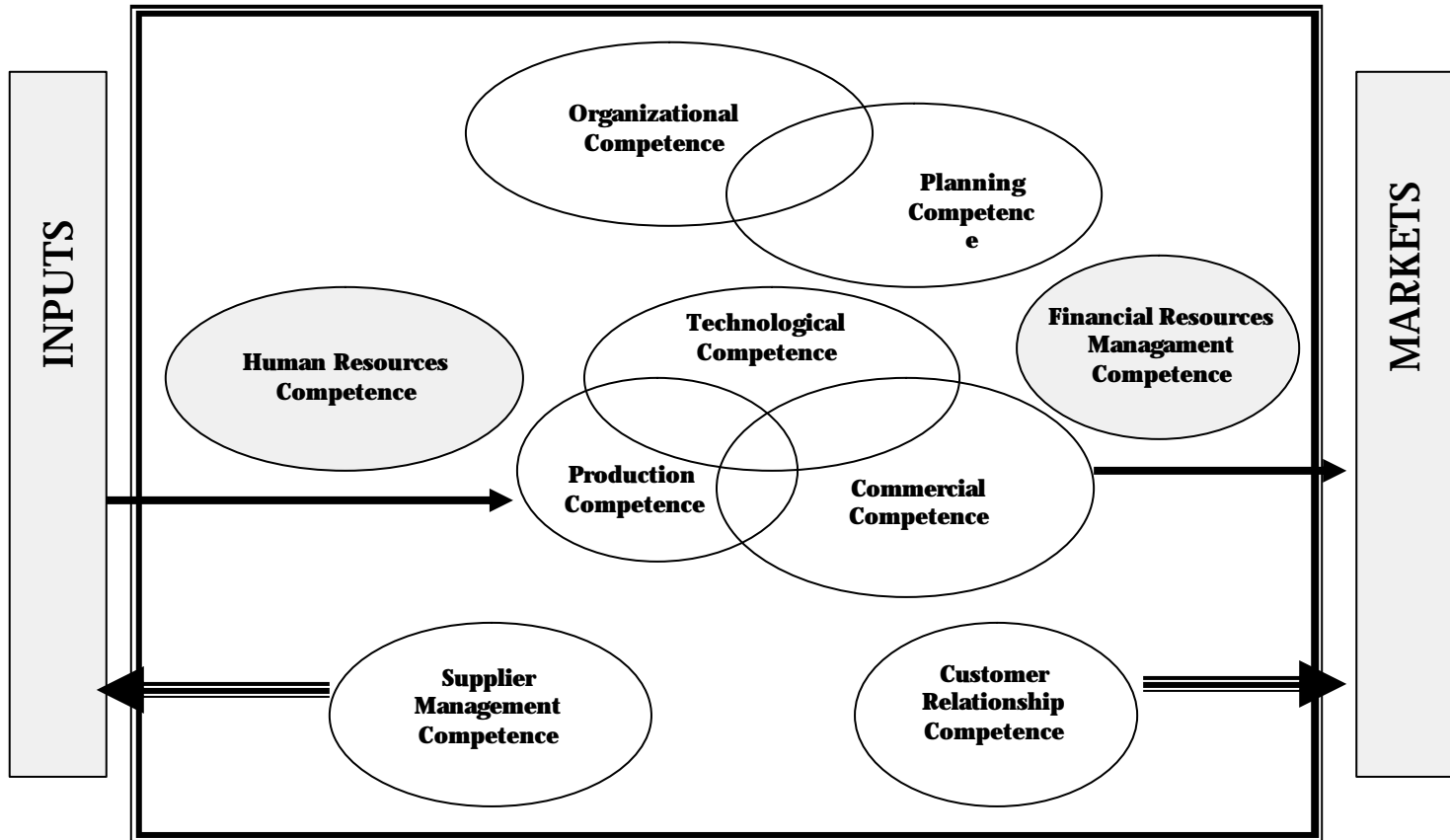
# ***What is a Multinational Enterprise?***

- *“A MNE is a firm with some foreign sales and some foreign production, where the latter takes place in a wholly-owned foreign subsidiary” (Rugman, 2007).*
- *“A multinational enterprise is a differentiated network of dispersed operations, with a configuration of competences and capabilities. A MNE cannot be controlled fully through hierarchical decisions about Foreign Direct Investment taken by the corporate headquarters” (Rugman and Verbecke, 2001:238)*

# *The Analytical Framework*



# Competences for Internationalization



# The Profile of Corporations' Organizational Competences

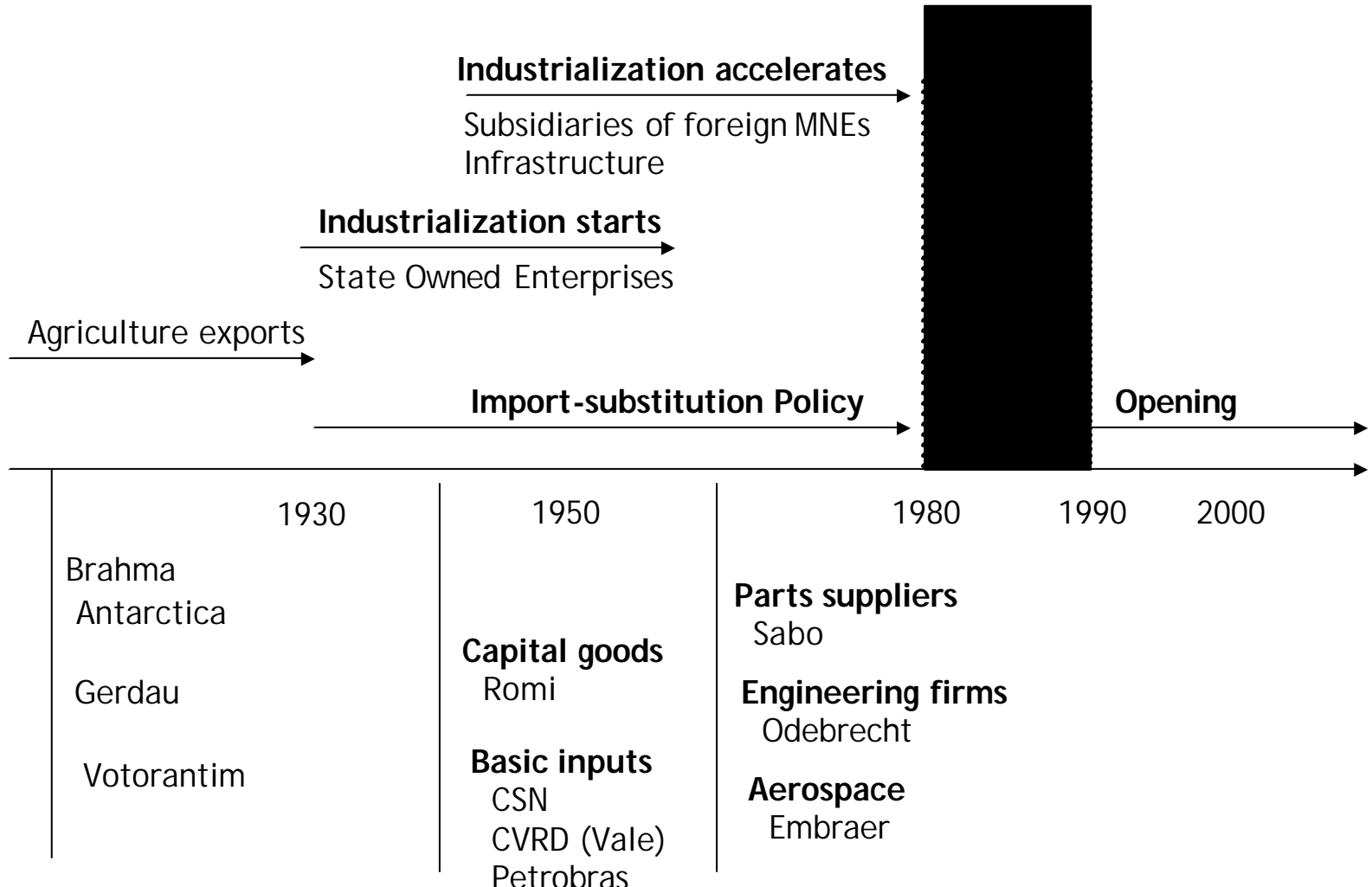
<b>THE PROFILE OF CORPORATIONS' ORGANIZATIONAL COMPETENCES</b>		
<b>BUSINESS MODEL</b>	<b>Planning competence</b>	<i>Establish and implement business strategies core function: Planning</i>
	<b>Organizational competence</b>	<i>Establish and implement management systems cultural capability: Organization</i>
<b>OPERATIONS</b>	<b>Technological competence</b>	<i>Add value to products and processes core functions: Research and Development and Engineering</i>
	<b>Production competence</b>	<i>Do things (goods and services) core functions: Production and Logistics</i>
	<b>Commercial competence</b>	<i>Deliver (goods and services) core function: Sales</i>
<b>SUPPORT</b>	<b>Human Resources Management competence</b>	<i>Capture, develop and compensate Human Resources core function: HRM</i>
	<b>Financial competence</b>	<i>Resource allocation and investment core function: Finance</i>
<b>MARKET RELATIONSHIPS</b>	<b>Customer Relationship Management (CRM competence)</b>	<i>Bring the company close to its customers; core function: Marketing (Market Intelligence)</i>
	<b>Supply Chain Management (SCM competence)</b>	<i>Implement and manage a network of suppliers core functions: Purchasing and Inbound Logistics</i>

Source: Fleury, A. and Fleury, M.T.L.: *Brazilian Multinationals: competences for internationalization* (forthcoming)

### ***3) The Evolution of Brazilian Firms Toward Internationalization***

- *How did the Brazilian context shape competences and capabilities that influenced the strategies of Brazilian firms?*

# *The Evolution of the Socio-political Infrastructure and the Birth of Brazilian Enterprises*



# ***The evolution of competences in Brazilian Enterprises (until 1990)***

Main competences developed by Brazilian enterprises

Production and Logistics  
Technological (State Owned Enterprises)

Financial

1930

1950

1980

1990

2000

FAILED ATTEMPTS  
TO  
INTERNATIONALIZE

# ***The Evolution of the Socio-political Infrastructure and the Internationalization of Brazilian Enterprises***





#### **4) *Brazilian Multinationals: Competences for Internationalization***

- *What competitive competences and capabilities do Brazilian Multinationals leverage in international markets?*

# ***The Structure of the Survey***

***30/42 Brazilian MNEs***  
***11 industries***  
***68 subsidiaries in every continent***

## ***Competences***

***Technological***

***Production***

***Commercial***

***Finance***

***Human Resources Mngt***

***Clients' relationships***

***Suppliers' relationships***

***Planning***

***Organizational***

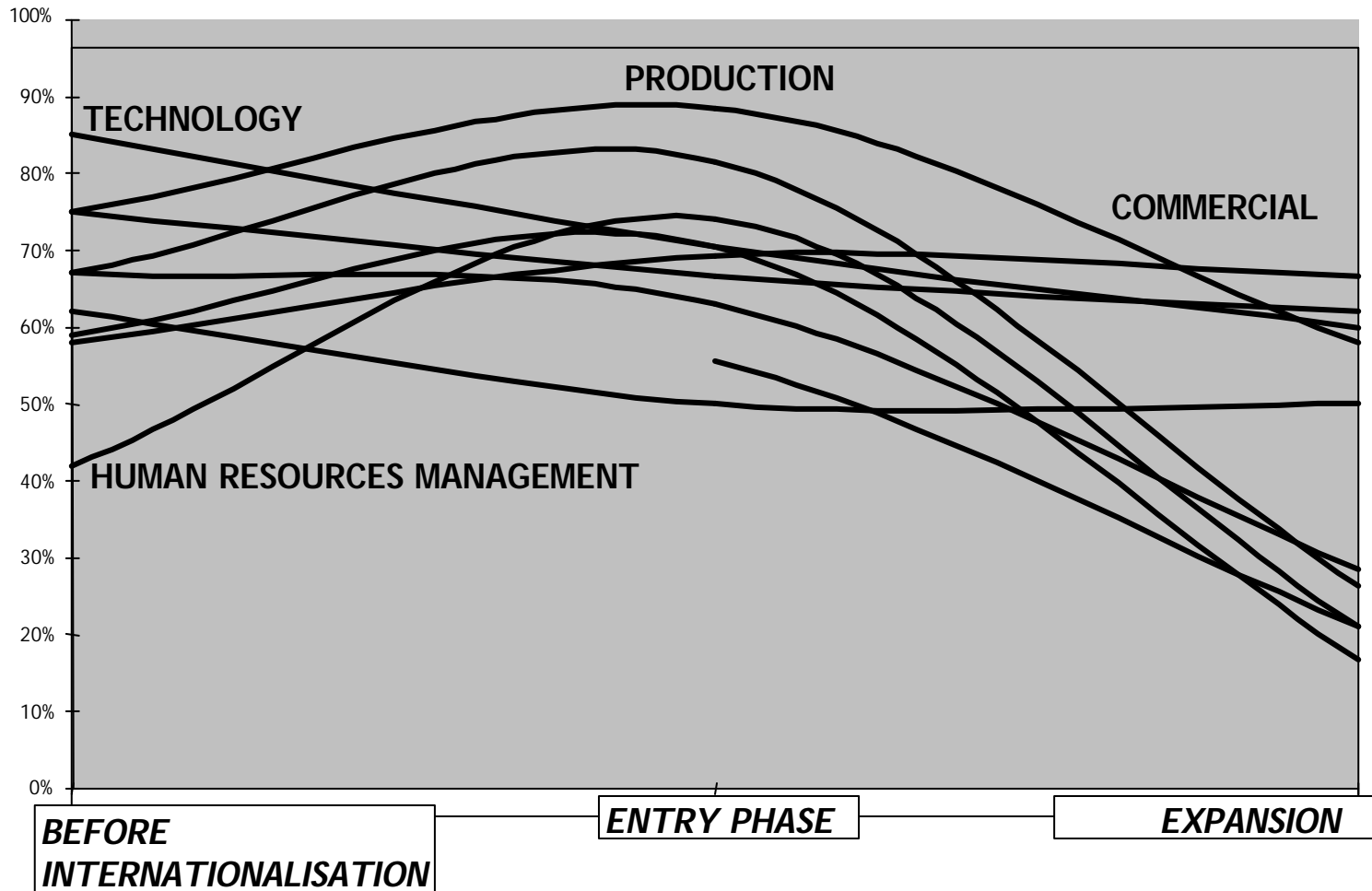
## ***THREE STAGES OF THE INTERNATIONALIZATION PROCESS***

***COMPETING DOMESTICALLY***

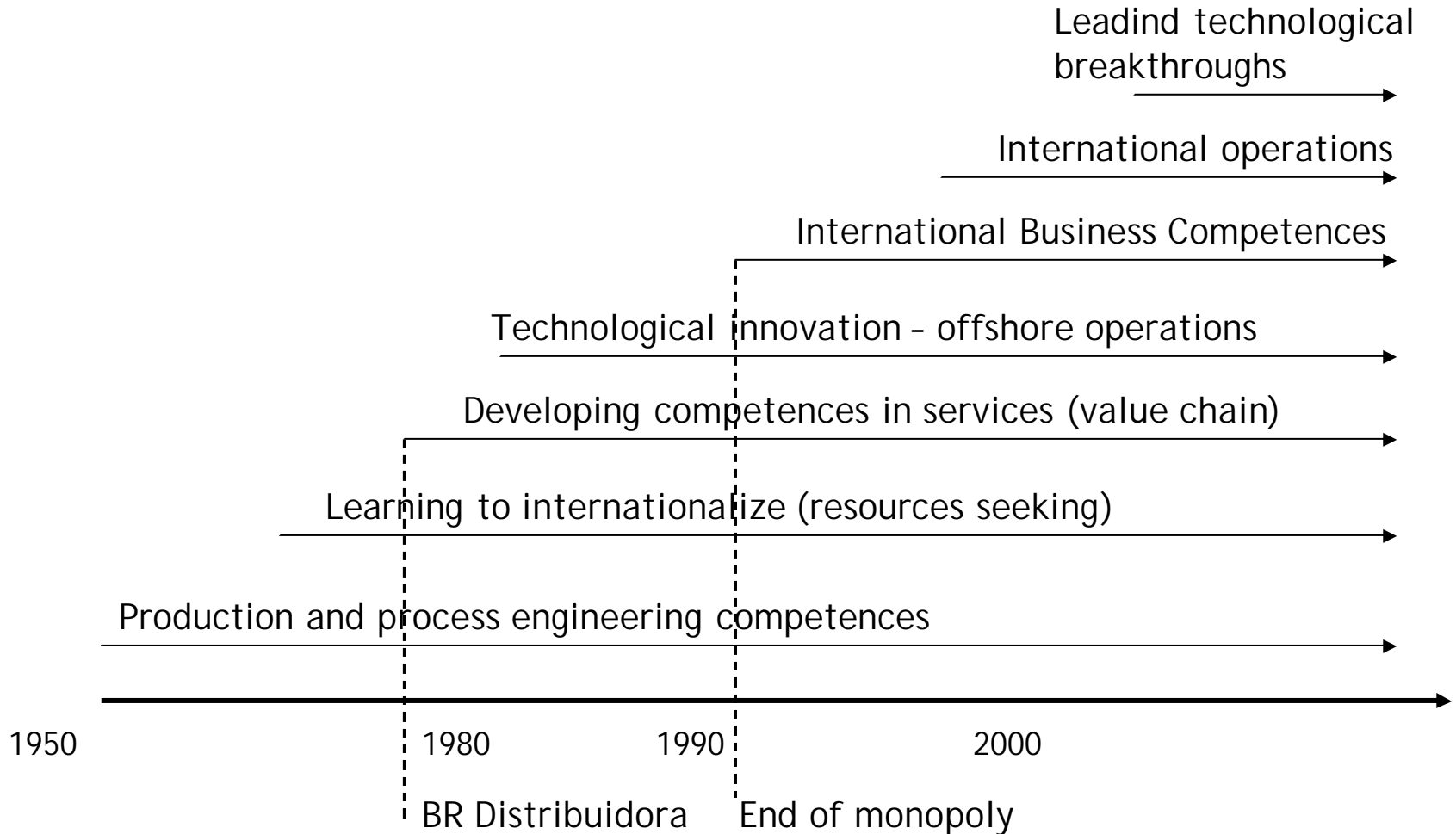
***ENTRY STAGE***

***EXPANSION STAGE***

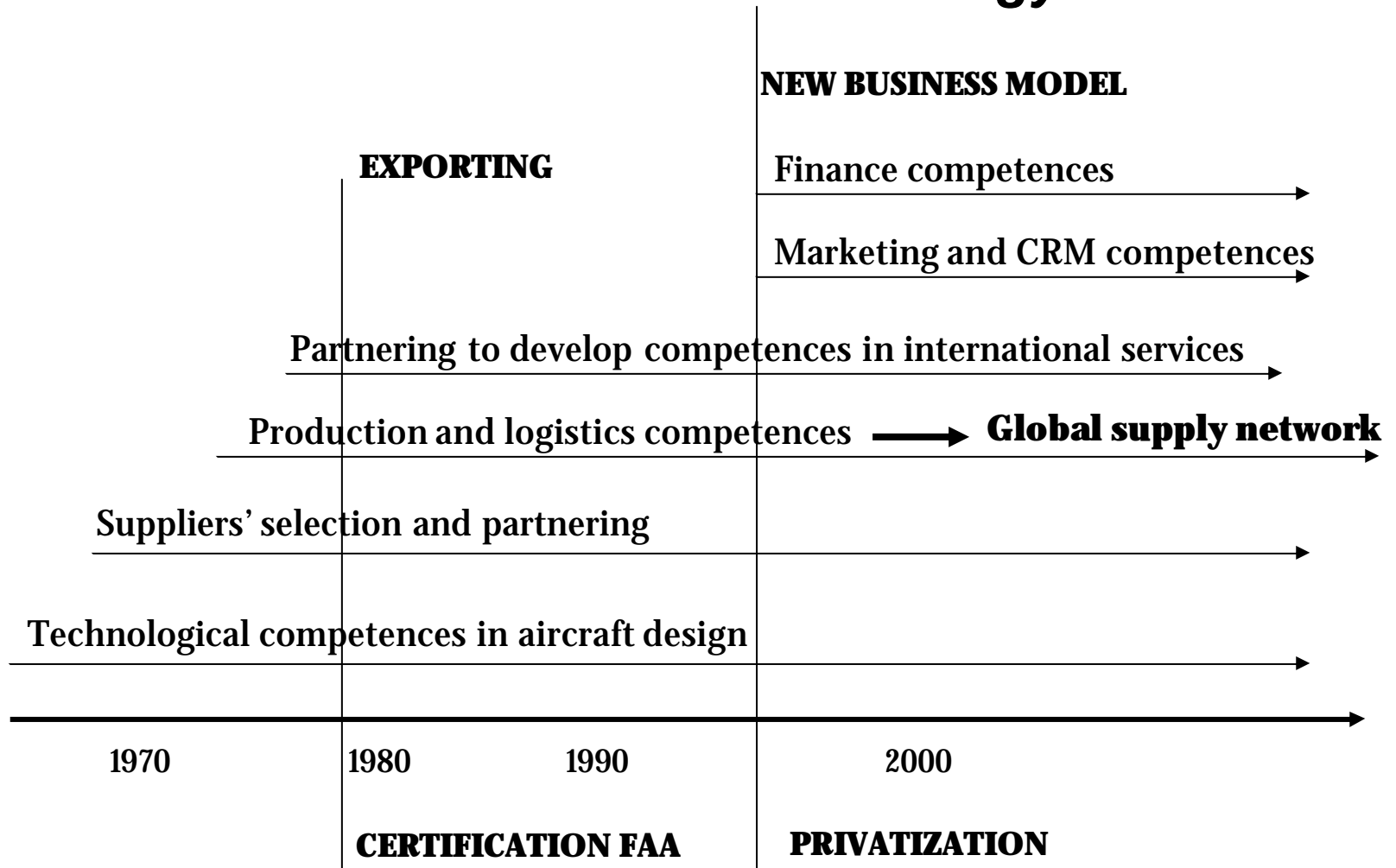
# *The Hierarchy of Competences Changes Substantially*



# *The Evolution of Petrobras' Competences and its Internationalization Strategy*



# *The Evolution of Embraers' Competences and its Internationalization Strategy*



## ***To Internationalize BrMNEs Develop Distinct Competence Profiles***

<b><i>COMPETENCE</i></b>	<b><i>BRAZILIAN GENERIC</i></b>
<b><i>ORGANIZATION</i></b>	Hierarchic, centralized Resists partnerships
<b><i>PLANNING</i></b>	Imediatist, intuitive
<b><i>PRODUCTION</i></b>	Primary. Prefers low cost and high volume. Acquires equipment instead of mastering process technology
<b><i>TECHNOLOGY</i></b>	The minimum investment necessary
<b><i>COMMERCIAL</i></b>	Seeks markets that accept its products. No concerns with image and brand
<b><i>SUPPLY CHAIN</i></b>	Conforms in being a supplier. No efforts to upgrade
<b><i>CLIENT'S RELATIONS</i></b>	Inexistent(?)
<b><i>HUMAN RESOURCES</i></b>	Conservative
<b><i>FINANCE</i></b>	Have learnt, but are dependent on government

## ***To Internationalize BrMNEs Develop a Distinct Competence Profile***

### ***BRAZILI***

<b><i>COMPETENCE</i></b>	<b><i>AN GENERI</i></b>	<b><i>BrMNEs ENTRY STAGE</i></b>
<b><i>ORGANIZATION</i></b>	<b><i>C</i></b>	Flexible. Invested and learned to create partnerships
<b><i>PLANNING</i></b>		Active waiting. Proactive in regards to socio-political infrastructure
<b><i>PRODUCTION</i></b>		World class. Competes with subsidiaries. Adopted the japanese production model. Mastering process technologies
<b><i>TECHNOLOGY</i></b>		“Creative innovation”. Some are developing strong r&d competences
<b><i>COMMERCIAL</i></b>		The diversity and complexity of domestic market was a source of learning. Concerned with image and brand
<b><i>SUPPLY CHAIN</i></b>		Captured the logic behind it and seek strategic positioning. SOME LEAD gvcs
<b><i>CLIENT’S RELATIONS</i></b>		Captured the logic behind it and developed systems to implement it
<b><i>HUMAN RESOURCES</i></b>		Local leaders but have difficulties in the internationalization process
<b><i>FINANCE</i></b>		Learnt about international finance and risk management

# *In Their Expansion, BrMNEs Learn New Types of Competences*

<b>COMPETENCE</b>	<b>New BrMNEs</b>	<b>MATURE BrMNEs</b>
<b>ORGANIZATION</b>		
<b>PLANNING</b>		
<b>PRODUCTION</b>		
<b>TECHNOLOGY</b>		
<b>COMMERCIAL</b>		
<b>SUPPLY CHAIN</b>		
<b>CLIENT'S RELATIONS</b>		
<b>HUMAN RESOURCES</b>		<b>THE MOST DEMANDING</b>
<b>FINANCE</b>		
<b>NETWORKING</b>		Learning by doing
<b>NEGOTIATING CONTRACTS</b>		Learning by doing
<b>CORPORATE SOCIAL RESPONSIBILITY</b>		<b>CRITICAL TO OVERCOME LIABILITY OF FOREIGNNESS IN CURRENT TIMES</b>
<b>INTERNATIONAL BUSINESS</b>		Learning by doing



# ***Competências para Prosperar em Ambientes Turbulentos (Sull e Escobari, 2004)***

- *Estratégia como Espera Ativa*
- *Oportunidades de ouro e ameaças de morte súbita*
- *Execução em tempo competitivo*
- *Pesca Submarina*
- *Triagem*

- *Hierarquia Flexível*
- *Organização Conectada*

*Lembrar do Organização Individualizada  
Bartlett & Ghoshal*