Global development: the need for companies to internationalize

Desenvolvimento global: a necessidade da internacionalização das empresas

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ABSTRACT
The aim of this research was to understand the concept of the internationalization of companies in line with global development. The research procedures used the bibliographic research technique, using the digital library of theses and dissertations, the CAPES portal and Scielo as a database. The results showed that globalization has led many companies to seek internationalization as a competitive advantage. In a world where the economic interests of countries and corporations have been able to overcome political borders, cultural, religious and ideological differences, among others, the internationalization of companies represents not only a survival strategy, but a real scenario for potential growth.

Keywords: internationalization, company, global development.

RESUMO
A presente pesquisa teve como objetivo compreender o conceito de internacionalização das empresas em consonância com o desenvolvimento global. Como procedimentos de pesquisa utilizou-se a técnica da pesquisa bibliográfica, utilizando como base de dados a biblioteca digital de teses e dissertações, o portal da capes e o Scielo. Os resultados evidenciaram que a globalização levou diversas empresas a buscarem a internacionalização como vantagem competitiva. Num mundo em que os interesses econômicos de países e corporações foram capazes de superar fronteiras políticas, divergências culturais, religiosas, ideológicas, entre outras, a internacionalização das empresas representa não só uma estratégia de sobrevivência, mas um verdadeiro cenário para potencial crescimento.

Palavras-chave: internacionalização, empresa, desenvolvimento global.
INTRODUCTION

An exception among the economists of the first half of the last century, Schumpeter (1989) described the importance of innovation as a fundamental element for economic growth, including not only innovations in products and organizational and industrial processes, but also the prospecting of new markets and raw materials.

In his view, innovations are essential to the functioning of capitalism, starting with new methods of transport, production and the consumer goods market, culminating in a process of competition that takes place not just in relation to prices, but due to new elements from innovations, competition between new products, techniques and new organizations, determining the cost and quality of goods and, therefore, significantly altering the economic system, creating new positions in the market, in a process of creative destruction in which companies that seek innovations survive over those that remain inert to technological generation and diffusion.

According to Schumpeter (1989), the innovation process is made up of invention (the generation of new knowledge, whether or not it is economically viable), innovation (a basically economic phenomenon in which a new product is marketed or a new process is implemented) and diffusion (the routes by which innovative processes are created and/or adopted in the production system), a fundamental part of the development of organizational knowledge, a company's major competitive advantage over its competitors.

It is essential for companies to seek out organizational knowledge in order to achieve exceptional results, as well as bringing about continuous innovation, where innovation is defined as an idea that is converted into a useful application.

Innovation is directly related to tacit knowledge and is an initial process for developing an organization's strategies. Human knowledge can be divided into the categories of tacit (that which is not formulated and can be understood implicitly), the dominant principle of all knowledge, or explicit (knowledge that can be transmitted through training and classes).

Concepts about knowledge are important for understanding organizational competencies, also called resources by some authors, and in this respect the theory of resources becomes relevant. This theory analyzes not only the resources that the company has, but also those that need to be developed and concerns the productive factors internal to the organization as the focus of analysis for creating value for the organization through the development of its resources and competencies.
Resources must have four factors: they must be valuable, rare, difficult to imitate and have no equivalent substitute. This difficulty of imitation is essential for increasing the organization's competitive advantage, if the resources are well protected. However, it is notorious that companies have given preference to mergers in order to acquire competencies that have already been developed and that, although executives value knowledge, they are not concerned with managing it in order to add value to companies through innovation.

The resource dependency theory explains the main reasons why companies work in networks, separated into two types: knowledge networks, when companies need to learn or teach a resource, and business networks, when companies need to maximize their resources. The difference between them is the use or exploitation of knowledge.

2 OBJECTIVES

The objective of this bibliographical research is to understand the concept of internationalization of companies in line with global development

3 METHODS

The research procedures used the bibliographical research technique, using the digital library of theses and dissertations, the CAPES portal and Scielo as a database.

4 RESULTS

Lorange and Roos (1996) work with four generic categories of company cooperation, which basically depend on the importance of the activity and the market position of these companies. Companies with an important peripheral activity but which are market leaders have an interest in STAYING, while companies with peripheral activities but which are followers rather than leaders see cooperation in networks as an interest in RESTRUCTURING. Followers with central activities want to REACH the central leader, which in turn wants to DEFEND its position.

Another analysis of the incentives to work in a network are interpretative variables and contextual variables. While in the former, what matters are the attitudes, values and perceptions of the players involved, in the latter, the emphasis is on concrete factors such as technology, size and economy, for example. It is clear that cooperation in networks increases the ability to work
towards a common goal, to the detriment of competition between companies. The three main reasons for forming joint ventures, transaction costs, strategic behaviour and organizational knowledge, are essential factors for networking.

Two important concepts for economic sociology are imbrication and interdependence. For the first, it is the context of institutional action that makes organizations define rational choices, i.e. the entire institutional structure in which companies are inserted must be taken into account for their decisions.

This concept is divided into structural linkages, which concern the contextualization of economic exchanges and interpersonal relations, and cognitive linkages, which are based on more subjective factors, such as market reputation, for example. Thinking about interdependence for the formation of cooperation networks, it is important to highlight the three essential Cs as motivation: compatibility, capacity and commitment.

As already mentioned, knowledge in networks can be motivated to accentuate complementary capabilities or to achieve complementary capabilities. In the first case, it is common for companies with homogeneous knowledge to merge, facilitating the transfer of explicit knowledge to the detriment of tacit knowledge. In the second case, it is more likely that existing knowledge will be transferred rather than new knowledge created.

Globalization has led many companies to seek internationalization as a competitive advantage. In a world where the economic interests of countries and corporations have been able to overcome political boundaries, cultural, religious and ideological differences, among others, the internationalization of companies represents not only a survival strategy, but a real scenario for potential growth.

In order to join the process, companies must not only be prepared to face a global challenge, but also be attentive to local demands, because a company that is not prepared for national receptivity will not have the strength for global integration, and vice versa. To be able to reconcile global efficiency, local responsiveness and worldwide innovation simultaneously, it is important for companies to seek a transnational model of action because it offers greater autonomy to affiliates compared to the global model of action, with decision-making working horizontally being prioritized over hierarchy.

Due to the different times and economic and social realities, the internationalization models of Europe, the US, Japan and the BRIC countries (an economic group of countries
considered "emerging") were also different. European companies adhered to the multinational model, normally adopted when there is strong pressure to respond locally and low pressure to reduce costs. The Americans, on the other hand, opted for the international model, which is preferred when there is low local pressure for responsiveness and cost reduction, since there is little local customization of products.

The Japanese opted out of these models and opted for the global strategy, chosen because of the high pressure to reduce costs and low pressure for local responsiveness. The BRIC countries, on the other hand, opted for the transnational model, which develops internationalization in three stages: initial, intermediate and advanced, due to their late internationalization, which took place around the 1980s.

Oureiro et al (2012) also discusses the drivers of company internationalization through two concepts: pushfactors (the reasons that lead companies to leave their place of origin) and pullfactors (the reasons that attract companies to the place of destination), in which one of the main variables for analyzing the factors is the distance between the countries of destination and origin, considering that distance does not only encompass the geographical term, but also the cultural, economic and political differences of these countries, according to the typology of Ghemawat (2001), cited by the author.

In order to discuss these motivators, it is important to know the theories of internationalization. I would highlight three groups of theories: behavioral, economic and institutional.

Behavioral theories consist of gradual investments in foreign markets, usually starting with exports, due to companies' search for innovation. Economic theories, on the other hand, are based on the lowest cost of producing products. The two main currents of economic theories are Dunning's OLI paradigm (ownership, location, internalization) and Vernon's product life cycle theory.

In order to better understand the distance variable as an analysis for the internationalization of a company, institutional theories are of greater value in understanding the various complex factors that facilitate or hinder the process of internationalization of companies, such as customs and beliefs, religion, legislation, the judicial system, bureaucracy, government structures and market mechanisms.
These factors are divided into formal ones, "which define the rules by which economic actors must interact, through contracts or employment relationships (North, 1981, p. 23)" and informal ones, which are the most complex. According to Kostova and Zaheer, 1999, p. 69 "the greater the institutional distance, the more difficult it is for the multinational company to gain legitimacy in the destination countries and transfer its strategic routines to the subsidiaries". The main difficulty for multinationals when doing business with emerging countries, such as Brazil, is precisely the institutional distance or even the complete absence of institutions.

Another difficulty faced by emerging countries is competing with the technology of developed countries. Most Brazilian companies are located in medium-low and low technology intensity sectors, according to the Organization for Economic Cooperation and Development classification, including the food industry. However, internationalization is an answer to improving technological capabilities, since the Brazilian companies with the highest number of registered patents have high internationalization rates. In addition, because it has a large population, Brazilian industry has been getting better at serving large local markets.

To make up for these technological shortcomings, companies have sought partnerships with universities to develop research that will bring about the innovations needed for product development. Costa, Porto and Feldhaus (2010) talk about the importance of this partnership and cite the cyclical model of innovation.

Internationalization is an important process for small companies to learn new skills and increase their competitive capacity. Comparatively, they still have greater possibilities of adding knowledge and organizational knowledge and organizational skills on a larger scale in the internationalization process than large multinationals.

The foreign direct investment indicator shows a significant increase in the internationalization of developing countries and countries with economies in transition since the 2000s, not only as a destination, but also as an origin for global investments. The rise of the BRIC countries is a catalyst for these changes and an indication of this is the fact that the share of companies from developing countries and economies not in transition in the global flow of foreign direct investment.
5 CONCLUSION

The advantages that nations gain from the internationalization of their companies, such as human resources training, science and technology production, political stability and infrastructure, are affected by the public policies of their countries of origin or destination. Through these public policies, emerging countries like Brazil have begun a process of opening up trade, increasing the share of foreign trade in the country's gross domestic product. This process of internationalization has affected the macroeconomy and increased the competitiveness of economic players.

This scenario of opening up of emerging countries shows that multinationals will play an even more important role in the global economy in the coming years, bringing cultural and institutional changes to the process.

To increase its competitive advantage, every multinational must possess a set of tangible and intangible resources. The ability to manage and coordinate these resources creates organizational competencies. The set of organizational competencies, added to the company's strategy, constitutes its core competence. However, it is essential that multinationals are able to transfer this knowledge globally, in a spectrum of competence renewal so that the principle of rarity, non-imitation, versatility and value generation can be maintained, preventing the concept of competence from remaining static, making this competitive advantage obsolete over time.
REFERENCES


