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HOME GOVERNMENTS AND THE INTERNARTIONALISATION OF COMPANIES FROM EMERGING MARKETS: an historical-institutional analysis of Brazil

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INTRODUCTION

Multinational corporations from developed economies (DMNEs) remain the major source of outward foreign direct investment (FDI) in the world; however, outflows from developing and emerging multinational economies (EMNEs) have increased markedly since the 1990s. The World Investment Report (UNCTAD, 2017) indicates that FDI by EMNEs reached $646 billion (US)—a significant increase from the $83 billion (US) invested in the early 1980s. At that time, it accounted for 42% of global FDI outflows, but at the beginning of the 2000s, it was only 12% (p. 04). Since the late 1990s, many studies have attempted to explain why companies from emerging markets become multinational corporations; other studies focused on their motivations (Cui, Meyer, & Hu, 2014) and internationalisation uniqueness (Ramamurti, 2012). Here, we discuss an issue that is overlooked in the literature about EMNEs: why home governments matter in the internationalisation of EMNEs.

In some EMNEs, the geographical and product range are focused in neighboring countries. This behavior is no different from that predicted by traditional international business (IB) theories (Johanson & Vahlne, 1977; Rugman & Verbeke, 2004). However, other EMNEs internationalise at a faster pace through a series of aggressive, risk-taking mergers and acquisitions in distant countries, both physically and economically, to access critical assets that can compensate for their late-comer disadvantage in global industries (Luo & Tung, 2007). In their search to understand the determinants of EMNE internationalisation, researchers such as Child and Rodrigues (2005) have assumed that these companies often internationalise to correct competitive disadvantages and are not—as expected by the more traditional theories of mainstream economics—motivated and sustained by advantages that are specific.

There is a theoretical gap in IB studies, particularly where the internationalisation processes of companies from traditional countries differs from those from emerging countries. This gap is especially prominent when analysed in light of theories from the economic mainstream, such as the Eclectic Paradigm of John Dunning (Dunning, 2002), which suggests that international insertion is primarily the result of company ownership-specific advantages. In this context, Wang et al. (2012) raises a fundamental question: Do EMNEs that are internationally recognised—yet without strong capabilities against the DMNEs—significantly increase their direct investments abroad? If so, what forces can act and direct the international involvement of these companies?

Reflecting upon this question, a key dimension seems to emerge and pave the way to a new research agenda: governments. Although the government is recognised and analysed in the IB research agenda, its role in the internationalisation process has been rarely explored (Lemos, 2013; Luo, Xue, & Han, 2009). In addition, while the political science literature has already incorporated the phenomenon of internationalisation as an emerging issue in the relationships between governments and companies, few studies have been dedicated to exploring such interactions from the perspective of industry and business dynamics (Lemos, 2013).

Consensus about the rationality of the internationalisation process as a company-specific issue can be found—this might be a possible explanation for the low association between governments and companies in the IB literature (Sousa & Lemos, 2009). However, governments assume roles, though limited, at both the macro- and microeconomic levels (Sousa & Lemos, 2009). These roles can promote environments that are more conducive to internationalisation. Wang et al. (2012) went further and argued that governments are important factors in the advantages of companies in emerging markets because their roles are to provide information, reduce transaction costs and decrease resource constraints.

In addition, several governments in emerging countries have incorporated the internationalisation of their companies into their policies (Acioly, Lima, & Ribeiro, 2011; Casanova & Miroux, 2017; WIR, 2008). Home governments are important institutional home-country factors in the process of company internationalisation; thus, they are capable of impacting the behaviors and trajectories of the internationalisation of companies from emerging countries (Luo, Xue, & Han, 2009). However, the studies that empirically demonstrate how these effects can occur remain in their initial stages.

One difficulty in advancing this agenda of government-business relations in the internationalisation processes lies in the lack of understanding about how home governments act on this subject matter in emerging countries (Finchelstein, 2017). Two primarily reasons explain why this happens. First, home country measures (HCMs) can take on a great number of forms as means for governments to intervene in their national economies—specifically in the business context—to correct disadvantages related to international competitors. Second, government policies cannot be analysed solely through evaluating their impacts, but also by evaluating their designs. This is because the efficacy of the policies can be increased as the alignment or misalignment with actual strategic problems of companies is confirmed (Torres & Clegg, 2014).

Our objective is to explain why governments matter in the internationalisation of companies from emerging markets. We performed historical and institutional analyses of government policies directed at promoting the internationalisation of companies. Using Brazil as our descriptive and analytical setting, we identified the institutional design of Brazilian government policies for internationalisation by observing the adopted designs, how they sought to impact the internationalisation of national companies and how the government could be considered an ownership advantage of origin for EMNEs.

By performing this study, we aim to advance the IB field and offer further insights. First, we complement the existing EMNE literature—especially where it tries to answer why and how governments matter in the process of EMNE internationalisation. Most IB research on EMNEs has focused on Asian companies and the role of the Chinese government (e.g., Cui & Jiang, 2012; Luo & Tung, 2007; Luo, Xue, & Han, 2010; Ramasamy et al., 2012). Fewer studies report the role of the Indian government (Bhaumik et al., 2010), and other emerging markets remain overlooked (Finchelstein, 2017). Alternatively, we analysed how the government intends to assist with the internationalisation of EMNEs in a key but under-studied emerging market such as Brazil (Amann & Cantwell, 2012). An historical-institutional trajectory of the governmental strategies adopted in Brazil is provided. This will facilitate comparisons with other countries as well as the identification of instruments that could be empirically tested.

Second, we can better articulate whether the home government can be considered a source of competitive advantage in EMNE internationalisation. The literature on EMNEs has focused on the role of innovation in building competitive advantage for EMNEs and as a driving factor for internationalisation (Amann & Cantwell, 2012; Cui, Meyer, & Hu, 2014; Fleury, Fleury, & Borini, 2013). By examining how internationalisation has become part of the agenda of public policies—and why and how governments seek to intervene in this process in emerging markets—we expose the government as a driver of internationalisation and as a source of competitive advantage.

LITERATURE REVIEW

Governments and internationalisation

Once EMNEs entered the international markets, researchers tackled the phenomenon from various theoretical angles, one being the institutional approach (Cuervo-Cazurra, 2012; Luo; Xue, & Han, 2010; Wang et al., 2012). Institutions dictate the rules of the game in society, which in turn define how to conduct business and shape the behaviors of economic agents.

Additionally, their absence or fragility inhibits economic and social development (North, 1989). In this perspective and within the scope of IB, governments create and develop institutions that, through public policies, seek to encourage the internationalisation of national companies via either export or FDI (Luo & Tung, 2007; Luo; Xue, & Han, 2010; Wang et al., 2012).

Since the 1990s, emerging countries such as China, India and Brazil initiated market-oriented reforms by opening national markets and reducing import restrictions, among other things. Such reforms changed the competitive environment of domestic markets, wherein the less competitive local companies with less technological and managerial capacities faced the challenge of internationalisation (Fleury & Fleury, 2012).

Within this new context, local companies in these countries were forced to improve their operations and strategies through internationalisation, thus develop technology and increase productivity as means to sustain participation in the domestic market (Dicken, 2011; Silva; Rocha, & Carneiro, 2009; Voss; Buckley, & Cross, 2010). The institutional context of governments in emerging countries also underwent important changes following these market-oriented reforms. Efforts were made to create institutions capable of lessening the differences and difficulties found in the IB negotiations of an economy of late movers in the global scenario (Luo & Tung, 2007; Luo, Xue, & Han, 2010).

It is not a coincidence that the debate over how institutional aspects influence the activities of EMNEs gains force in the literature. Showing how the dynamics of a national institutional environment drive the internationalisation process of companies has become an issue recently investigated in the field of IB (McGaughey, Kumaraswamy, & Liesch, 2016). Moreover, the policies of national governments at the origin acquire prominence (Cuervo-Cazurra et al., 2018) because, although the institutional aspects of countries were already considered valuable to the internationalisation of companies, most researchers observed variables only in the macro environment. These variables were seen as either (a) factors explaining the behaviors of companies during the internationalisation process in their choice of destination and the modes of entry or (b) ways to explain the differences in performance that result from the operating environment (Carney et al., 2018). Few studies were dedicated to analysing the impacts of specific public policies, focusing on the internationalisation of a company as a determinant factor in the decision-making process and in the trajectory of international expansion.

The emergence of this topic in IB studies was greatly motivated by deliberated strategic decisions made within important emerging countries such as India, China and Brazil. As in certain developed countries, they began to adopt specific policies to increase competitiveness between domestic companies, thus strengthening their processes of internationalisation by offering various kinds of targeted instruments (Sauvant & Mallampally, 2015; UNCTAD, 2006, 2008). Therefore, some companies in emerging markets began to expressively internationalise and position themselves globally in spite of a few prominent ownership advantages (Cuervo-Cazurra, 2008; Cuervo-Cazurra & Ramamurti, 2014), which in turn raised important discussions that highlighted the roles of national governments in this process (Finchelstein, 2017; Luo, Xue, & Han, 2009; Wang et al., 2012).

Governments driving companies' advantages for internationalisation

Studies by Luo, Xue, and Han (2009), Wang et al. (2012) and Finchelstein (2017) emphasise the premise that government policies for internationalisation could be considered institutional assets capable of causing positive impacts on company-owned assets, and this can be viewed as a country-specific advantage (CSA) at the origin (Rugman, 1980). The argument can be reinforced by companies that are unable to retain their asset advantages in a vacuum, but rather in an environment where other actors gain relevance (Buckley, 1998). The internal organisation of the company and its market dynamics are strongly influenced by environmental incentives (Penrose, 1995). Government policies can be treated as variables of the external environment, capable of implementing the company´s resources and strengthening both the decision to internationalise and its fulfillment. This background research is of importance because up to now, CSAs were observed only in the host country and were strongly entrenched in the allocation of production factors, scale, market characteristics and some administrative rules as well as institutional policies (Dunning & Lundan, 2008; Hennart, 2009; Rugman & Verbeke, 2013). The consideration of government policies as components of CSAs at the origin for creating company advantages for internationalisation is a new and important perspective.

Countries that have designed government policies in support of internationalisation have not based them solely and exclusively on the deterministic pattern of comparative advantages (i.e., based on productivity and on relative factor endowments of national economies). Currently, they also include aspects from microeconomic and strategic determinants of companies, which range from motivations and characteristics to ownership assets and other behavioral factors. Such policies have been designed and implemented through mechanisms and instruments that are aligned with the determinants of behaviors leading to the strategic internationalisation of companies. They are also geoeconomically contextualised as well as articulated with complementary policies (Callabrese & Manello, 2018; Torres & Clegg, 2014; UNCTAD, 2006).

This kind of government policy is much more complex to design because of the process itself, given that the internationalisation of a company is strategically diverse and involves enormous variations in the type of industry, company and motivations, to name a few (Malhotra & Hinnings, 2010). This is the case with the characteristics of countries of origin and destination—factors that complicate the horizontal and decontextualised taking of action by governments or even replicas of exogenous models. As argued by Porter (1986), government interventions in the global reality take place because of extremely localised processes within the countries and the structure and characteristics of their domestic industries.

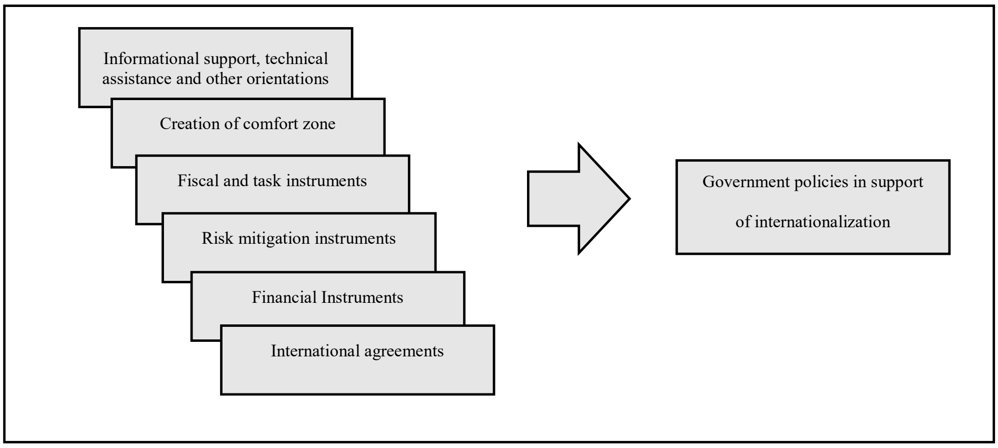
Therefore, the design of government policies to support internationalisation tend to be highly contextualised in their interests, guidelines, industries and aided companies, including their view of national characteristics and those of destination and/or origin countries. As noted by UNCTAD (2006), it is not possible that a policy apply a one-size-fits-all concept.

Consequently, two challenges remain: the empirical challenge centers around the public policy cycle, and the analytical challenge focuses on ways to analyse and compare (in particular) this specific government policy between countries. Because government policies in support of internationalisation are conceived, formulated and implemented within the given context, governments are compelled to elaborate their approaches and instruments from the specific conditions that prevail in their countries. This reflects its developmental stage as well as ‘comparative advantages, geopolitical position, corporate structure and expertise and, clearly, the national development strategy of its government’ (UNCTAD, 2006, p. 201). Given its significant variation between countries, analysis of governmental policies in support of internationalisation is typically tackled in the literature through some conventional dimensions, which not only allows them to be characterised as specific policies but also to be investigated with respect to their specificities and proposed instruments.

Some authors and international organisations have proposed taxonomies for specific government policies of incentive and support for the internationalisation of companies (Bannò & Sgobbi, 2010; Calabrese & Manello, 2018; Economou & Sauvant, 2013; Luo, Xue, & Han, 2010; Sarmah, 2003; Torres & Varum, 2012; UNCTAD, 2006, 2008). Their instruments are typically denominated using home country support measures (HCSMs) (Bannò & Sgobbi, 2010; Torres & Varum, 2012). The nature of HCSMs is diverse and can be financial or non-financial or focused on objectives, which could aim at exports or direct investments abroad. In this study, the HCSMs will be separated into six dimensions, based on the nature of the measures and their objectives. The dimensions are: (a) informational support, technical assistance and other orientations; (b) comfort zone creation; (c) fiscal and tax instruments; (d) risk mitigation instruments; (e) financial instruments; and (f) international agreements (Sarmah, 2003; Torres & Varum, 2012; UNCTAD, 2006).

In our proposed classification (Figure 1), the 'informational support, technical assistance and other orientations' element includes all government HCSMs aimed at providing informational support and expertise to companies in the process of internationalisation and have primary objectives that are oriented toward reducing the asymmetries in information and transaction costs. In the second dimension, 'creation of comfort zone', are all government actions aimed at creating one-stop point-type institutions in destination countries where it is possible to promote and develop services as well as a network that eases and supports the arrival of the company at the destination. Moreover, the 'fiscal and tax instruments' are characterised by all fiscal and tax incentives promoted by government bodies, whether they are exemptions, suspensions, reductions or restitutions for internationalisation. In the fourth dimension are the 'risk mitigation instruments', where all coverage and insurance guarantees aimed at reducing risks associated with restrictions on the transfer of currencies, expropriations, wars and other situations of economic and political instability are allocated. The 'financial instruments' dimension includes the credit incentives provided by the governments to their companies, notably the lines of financing specific to internationalisation, preferential loans, equity and credits. Finally, the 'international agreements' include all international negotiations that constitute institutional arrangements for the legal protection of investments and in particular, the elimination of double taxation.

Figure 1. Home country support measures.



Source: created by the authors.

This framework is important because it enables all support measures (promoted by national governments), which can vary greatly in their legal forms, to be organised by dimension, facilitating the analysis of their intentions and of the internationalisation business fronts receiving the greatest efforts. This can result in a comparative illustration of various countries.

The Brazilian context: the trajectory of government policies in support of internationalisation

In many emerging countries such as India, China, Russia and South Africa, national governments have chosen to adopt specific policies as actions to improve the competitiveness of companies in the international scenario, thus, characterising them as strategic factors for economic development (Acioly, Lima, & Ribeiro, 2011). It is not different in Brazil. It has been found that HCSMs are offered with the specific aim of promoting and supporting the internationalisation process of companies present in the national economy, as much by trade as by FDI (Sennes & Mendes, 2009).

As with many other regulations and policies in Brazil, internationalisation policies have changed in recent decades. Government initiatives on internationalisation took on a different profile depending on time frame: Profile 1 (1960–1990), Profile 2 (1991–1995), Profile3 (1995– 2002) and Profile 4 (2002-present). Figure 2 and Table 1 depict the evolution of all related policies on internationalisation.

Profile 1 (1960–1990)

The first Brazilian governmental efforts in support of the internationalisation of companies took place on the trade agenda, held in the second half of the 20th century to prioritise the increase and diversification of merchandise exports. From the 1960s to the late 1980s, internationalisation was limited to commercial policy under the Brazilian governmental agenda. The profile can be characterised, in a way, by the imposition of restrictions and barriers to imports—common in the adoption of Import Substitution Industrialization and also by the explicit concern with the diversification of exports and markets abroad. During this period, the government began the institutionalisation of tax incentives and export credits as well as a real exchange policy, and the administration followed the objectives of its balance of trade policy (Baumann, 2002).

Although the first profile, drawn between the 1960s and 1990s, marks the entry of internationalisation as a matter to be discussed in the Brazilian government agenda, it was ranked as minimally important and focused solely on exports. The support measures of this period were incipient and given by fiscal exoneration of exported goods. Risk mitigation instruments were offered, and the first public loans were designed. In the 1980s, the import substitution industrialisation remained relevant, and all trade agreements under discussion had the matter on low priority, even though the country was already a member of the General Agreement on Tariff and Trade. At the time, the investments of Brazilian companies abroad were not very significant, and the issue regarding multinational corporations was not considered to be of much relevance. According to Fleury and Fleury (2011), between 1941 and 1980, only 14 Brazilian multinational corporations were founded.

Profile 2 (1990–1995)

This protectionist policy profile suffered a rupture after 1990. The Foreign Trade Portfolio, also known as Cacex, was the state agency that centralised all regulation and management of foreign trade policy instruments in Brazil that focused primarily on import restriction and administration of export diversification (Veiga & Iglesias, 2002). Its extinction represents a symbolic and institutional landmark of this shift, and it took place over two administrations: those of Fernando Collor de Mello (1990-1992) and Itamar Franco (1992-1995). As Cacex was terminated, the governmental horizon expanded for Brazilian international trade. This was because the transition in institution and mentality gave importance to increasing national exports as a strategy of economic development, and measures were thought necessary to attain it. Thus, the Brazilian economy was strongly and unilaterally opened, and a more robust agenda to international agreements was initiated, hence the

Mercosur. As a result, the government set company internationalisation via exports as a significant and central issue in the national public debate (Veiga & Iglesias, 2002).

This movement in the profiles of policies in support of internationalisation was exactly what the government aimed for when considering IB as an object of government policy and as an issue closely linked to the growth of the Brazilian economy. This led to a strong unilateral trade liberalisation of the country followed by the establishment of an agenda of preferential agreements (Mercosur, in particular), a redesign of foreign trade institutions and the improvement of public financing mechanisms for exports. Although Brazil emphasised the importance of IB to its economy and offered the measures to facilitate it, the agenda of the period remained solidly commercial. Neither direct investments nor the objects of policies were explicitly taken into account even though, after 1990, a considerable cycle regarding the emergence of Brazilian multinational corporations had been initiated (Fleury & Fleury, 2011).

Profile 3 (1995–2002)

It was during the administration of Fernando Henrique Cardoso (1995-2002) that more significant institutional advances in government support for commercial internationalisation of Brazilian companies took place. During this period, mechanisms of decision-making and support for exports were more apparent in the country, and they focused not only on credit and fiscal incentives, but also on expanding and improving existing measures, information, promotional and technical assistance. Illustrative facts of this new design were observed as early as 1995, when the Foreign Trade Chamber, also known as Camex, was created via the existential rationale to increase the public coordination capacity of Brazilian foreign trade. New institutional arrangements, which returned to the public financing and guarantee systems, were later implemented in addition to those aimed at commercial promotion and market intelligence (Veiga & Iglesias, 2002).

The Brazilian Trade Promotion Organization, APEX-Brazil, was created in 1997 and has become a primary protagonist in the internationalisation of Brazilian companies. Also, in 1998, the Special Program for Exports was established, and its singularity referred to an action plan with quantifiable targets for Brazilian foreign trade, which at the time, aimed to duplicate national exportations until 2002. This was followed by other financial and risk mitigation instruments such as: regulation of the Export Financing Program; re-establishment of Finamex financing, operated by the National Bank for Economic and Social Development (BNDES) and strengthening of the BNDES-Exim lines; establishment of the Guarantee Fund for the Promotion of Competitiveness; and defining the formats of the Brazilian Export Credit Insurer and the Export Guarantee Fund, among others.

Notably, aside from institutional modifications and innovations, other actions promoting exports from Brazil included actions linked to bringing awareness of this topic and international company insertion strategies to the national business community. Other than APEX-Brazil, throughout the mandates of president Cardoso, the Export Culture Program was also created. The Ministry of Development, Industry and International Trade was responsible for this program and made efforts to disseminate and capacitate micro-, small- and medium-sized companies in international trade with a focus on increasing the Brazilian export base. The primary actions set forth by this program included Foreign Trade Meetings (Encomex); Learning to Export ('Aprendendo a Exportar') and the Network Agents ('RedeAgentes').

Actions taken throughout the Cardoso administration continued in the following governments and notably included the institutional decision-making design and arrangement for export internationalisation support policies. This shows that the subject matter had reached the status of a public issue worthy of the Brazilian government agenda so much so that the administration of president Luís Inácio Lula da Silva (2003-2010) was initiated with the Brazil Exporter Program in 2003. The program integrated more than 44 governmental programs and projects, some of which already existed and others that were new, but all moved toward promoting circumstances for Brazil to boost its exports. This program primarily targeted the dissemination of the export culture within the country and Brazil´s image abroad. It also strengthened export credit insurance, created new financing lines, intensified the training of professionals in the field, capacitated companies, created export consortiums and created the technological adequacy of products.

In the third profile of policies in support of internationalisation, exports continued to be the fundamental subject matter for support and incentives through governmental measures for internationalisation, but with a different focus. In this period, there was intense reform in Brazilian foreign trade, which for the first time included the formulation of decision-making bodies and plans of direct and indirect government interventions to increase exports. Therefore, a more active and explicit policy was institutionalised, both in the instrumental and organisational scopes (with incentives and supporting mechanisms and organisations) as well as in the political one (with international negotiations). It was also when the government began to offer information support measures to Brazilian companies, thus intensifying the focus of support in raising awareness and qualification for exporting. They also provided market intelligence and commercial promotion actions. Fernando Henrique Cardoso announced his measures for foreign trade in 2001 and in doing so, synthesised through symbolic communication, the government´s view at the time when he said, 'Export or die!'

Profile 4 (2002-present)

During Lula´s administration, industrial policies were resumed in Brazil, and all those that were formulated and implemented had internationalisation as the object of the measures. Since the Industrial, Technological and Foreign Trade Policy of 2003, Brazilian foreign insertion gained rhythm through the internationalisation of companies. The great novelty of the Lula period, compared to the Cardoso administrations, was that the government's orientation to support internationalisation would occur not only through exports but also through FDI. The second cycle of the industrial policy, known as the Productive Development Policy of 2008), is a good example of this shift. The Productive Development Policy, combined with the Brazilian Export Strategy of 2008-2010 and the National Plan for Exporting Culture (released in 2012), more explicitly reveals strong tendencies toward the formulation of certain policies. These policies were more specific, directed and articulated with both international commercial insertion and internationalisation via direct investments. In fact, it was during the Lula period that a policy of 'national champions' began, which, with strong credit incentives and capital subscription by the BNDES, supported the expansion of several Brazilian multinational corporations.

The institutional turning point that illustrates the march in this direction was the 'Term of Reference: Internationalization of Brazilian Companies', which was sponsored and disseminated by the Executive Secretariat of Camex in 2009. It resulted from the meeting between the Federal Government and private and academic sectors. It was made official when the internationalisation of companies, whether by trade and/or investment, was emphasised as an important public problem for Brazilian development. Therefore, it should receive more incentives despite the fact that the BNDES had been contributing capital to direct investments of Brazilian companies abroad since 2005. It was also this same document that established the 2011-2014 Greater Brazil Plan. At this time, the government was already under Dilma Roussef´s administration (2011-2016), and the plan represented a new cycle of industrial policy with a strategic framework that encompassed the issue of policies to support internationalisation through direct investment as a development strategy in a more explicit and institutionalised manner.

In administration of Michel Temer (2016-2018), the understanding that the government should promote support for internationalisation continues, albeit with some modifications. Although the support for direct investment continues, it has focused on information and comfort zone support, with an emphasis on the work of APEX-Brasil. Financing for this type of international expansion was reduced after doubts about the expenditures by the BNDES for these purposes and questions about the results of the national champions policy, which had been abandoned during the Rousseff administration, arose. The current government agenda is therefore focused on export support with a new cycle of the National Plan for Export Culture in addition to the attempt to intensify the agenda of international agreements, with an emphasis on the negotiations between Mercosur-European Union and Mercosur-Alliance of the Pacific.

Hence, it was from 2003 that the policies to support internationalisation in Brazil advanced considerably. In the fourth profile of policies, internationalisation via FDI (with the formation of Brazilian multinational corporations) became an explicit and institutionalised subject matter of government policies. In fact, it was during this period that Brazilian direct investments abroad received the most intensive support by the BNDES, as part of a policy of national champions. After the BNDES completed a statutory modification that allowed it to contribute and subscribe capital to Brazilian companies to promote them to multinational leaders of their sectors, the Brazilian government began to take strong steps to this end. By 2012, the BNDES had a stake in the capital of 18 of the main Brazilian multinational corporations (Caseiro, 2013). However, after criticism of the way the BNDES was working on these contributions, the policy was abandoned in early 2010, and the role of the BNDES in this process is currently being reviewed.

In the governments that followed Lula´s, led by Rousseff and Temer, no substantial changes took place in the policies that supported internationalisation. Only a few modifications in the emphasis and redesign in the decision-making bodies were made. In other words, internationalisation continues to be a central issue for the Brazilian government, both in exports and in FDI. However, in the support for foreign investments, the more incisive actions have occurred through informational support, training and intelligence and comfort zone; all strongly offered by Apex-Brazil and the Ministry of Foreign Affairs. Revised investment agreement models, have been in place since 2016. Hence, aside from the support for investments, the protagonist measures for exports (which has occurred in all dimensions of this kind of government policy) is a highlight.

To observe the current HCSMs in Brazil, Table 1 is used to summarise the primary ones, highlighting the year of inception, responsible governmental sphere and focus of support in internationalisation: direct investment, export or both.

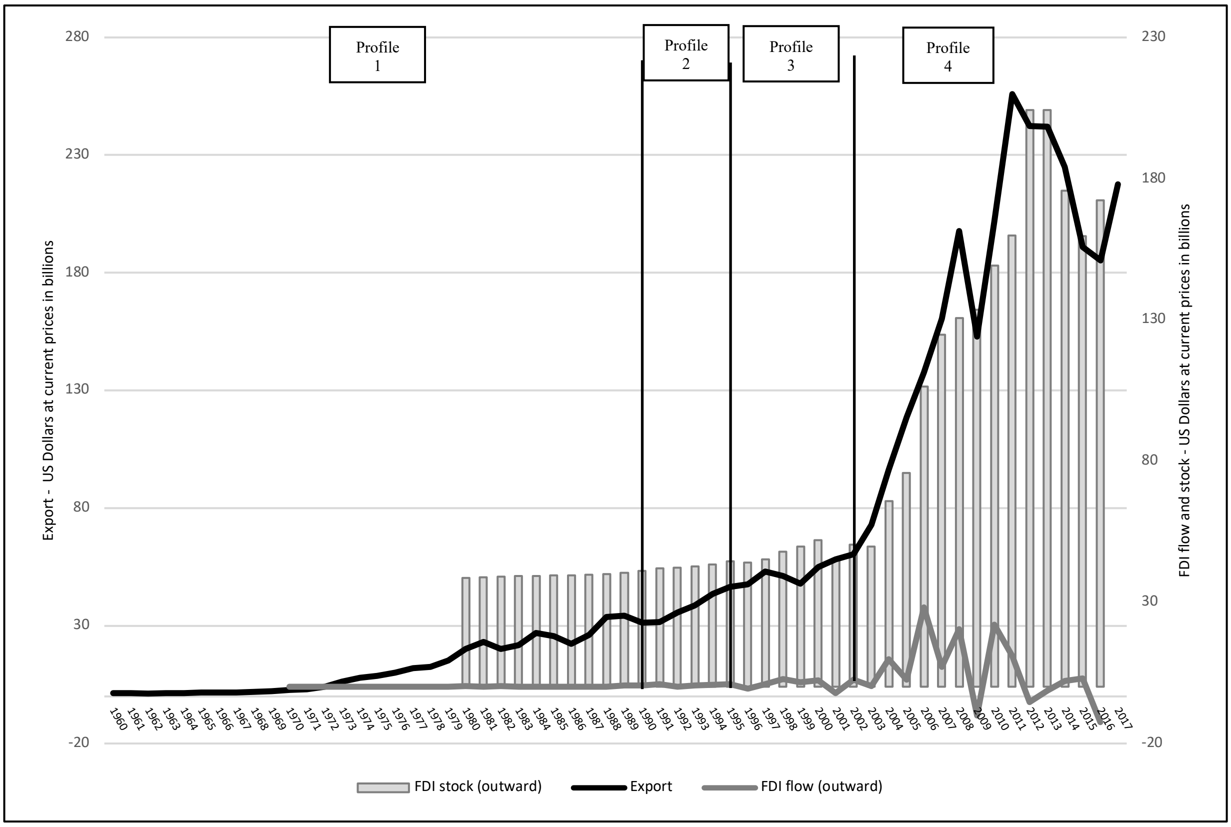
Table 1. Brazilian home country support measures.

Dimension	HCSM	Start year	Government body	Target Operation
Informational support, technical support and other orientations	Support for participation in fairs and missions	1997	Ministry of Foreign Affairs Apex-Brasil	FDI Export
	Market intelligence research	1984 1997	Ministry of Foreign Affairs Apex-Brasil	FDI Export
	Company training and qualification	1997	Apex-Brasil	FDI Export
Creation of comfort zone	Meeting rooms abroad	1984 1997	Ministry of Foreign Affairs Apex-Brasil	FDI Export
Fiscal and tax instruments	Fiscal exoneration of exports	1964	Ministry of Finance	Export
	Drawback	1966	Ministry of Finance	Export
	Reduction of the income tax rate on payment of expenses with foreign promotion (Sisprom)	1997	Ministry of Finance	FDI Export
	Recof	1997	Ministry of Finance	Export
	Reintegra	2011	Ministry of Finance	Export
Mitigation risk instruments	Export Credit Insurance (SCE)	1979	Ministry of Finance	Export
	Export Guarantee Fund (FGE)	1979	Ministry of Finance	Export
	Reciprocal Credit Agreement (CCR)	1982	Central Bank	Export
Debt instruments	Proex-Loans	1991	Banco do Brasil	Export
	Proex–Equalisation	1991	Banking system	Export
	BNDES-Exim	1996	BNDES	Export
	BNDES-Finem internationalisation	2002	BNDES	FDI
	Proger- Export	2003	Banco do Brasil Caixa Econômica Federal	Export
International agreements	Investment Cooperation and Facilitation Agreements (ACFI) – 10	2016	Ministry of Foreign Affairs Ministry of Industry, Foreign Trade and Services	FDI
	Trade Agreements (PTA) - 22	1980	Ministry of Foreign Affairs Ministry of Industry, Foreign Trade and Services	Export
	Double Taxation Agreements (DTTs) - 34	1967	Ministry of Finance	FDI

Source: created by the authors.

Based on Table 1, support for exports are seen to predominate. Also, the investment support measures are concentrated around informational support through intelligence and training. The BNDES underwent revisions in 2017 despite its direct investments. Thus, capital subscription through holding by the bank suffered a decline. The international agreements currently destined to protect investment are extremely recent. Figure 2 reveals the institutional trajectories of government policies that support internationalisation and their respective profile identifications.

Figure 2. Institutional trajectories of government policies in support of internationalisation



Source: created by the authors based on Comexstat (2018) and Unctadstat (2018).

DISCUSSION

Theoretical implications

Emerging market governments have developed positive attitudes toward internationalisation, creating the means for domestic companies to export or invest in international markets. Governments have been using their resources and institutional support to aid in internationalisation of domestic companies, to strengthen their competitive position or compensate for their competitive disadvantages in international markets. This will be a relevant issue once the theoretical debate around the institutional aspects of the country of origin in the decision-making and trajectory of internationalisation of national companies is reclaimed.

After all, for quite some time, the economic approach to the internationalisation phenomenon—highlighting earlier versions of Dunning´s Ecletic Paradigm—found the determinants of FDI in advantages of ownership, location and internalisation (Dunning, 2002).

The location (at the country level) was analysed through the aspects of the destination that had appeal for investment (i.e., factors that allowed companies to explore their ownership advantages). Nevertheless, location advantages slowly gained relevance at the origin. As discussed by Dunning and Lundan (2008), the policies implemented by national governments could positively impact company-owned internationalisation assets. Thus, these policies could be incorporated into the idea that was previously set forth by Rugman (1980), that of a CSA.

In the emergence and advances of EMNEs, a CSA facilitated by government policies gains prominence. Studies such as those by Luo, Xue, and Ha (2009), Wang et al. (2012) and Finchelstein (2017) demonstrated that the trajectories of company internationalisation from important emerging countries were set by using, to a greater or lesser extent, the measures of incentives adopted by the governments at the origin. And, many of these companies used governmental instruments to correct ownership disadvantages that they possessed compared to those of the competitors in the countries of destination selected for their activities.

Therefore, when observing (a) the efforts of governments to promote policies of incentives and support for internationalisation in dimensions determinant of the strategic behaviors of these companies and (b) possible impacts throughout the process, it is relevant to assume that theoretical approaches to international expansion should consider several things. Examples are country of origin and its policies as important components and as an explicative hypothesis. Also, in the case of emerging countries, such factors can be assumed relevant promoters of CSAs, capable of explaining the major behaviors of the EMNEs.

Managerial and policy-making implications

Managerially speaking, this study reveals that companies take advantage of home government support of exporting and FDI. To take full advantage of this support, managers must understand the benefits of government policies and work together with governmental agencies. Policymakers from other countries can use Brazilian government policies and measures to compare and improve their experiences in helping domestic companies to internationalise. A plethora of research has been conducted on the institutional environment and role of the government in China (e.g., Cui & Jiang, 2012; Luo & Tung, 2007; Luo, Xue, & Han, 2010; Ramasamy et al., 2012). We analysed, instead, the role of government in a key but under-studied emerging market: Brazil. Although, in economic terms, China has become increasingly market-oriented, politically speaking, it remains a single-party country ruled by the Communist Party. Therefore, Chinese government's relationships with their local companies cannot be generalisable to other emerging countries.

Our results indicate those HCSMs that can strengthen the competitiveness of companies and the country and bring benefits, such as technological and managerial resources, to the home country. The Brazilian government has developed policies promoting internationalisation as a new avenue to access markets, capital, technology and knowledge from advanced countries and from other emerging markets. However, the very evolution of the design of government policies in Brazil has shown that its instruments, objectives and interests change over time, which has happened to governments in power in the international context. In any case, we verified that in Brazil, from the support for exports to foreign investments, governments sought to offer measures that could impact the decision making and trajectory of the internationalisation of national companies. These measures have been improved to increasingly align with business dynamics. For instance, the revision of financing instruments in Brazil since its inception, as well as the proposal of new models of investment protection agreements, is highlighted. This represents a continuous search to align policies with business strategies.

The Brazilian institutional trajectory is important because the existence of government policies in support of internationalisation can be considered a CSA of origin by the simple fact that it exists. They need efficacy. And for that to happen, they must be aligned with the strategic necessities of the companies (Torres & Clegg, 2014). In that sense, it is through the errors and achievements, corroborated by empirical tests of the results, that one can learn about the Brazilian experience.

CONCLUSION

In this study, we articulate how the home government can be considered a source of competitive advantage in the internationalisation of EMNEs by performing an historical and institutional analysis of government policies in Brazil. Given the trajectory of the institutional frameworks of Brazilian government policies from 1960 to 2017, the conclusion can be that government efforts are historically being made in Brazil, where directions seem to shed light on two specific and linked issues: (a) the acknowledgement of IB as a problem associated with national economic development strategies and (b) the guidelines for intervention and government participation in this particular phenomenon. The design adopted to offer support measures under this policy has been elaborated government by government, with the inclusion of our focus on internationalisation operations, which have shaped various profiles over time.

Subsequently, it is possible that governmental efforts have been applied in Brazil since the mid-twentieth century, destined to constitute CSAs (Rugman, 1980) for the internationalisation of national companies. As verified, government-to-government policies in Brazil have been drafting and offering measures as well as institutions that serve as promoters of the international expansion of national companies. This concurs with the attitudes of other governments from emerging countries (UNCTAD, 2006).

Some theoretical, managerial and policy implications can be analysed. In the theoretical field, it was emphasised that the approach to the phenomenon of internationalisation of companies from emerging countries must necessarily involve the incorporation of institutional variables of origin as important components of CSAs. One should move beyond traditional factor-allocation approaches (see, for example, Dunning & Lundan, 2008; Rugman, 1980; Torres & Varum, 2012). These factors have become important issues for the emergence and advancement of multinational companies in emerging countries (Finchelstein, 2017; Luo, Xue, & Han, 2009; Wang et al., 2012). It is important to point out that this specific type of government policy is usually designed and offered based on national contexts and characteristics as well as on the type of company and its strategic behaviors (Torres & Clegg, 2014; UNCTAD, 2006). This means that the existence of policies does not necessarily constitute causality for internationalisation. For this, it is fundamental that there are alignments between the policies and the business demands from their characteristics and strategic behaviors.

Hence, the main contribution of our work is a description of the existence and trajectory of government policies and measures to support internationalisation in Brazil to show that this can be an important variable when investigating Brazilian multinational corporations. However, future research is needed to advance this topic empirically and theoretically. Studies seek to observe the alignment of the Brazilian measures of support with the decision making and behaviors during the internationalisation of national companies, thus showing that the country's CSAs are necessary. Additionally, an investigation into the companies the government chooses to support and how it is offered is just as important. After all, in many circumstances, governments can privilege state-owned companies or support internationalisation to achieve political objectives, sometimes corrupted political objectives, which have little to do with the profitability or financial performance of private companies (Cuervo-Cazurra et al., 2014).

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