

Influences of international experience and business diversification in internationalization degree of Brazilian Multinationals

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ABSTRACT

This article is positioned in the literature on the internationalization process of Brazilian multinational companies. As some multinational companies internationalize with greater speed and have better performance than others, this study, the effects were examined two-dimensional - The time of international experience and business diversification - the degree of internationalization of Brazilian multinationals. For the research we used secondary data from the Transnationality Index of Brazilian Companies of the Fundação Dom Cabral (FDC), Brazilian Multinational Observatory of the Escola Superior de Propaganda e Marketing (ESPM), as well as information of the BM&FBovespa and the fields of internet of the 43 surveyed companies and their subsidiaries. The results indicate that the diversification of the company's business is positively related to the degree of internationalization. The previous international experience does not seem to be a predictor of the degree of internationalization, which may relate to the internationalization process of Brazilian multinationals be a phenomena still relatively recent.

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1. Introduction

The internationalization process of emerging countries' economies has created great opportunities for business growth in various sectors. Thus, not only do firms from developed countries find and exploit opportunities in emerging economies, firms from these economies expand internationally too. The motivations for internationalization are well known and include aspects such as market expansion, reduced dependence on domestic markets, protection against economic cycles, the quest for knowledge, access to natural resources, and cost lowering factors.

Research on the elements that contribute to increases in degrees of internationalization of Brazilian firms is critical to the advancement of knowledge in this area. International experience is an important variable that must be further investigated.

Schiavini and Scherer (2015) point out that a lack of experience can hamper the overcoming of some barriers imposed by the international market.

Thus, knowing a firm's level of experience can assist in the adoption of internationalization strategies appropriate to business characteristics, and consequently obtain better performance in other countries (Silva, Amal, Tontini, & Borges, 2015). Experience with international business can generate knowledge accumulation and, according to Johanson and Wiedersheim (1975), Johanson and Vahlne (1977), and Glaum and Oesterle (2007), a firm can internationalize as it gains knowledge.

Diversification is another component that can positively influence the degree of internationalization, for Penrose (1956) diversifying an organization can have important gains in terms of competition. These gains can be manifested through

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the expansion of markets, the development of new products or services, and the use of different technological groundings (Sereia, Camara, & Vieira, 2011). With this same view, Furquim and Arantes (2011) explain that diversification contributes to firm growth and consolidation. Based on these initial arguments, this study seeks to specifically analyze one question: Does international experience and business diversification influence the degree of internationalization of Brazilian multinational firms?

Methodologically, this study is quantitative and involves the collection and analysis of secondary data from the transnationality index of Brazilian firms provided by Fundação Dom Cabral (the Dom Cabral Foundation - FDC) in order to assess degrees of internationalization. Other data were collected from the Brazilian Multinationals Observatory hosted by the Escola Superior de Propaganda e Marketing (School of Higher Education in Advertising and Marketing—ESPM), information from the BM&F Bovespa, and websites of the firms studied. The sample consisted of 43 firms from a total of 52 that had their indexes made available in 2014. Multiple linear regression analyses reveal that there is effectively a positive relationship between the level of business diversification of Brazilian multinational firms and the degree of internationalization.

This study is a major contribution to the literature on Brazilian firm internationalization. In this regard, it is important to note the utility of having accessible databases, such as the FDC's transnationality index of Brazilian firms and that from the Brazilian Multinationals Observatory (ESPM) in order to progress in the study of Brazilian firms' reality. Even though it is not a new subject in the studies of internationalization, business diversification is still an under-explored variable in research on Brazilian multinational firms. Thus, the results presented provide important signs about its relation with the degree of internationalization.

This article is organized in seven sections, including this introduction. In the second section, a theoretical framework on the theme is introduced, focusing specifically on emerging markets, experience, and international business diversification. In the third section research hypotheses are developed. In the fourth section the methodological procedures adopted are incorporated. The fifth presents the results of statistical tests, then, in section six the results are

discussed and limitations and suggestions for future research are pointed to; section seven addresses study conclusions.

2. Internationalization of firms from emerging markets

The expression “emerging markets” gained strength in the 1980s to define countries at a certain stage of economic growth, industrialization, and modernization. The objective was to unravel the third world or underdeveloped country view that had existed before. In these markets, especially those that compose the BRICS - Brazil, Russia, India, China and South Africa - business activities have been shown to be essential for economic growth and the development of societies (Machado, Diniz, Ogasavara, & Matos, 2015). Thus, one of the great opportunities for the increase of Brazilian firms' business is related to the exploration of new markets, such as those provided by internationalization. This is due to the magnitude of capital flows and products involved in internationalized business (Goldstein & Pusterla, 2010).

There is a trend showing that emerging market countries such as Brazil are directly responsible for the majority of global growth in the coming years (Cavusgil, Ghauri, & Akcal, 2013). In 2002, about 150 countries fitted the “emerging” category, with another 120 in the pre-transition phase. Investors' attention is concentrated on a small number of countries that are in transition to higher levels of economic development (Bruner et al., 2002). They are all seeking to readjust their economies through privatization, deregulation of economic activities, democratization, political and currency stability, reduction of barriers to international trade and social problems, and opening the economy to international trade (Pereiro, 2001).

Even without a single categorization of emerging markets in which Brazil is placed, there is consensus that firms in these countries are growing in representation way. Among the existing classifications, the ones that stand out were: the independent firm FTSE; Goldman Sachs; the indices provider MSCI; Standard and Poor's (S&P); and the auditor Grant Thornton (Cavusgil et al., 2013). Even with different evaluation criteria it is observed that countries like Brazil, Russia, India, and China (BRICs) are present in all classifications.

Tab. 1

Classification of emerging markets according to the criteria of five institutions

Parents	FTSE	MSCI	S&P	Goldman Sachs	Grant Thornton
Algeria					✓
Argentina					✓
Bangladesh				✓	✓
Brazil	✓	✓	✓	✓	✓
Chile	✓	✓	✓		✓
China	✓	✓	✓	✓	✓
Colombia	✓	✓			✓
Czech Republic	✓	✓	✓		
Egypt	✓	✓	✓	✓	✓
Hungary	✓	✓	✓		✓
India	✓	✓	✓	✓	✓
Indonesia	✓	✓	✓	✓	✓
Iran				✓	✓
Korea		✓		✓	
Malaysia	✓	✓	✓		✓
Mexico	✓	✓	✓	✓	✓
Morocco	✓	✓	✓		
Nigeria				✓	✓
Pakistan	✓			✓	✓
Peru	✓	✓	✓		✓
Philippines	✓	✓	✓	✓	✓
Poland	✓	✓	✓		✓
Romania					✓
Russia	✓	✓	✓	✓	✓
South Africa	✓	✓	✓		✓
Taiwan	✓	✓	✓		
Thailand	✓	✓	✓		✓
Turkey	✓	✓	✓	✓	✓
U. Arab Emirates	✓				
Ukraine					✓
Vietnam				✓	✓
Venezuela					✓

Source: Adapted from Cavusgil et al. (2013).

In the list shown in Table 1, Goldman Sachs considers rapidly growing economies in the twenty-first century when developing its indices. FTSE analyzes development and stock markets. MSCI evaluates the size of firms and market accessibility. Grant Thornton measures gross domestic product (GDP), population size, international trade, and growth projections for each country. In October 2003, Goldman Sachs issued a report entitled *Dreaming with BRICs: The Path to 2050*, which originated the acronym BRICs to refer to the economies of Brazil, Russia, India and China. In 2011 a new acronym (BRICS) became used for the group, which now included South Africa (Machado et al., 2015).

Even with the growth of multinational firms from emerging economies, especially from the BRICS countries and most notably China, it is evident that there is still a predominance of the triad—European Union, USA, and Japan—as observed in Table 2, which exposes the origin of the 500 largest multinationals. This is mainly due to major economic

turmoil, political instability, and precarious infrastructure in emerging economies, which wards off foreign investment and hinders development (Ramamurti, 2008, 2009).

Tab. 2

500 largest multinational firms according to Fortune

Countries	2005	2006	2007	2008	2009	2010
Brazil	4	5	5	6	7	7
Russia	5	4	5	7	6	7
India	6	6	7	7	8	8
China	20	24	29	37	46	61
BRIC	35	39	46	58	67	83
US	170	162	153	140	139	133
European Union	165	165	170	163	161	148
Japan	70	67	64	68	71	68
Total	500	500	500	500	500	500

Source: Adapted from Peng (2012).

It is necessary to deepen knowledge of the variables related to the internationalization process of Brazilian firms, since this process can be considered late as it is still a recent phenomenon (Mathews, 2006). In this sense, these multinational firms tend to have unique characteristics in relation to firms from developed countries (Luo & Tung, 2007). The country also has other particularities such as vast territory, a large population, abundant natural resources, and social diversification (Santos & Coelho, 2010).

For Honório (2009) international experience is an important aspect for increasing the degree of internationalization of Brazilian firms, as greater experience holds some advantages arising from location choices in foreign markets. However, the author also points out the need to establish good relationships with international partners to make this happen. Diversification is another important factor that must be investigated when it comes to international markets, since diversified businesses tend to also increase the variety of products offered by organizations, improving vertical integration and expanding areas of activity (Furquim & Meireles, 2006). These two points are subsequently explored in order to substantiate the proposed research model.

2.1 Experience and business diversification of multinational firms

In the view of Johanson and Wiedersheim (1975) and Johanson and Vahlne (1977), there are several obstacles to firm entry in international markets, one of which is a lack of experience. A lack of experience may make firms from various sectors more

vulnerable to the risks of being located in new markets (Johanson & Vahlne, 1977). In uncertain environments, the lack of information about context, tied to low levels of experience, can be an obstacle to internationalization (CAVUSGIL, 1980). Thus, an organization's experience with international markets can reduce the risks involved in the process of internationalization (Johanson & Wiedershem, 1975).

From accumulated international experience, an organization can develop a clearer view of a new market (Glaum & Oesterle, 2007). This experience, generally acquired through practice, significantly reduces the possibilities of errors that raise transactions costs and thus negatively impact organizational competitiveness (Barkema & Vermeulen, 1998).

Greater international experience also provides greater familiarity with foreign cultures, facilitating communication processes with customers, suppliers, and governments (Luo & Tung, 2007). For Johanson and Vahlne (1977), the more an organization invests in a particular market, the more it gains experience. Macadar (2009) mentions the specific cases of Gerdau and Marcopolo (two Brazilian firms), where it was proven that they only boosted their internationalization processes after greater experience had been acquired.

In addition to international experience, diversification is a component that is closely related to market expansion (Sereia et al., 2011). It is noteworthy that the great competition in international markets drives firms to seek advantages over their competitors, either by offering new products or services (Hitt et al., 2006). Thus, a combination of advantages can be a determining factor in the internationalization process (Cuervo-Cazurra, 2008; Dunning, 1988, 2000, 2001). In this sense, besides factors such as patents, economies of scale, privileged access to assets, and technological capabilities, the advantages of these firms are mainly related to the level of diversification (Stal, Almeida, & Avrichir, 2008).

The more diversified the business of an organization is, the greater the possibilities for diversification of the risks involved will be (Carvalho & Kupfer, 2011). Kim, Hwang and Burgers (1993) point out that diversification in global markets, in addition to reducing risks, improves organizational performance. Moreover, Corrêa and Lima (2007), when analyzing two organizations among the most

internationalized national firms in the country, found that both had a focus on diversification when expanding their international markets.

Business diversification may occur by increasing the number of sectors such as: inputs, processing or trading. Barni and Brandt (1992) point out that this form of diversification allows a significant expansion in a firm's market of operation as well as gains in efficiency. This occurs by meeting new market demands or increasing the number of products or services offered, which can also reduce operation costs. Imbs and Wacziarg (2003) suggest that this cost reduction enables better productivity and greater economies of scale.

Sectorally diversified businesses also involve increasing the number of products and services. The diversification of products can be related and unrelated (Rogers, Mendes-da-Silva, & Paula, 2008). Related or horizontal diversification is formed internally in the organization, based on the increase of activity in accordance with existing resources (Chang & Wang, 2007). Unrelated or lateral diversification is guided by expansion through products that are not on the list of key resources of the firm (Ansoff, 1957; Rumelt, 1974).

Firms with diversified business are also subject to greater challenges in terms of management. This is because, as they diversify their structures may change. Thus, managers face greater complexity and more heterogeneous and uncertain environments (Fleck, 2004). However, it is from top management that diversification can be incorporated and, for Sambharya (1996), managers' attitudes, beliefs, and mentalities can shape firm personality.

One cannot ignore that, in addition to issues related to two variables - international experience and business diversification - other variables can influence the degree of firm internationalization. It is worth mentioning Mello and Mussengue's (2011) observations that point out that international operations in Latin America stem from factors related to: the process of deregulation and privatization, cultural aspects, and the size of unexplored markets. This does not disregard the fact that several multilatinas - multinationals from developing countries - have specific characteristics of international expansion, frequently having aggressive strategies that are often aimed at acquiring firms abroad (Dakessian & Feldmann, 2013).

3. Hypotheses and research model

The degree of internationalization of a firm is largely related to its level of knowledge of new environments in which they operate. As it increases its involvement in new markets, possibilities for new investments also expand (Johanson & Vahlne, 1977). An internationalization process can start very slowly, but as the firm gains international experience this process can be accelerated (Johanson & Wiedersheim, 1975; Johanson & Vahlne, 1977).

It is through these accumulated experiences that the level of involvement rises, culminating as well in greater investments in international activities. The experience also contributes with the identification of new opportunities, assisting in the development of new advantages in competitive terms (Hitt & Hoskisson; Ireland, 1994). In this sense, experience is directly related to the degree of internationalization, since firms internationalize as they gain experience in these new markets (Whitelock, 2002; Ruigrok & Wagner, 2003).

In this study the degree of internationalization was analyzed from an index that is measured by assets, revenues, and total number of employees, including abroad. Thus, it is possible to infer that multinational firms with greater experience in international markets are also those that have more assets outside the host country. Similarly, it is believed that these organizations obtain the greatest revenues and have a larger number of employees outside the country.

Experience in other countries is one of the key elements for firms to gain international knowledge, and this fact can also contribute to the expansion of business abroad (Sereia et al., 2011; Macadar, 2009). Even though it is not a rule, a lack of international experience can, in some cases, expose an organization to risks that affect its performance (Johanson & Vahlne, 1977). In this sense, the first hypothesis formulated seeks to confirm if the degree of internationalization of Brazilian multinational firms is influenced by accumulated international experience.

Hypothesis 1: *The level of international experience of Brazilian multinationals is positively related to the degree of internationalization.*

For Almeida (2007) diversification can also be a differential to advance in the international market, it can reduce the costs of international operations

terms of economies of scale, and increases the range of products and services offered (Tallman & Li, 1996; Markides & Williamson, 1996; Pennings, Arkema, & Douma, 1994). Therefore, diversification can be an important competitive element for entering into new markets, contributing to satisfy some specific requirements of the external market (Zhao & Luo, 2002; Saloner, Shapard & Podolny, 2001).

Business diversification also allows firms to deal more effectively with adversity and typical complexities of international environments (Hsu, 2006; Chang & Wang, 2007). These obstacles, which are common, related to legal, economic, and environmental restrictions, as well as to the particularities associated with some characteristics of the activities developed and the sector in which the firm operates (Quinn, 1998).

For Barni and Brandt (1992) sectoral diversification can enhance the efficiency and expansion of an organization's market of operation, and can also be seen as an important business propellant through new products or services (Rogers et al., 2008). This suggests that a firm with more diversified business—according to its branch of activity—internationalizes more easily than firms that rely on a specific business and customers, while low diversification implies greater susceptibility in relation to possible barriers imposed. Another advantage of diversification is the possibility of composing a broader business mix, enabling the development of international activities even when another particular business is not successful (Li & Qian, 2005; Delios & Beamish, 1999).

From these observations, it is understood that firms with more diversified business also internationalize easily, for example: firms that exploit energy, logistics, and food sectors will have less difficulty with business in other countries than firms operating in only one of these sectors. Accordingly, the second hypothesis suggests the existence of diversification influences the degree of internationalization. Figure 1 shows the analysis model.

Hypothesis 2: *The level of business diversification of Brazilian multinationals is positively related to the degree of internationalization.*

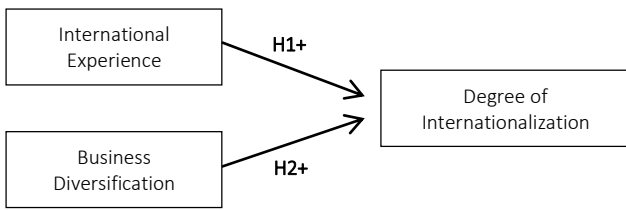


Fig. 1
Research Model
Source: Prepared by the authors (2015).

4. Research method

To examine the relationship of international experience and business diversification with the degree of internationalization of Brazilian multinational firms, the use of quantitative techniques was chosen. This choice is mainly due to the difficulty in accessing data that allow for a qualitative analysis. Thus, all the data analyzed in this study are derived from secondary and public sources. To carry out the research, all the necessary assumptions for its development were considered, as described by Creswell (2010).

In the research, two explanatory variables, one dependent variable, and three control variables were included. The dependent variable was the degree of internationalization of Brazilian firms and the data used for this measurement were collected from the transnationality index of Brazilian firms. This index is based on a methodology by the United Nations Conference on Trade and Development (UNCTAD) and another annually presented by an Internationalization Ranking from the FDC. The data are accessible to researchers and other interested parties via the institution’s online portal. It is notable that this methodology is used in different countries and is appropriate for analyzing and comparing the degree of internationalization of Brazilian firms (FDC, 2014). The following formula is used for calculating the formula:

$$\text{Degree of Internationalization} = \frac{\text{Assets abroad}}{\text{Total assets}} + \frac{\text{Revenues abroad}}{\text{Total revenues}} + \frac{\text{Employees abroad}}{\text{Total employees}}$$

To identify international experience, data available from the Brazilian Multinationals Observatory (2014) hosted by the ESPM were used, which has data available to the general public. Data were also supplemented by information from the BM&F

Bovespa (2014). This was because some of the firms studied did not have all the necessary data for the calculation, since international experience was measured in years, covering the period from early internationalization to 2014.

Business diversification was measured by the number of sectors of activity of each firm. For example, if the firm operates in the mining sector, then it has one sector of activity; however, if it works in mining and logistics, two sectors were counted. This information was collected through a survey conducted on the websites of each firm, in order to have more up-to-date data for this variable.

Three control variables were also included: (1) forms of entry that were measured by the number of different forms used by firms to internationalize—these data were obtained from the Brazilian Multinationals Observatory (2014); (2) the type of capital, where whether the firm is publicly or privately held was assessed - data obtained from the BM&F Bovespa (2014) that was coded in a dichotomous variable, with 0 = privately held and 1 = publicly held; (3) the third and final control variable was the age of the firm, measured in years up until 2014 - data from the BM&F Bovespa (2014) and websites of the firms investigated.

The choice for the analysis of Brazilian firms is due to the need to better understand the international behavior of these organizations (Chueke, Borini, & MacLennan, 2014). Thus, from a total of 52 firms that had their transnationality indices available in 2014, the sample included 43 firms, as seen in Appendix 1. Financial firms and other firms that did not have the required data to conduct the necessary analysis were excluded.

It is worthwhile mentioning that the study only analyzed firms that have a Brazilian majority, in terms control and capital. All the firms have a physical presence abroad through: commercial offices, warehouses, and distribution centers; assembly; manufacturing; provision of services; and research or development centers. The collected data were analyzed quantitatively, with multivariate analysis through correlation and multiple regressions. Observing the indications of Hair et al. (2009) and Marôco (2011), to perform the statistical tests a prior analysis of multicollinearity of the variables investigated was needed.

5. Results

Table 3 shows the variables' average, standard deviation, and Pearson's correlation. The correlations are not high enough to demonstrate multicollinearity, as a VIF (variance inflation factor) test indicated a maximum value of 1.231, which is suitable according to Hair et al. (2009).

Tab. 3

Analysis of the correlations

Variables	Avarage	Std. Deviation	1	2	3	4	5
1 Forms of entry	2,14	1,104					
2 Type of capital	0,63	0,489	-0,034				
3 Age	59,28	22,044	0,151	0,109			
4 Time abroad	18,49	11,568	0,248	-0,102	0,29		
5 Level of diversification	1,93	1,549	0,062	0,059	,325*	0,128	
6 Internationalization rate	0,19	0,164	0,139	-0,013	0,145	0,069	,505**

* Significance level at 0.05.

** Significance level at 0.01

Source: Survey data (2015).

It was verified through Table 3 that there are only two positive and significant correlations, one of them between the rate of internationalization and the level of diversification variable. This observation converges with the second hypothesis to be tested. In Table 4 the results of linear regression tests are presented, considering that: model 1 only includes the control variables; model 2 and 3 separately add the independent variables - period of international activity and level of diversification, respectively; and model 4 includes all the variables studied.

Tab. 4

Regressions

Variables	Model 1	Model 2	Model 3	Model 4	
Control variables					
Forms of entry	0,118	0,118	0,111	0,115	
Type of capital	-0,023	-0,023	-0,035	-0,038	
Firm Age	0,130	0,129	-0,034	-0,029	
Independent variables					
Time abroad		0,000		-0,020	
Level of business diversification			0,511*	0,512*	
	R Square	0,035	0,035	0,269	0,269
	Adjusted R Square	0,035	0,000	0,233	0,234
	F	0,478	0,349	3,489*	2,723*

Dependent variable is the degree of internationalization.

* Significance level at the 0.05.

Source: Survey data (2015).

Table 4 shows the values of the Betas (β) that indicate the relative contributions of the independent variables in predicting the dependent variable, except

the level of business diversification variable that has a p-value below 0.05—model 3 and 4. All others did not show statistical significance. Hypothesis 1 (H1) suggested a positive relationship between the amount of international experience and the degree of internationalization, but a non-significant coefficient in model 2 does not allow this to be confirmed.

Hypothesis 2 (H2) proposed a positive relationship between the level of diversification of firms' activities and the degree of internationalization of Brazilian firms. The positive and statistically significant coefficient ($\beta = 0.511$, $p < 0.05$) did not refute this hypothesis from model 3. This value shows that there is a positive and significant relationship between the variables, considering that R^2 of 0.269 indicates that at least 26% of the model variation can be explained by the variables present in it.

6. Discussion

In this study, it was observed that diversification, which was measured by the sectoral range of firms, is

a variable related to the degree of internationalization of Brazilian multinational firms. International experience, measured by the period (in years) of activity abroad, did not affect the degree of internationalization. Regarding diversification, the research result converges with observations made by Sereia et al. (2011). These authors point out that more diversified national firms, in terms of industry sectors, easily advance towards the international market (Sereia et al., 2011).

However, even though internationalization may be related to the level of experience acquired, as pointed out by Johanson and Vahlne (1977) and Whitelock (2002), one cannot say that it is a path or that it indicates increases in the degree of internationalization. In this regard, there is the network model of internationalization by Johansson and Mattsson (1988), which indicates that a firm establishes and maintains some positions in the international market. Thus, unlike the Uppsala school, the network model of internationalization emphasizes existing factors and competitive forces, with different patterns of entry opportunities in terms of the market and strategies (Hilal; Hemais, 2003). Johansson and Mattsson (1988) argue that, in this way, the firm depends on its own resources as well as its relationship networks when internationalizing.

Brazilian multinational firms have unique characteristics, having a low level of international experience and being among the latest entrants in the market when compared to large corporations from developed countries (Chueke & Borini, 2012). In this sense, even with a long period of international activity, it is possible that Brazilian firms do not have appropriate levels of international experience, unlike firms from developed countries or even other emerging countries (Luo & Tung, 2007). Brazilian multinationals' investments abroad are also low compared to investments made by firms from other emerging countries, such as firms from Southeast Asia or even Latin America. In 2012 Brazilian firms decreased their investments by US\$ 3 billion compared to the previous year (Valor Econômico, 2013).

Brazil's annual investment flows abroad ranged from US\$ 28.2 billion in 2006 to US\$ 10.1 billion in 2009 - Reverse capital flow, while, in 2012, China surpassed US\$ 80 billion and Chile US\$ 20 billion (CNI, 2013; UNCTAD, 2013). This low investment in foreign

markets makes national firms relatively distinct compared to firms from developed countries or more dynamic emerging economies.

In this sense, perhaps the experience measured in years of activity may limit the understanding of levels of knowledge acquired by Brazilian firms, as they may have more experience in years, but also they have relatively low investments, which does not allow the accumulation of knowledge in the same way as firms from other parts of the world (Carvalho & Kupfer, 2011).

Regarding the sectoral diversification of the firms studied, a positive association with rates of internationalization was confirmed. An important characteristic of Brazilian investments, as highlighted by the Confederação Nacional da Indústria (National Confederation of Industry - CNI) (2013), is that the largest quantities of investment are concentrated in natural resource sectors, such as mining, oil, and meat.

When analyzing the overall picture of these firms some diversification of activities between them is observed, with a considerable number of firms developing international activities in sectors related to services and industry. Still, the sectors of activity with the largest investments in 2013 were oil and natural gas extraction - US\$ 1,543.50 million; metallurgy - US\$ 459.79; extraction of metallic minerals - US\$ 342.45 million; food and beverages - US\$ 286.92 million; non-metallic mineral products - US\$ 271.03 million; and agriculture, livestock, and related services - US\$ 225.67 million (CNI, 2013). However, for Rovai and Plonski (2014) these sectors are largely based on commodities, negatively impacting the results and ownership of strategic assets of these firms.

Entering a new international market can require breaking many barriers (Johanson & Wiedersheim, 1975; Johanson & Vahlne, 1977; Burt & Sparks, 2002). These obstacles can also interfere in the expansion of business of internationalized firms, because countries may have legal, economic, or environmental constraints specific to various sectors of activity (Quinn, 1998). Thus, more business diversification of multinational firms considerably expands their entry and maintenance options in the various sectors of activity.

The results cannot be generalized because the characteristics of the 43 firms in the sample are

unique. International experience was also analyzed only by period of experience, which was measured in years. The use of this single measure may not effectively reflect the level of experience because - taking Asian firms as an example - less experience with greater investments may ensure a higher level of experience.

Future research with Brazilian firms in international business can be advanced by including new measurement variables for international experience levels. In this regard, information on investments volumes outside the country can be explored. The country goes through a period of decline in international market integration, after rising as an emerging power, according Cervo and Lessa (2014), it will be interesting to see how levels of investment change. New research can also longitudinally analyze the evolution of these investments using the transnationality index of Brazilian firms, in addition to the impact of this rate on organizations' performance.

7. Final considerations

This study contributes to the expansion of understanding about the internationalization process of Brazilian multinational firms, since most studies largely focus on the analysis of factors related to entry modes (Werner, 2002). Here, variables under-explored in these studies were used, such as the use of the transnationality index of Brazilian firms, which measured the degree of internationalization, sector diversification, and the level of business diversification. As a main contribution, business diversification was identified as an important variable with explanatory power for the degree of internationalization of Brazilian multinational firms. Nevertheless one cannot say that diversification is a proxy for internationalization, as other variables can affect this process. Similarly, international experience should be further explored because, even though it showed no relationship with the degree of internationalization, its way of measurement, in addition to the characteristics of the organizations surveyed, may have contributed to this achievement.

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APPENDIX 1

Firms surveyed

1	Agrale	16	Embraer	31	Petrobras
2	Alusa	17	Gerdaul	32	Porto Seguro
3	Andrade Gutierrez	18	Gol	33	Randon
4	Artecola	19	Ibope	34	Sabó
5	Bematech	20	Indústrias Romi	35	Stefanini
6	BRF	21	JBS	36	Suzano
7	BRQ IT Services	22	Magnesita Refratários	37	Tegma
8	Camargo Corrêa	23	Marcopolo	38	Tigre
9	Cemig	24	Marfrig Alimentos	39	TOTVS
10	Ci&T	25	Metalfrio	40	Ultrapar
11	Cia Providência	26	Minerva Foods	41	Vale
12	CZM	27	M.Cassab	42	Votorantim
13	DMS Logistics	28	M. Dias Branco	43	Weg
14	Eletrobras	29	Natura		
15	Eliane	30	Odebrecht		

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Influências da experiência internacional e da diversificação de negócios no grau de internacionalização das Multinacionais Brasileiras

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RESUMO

Este artigo posiciona-se na literatura sobre o processo de internacionalização de empresas multinacionais brasileiras. Como algumas empresas multinacionais se internacionalizam com maior velocidade e possuem melhor desempenho do que outras, neste estudo foram examinados os impactos de duas dimensões - o tempo de experiência internacional e a diversificação de negócios - no grau de internacionalização de multinacionais brasileiras. Para a realização da pesquisa foram utilizados dados secundários do Índice de Transnacionalidade de Empresas Brasileiras da Fundação Dom Cabral (FDC), dados do Observatório de Multinacionais Brasileiras, abrigado pela Escola Superior de Propaganda e Marketing (ESPM), além de informações da BM&FBovespa e dos domínios da internet das 43 empresas pesquisadas e de suas subsidiárias. Os resultados indicam que a diversificação de negócios da empresa está positivamente relacionada com o grau de internacionalização. A experiência internacional prévia não parece ser preditora do grau de internacionalização, o que pode se relacionar ao processo de internacionalização das multinacionais brasileiras ser um fenômeno relativamente recente.

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