The internationalization process of Brazilian heavy construction firms: an institutional approach

The objective of this paper is to analyze the international movement of three major Brazilian heavy construction firms. In order to do this, it considers the endogenous and exogenous variables of the process, in other words, takes into consideration both strategies adopted by the firms, one directed to their capacities and internal interests, and the other to some factors in the domestic and international environments that influenced the external expansion decisions of these corporations. The theoretical framework that provided support for analysis of the cases were an integrative framework between the Dunning's Eclectic Paradigm and the Institutional Theory, which enabled to think international business not as an activity of exclusive interest of the firms, but also as a factor of great importance to the strategic objectives for the development of countries. Therefore, the method used was multiple case study in a comparative perspective, using the triangulation technique to collect data.

It is commonly observed in the trajectory of this sector that they all have grew internally due to the various State's investments in large projects of national infrastructure starting in the 1940s. After their internal development, they seek the external market at the late 1970s and early '80s, a time of economic crisis and recession in Brazil. Thus, besides the coincident temporality in the maturation process, in the portfolio expansion and in internationalization process of those companies, it is also possible to observe how common the Latin American countries were their first external destinations. This is particularly due to the physical, logistical, cultural and political proximity between these countries; moreover, it is align to the interests of Brazil's international policy.

Andrade Gutierrez is the biggest one among the selected for this study. Its presence in Africa, for example, is due to a Portuguese company they bought. Regarding this continent, the other two firms only started to operate after the 2000's decade, motivated by the incentives given by the government. This is a major difference between international strategies, but even for Andrade Gutierrez, those incentives are important, one of their directors highlights that the interaction between governments and the focus given by Brazilian policies helped them, since it reduced the risk perception.

The Brazilian heavy construction firms, despite some differences, opted for places that lack infrastructure and it is necessary for the international movement a market offer, since most of the projects are obtained by bidding, which implies the location advantage. Plus, they choose countries where there is recognition of their engineering excellence, which fits the advantage of ownership. Thus, it is noticed the adherence to Dunning's Eclectic Paradigm.

As can be noticed, the Institutional Theory permeates the entire environment, since the managers pointed out the need for the Brazilian government presence through embassies and agreements, plus the financing variables, in order to mitigate the risk. In addition, they highlighted the preponderance of a regulatory framework that will also reduce the risk of acting in a given country.

The results reinforced the theoretical assumptions used in the study that, especially in situations of emerging countries, the institutional environment in which they operate influences the dynamics of corporate internationalization. Through this observation, therefore, this article proposes that more studies should focus on the influence of the institutions for the firms' internationalization movement, which, as seen, permeates the entire heavy construction sector, and possibly other segments, especially given the importance of the government support for the firms from emerging countries.