

## Chapter 30

# Internationalization of Business in Emerging Countries and National Culture: The Brazilian Case

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### ABSTRACT

*This chapter provides a framework for understanding the business challenges facing Brazilian companies. Based on the symbolic school of interpretive anthropology, two lines of ethnographic research were conducted on a Brazilian banking institution to identify, connect, and analyze the characteristic traits of Brazilian culture and their impact on organizational culture and administrative practices. The characteristic traits of the national culture are present in the ideals of an organization located in a country, and these traits influence management models and practices. This view rejects the hypothesis of universal management principles. In other words, management should be coherent with the country's cultural expression, and international businesses should pay attention to the institutional and cultural realities of the countries in which they are located. The identity of an organization is linked to the local cultural context, and this aspect is important in business performance, the management of companies, and the internationalization of organizations in a globalized world.*

## INTRODUCTION

Brazil is one of the emerging countries that have caught the attention of researchers, along with Russia, India, and China. These countries are frequently referred to as the BRIC countries. The internationalization processes of companies from these countries and their management policies may have different characteristics than those of policies adopted by companies in other countries due to the so-called country-of-origin effect—that is, the influence that cultural values exert over management practices and organizational behavior.

Because of the economic importance that the United States enjoyed following the Second World War, since the 1950s, the concept of the universality of administrative practices has spread. The Japanese management model experienced a similar process with Japan's rise as an economic power. This process is called convergence theory because it proposes the convergence of the various management models with a universal model that is appropriate for any culture. Some researchers associated with the convergence school of thought, such as Parker and Sarvary, assert that the tendency towards globalization reinforces the best management methods.

Culturally, however, the United States and Japan exhibit inherent cultural configurations that differ from those of other countries. Convergence theory began to be contested in the 1980s with the publication of research on the failure of the implementation of practices, such as management by objectives and performance-based compensation, and by the publication of Hofstede's studies.

As highlighted by Hofstede (1987a), the naïve assumption that management is the same, or should be the same, in every corner of the globe is not tenable. The hypothesis that there must be a “best way” to manage (i.e., managerial practices that could be implemented in different countries without considering the influence of national culture) under any political, economic, legal, or historical situation is contested.

However, administrative theories have been developed and assimilated as if they were acultural, which is to say, as if perceptions, observations, interpretations, and the construction of theories were not influenced by culture. Although we admit the difficulty in proving the influence of culture over the development of organizational theories, culture influences organizational behavior and operates at a deep level where there is no awareness of its influence. As a result, many aspects of organizational theories in one culture may be inappropriate in other cultures.

Hofstede's research, which demonstrated the differences in national cultures, has served as a mandatory reference for studies related to the influence of national culture over administrative practices. Nationality, in this sense, is an important factor in management studies and is related to political, sociological and psychological aspects:

- **Political:** Nations are political units rooted in a historical context, and they contain legal institutions, forms of governance, educational systems, and worker and employee associations;
- **Sociological:** Part of the identity of an individual is rooted in the feeling of belonging to a country or region;
- **Psychological:** Elements related to the national culture explain the differences in the perception of a single reality.

It is clear that cultural differences may occur within a single country. Such differences may be classified, according to Hofstede (1983), by region, social class, occupation, religion, age, sex, or family. There are undeniable differences in cultures within a single country, yet the majority of nations may be distinguished by ways of thinking that are shared by the majority of inhabitants and may be considered part of their national culture or national character. Hofstede stressed that nations should not be considered equivalent to societies.

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