

FUNDAÇÃO GETULIO VARGAS
ESCOLA DE ADMINISTRAÇÃO DE EMPRESAS DE SÃO PAULO

BIANCA MAGNANI TAVARES

THE FAMILY ROLE ON THE INTERNATIONALIZATION PROCESS OF FAMILY
BUSINESSES: A TWO-CASE STUDY

SÃO PAULO

2012

BIANCA MAGNANI TAVARES

THE FAMILY ROLE ON THE
INTERNATIONALIZATION PROCESS OF
FAMIL BUSINESSES: A TWO-CASE STUDY

Dissertação apresentada à Escola de
Administração de Empresas de São Paulo da
Fundação Getúlio Vargas como requisito para
obtenção do título de Mestre em Gestão
Internacional

Campo do conhecimento: Gestão Internacional

Orientador: Prof. Dr. Luís Henrique Pereira

SÃO PAULO

2012

Tavares, Bianca Magnani.

The family role on the internationalization process of family businesses: a two-case study / Bianca Magnani Tavares. - 2012.
172f.

Orientador: Luís Henrique Pereira.
Dissertação (MPGI) - Escola de Administração de Empresas de São Paulo.

1. Empresas familiares - Brasil. 2. Empresas familiares – Estudo de casos. 3. Globalização. 4. Empresas agrícolas – Brasil – Estudos de casos.. I. Pereira, Luís Henrique. II. Dissertação (MPGI) - Escola de Administração de Empresas de São Paulo. III. Título.

CDU 334.722.24(81)

BIANCA MAGNANI TAVARES

THE FAMILY ROLE ON THE
INTERNATIONALIZATION PROCESS OF
FAMIL BUSINESSES: A TWO-CASE STUDY

Dissertação apresentada à Escola de
Administração de Empresas de São Paulo da
Fundação Getúlio Vargas como requisito para
obtenção do título de Mestre em Gestão
Internacional

Campo do conhecimento: Gestão Internacional

Orientador: Prof. Dr. Luís Henrique Pereira

Data de aprovação:

07/02/2012

Banca Examinadora:

Prof. Dr. Luís Henrique Pereira (Orientador)
FGV-EAESP

Prof. Luciano Thomé e Castro
FGV-EAESP

Prof. Nadia Wacila Hanania Vianna
Universidade Paulista - UNIP

ACKNOWLEDGEMENTS

This thesis' presentation is very important since it represents the end of a very important phase of my life; the end of CEMS program and therefore my masters. A period which I learned a lot, met incredible people and had several different life experiences.

It is always a challenge to remember and thank all the people that somehow were part of this journey or inspired me in all the possible ways. Although I will try: I want to thank my Mom, Dad and Carolina, my sister that were always there, supporting me in my decisions and unconditional help in all the different ways possible, teaching me that being part of a family also means to be part of a team. I also want to thank my extended family; grandmothers, uncles and aunties that were supporting and giving me incentive to carry on. Special thanks to all my friends for the patience and for the help in understanding that everything I had to give up or do this past year I was studying was for a good reason. I want also to thank all the people that I met throughout this past two and a half years, people from all the parts of the world that are somehow a part of who I am today.

Moreover, I would like to thank the people who helped me with the interviews or any kind of info that is now a part of my work: Prof. Luciano Thomé, Gabriela Hage, Renato Magnani.

I would also like to thank the Prof. Luciano Thomé and Prof. Nadia Vianna for the dedication on reading my dissertation and for the valuable inputs given in my final exam.

Finally, I want to thank FGV and CEMS for all the help given; to Prof. Luis Henrique Pereira for the patience, support and guidance throughout this past year and special thanks to Prof.

Tales Andreassi, Prof. Mario Aquino Alves, Prof. Julia Pacheco and Maria Cecília Menezes for their everlasting support.

ABSTRACT

This dissertation aims to identify the family role in the internationalization process of two family businesses: JBS, the world's largest protein producer and Cutrale one of the world's leader in the orange juice market. Family businesses have characteristics that are intrinsic to this type of firms. Many of the internationalization reasons or even the way they internationalize has several characteristics that are common among other family businesses. Therefore, through a qualitative research the two case studies were analyzed based on the internationalization and family businesses theories. However, in those companies the role of the family was not a key role on the firms' internationalization processes. This aroused questions such as whether the size and/ or industry of the company had an impact on the family's role on the internationalization process of the business. These questions were not the focus of this study but are subsidies for future research.

Keywords: internationalization process – family-owned companies – family impact on internationalization – agribusiness.

RESUMO

Essa dissertação procura identificar o papel da família no processo de internacionalização de dois negócios familiares: JBS, a maior empresa de proteína animal do mundo e Cutrale um dos líderes mundiais no mercado de suco de laranja. Empresas familiares possuem características que são intrínsecas a esse tipo de empresa. Muitos dos motivos de se internacionalizar ou mesmo o modo como eles se internacionalizam podem ser extremamente característicos. Assim, através de uma pesquisa qualitativa, os dois estudos de caso foram analisados baseados em teorias de internacionalização de empresas familiares. Porém, nessas companhias estudadas, a família não desempenhou um papel relevante no processo de internacionalização das mesmas. Com esses resultados, questões surgiram, como por exemplo, se o tamanho ou segmento da empresa tiveram um impacto na importância do papel que a família possui no processo de internacionalização. Essas questões não eram o foco do estudo porém fornecem muitos subsídios para uma próxima pesquisa.

Palavras-chave: Processo de internacionalização – empresas familiares – impacto da família na internacionalização – Agronegócio

LIST OF FIGURES

Figure 1: The three-circle model.....	27
Figure 2: The five circle model.....	28
Figure 3: Unified system performance model for enterprising families.....	41
Figure 4: The basic mechanism of internationalization.....	58
Figure 5: The history of the company's net revenues.....	85
Figure 6: JBS's Corporate Governance System.....	103

LIST OF TABLES

Table 1: Internationalization and the network model: where do firms fit in the matrix?	63
Table 2: JBS's Company Overview.....	83
Table 3: JBS's Ownership Composition.....	95
Table 4: Management Phases of JBS.....	99
Table 5: JBS's Internationalization Stages	125
Table 6: Cutrale's Internationalization Stages	126
Table 7: Different types of FDI pursued by the different companies	128
Table 8: Family business attributes present in Cutrale and JBS.....	137
Table 9: Family Business attributes which had an impact on the internationalization's strategy of Cutrale and JBS	147

LIST OF ABBREVIATIONS

(O)	Ownership
(L)	Location
(I)	Internalization
ABIEC	Associação Brasileira das Indústrias Exportadoras de Carne
ADR	American Depositary Receipt
BNDES	Banco Nacional do Desenvolvimento Econômico e Social
BNDESPAR	Banco Nacional do Desenvolvimento Econômico e Social Participações
BRIC	Brazil Russia India China
CADE	Conselho Administrativo de Defesa Econômico
CitrusBR	Associação Nacional dos Exportadores de Sucos Cítricos
DF	Distrito Federal
FB	Family Business
FCOJ	From concentrated orange juice
FDC	Fundação Dom Cabral
FDI	Foreign Direct Investment
FMD	Food and Mouth Disease
INC.	Incorporated
IPO	Initial Public Offering
LTD.	Limited
M&A	Merger and Acquisition
MNC	Multinational Corporations
NFC	Not from concentrated
PLC	Public Listed Companies
R&D	Research and Development
RBV	Resource-Based View
SME	Small and Medium Enterprise
UNCTAD	United Nations Conference on Trade and Development
US.	United States
USDA	United States Department of Agriculture

TABLE OF CONTENTS

1	INTRODUCTION	12
1.1	Brazilian Context	12
1.2	Objectives	17
1.3	Justification.....	18
2	LITERATURE REVIEW	22
2.1	Family Business Studies	22
2.1.1	Family business history.....	22
2.1.2	Family business definition	24
2.1.3	Family and business interaction.....	27
2.1.4	The different family businesses types	34
2.1.5	Resource based view of the firm (RBV).....	38
2.1.6	Family businesses particularities and characteristics	42
2.1.7	Entrepreneurship on family business	43
2.2	Internationalization Studies Review	48
2.2.1	The internationalization definition.....	48
2.2.2	Theoretical approach on internationalization.....	49
2.2.3	Internationalization reasons	65
2.3	Family Business Internationalization.....	68
3	RESEARCH METHODOLOGY	71
3.1	Research Design.....	71
3.2	Case Study Methodology	73
3.3	The Choice of the Companies.....	74
3.4	Data Collection	76
3.5	Primary Data Collection: Interviews.....	77
3.6	Data Analysis and Report	78
3.7	Validity	80
4	CASE STUDY PRESENTATION	83
4.1	JBS.....	83
4.1.1	Company's overview	83
4.2	JBS's history	85
4.2.1	Internationalization process	87
4.2.2	The Batista family.....	96
4.2.3	Corporate governance structure	101
4.3	Cutrale.....	103

THE FAMILY ROLE ON THE INTERNATIONALIZATION PROCESS OF FAMILY
BUSINESSES

11

4.3.1	Company overview	103
4.3.2	Internationalization process	104
4.3.3	The Cutrale family	111
5	DATA ANALYSIS.....	114
5.1	Family and Business complexity	114
5.1.1	Current family model	115
5.2	Internationalization Process	121
5.2.1	Motivations and internationalization strategies	121
5.2.2	Theoretical analysis.....	129
5.2.3	Uppsala internationalization model.....	132
5.2.4	Family business characteristics and the internationalization	136
6	CONCLUSION.....	144
6.1	Suggestions for Future Research.....	149
6.2	Limitations of the research.....	149
7	BIBLIOGRAPHY	151
8	APPENDICES	164
	Appendix A.....	164
	Appendix B	165
	Appendix C	166
	Appendix D.....	167
	Appendix E	168
	Appendix F.....	169
	Appendix G.....	170
	Appendix H.....	171
	Appendix I	171

1 INTRODUCTION

1.1 Brazilian Context

Family owned-businesses are the leading form of business organizations in Brazil, even when considering large groups and listed companies. A 2004 study revealed that 51, 5% of the 200 largest listed companies are family owned (Carvalho-da-Silva, Silveira, Leal, & Barros, 2007). Due to its highlight on the national economy, a family business study based on Brazilian companies is relevant to increase the knowledge on the subject. However, since there is a lack of accurate data on the number of family companies and also different definitions of what a family firm is, it is difficult to precise the exact number of family firms in Brazil.

After an intensive research on family business definitions, to this present study the criteria was to use a definition broad enough not to eliminate the results of previous studies and that would tackle the unique aspects of the family business. Thus the proposed definition for this piece of research is based on behavior being the following: “The family business is a business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of family or families.” (Chua, Chrisman, & Pramodita, 1999, p. 25)

The family business internationalization is a booming study field in the world, but there is still few data on that (Kontinen & Ojala, 2010). Kontinen and Ojala (2010), made an extant review on the research of family business internationalization and found few authors that study this subject and which are concentrated mostly in countries such as US, Spain, Australia, Portugal, China, Singapore and Sweden. These studies have started on 1991 but from 2005 they have been continuously increasing in volume.

Moreover, Latin America in general experienced an increase in the Foreign Direct Investment (FDI) outflows level, and Brazil was able to jump from a negative value in 2009

of US\$10 billion to US\$ 11,5 billion in 2010 due to a flow in intra-company loans from Brazilian affiliates abroad to their parent companies increase. From 2009 to 2010 there was also an increase in Brazilian cross border Mergers and Acquisitions (M&A), from US\$ 2,5 billion to US\$ 7,8 billion (UNCTAD, 2011).

Latin America's improvement on the macro-economic policies and the growth in the region contributed to these high level's FDI outflows and the emergence of Latin American Multinationals (MNC). Thus the outward FDI's levels from Latin America increased significantly from 2003 to 2008, and Brazil was responsible for the largest expansion. From 1991 to 2000 Brazil's FDI's outflows were in average US\$ 1 billion dollars annually. Its average from 2003 to 2008 was US\$ 11 billion. The high cross borders M&A's numbers reflect the current moment of the market's good economic conditions and also increasing government policies. The better access to finance, which was very limited in previous years, gave them possibilities to invest and also make acquisitions outside Latin America (UNCTAD, 2010; Alem & Cavalcanti, 2005).

In the same report, from the top hundred non-financial companies from the emerging markets ranked in terms of foreign assets in 2008, three of them are Brazilian, named Vale do Rio Doce, Petrobras and Gerdau in positions 9, 16 and 18 respectively (UNCTAD, 2010). The presence of Brazil in these reports shows the growing importance of the country on the international scenario; however its presence is still very limited especially if compared to other BRICs (Brazil, Russia, China and India) such as China and India.

Furthermore, with the globalization, the initiatives towards internationalization have been taking place in the whole world not only through private companies but also through government incentives. From the '90s on, since the opening of the markets in Brazil, internationalization has been increasing.

According to Alem and Cavalcanti (2005), a different mindset, oriented to global strategies should be adopted. Currently what happen is; the strategies oriented to local markets are broadened to foreign markets. The whole new conjuncture projects a global reduction of the restrictions between borders and makes the whole environment more competitive, being a risk for all kinds of companies. The internationalization is important for the survival of the companies protecting themselves from competition and also creating Brazilian MNCs in order to reduce its external vulnerability.

Gerda, already mentioned, is not only an important Brazilian MNC, it is also a family firm. There is a large number of internationalized Brazilian family owned-companies. They are from different segments of the economy and their size and internationalization pattern are relevant. In “2010’s Ranking of the most Transnational Brazilian Companies”, from 40 companies ranked, around 60% of them are family companies proving the previous statement. In order to rank the companies, they developed a “transnacionality index” that was based on the number of employees, the sales revenue and the assets abroad. This ranking can be found in Appendix A (FDC, 2010).

Until the ‘50s, the Brazilian family company was present in almost all the industries of Brazil from agriculture to financial system. Following the development and modernization of the country it has been growing together with the state companies and multinationals (Gonçalves, 2000).

The internationalization of Brazil started from 1960’s to 1980’s but it was mainly represented by the oil company Petrobrás, financial institutions, engineering and construction companies. Construction and engineering companies had limited resources in the country, therefore had to go abroad in order to grow. On the beginning of the ‘90s there was the diversification of the companies with international presence and with a high concentration of

investments on the Southern Cone. During the late '90s other Brazilian companies started to go abroad; especially steel, transportation and intermediary goods industries.

In addition, nowadays the room for the purely national economies is progressively smaller. In the past, one could argue that the Brazilian FDI was purposeless, since for example, in the '50s the reason for implementing the car industry was based on political motives rather than comparative advantage (Ricupero & Barreto, 2007).

At that time, the nationalization index¹ and the popular "local content" were commonly used. Local content was when the international investor had to use in their imported products a percentage of inputs that came from the host country without taking into account the costs and possible advantages. This forced the investor to produce for a higher price in the country instead of importing for a lower price and higher quality (Ricupero & Barreto, 2007).

Nevertheless, currently, the decision is not whether to go abroad, it is where to go. The point is that if there is no movement to go abroad there is the chance of losing competitiveness and position even in the national market. In Brazil, the internationalization of the companies might not be seen as an expected move to many enterprises. The internationalization in the country did not represent a natural consequence of an accelerated economic growth as it happened with Japan in the past and nowadays with China and India. In Brazil, it happened due to the lack of internal economic growth. Brazilian companies of engineering and construction, such as Odebrecht and Andrade Gutierrez (both family business), started to internationalize from the '70s and had an enormous success abroad. With the decrease of the big engineering projects such as Itaipu or Caraja's, going abroad was a matter of survival.

Therefore, globalization was incentivized by the liberalization of the commercial and financial rules. There is an increase in the investments not only between developed countries

¹ Is the index that represents the proportion between national and imported parts that compose each product

but also from developing countries to developed countries. The correlation between the foreign trade and the FDI makes internationalization essential to face the international competition. The increase in the developing countries with free float exchange rate made it easier for the installation of parent companies in other countries.

However, the size and national success are not guarantee for success abroad as it could be seen from Camargo Correa with the construction of the Usina do Guri at Venezuela (Ricuero & Barreto, 2007)

Most of the successful internationalization strategies are from larger Brazilian Companies. As it could be seen the FDC ranking, more than 60% of the companies are family companies. This shows that the number of family companies that are large, internationalized and relevant to the global economy is high. They usually started as small enterprises and experienced a growth along the time.

It is common sense to think of family firms as rather small companies. Following the literature, family businesses are seen as conservative, risk averse, inflexible and resistant to change. They are said to have limited resources and underperform compared to non family business. Due to all of this characteristics and the recurrent issue regarding the interposition of the family and the business, it is said that family businesses face barriers to international expansion, since internationalization is a rather complex move (Graves & Thomas, 2004; Fernández & Nieto, 2005).

However, the large proportion of internationalized family firms in the ranking goes against that. Thus what made them succeed? What was the internationalization process taken? Therefore, this work aims to study the internationalization process of two Brazilian family firms: JBS-Friboi and Cutrale. They are both from the agribusiness segment, being JBS the most internationalized company in Brazil according to the FDC (2010) Ranking. It is also the largest animal protein producer of the world. Cutrale, on the other hand, is from the

citrus industry and was international from inception since it started exporting due to the small Brazilian orange juice market.

Regarding internationalization and family firms, this study makes an important contribution to Brazilian family business internationalization literature since it tries to assess in what extent the family related issues have a significant influence on the internationalization process taken even in larger family companies. Moreover, through the proposal of a case-study, it will search for overcoming the previous studies' limitations since it will answer *how* and *why* questions that are needed to deeply understand the phenomenon and therefore identify the similarities and differences within the cases (Kontinen & Ojala, 2010).

The next sub-chapter aims to expose the main objectives and also the specific objectives of the research in order to give subsidies to the further justification for the study.

1.2 Objectives

Through an exploratory case study methodology the present work has two main objectives:

- To analyze in depth the internationalization process of the Brazilian family business chosen, if they are coherent with the theories proposed;
- To assess to what extent the family business particularities have/had an impact on this process.

Its specific objectives are to:

- To analyze the entry modes of the companies studied, the reasons for the internationalization, if these reasons are inherent to the industry, to being family business, the internationalization pathways taken;
- Analyze the family business particularities, its evolutionary cycle and how they have an impact on the internationalization pathway taken;

- Evaluate the influence of facilitators and restrictions that influenced the internationalization of the family business in general but mirrored on the studied companies.

One of the main contributions of this work is to show the particularities of the Brazilian and family context related to the firms chosen.

The next sub-chapter tries to assess the reasons for doing the research in the specific companies, topics and context.

1.3 Justification

The present topic was chosen since there is an increasing attention being paid by scholars on the theme due to its unique characteristics. Furthermore, there is little research on family business internationalization in Brazil, although a high number of Brazilian companies consist of family businesses. Besides, there has been a raise in internationalization numbers in Brazilian family businesses in general and they are nowadays increasingly inserted in the globalized world (HSM Online, 2010).

According to Kontinen and Ojala (2010), internationalization is increasingly becoming a strategy for the survival of family firms, since the markets are each day more globally competitive. They made a review on articles (25) written on family business internationalization from the beginning of the '90s to present and observed that most of the articles focused on what questions rather than why/how questions and did not make much use of internationalization or FB specific theories.

From the articles studied they observed that, most of the articles are mainly theory-driven hypotheses and exploratory studies and that only seven of the researches were based on a case-study method. Most of the studies were concentrated on manufacturing firms and small and medium sized family companies with only four studies based exclusively on large companies. In addition most of the articles were based on the factors that influenced FB's

internationalization (11 articles) and on the managerial/strategic issues (11 articles) and only five articles regarding the internationalization process undertaken by family firms (Kontinen & Ojala, 2010).

Compared to other countries, Brazil lacks relevant high technology industry types on its industrial park, such as computer components' industries. However, it is unmistakably a country with vast natural resources. Therefore, one of its most relevant industries is the agribusiness an important supplier to the world markets. Nowadays, China is currently Brazil's largest market. Nevertheless, there are challenges in this markets such as the productivity improvements, tight margins, the constant need for research and innovation and to overcome the barriers such as scarcity of credit and protectionist barriers to exports, in order to perform at its full potential (Gartlan, 2010). However, in a globalized world, which is going through an economic downturn period since the 2008 world crisis, the companies are still adapting to the new reality.

Thus, the agribusiness culture has changed its business model in order to upgrade its performance, expanding its business beyond the country's frontiers. They also managed to increase value into their products and dribble the protectionist barriers through acquisitions and increasing commitment towards internationalization.

Moreover, it was a market which Brazilian companies have been gaining power and force. Previously it was basically dominated by the MNC commodities giants such as Cargill, Bunge and Louis Dreyfuss but now it is increasingly having a higher participation of Brazilian enterprises (Gartlan, 2010).

Regarding the meat industry, Brazil is still the world's leading beef exporter and has the world's largest commercial beef cattle (USDA, 2010). It has some competitive advantages such as: lowest production cost of beef cattle in the world, cheap and highly available labor, low cost lands and favorable weather (Pozzobon, 2008). However, in 2011, from January to

September, according to ABIEC (Associação Brasileira das Indústrias Exportadoras de Carne), the sum of the Brazilian exports of beef were 21% lower than the same period in the previous year. This was affected not only by the protectionist restrictions in some markets, but also the increase of the costs and turbulence in Arab countries (Teixeira, 2011).

According to Schlesinger (2010), more than half of the beef market is in the hands of Brazilian companies. With the potential of the players of the Brazilian markets there is a high potential of increasing this number (Schlesinger, 2010).

On the other hand, the Citrus market is even more concentrated. There are disparities among the biggest production countries. Brazil is the largest orange producer and it reserves 70% of it for the processing of orange juice. The orange in the US, follows the same logic. However, other countries like China, for example reserves 93% of the orange for the fresh fruit market. Brazil is also responsible for 53% of the juice production of the world and exports 98% of the production what shows that the domestic market is almost inexistent. And it was always this way, the company started exporting from inception. The Brazilian orange juice is also famous for its good quality that is due to the good soil conditions and climate (Fava Neves, Trombin, Milan, Fonseca Lopes, Cressoni, & Kalaki, 2011).

Nonetheless, this sector of the agribusiness has some worrying trends; the juice consumption is decreasing, there are higher production costs and also the negative impacts in the exports caused by the appreciation of the Brazilian currency. Together with the tendencies there are the usual industry challenges there is constantly the threat of the orange diseases such as the *greening* and protectionist barriers imposed by the exporting countries (Fava Neves et al., 2011).

Thus, the companies studied in this piece of research are both global leaders² in their segments therefore relevant and representative to the sector they belong to. Their internationalization pathways and growth strategies were interesting and made them stand out on a highly concentrated market. Moreover, their family history, how it is intertwined with the business, the level of control and family particularities that exist even in a listed company such as JBS will give subsidies for a deep research on the family business internationalization topic.

Finally, aggressive and particular internationalization process of those firms and the strong presence of both families, raised questions that are aimed to be analyzed and answered.

The next chapter comprises the literature review that will give subsidies to analyze the cases from the perspective of internationalization and family business theories.

² In the end of 2011 when the merger between Citrovita and Citrosuco was approved by CADE, Cutrale lost its leadership . Now, it has 25% of the world market and Citrosuco/Citrovita 30%.

2 LITERATURE REVIEW

This chapter of literature review gives the subsidies to understand and analyze the internationalization process of family companies.

Subchapter 2.1 aims to describe the theories and studies that are related to family business: its definition, particularities and difficulties, familiness, the interposition of family and business, the different types and theories of family and business. It also discusses briefly theories that are related to family owned company's studies such as Resource Based View theory and characteristics such as entrepreneurial orientation, succession and corporate governance. These last characteristics are analyzed to a lesser extent.

The sub-chapter 2.2 describes the main theories about the firm's internationalization: the economic and behaviorist theories.

And finally sub-chapter 2.3 describes the family business internationalization theories.

2.1 Family Business Studies

2.1.1 Family business history

The history of business management started to be seen as a science from the 19th century with the studies of Henri Fayol, Frederick Herzberg, Frederick Taylor, Herbert Simon and others. However, only in 1976 Louis Barnes and Simon Hershon first published a paper on family business without labeling it as an underdeveloped stage of listed corporations, but as an established form of competitive organization. There were an increasing number of studies on the subject and with the increasing specialization several areas of discussion were developed (Gimeno, Baulenas, & Comacros, 2010).

In Brazil, the history of family businesses dates back to the hereditary captaincies. It was the way the King of Portugal, Sir João VI found in 1534 to occupy Brazil without spending Portugal's funds. He would divide Brazil (its new colony) in 15 land pieces and distribute it to 12 Portuguese from the aristocracy to populate the country. The land transfer

was hereditary and the owners of the land would be equivalent to a family feud owner (Oliveira, 1999).

On the Sugar Cane Cycle (from the 16th to the 18th century), the Brazilian Family Business experienced the next step on its evolution. Some entrepreneurs received the right to plant sugar cane in the countryside. It was the beginning of the sugarcane mills and the owners were very powerful man known as “Senhores de engenho”³. After that, Gold Cycle (18th century), and then the next important economic period of Brazil, the Coffee Cycle (from the 19th to beginning of 20th century) when the entrepreneurs start going to the Paraíba Valley in order to explore coffee lands. These lands and the families’ legacy would be equally divided among the children (Oliveira, 1999).

Gradually the coffee production was substituted by the manufacturing industry and in the beginning of the 20th century with the European Immigration and the establishment of the industry, the focus of the country moved to the cities and the society started to be structured into social classes: the proletarians and the bourgeoisie following the capitalism rules (Oliveira, 1999).

The industrial capitalism was structured towards the private property and the family started to be seen as a reason for reproduction and capital accumulation, and as the wealth generator.

At first, the family house and the business were structured in the same place but as the markets were expanding, there was the need to find a new organization way: larger factories emerged and new model of company was required (Gonçalves, 2000).

While Europe was the stage for the great revolutions of the 19th century, at Brazil the patriarchal family was the base of the social structure. It was the agricultural bourgeoisie that transmitted its values to the industrial bourgeoisie.

³ Mill owners is the english translation for the Portuguese expression

The Brazilian industry was developed mainly by farmers, bankers, immigrants. And was also an incentive of the great entrepreneurs that came as immigrants from Europe, most of them from Italy. Most of the immigrants came to Brazil to work at the coffee fields as labor work due to the end of the slavery. Therefore, this brought modernization to Brazilian economy.

After the Second World War the demand for consumer goods from the Allies favored the steel industry in Brazil, increased exportations. Moreover, a high number of immigrants and with high education and business experience also came to Brazil due to the persecution of Jews.

Thus, from that time on, the economic growth was based on the private companies and on the family firm. (Martins, Menezes, & Bernhoeft, 1999).

Since there are several different definitions on what is a family business, there is the need to provide a single definition for this study. Therefore a review on several studies was done.

2.1.2 Family business definition

As it was seen before, a single definition of family business is yet to exist. The size can vary from a small store to a large multinational (Birley & Godfrey, 1999) and several authors discussed family business based on different criteria such as: percentage of ownership, strategic control, involvement of multiple generations, and the intention for the business to remain in the family (Astrachan & Shanker, 2003). In the sequence, several different definitions on the family business' literature.

According to Litz (1995), family business is when ownership and control are concentrated on the family's hands. However, other studies would propose different, for example, Astrachan, Klein and Smyrniotis (2002), proposed an F-PEC scale that would standardize the measurement techniques of the family influence on the firms and allow

comparison of the family firms in subsequent studies. They have chosen three dimensions (sub-scales) that were believed to be important dimensions of family influence on an enterprise: power, culture and experience. Therefore, through the power subscale the influence could be measured in terms of ownership, governance and management. In terms of culture they measured the overlap between family and business values and also the family business commitment. Finally, in the experience subscale, the influence was measured through: which was the generation with the ownership, how active in management and active on the governance board this generation was also the number of contributing family members.

Thus, through this type of measurement, researches can have a standardized type of tool that makes it possible to integrate different theories and types of data. Apart from the research implications it will also help the researchers to understand the ways that the family as an entity influences or not the business (Astrachan et al., 2002).

Astrachan and Shanker (2003) in the rage to quantify the importance of family business to the United States, classified them into three definitions: a broader one which includes companies with some family participation in management and control over the strategy. The middle definition narrows down so that it is family business the company in which there is the desire of the company to remain in the family and the founder or descendant is the responsible for the management. Finally, the narrowest definition accounts for multiple generations present in the business and more than one member of the owner's family with management responsibility. According to them the biggest problem when quantifying the impact of family business in the economy is that a universal definition of family firm is missing.

On the other hand, Chua, Chrisman & Pramodita (1999), wanted to propose a theoretical definition that would get the essence of family business and would be able to

distinguish a family business from a non-family business. They also believed that the definition should be broad in order not to eliminate previous studies that would take others definition into account. Therefore, they made an extensive research on the family firm definition throughout history, screened the opinions of the researchers and sought to propose a definition that would translate uniqueness, that the ownership, governance, management and succession influence's the firms' goals, strategy, structure and so on.

Therefore, the proposed definition based on behavior as the essence of family business. A definition that goes beyond the operational definitions that only takes into account management and ownership. It considers being a family business the companies that behave as one, being this behavior different from a non-family business. Their empirical results suggested vision, intention and behaviors should be the predictors used to distinguish family from non-family firms. This reinforces the results that show that family involvement variables without a strong theoretical guidance are weak predictors of the behavior that differentiate family firm and non-family firm.

Their study brought the following definition: "The family business is a business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of family or families." (Chua, Chrisman, & Pramodita, 1999, p. 25).

Consistent with the literature this is the definition to be used in this work and which with the companies analyzed were chosen. A broader definition makes it possible for the usage of a broader range of studies historically carried on.

After choosing the definition that fits better the present study, the next sub-chapter explains in more detail the interpenetration of the relationships between family and business and the different family business models according to the literature.

2.1.3 Family and business interaction

There is the need to take the generic approach of family firm advantage carefully. The family firms vary immensely in terms of definitions and they also can have many forms such as: sole proprietorships, partnerships, limited liability companies, holding companies, and even publicly traded, albeit family-controlled companies. The competitive advantage of a family firm has to be linked with its strategies, skills and resources, and they are not common to all the family firms.

According to Tagiuri and Davis (as cited in Gimeno et al., 2010) due to the interpenetration of family and business there are several interests between the people that play different roles, or even more than one role, in the different spheres, that ends up collapsing. This can be seen in Figure 1, in the sequence with the three-circle model.

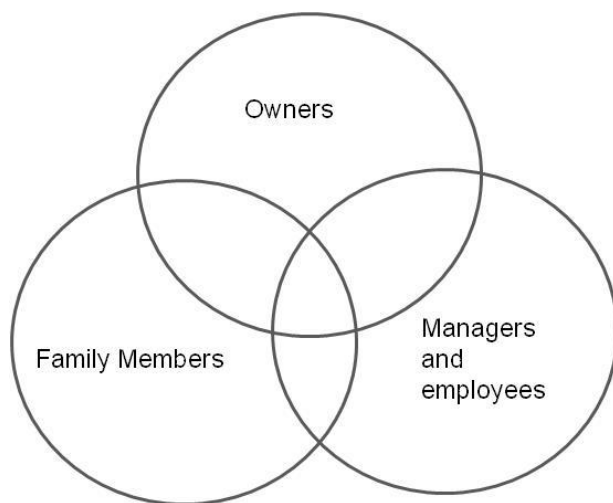


Figure 1: The three circle model. A model created to show the interposition between the different spheres in family and business. Adapted from Tagiuri and Davis (as cited in Gimeno et al., 2010)

On the other hand, Gallo and Amat (as cited in Leite, 2007), that studied long lasting family firms, proposed a five circle model to explain the five more critical areas of the family business: family, ownership, business, management and succession. The model can be seen in Figure 2, in the sequence.

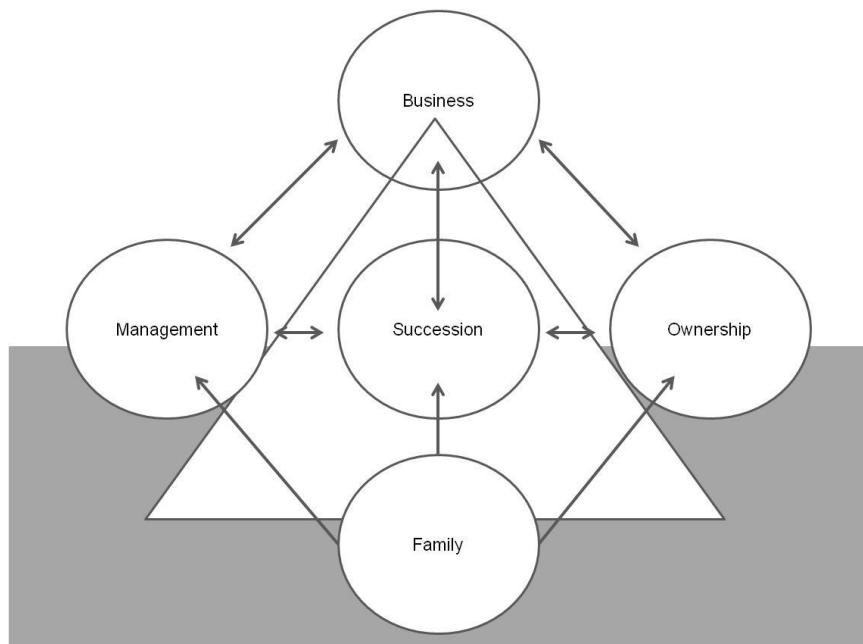


Figure 2: The five-circle model. A model that shows the five more critical areas of the family business: family, ownership, business, management and succession. Replicated from Gallo and Amat (as cited in Leite, 2007).

In the family circle, there is the interposition of roles and functions in the family and business. In the ownership circle, the family business might be influenced by the high number of shareholders due to increasing family complexity and also the problems that might arise between them. There are other factors that might interfere such as: bad management, inefficacy of the corporative body and inadequate corporate structure.

In the business circle, the authors write about the difficulties that a family business face to maintain its profitability in a sustainable way overtime. The issues they usually face are that they are not prepared to face internationalization in a globalized world and for the new technologies, and the organizational inertia that might happen when the company loses their founder's entrepreneurship spirit. Regarding management issues, they are usually highly personalized organizations with lower professionalization, decisions highly centralized decisions and limitation on the management tools and techniques used.

The other circle, succession, according to the authors, it is very important for it to be promoted beforehand and a succession plan should be made. Thus family governance bodies have an essential role in doing this planning and also to make it effective.

Therefore, the family businesses that lasts for a long time, have success in managing the family, business and the family business and its elements: family, ownership, business, management and succession.

The family structure is based on culture, hierarchies, roles and rules. In every family there are several implicit norms and culture that are inherent to that particular family. Moreover, the complexity evolves overtime with the increasing number of members of the family or also the decrease of it.

In order to explain how family and business complexity evolves and how it impacts the need for structure of the company, Gimeno et al. (2010), developed a family business management formula, which helps explaining the differences among the family businesses and how it changes over time.

This formula shows the increasing complexity degree of both family and firms and the need to be precautious and build a structure in order to be more prepared to structural risk and unexpected events that might happen with the increasing complexity that arises from both family and business. Depending on the degree of complexity of family and business, the way the company should be managed is different.

There is the need to develop a structure according to the family complexity, and the instruments for these are: creation of institutions, the differentiation of family and business, development of management practices, of communication and the preparation for succession. The structure development needs to be according to the level of complexity of family and business and will therefore decrease the structural risk.

The family complexity is determined by several factors: number of members of the family, differences in life cycle stages, number of branches or families, different roles, life stories and interests. The number of members from the family means larger number of differences in ideas, relationship kinds, ages, lifestyle, life histories and therefore a potential increase in complexity and difficulties in reaching agreements.

Moreover, different life cycles also affects the complexity since members of the families might be in different stages of life, and every time one reaches working age or the need for higher financial commitment with marriage or children, the financial pressure and therefore, the complexity will be increased again.

The number of families involved and the different roles played also increase complexity since the bonds between brothers and sisters or cousins are different and therefore the kinds of relationship will be different as well.

Life stories and different interests also increases the complexity since some members of the family might be interested in the power the business might give them, others only on the salary every month and others on the profitability that the company will give them and the growth of the same.

On the other hand there is the business complexity that also influences the need for structure. It is composed by the number of workplaces, level of diversification of the business, level of internationalization, the integration of the value chain, the level of knowledge and the type of sector.

The size can be either measured by the number of employees or even turnover but it shows that increasing either way causes its complexity to increase as well. At the same time the number of workplaces that the company has, has an increase in complexity as well as when the range of product diversification is high. Therefore a diversified company is more complex than a specialized one. The internationalization is another variable that increases

complexity not only due to the physical distance but since culture, languages, legislation currencies, time zones, they all increase the complexity of the business.

Furthermore, a company that performs several activities in the value chain is more complex than a company that focuses in only one kind of activity, since there is a higher need of coordination of activities, interests and so on. The type of sector in which the company is inserted also denotes the level of complexity.

In order to decrease the impact and diminish the structural risk of the family and business' complexity there is the need to develop a structure that is adequate to the company's level of complexity (Gimeno et al., 2010).

The structure is the inner capacity of organization of a social system. According to a context, the rules (explicit or implicit), creation of positions (based on hierarchy), definition of roles and information flows and exchanges.

According to Gimeno et al. (2010) the structure can be done by the institutionalization, family and business differentiation, management practices' development and communication and the succession's development.

When the growth of the company increases its complexity there is the need to create a platform for decision making and institute corporate governance. If it is not structured there is the need for it to be established, if it is structured there is the need to ensure its effectiveness.

The family council is a decision making body for the business family it is on the ownership level and it applies authority fixing its limits, determining criteria for dividends who will be in the board of directors, negotiating the mandate of the management with the board of directors and resolving all kinds of unexpected situations. It also functions to socialize the family meaning to pass on values, behaviors, processes that are part of the system. Moreover, being part of the family council is the same as belonging to the family business since it represents the family in the business. With this tool it is possible to promote

family cohesion making the business a common project for all the family. Its other role is to set the limits of the family intervention in the business and it is commonly done by the creation and reinforcement of a family constitution with all the rules and norms that regulates the family business, written down.

Another platform is the board of directors, which has the function of governing the company according to what was previously agreed on the family council. Its specific functions are to give support and monitor the management in regards to decision making, technical quality its priorities over time, evaluation of the performance, remuneration, auditing and financial control. It also aims to develop, maintain and control the different resources and capabilities that arise from the company in order to guaranteeing succession. This can happen by creating and developing capabilities of the management not only of the top executive so that the succession can happen in a smoother way. It also needs to ensure the professional and formal relationship between the family and the business through the imposition of restrictions.

The other important tool is the executive committee that is the collective management body that is responsible for actual administration of the organization. Another step in the structure development is the importance of the family and business differentiation and to what extent family members can differentiate their roles played in the family and in the business. The structure development can be done in terms of work differentiation, ownership recognition and family accountability.

Work differentiation is whether a family member who is involved in the management of the company is there due to professional skills or only because of belonging to the family. The more being member of the family is taken into account when ascending to management positions the less the work differentiation exists. The more the criteria for including family

members in the management wage criteria and promotions, the higher the work differentiation.

Additionally, ownership recognition is to recognize that the owner has rights upon the firm. There is the need of alignment between the management and the owners and assure that the latter will have information about the company and about decisions that may affect his or her property or the return in the investment related to that.

Finally, family accountability is the exigency from the family member not only to occupy a position and exercise the power, but also that a high level performance is demanded. It requires that the institution is demanding to family and non-family members according to the position that they occupy.

Still according to Gimeno et al. (2010), management practices are also taken into account in the study. Sometimes the founder might run the business on a particular way that is inherent to his/her profile, however as the company grows in complexity there is the need for professionalization and that the business is structured enough to run regardless of the entrepreneur. In this step it is very important to professionalize management practices and also to create information structuring systems for managing the knowledge.

In a company the communication management is also necessary, meaning to make sure that people understand each other clearly and perfectly. In order to improve it there is the need to manage the differences that might exist between the family members. Since they might have equal rights but at the same time have different characteristics, therefore there is the need to develop difference-managing skills. The rules explicitation must exist between family and business in order to discuss their appropriateness and also change them if requested.

The last step according to Gimeno's et al. (2010) study is succession. It is essential to create healthy conditions for the business existence. The lesser the dependence on the top executive the easier it is for the succession to be carried on.

The succession is based on three pillars: entrepreneurial capability, non-CEO dependence and succession planning. The first can be measured in general terms by the ability of new ventures to flourish in the business but also to generate strategic renewal of the family group. The most important is that the company behaves as an entrepreneurial organization.

The second pillar, non-CEO dependence, works towards reducing the dependence on the CEO or general manager, which makes the transition easier.

Lastly, succession planning in terms of ownership has a strategic, legal and administrative role. That is related to ownership transmission and has a direct impact on family complexity and also on tax issues, wills, properties, etc.

Continuing with the literature review, the next sub-chapter revises the different studies on the types of family owned enterprises. It is important for the present study since these companies might differ substantially on size, particularities, type of business but also the level of complexity of the business and the family.

2.1.4 The different family businesses types

As it was already seen, family businesses may be large or small, internationalized or only with national scope, or even be the local small firm that people usually associates with. They usually have some idiosyncratic characteristics. According to Holland and Boulton (1984), one of the greatest challenges of family business is to balance the internal and external influences within the business. And since the range of family businesses is extremely broad they propose to divide them into four different evolutive categories that would lead to

different strategies of managing the business, which are: pre-family, family, adaptive family, post-family.

The pre-family is initiated by the founder of the business, the relationship is characterized by the concentration of power on one individual and its focus is on survival and succession. The next one, the family type is the family that is initiated by the entry of the relative of the founder or only owner/manager into management/ownership, its relationship is the power distributed among several individuals based on family connection and the focus is on acquiring resources. The next structure is the adaptive family, it starts with the sale of stocks to non-family members and the power is based on management position and stock ownership and the focus is on performance. Lastly, there is the post-family, which is characterized by the liquidation of the family stock holdings and the relationship is based on the ability to function in the new kind of organization and on adjustments (Holland & Boulton, 1984).

This theory shows the evolution of the family firm, usually they start as a small family owned business and as the company starts to grow in terms of size, revenue, employees and structure it can become more professionalized and evolve to a next category.

Also aiming to classify the different kinds of family, another study was developed. Gimeno et al. (2010) used a database of 1237 Spanish family companies. His study took into account not the evolution but the level of family and business complexity and also its structure development reaching five types of firms: captain model, emperor model, family team model, professional family model and corporation model.

The captain model is usually composed of small and medium sized companies, its average business ages is 28 years, and the number of companies that have survived after 40 years of operations is very small. Family and business complexities are rather low due to the small life cycle of the company, it is usually a one person's business and it lasts as long as the

founder is interested. So the number of shareholders is small (2,6 on average) and the shares of the ownership is mainly within the family.

The emperor model, on the other hand, has both family and business complexities high, mostly due to the passing of the time and to the leader's resources. The companies usually have 41 years on average and are run by the founder or by someone in the young second generation. Usually both; the family and the business are run by the same person. The average number of shareholders in this case is 5,1 but they generally go after the family leader without validating their ownership rights.

Furthermore, regarding structure it is similar to the captain model, its success or failure depending on the person that runs the business that has a high decision power.

The family team model has its family complexity higher than its business complexity and the number of shareholders is usually 6,5. Although having a higher family complexity compared to business' complexity this would not make it a problem since only a small portion would work in the business. These types of companies usually do not have an appealing nature and many family members would prefer a career outside the family business.

The structure of this kind of business is developed into a medium level. Power is more evenly spread due to a higher institutionalization level, greater family and business differentiation since many shareholders stay away from the business. With the time the family complexity is bound to increase by an average of 9,5 shareholders what will make the business riskier and developing a structure might be too costly spending a lot of resources such as leader's time, economic resources and so on.

The solutions might be to increase the growth in order to develop capacity for a more appropriate structure or decrease family complexity by decreasing the number of shareholders.

The professional family model oppositely from the family team has a medium level of business complexity and a lower family complexity. Despite this similarity with the emperor's model the way it is managed is very different, through a developed family structure, not through a single leader. The family is highly involved in the management (average three people) with a high level of professionalization and structure and also a high level of family/business relationship structure.

From the studies it could be seen that there are a small number of businesses that start with this structure which implies that this configuration is not good for a start-up period or that it simply does not occur on a start up period. Going through this period this model is successful and with the increasing family and business complexity it evolves to the corporation model.

The corporation model is seen as the most developed one. It has the highest family and business complexity and the highest average age of 61 years old, and due to its high family complexity the average number of shareholders is 13. At the same time due to its professionalization the model imposes rules to prevent family members to enter management.

In this latter case, management and ownership are highly differentiated and the general manager can either be a family or a non-family member. With the time, the increasing complexity leads the previous explained models to this model or they tend to disappear (Gimeno et al., 2010).

In order to assess the uniqueness of the family firm and to explain why and how the components of family involvement matter to the business, a strategic management theory was discussed in the next session: the resource based view theory.

2.1.5 Resource based view of the firm (RBV)

The uniqueness that can be seen in the family firms are due to some characteristics intrinsic to this type of business since they are a combination of rules, values and aspirations of the family and of the business (Chua et al., 1999).

Chrisman, Chua and Sharma (2005) were concerned in studying family businesses in a theoretical basis, since the traditional operational family studies as it was seen before, lacked to explain why family involvement leads to behaviors and results that differs from non-family businesses. Therefore one of the strategic management theory used by them to explain these is the Resource Based View (RBV).

Using a RBV framework, Habbershon and Williams (1999) explained the sources of competitive advantage of family business. This framework allows the analysis of the family and business isolating the resources that are complex and dynamic and links firm level antecedents to performance outcomes.

It is commonly stated that family firms have advantage on performance over non-family firms. There are several economic and non-economic values that are derived through the combination of the family and business structures. For example, since the owner is usually the manager, the agency costs are reduced and also the transaction costs (Aronoff & Ward as cited in Habbershon & Williams, 1999). Decision making tends to be centralized between the family members what decreases the costs and increase flexibility (Tagiuri and Davis as cited in Habbershon & Williams, 1999).

Since the shareholders are from the family, there is a higher motivation and therefore a higher long-term orientation. Furthermore, since family and business objectives are usually not separable, a long term strategy and a higher commitment to pursue it can be seen and a particular emphasis on company growth (Aronoff & Ward; Moscatello as cited in Habbershon & Williams, 1999). When they go international and since the family shares

common family values, it can connect the cultural barriers in a more effective way (Swinth & Vinton as cited in Habbershon & Williams 1999). Additionally, family firms are generally of trustworthy reputation (Tagiuri & Davis as cited in Habbershon & Williams, 1999), efficient informal decision making process and less organizational structure.

It is useful to use the RBV of competitive advantage to analyze family firms' uniqueness. RBV focuses on the firm and its specific resources, family firms are described as complex and possessing intangible resources (Habbershon & Williams, 1999).

The RBV framework has been used to explain the differences in firm performance that are not related to industry or economic conditions, and it is possible from that to link firm-level antecedents to firm performance. With this framework it is possible to analyze what is the relationship within, processes, assets, performance, strategy, and competitive advantage for the family firm (Habbershon & Williams, A resource-based framework for assessing the Strategic advantages of family firms, 1999).

In the field of strategic management the RBV links organizational influences to firm level resources capabilities and rent performance outcomes (Habbershon, Williams & MacMillan, 2006). The model assumes that each organization is a set of particular resources (firm's assets and organizational attributes) (Barney as cited in Habbershon et al., 2006) and capabilities (non-transferable resources embedded in the organizations) that differentiates firm performance across time and is the supply of their returns. Some examples on how organizational processes can be related to performance is verifying the impact of a third party consultancy in the performance, how human resources policies affect firm performance, how emotions impact decision makers on their decisions and how resource selection and capabilities might enable managers to create economics surplus (Makadok, 2001).

It is shown in researches that resources and capabilities can create "chains" of connections that are directly or indirectly linked to firm performance, competitive advantage

and firm wealth creation (Yeoh & Roth as cited in Habbershon et al., 2006). The interaction between family and business create complex systems but is also very rich in resources and capabilities. The advantages found in family firms are usually related to traditional used resources, characteristic organizational processes, behavioral and social phenomena, but also leadership and strategy making capabilities. These are linked to the unique resources that are inherent to family firms are directly linked to performance (Habbershon et al., 2006).

The interaction of family, business and the individual members creates a specific set of resources and capabilities that together compose the “family factor”. The resources and capabilities arising from the firm might have a positive or negative influence. The positive ones are distinctive influences that can provide advantage, the negative are so called constrictive since they have the potential to constrain competition. Therefore the “familiness” of the firm is the summation of the resources and capabilities of a firm (Habbershon et al., 2006).

From literature the firm resources are divided into four categories: physical capital resources (plant, location, raw materials, etc), human capital resources (skills, knowledge, etc) organizational capital resources (competencies, controls, policies, culture, information, etc) and process capital resources (skills, dispositions, etc) (Barney, 1991). Once the family firm resources were identified it is assessed how they provide a competitive advantage. They are the familiness of the firm, which means, “the unique bundle of resources a particular firm has because of the system interaction between the family, its individual members, and the business” (Habbershon & Williams, 1999, p. 11).

Since the distinctive “familiness” is the one to provide firms with competitive advantage. Therefore, rent generation is a function of this advantage. Thus wealth creation is linked to these systemic influences in the system as they create these distinctive family resources for the firm (Habbershon, et al. 2003).

Habbershon et al. (2006) proposed a model that shows that wealth creation (the generation of advantage based rents) is linked to the resources and capabilities that are created due to the interaction of the sub-systems. It is the unified systems performance model, which is shown in Figure 3, in the sequence:

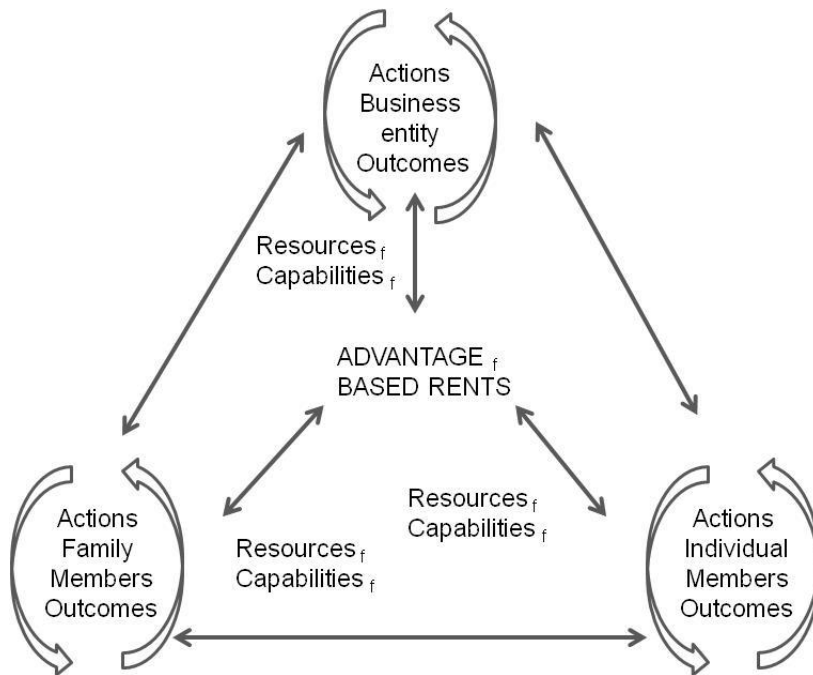


Figure 3: Unified system performance model for enterprising families. The model shows that wealth creation is linked to the resources and capabilities that are created due to the interaction of the sub-systems. Replicated from Habbershon et al. (2006).

This model is applicable to all kinds of family business from co-prenerial couple firm (couple that holds a firm) to a multigenerational family owned public company firm. In addition, it also debates how the influence of family and single family members can be assessed more positively in relation to the business (Habbershon et al., 2006).

After presenting an important theory on the family business field, the next sub-chapter discusses the particularities and characteristics that are inherent to a business owned by a family and how important is the good management of the family and business spheres of the business.

2.1.6 Family businesses particularities and characteristics

As it was already seen, in order to have a good performance, family and business must take advantage of the interposition of their family and the business systems. However, several contradictions emerge from these circles intertwined. That is what will lead these kinds of businesses to have particular characteristics. According to Ibrahim, Angelidis and Parsa (2008) family firms usually exhibit inward orientation, are less capital intensive, lower participation in international markets and slower growth. Moreover, depending on the type of the family business, family members may be favored over outsiders despite of knowledge or experience.

There are studies that perceive family businesses as conservative since the risk of losing the family wealth may discourage them from entrepreneurial activities (Sharma, Chrisman, & Chua, 1997). However, it is also discussed that family firms have a very strong trace of entrepreneurial activity and that this is a common characteristic of this kind of organization (Zahra, 2005). According to Naldi, Nordqvist, Sjöberg and Wiklund (2007), risk taking is a dimension of entrepreneurial orientation. On their studies of entrepreneurial orientation, it was seen that risk taking was positively associated with proactiveness and innovation (that are also dimensions of entrepreneurial orientation) and that in family firms the practices and processes related to entrepreneurial activities are involved with risk taking.

It was also suggested that family firms even though they take risks due to its entrepreneurial activity; they do it in a lower scale than non-family firms. This level is also related to the context that the company is inserted. And this should be taken into account specially in order to understand the internationalization strategies of family firms (Naldi et al., 2007).

In order to explore the particularities of the family firm, the next sub-chapter will focus on the review of studies of entrepreneurship, one important characteristic for family business.

2.1.7 Entrepreneurship on family business

This review on entrepreneurship will help to see how this characteristic is manifested in family firms.

Entrepreneurship is usually defined based on the entrepreneur figure. However, Miller (1983) has looked at entrepreneurship based on the entrepreneurial activity of the firm, because according to him this role can be played by the whole organization. Nowadays, with the growth of organizations there is an increasing need for innovation, positive risk taking and also the sought for new opportunities.

Moreover, larger family firms also have well-established connections within and outside their industries, making it possible for them to join strategic alliances and intensify entrepreneurial activities (Zahra, 2005).

The ownership structure of a family business ensures an alignment between goals of the firm and of its owners. It also favors long-term planning and investment, enabling them to maintain long lasting relationships with suppliers and others stakeholders (Astrachan, Zahra, & Sharma, 2003). These are important factors that foster entrepreneurship. However some researchers may argue that some family firms, due to the same ownership structure become risk averse and start following conservative strategies what might have an impact on their growth strategies (Shepherd & Zahra, 2003). This attitude might influence the way they deal with growth strategies and more specifically the object of this study, internationalization.

It is also argued that founders might stay in the control of the company for too long and since they favor family members when making the transition, therefore, failing to retain more skilled employees (Zahra, 2005).

According to Miller (1993), what might happen with this kind of attitude is denominated strategic simplicity that means when an attitude that was successful in the past continues to be repeated, even though the challenges of the firm are different. Moreover, it can affect the innovation and the risks of the family firm in a way that influences its strategies on internationalization, diversification and so on. The conservatism can also have a major negative effect on the long term financial performance and position towards competition (Zahra, 2005).

According to Miller (1983, p.771) “an entrepreneurial firm is one that engages in product-market innovation, undertakes somewhat risky ventures, and is first to come up with "proactive" innovations, beating competitors to the punch.” And entrepreneurship is seen as three variables weighted: innovation, proactiveness and propensity for risk taking.

Based on Mintzeberg’s theoretical study (1973), on his own research, Miller (1983) divided the chosen firms in three types: simple firms, planning firms and organic firms. Simple firms are the small centralized firms where the CEO is the figure that influences entrepreneurship (his power, decisions and information). In other words he can promote entrepreneurship but at the same time refuse it, he is the owner of the decisions of the firm. Therefore, the greater the CEO’s knowledge, the greater will be his ideas and level of entrepreneurship. At the same time, if the level of technocratization (the leader’s contact with scientists and specialists) is high, the higher the level of entrepreneurship for the same reason, the contact of the CEO with new projects and ideas will increase.

According to Miller (1983), on this type of firms the personality, power and information are the only variables that correlates to entrepreneurship in simple firms. Environment, structure or decision making styles do not count.

In planning firms, on the other hand, the entrepreneurship is more based on the strategy pursued by the company. Being the level of entrepreneurship basically based on a level of

integration of product-market strategy. Well-integrated strategies are a reason for executives to focus on the need for product-market renewal. Many managers are usually involved in decision making and there is a risk of losing sense of direction overlooking product-market strategy, therefore mechanical and efficient operation might overcome entrepreneurship.

When the firm starts to have a preference of growth upon stability and internal operations the entrepreneurship will have fought against conservatism. Due to the centralization of the firm, the leader's locus of control plays an important role in planning firms as well. But since these types of firms are larger and more people are involved in strategy making it is not as correlated as in the simple firms. Moreover, in planning firms the innovation component is not only dependent on the leader, since the innovation process of a larger firm is rather complex. It is much more influenced by other people and departments in the company such as the R&D department (Miller, 1983).

Technocratization and differentiation are correlated only with innovation, most probably since technocrats are the ones responsible for innovation in these kinds of firms. On the other hand, risk taking and proactiveness are strongly related to product market strategy and also the leader's personality (Miller, 1983).

Planning firms were classified as: large, high degree of centralization, taking advantage of the usage of sophisticated controls, long term planning and high analytical decisions (Miller, 1983).

Last but not the least, in organic firms the words are: environment and structure. When the environment is demanding and challenging the more the company needs to be entrepreneurial. Furthermore, the cruder are the structures the better they are to recognize and fulfill that. The organic firms are adaptive, they will adapt to their challenges by innovating and updating the strategies. Also the more heterogeneous is an environment the higher the entrepreneurship, since the experience in different markets may lead to a higher perception of

entrepreneurial opportunities. At the same time the entrepreneurial activities are responsible for the growth in product lines and the possible expansion to other markets causing the environmental heterogeneity (Miller, 1983).

Finally, organic firms are usually not centralized, have open internal communications and high technocratization. Since the environment and the adaptive tasks are very complex in organic firms, the leader usually shares the entrepreneur's position among the ones that are in the most adequate position to understand, plan and implement innovations. Power is useless when the skills and capabilities are missing (Miller, 1983).

To summarize, in simple firms the focus is on the leader. In order to incentive entrepreneurship, his personality and power will have to be adequate. On the other hand in planning firms the entrepreneurship is better motivated by product market strategies that will make sure that entrepreneurship is focused not only in the routine activities. It will also help to minimize the entrepreneurship's inherent disruptive behavior, a characteristic that is unpleasant to this type of firm that tends to function in a orderly way. Organic firms tend to be entrepreneurial according to the demands of their environment Miller (1983).

It is said that the determinants of entrepreneurial orientation (risk taking, innovation and proactiveness) are associated with locus of control (Shapero; Kets de Vries; Miller, Kets de Vries and Toulouse as cited in Miller, 1983). Meaning that the more the executive feels that he has control over the environment the higher his entrepreneurial behavior. This links to family firm studies since the executive that is member of the family is more attached to the firm and the environment, thus is more willing to take entrepreneurial activities (Miller, 1983).

However, there are firms that are seen as innovative, but only through imitating its competitors but not by taking any risks. These companies are not considered entrepreneurial firms, since proactiveness is also needed. On the same way, companies that has a risk taking

nature and highly leveraged might not be considered entrepreneurial, they must have something related to product-market or technological innovation (Miller, 1993).

Moreover, depending on the type of the firm some variables are said to be related to its level of entrepreneurship. For example, in the simple firm the variables that are related are leader's personality, power and knowledge. In the planning firm it is the strategy and leader personality and in the organic firm the environment and structure (Miller, 1993).

In conclusion, the entrepreneurial orientation is inevitable to firms that want to prosper in competitive business environments (Naldi et al.,2007).

Nevertheless, it is common among entrepreneurs the need for achievement inducing them to take calculated risks and to explore innovation, and this could not be different among family firms. Usually the founder holds the CEO position for a long time and this is common since they are concerned with the survival of their firms as the creation of the business usually is based on the desire to create a place for the family members to work at and also to protect the legacy of the family. There is an intrinsic alignment between the family and the firm values when the founder is the CEO, thus risk taking is more common and innovative pathways are taken (Zahra, 2005).

Zahra (2005), reached results that support former studies (Hambrick & Finkelstein, 1987) which also state that long CEO tenures creates a set back to entrepreneurship where strategic simplicity and inertia might make the organization unable to respond to changes in the environment.

According to Zahra (2005) high family ownership leads to the endeavoring of new domestic and international markets, however he also found out that these ventures do not occur through alliances being them domestic or foreigners. This is evidence that it might be difficult for a family firm to do a market expansion through alliances and would probably let

the information leak and integration and coordination among partners might give the impression that it takes time to take part on the firm's profitability.

In addition, family involvement was found to be positively related to risk taking. Thus, when there are a higher number of generations from the same owner family in the business, it ends up promoting innovation. This is due to the fresh insights and knowledge that are brought to the business (Zahra, 2005). The contrary might also be argued since the transition might be done with family members that are not entrepreneurs. The transition from founders to other leaders entails serious risks, the most significant of which is overlooking entrepreneurial activities. This risk could be minimized by preparing successors and stimulating their ability to innovate. This approach incentive successors to develop skills and creates a culture that encourages risk taking (Zahra, 2005).

Finally it shows the importance of developing skills to promote entrepreneurship in their operations and involving different family members in order to prepare them to lead the firm. Since the participation of different generations in the family can promote innovation and thus company growth (Zahra, 2005).

The next sub-chapter reviews the literature on internationalization to give subsidies to discuss the internationalization theories and the process of internationalization on family business.

2.2 Internationalization Studies Review

2.2.1 The internationalization definition

There are several types of market entry strategies that range from exports to the structuring of a plant abroad. However, when defining internationalization, in order to avoid companies that are merely exporters Cintra and Mourão (as cited in Ricupero and Barreto, 2007, p.22) said that internationalization is “the process of conception of strategic planning e its implementation, so that it can operates in countries different from the ones that are already

installed". Thus only importing and exporting is not enough, there would be the need to open a subsidiary in a foreign country, establish alliances abroad, invest in companies in other countries, acquisitions, and so on.

The subsequent chapter reviews the internationalizations theories, both economic and behavioral.

2.2.2 Theoretical approach on internationalization

The traditional internationalization theories were developed by several authors in different perspectives. Subsequent theorists grouped them in different ways: behavioral and economic approaches.

The first group is composed by theories that examine the macroeconomic tendencies and privilege economic aspects. The most important theories are market power theory (Hymer, 1976), internalization theory (Buckley and Casson (1976); Rugman (1981)), transaction costs theory (Coase (1937); Williamson (1975)) and the eclectic paradigm (Dunning, 1977).

The other group is composed by the behavioral theories that are explained based on behavioral evolution focusing on the organization. Some of the main traditional theories are: stage model theory from the Uppsala School (Johanson and Vahlne, 1977), network theory (Johanson and Matsson, 1988) and resource based view (Barney, 1991).

2.2.2.1 Economic theories

In this study the main economic theories that will be revised are the internalization theory, transaction costs and Dunning's eclectic paradigm theory. Hymer's studies will be mentioned next but will not be specifically revised.

According to Cantwell (1991), Hymer's approach contradicted the theories of his time when early researchers stated that foreign operations of MNC could be explained by the theories of international trade and capital movements. He established that the international

production was based on a theory of the firm and industrial organization, “the firm is an agent for market power and collusion” (Cantwell, 1991, p. 12). Another important theory subsequent of Hymer’s theory is the internalization theory, derived from Coasean studies. It showed the view of the firm as a tool of increasing efficiency by substituting the market. There are also other economic theories based on the competitive international industries approach, included the product cycle model (Vernon, 1974; Knickboxer, 1973) for example. There are also macroeconomic development approaches that will not be discussed in this study.

The last framework is the eclectic paradigm (Dunning, 1977; 1988), is a theory of the general firm and take the previous four approaches into account.

In the next sub-chapters the internalization, transaction costs and eclectic paradigm theories will be discussed in detail.

2.2.2.1.1 Internalization theory

The internalization theory was build upon the transaction costs theory, based on Coase’s work (1937). The most important authors from the internalization theories are Buckley and Casson (1976) and Rugman (1981). The starting point of the theory is that the company has to internalize or integrate the transactions that are more costly or inefficient when done by the market. The company increases its involvement on the processes done in international markets, usually going from exporting activities to others with higher complexity in order to keep the resources and knowledge abroad only to itself. This way the knowledge created abroad becomes internalized. In other words, companies internalize in order to reduce costs or risks of doing business overseas with a third party. Internalization is the contrary of outsourcing.

Buckley and Casson (1976) state that when external transaction costs are higher than internal transaction costs the company should prefer to internalize the market. They would be

higher due to the market transaction costs (costs related to buying and selling in the market excluding the price). For example, to find a good quality supplier, to make the contract, enforce the contract, the risk of being deceived by the third part and so on (Mariotto, 2007). This means that whenever there are market imperfections, the company should develop its activities internally in order to exploit the firm's specific advantage in knowledge but also in other intermediate products (Rugman, 1981).

In the case of the MNC, the activity that might or not be internalized is the international operation itself.

A product, service or even knowledge can be internalized in other countries if there are transaction costs advantages. Therefore, the firm internalizes the activities when the coordination of the activities by the company hierarchy has a lower cost than if it used the market as a coordination mechanism (Coase, 1937; Williamson, 1975). This will also define where this internationalization will be pursued for the market imperfections that will provide the maximization of profits.

Moreover, Buckley and Casson (1976) developed two ideas: the intermediary product on the MNC logic and the specialized knowledge as a public good. With these concepts the aim is to explain that the company is not only about the production, it is composed by several activities such as marketing, resource and development (R&D), management, training, and so on. These activities are linked to the intermediary products that might be tangible but also intangible such as brands, rules, projects, etc.

The point here is that this coordination might be internalized by the company (done by its hierarchy) or can be coordinated by the price system of the market. However, especially in the international arena these kind of markets, for these intermediary products are very imperfect or do not exist. This way the MNC came in order to meet these needs.

They point out the knowledge as the most important negotiated intermediary products, however, they assume that in the commercialization of the knowledge there is an intrinsic information asymmetry, meaning that it is difficult for the buyer of the knowledge to value it.

Since the transmission cost is low, the firm has an incentive to transmit the knowledge globally or even try to seek for knowledge abroad.

For them the higher level of commitment abroad should happen when the benefits of internalization surpass its costs. This way there would be an increasing commitment from exporting to finally acquiring an overseas plant for example. The internalization is not always superior to the market transactions (Mariotto, 2007).

The next theory revised is the transaction costs theories, a theory that was served as base for the internalization costs theory.

2.2.2.1.2 Transaction costs theory

The transaction costs theory was primarily developed by Coase (1937) and afterwards developed further by Williamson (1975). According to the last, the transaction costs can be defined as the ones associated with products and services that are necessary to overcome the market imperfections. When the company decides to explore a foreign market through a low level of commitment, therefore through exporting, it will have costs related to the need and search for information, the costs related to contracts, travels of the executives, etc. As a result the aspects of the transaction costs would be related to environment variables (uncertainty and complexity) and also the human behavior variables (bounded rationality and opportunism).

Williamson (1975), did not believe in the success of free market transactions, therefore there was the need of organizations to mediate and reduce the transaction costs. If there were no opportunism and bounded rationality, there would be no transaction costs. Since this is not

the reality there is the need to create organizations and structure to limit the problems caused by opportunism and bounded rationality.

When the company decides to increase the commitment to a market (strategic alliance, subsidiary), new kinds of costs arise. These are the internalization costs, for obtaining a better market knowledge, to build the company, for the activities coordination, etc. If these costs are higher than the transaction costs the company should choose not to increase commitment to the new market. Therefore, the internationalization decision is based on the trade-offs of the transaction and internalization costs.

The factors exposed above are not the only way to decide if the company should or should not internationalize. Other variables should be taken into account in the decision. Some of them can be explained by the next economic theory, the eclectic paradigm.

2.2.2.1.3 Eclectic paradigm

Dunning's eclectic paradigm (2001) points out some reasons why the company would search for opportunities beyond their home markets and that the motives vary according to the particular countries and industries.

In order to internationalize the companies should have certain types of advantages that would justify the investment in another country. In his study he shows that to increase the commitment in other markets through direct operations, strategic alliances, licensing, would need to have three advantages from its competitors. He understood that certain market failures such as transaction costs, assets particularities and agents, would help to promote the FDI instead of licensing or exporting as entry mode.

The first advantage, the ownership (O) advantage, is managerial related and would be the advantages of belonging to the same firm, which are managerial related, therefore, the intangible and tangible assets of the firm such as culture, qualified labour force, technological

qualification, brands. These assets transferred spatially to another location would enable the company to take advantage of natural resources, labour force, infrastructure, market size.

The second advantage is the location (L), which means the non-transferable characteristics of a location. This was called the location specific part of the advantage on productivity. In other words, exploring the other market's potential comparing the profitability of the own resources in conjunction with the local resources with what it would obtain on its own country.

The third and last advantage is the internalization (I), therefore the choice of the firm to exploit the ownership advantages (O) internally rather than to acquire and /or sell them through the open market. In other words, the motivation of the companies to transfer assets abroad but inside the limits of the company, instead of using the international markets.

The three (OLI) are the ones to explain the geography and scope of value added activities by multinationals.

Finally, the name eclectic, given by Dunning himself, was due to the fact that he delineated the theory with sources of different traditional researches (Mariotto, 2007).

Understanding these three factors exposed, helps to understand which are the companies to go abroad, where will they go and in which way they are going to explore the foreign activities. This research shows the variables that influence this behavior, however only later Dunning identified four main reasons for internationalizing: market-seeking, resources-seeking, asset-seeking and efficiency-seeking (Dunning & Lundan, 2008).

The next part will show the other line of internationalization theories, the behavioral theories.

2.2.2.2 Behavioral theories

The economic theories deal with research on the macroeconomic and microeconomic level. The macroeconomic level which considers the international markets and studies the industries and firms, and the microeconomic level in order to explain the international growth of particular firms. This kind of research is good for analyzing the subsequent development of the internationalization. However, the decision of direct investment and also the internationalization process, are led through the behavior of the firm. Thus, the behavioral theories seek to analyze the behavior aspects of the decision making, tackling other issues (Hemais & Hilal as cited in Dib, 2008).

The two behavioral theories reviewed in this study are the most common ones in family businesses articles (Kontinen & Ojala, 2010): stage model theory (Johanson & Vahlne, The internationalization process of the firm: a model of knowledge development and increasing market commitment, 1977) also known as the Uppsala School model and the network approach theory. The resource based view theory is also on the list but the author chose not to use it.

According to Johanson and Vahlne (1990), the stage model theory is used to explain to types of internationalization: the reason they internationalize using progressive steps and also the reason the firms select foreign markets based on psychic distance, which means how being a foreigner is perceived through differences in language, culture, education, industrial development and politics.

There are other stage models (Cavusgil, 1980, Bilkey and Tesar, 1977) that are similar; however the Uppsala Model can be applicable to a broader variety of companies and international activities. Another advantage is the fact that it does not refer to a specific type of company. Therefore, this might be one of the reasons it is the most cited and empirically tested (Oviatt & McDougall, 1997) and that is why it will be used in this review.

2.2.2.2.1 *The Uppsala internationalization model.*

This model was primarily developed by Johanson and Wiedersheim-Paul (1975) but received great influence of the work by Johanson and Vahlne (1977). Its focus was on the individual company and its gradual acquisition, integration and knowledge use over international markets and also its increasing commitment with the foreign markets.

Johanson and Wiedersheim-Paul (1975) wanted to develop a study that would explain the internationalization process of smaller firms, which occurred in a more gradual way than of the large American multinationals with spectacular foreign investment from the literature that was being produced at that time. Therefore, they studied the internationalization model of four Swedish firms, and since it was a small market and although the firms were small they had to internationalize in order to survive.

In the study, instead of looking at the internationalization when the companies were already international they analyzed the whole internationalization process from the beginning.

For their study the first assumption is that the firm develops first in the domestic market and the decision to internationalize is a consequence of several decisions and factors. Moreover, the obstacles for internationalization are lack of knowledge and resources.

Through these premises they identified four stages:

Stage 1: No regular export activities;

Stage 2: Export via independent representatives (agents);

Stage 3: Establishment of an overseas sales subsidiary;

Stage 4: Overseas production/manufacturing units.

These stages are based on the degree of involvement of the firm with the market, and the commitment of resources of the firm based on its experience and knowledge regarding the market increase with the increasing of the stages.

There are some important factors that are related to the decision to engage in international operations such as the size of the potential market and psychic distance. Usually the companies look for larger markets however, sometimes there is the choice of internationalizing to smaller market. This might be due to similarity with the domestic market and the less competitiveness. The authors also consider the concept of psychic distance, which are the factors that disturb the information flows between the firm and the market. They are for example, culture, level of industrial development, language, and also in most of the cases geography.

The authors also pointed an important consideration, depending on the stage, for example, independent representative or sales subsidiary. In the first case since there is the lower level of resource commitment the psychic distance might be taken into account. However, in sales subsidiary since the resource commitment level is higher probably the market size is taken into account. The production subsidiary is influenced by the psychic distance but also other factors such as tariffs, transportation costs, etc.

With the increasing internationalization to other markets, there is the need for development on knowledge management and for the development of the structure.

Johansen and Vahlne (1977) state that the gradual acquisition of knowledge and experience in the international markets leads to an increasing commitment on international operations and this will end up leading to a higher level of competencies to make decisions regarding entry modes, since more resources will be committed. Therefore, the companies that do not have experience in international markets usually tend to take risk adverse decisions.

Even if more investment is needed, exporting will help to get knowledge and a perception of the market size.

The internationalization occurs not as a result of the finest allocation of resources, but as the adjustments of the changing conditions of the firm and of its environment. This means that internationalization decisions have an incremental character due to the lack of knowledge in the markets are essentially due to no similar routines, and completely new problems and opportunities, since the company does not have experience with the market. Therefore, the lack of this knowledge, caused by the differences between countries constitutes an obstacle to internationalization.

Furthermore, according to the authors, the internationalization of a company would start with the saturation of its domestic market. Once abroad they would look for situations that would appear familiar to them.

Thus they proposed a dynamic model to explain the steps in the internationalization process. On the outcome of one decision constitutes the input of the next event. Therefore, the current state of internationalization gives subsidies to identify the following one.

The states considered are resource commitment, market commitment and knowledge about foreign markets and operations. The model is shown in the sequence, in Figure 4.

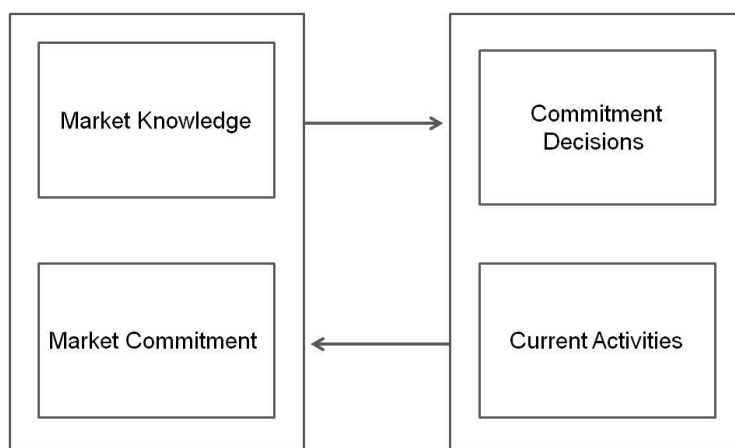


Figure 4: The basic mechanism of internationalization – State and change aspects. The model was proposed in order to explain the steps in internationalization process. Adapted from Johanson & Vahlne (1977).

The first two in the figure affect commitment decisions and the way the activities are performed, these last two affect knowledge and commitment. The model affirms that the state of internationalization affects the opportunities or risks that the firm might take and these will in turn influence the commitment decisions and current activities.

When considering market commitment, there is the need to take a look at the quantity of resources committed and the degree of commitment. This degree of commitment is considered to be higher the more these resources are integrated with other parts of the firm or other firm activities. This means; the higher the degree of commitment when the resources cannot be easily used for another market or purposes and the more specialized the resources are to the specific market. The amount of resources committed, on the other hand, is the size of investment in the specific market.

The other state aspect, market knowledge is based on several kinds of knowledge: knowledge of opportunities and problems, experiential knowledge, general knowledge and market specific knowledge.

The first, knowledge of opportunities and problems, initiate decisions but there is still the need of knowledge to evaluate the opportunities and risks. The way knowledge is acquired is also important. For example, objective knowledge can be taught but experiential knowledge can be only learned through personal experience. According to the authors it is believed to be the critical knowledge for internationalization, since it is hardest to be acquired and in the domestic markets is based on the individual's whole life, in foreign markets this basic knowledge does not exist and can only be gained through operations in the particular country. Moreover, the less defined and structured the activities are, the more is the need for experiential knowledge. With this kind of knowledge it is also possible to envision opportunities.

There are also two other classifications of knowledge that also need to be present when instituting operations abroad: general and market-specific knowledge. The first means general knowledge, covers common characteristics of the consumers or operations that would be similar independently of the country of location. It can be transferred from country to country it does not need to be acquired through experience. Market-specific knowledge, on contrary means the characteristics specific to a particular market and this kind of knowledge can mostly be gained through market experience.

There is a link between market knowledge and commitment since the higher the knowledge on a specific market, the higher the commitment to it.

The second part of the model, the change aspects are composed of commitment decisions and current activities.

They state that when the product is complicated and differentiated it will need a higher commitment since the current activities will need to be repeated for sometime in order to be perfectly done. This experience can be gained through the hiring of personnel with experience or through asking for advice for someone who had already experienced that. Here there is the differentiation between market and firm experience. There are some kinds of activities, for example, marketing activities, in which both experiences are required since there is the need of high interaction between the firm and the market, but for more product oriented activities less interaction between the firm and market are needed and it is easier to substitute hired personnel or advice and activities.

The hired person with market experience might only be profitable for the company after sometime when it is already familiar with the firm activities. In order to optimize it, it would be important to hire someone with both market and firm experience or even to buy a part or even the whole firm. Nevertheless, there are some kinds of experience which cannot

be acquired, this way there is the need for a long learning process connected to current activities.

The other change aspect is the commitment decisions. They are done through the analysis of alternatives and proposal of solution. These are done by perceived problems or/and even the opportunities in a given market. This is closely linked to experience, both from the market and firm. The problems and opportunities will only appear for those who have experience on a particular firm and on the market. The alternative solutions will often consist of activities that will increase the commitment to the market. On the other hand, there is also the possibility of individuals from outside the firm to see opportunities but this is only possible when the people when there is a higher commitment to the given market.

In addition, there is a distinction between the economic (associated with the increase on the scale of operation on the market) and uncertainty effect (associated with market uncertainty since it is a new unexplored market) of the addition commitment.

Johanson and Vahlne (1977) argue that the scale increasing decisions are taken when the existing market risk situation is smaller than the maximum tolerable market risk. It might also be taken due to a decrease in market uncertainty or when the total resources of a firm increases or even its approach to risk become more aggressive. Market uncertainty might decrease due to an increase in market knowledge or even due to a competitive or political stabilization.

On the other hand, uncertainty reducing commitment will be made when the existing market risk situation is higher than the maximum tolerable market risk. The firm will then take steps in order to increase interactions with the market environment. The market commitments that increase risk are usually those to increase the scale of the operations on a particular market. The market uncertainty may rise due to the structural changes in market condition or also experience in a very dynamic environment.

Still according to Johanson and Vahlne (1977, p. 30), “additional commitments will be made in small steps unless the firm has very large resources and/or market conditions are stable and homogeneous, or the firm has much experience from other markets with similar conditions.” Market growth can also speed up the process.

In conclusion, Johanson and Vahlne (1977), have two main propositions in their study: that the internationalization follows inverse logic with the psychic distance between countries and that the internationalization development is done through increasing commitment of resources in the international markets, having its high moment when establishing production units in foreign markets. However there are three exceptions to the internationalization commitment through small incremental steps: when the firm has larger resources (so its commitment consequences would be small), when the market conditions are stable (therefore the market knowledge can be acquired in other ways) and when the market conditions are similar it is possible to make use of the previous experience in another market.

In the next chapter another behavioral theory will be discussed; the network approach theory.

2.2.2.2 *Network approach theory*

The network approach theory was an evolution of the Uppsala Model internationalization theory. According to Johanson and Mattson (1988), it constitutes of relationships that the company establishes with clients, distributors, competitors, suppliers and also the government. This way, the force and also the number of these relationships increases with the internationalization. It happens in three different ways: international extension (forming relationships with counterparts in different countries), penetration (with the increasing commitment to its already formed networks), and international integration (integrating in networks in various countries).

Participating in the network, gives the firm access to resources and markets. They also identify sections of the networks. For example: national net designates the network on countries and production net refers to network on specific product areas. Moreover, they classify the firms into four categories: the early starter, the lonely international, late starter, the international among others. It is presented in the Table 1, in the sequence:

Table 1

Internationalization and the network model: where do firms fit in the matrix?

		Degree of the internationalization of the market (production net)	
		Low	High
Degree of	Low	The early started	The late starter
Internationalization		EARLY	LATE
of the firm	High	The lonely International	The international among others
		LONELY	INTERNATIONAL

Note: Replicated from Johanson and Mattson(1988).

The early starter is the firm with few international relationships, that have their suppliers and competitors holding the same position (the market also has a low degree of internationalization). The early starter has little knowledge of the foreign market and also little opportunity to get it from its network. In order to acquire this knowledge they use an agent to enter the foreign market in order to reduce cost and uncertainty through the agent's previous knowledge and investments in the market. These firms usually internationalize by the influence of distributors or customers in the foreign market.

The lonely international is highly internationalized but in a market with a domestic focus. It is a MNC trying to penetrate closed markets. The firm probably has earlier knowledge with foreign markets what has improved its knowledge and empowered it with ideas and experiences.

The late starter is in a market that is already internationalized; therefore the firm has relationships with the foreign businesses networks, which pushes the firm to internationalize.

Since the networks are much established it is harder for them to enter the new markets specially the one with closest psychic distance since there is a great knowledge gap between them and their competitors.

The last category: the international among others, are highly internationalized firms in a high internationalized market. It has acquired knowledge in several markets so it is easier for them to set up sales internationally and obtaining external resources. It would focus on integrating networks from different origins. It is also pointed out that when the markets are already highly internationalized, the internationalization process of firms tends to be more accelerated.

According to Chetty and Holm (2000), the Johanson and Mattsson's (1988) network approach model has some weaknesses. Chetty and Holm (2000) studied four companies' internationalization model that would fit in each part of the Johanson and Mattsson's (1988) internationalization and Network model matrix. They pointed out that the authors did not develop unique criteria to differentiate the categories, therefore some of them overlap.

The model also does not take into account the importance of the decision-maker and also the firm characteristics in implementing opportunities that arise from the networks. There is also the possibility that the decision maker does not want to pursue this opportunity due to several reasons including the fear to lose control over the firm.

The model also does not explain how their network relationships helps to overcome the problems experienced in internationalization. A network might control the way, how and where the firm internationalize. Moreover, according to Chetty and Holm (2000), the model does not take into account the influence of external factors, such as domestic competition, government policies and so on, that drive the firm to internationalize.

Additionally the model does not explain how a firm can shift positions in the matrix and what is the role of the relationships that are formed non organically, for example relationships with associations, industry clusters and so on.

Finally, they argue that the model emphasizes on the production net not considering other dimensions such as government or customers.

In the next sub-chapter the internationalization reasons of the different firms are going to be discussed.

2.2.3 Internationalization reasons

In order to understand the internationalization strategies there is the need to understand the reasons why the companies choose to go abroad and explore new markets. Mariotto (2007) explored the reasons why a company pursues international markets.

The first reason is to search for new markets, since entering new markets allows sales expansion that the domestic market would not provide. Moreover, the company might be able to use the same resources and competencies and explore the economies of scale and economies of scope. The company is responsible for the same activities only in larger quantities, thus expanding horizontally.

The enterprise might also follow an important client that went abroad, in order not to take the risk of losing the client to a competitor that is willing to expand internationally.

The second reason is the search for resources abroad. It might be through the will to access natural resources or to cheaper factors of production. Companies search for cheap labor as it is common in Asian countries or even cheaper capital as it happened with Embraer that has access abroad to cheaper capital than in Brazil.

A third reason might be knowledge seeking. This can be exemplified through the acquisition of a company that has the needed technical abilities, or through installing subsidiaries in one of the several industry clusters such as the Silicon Valley in California for

high technology enterprises, for example. The companies that are located in these clusters are more competitive on international markets since they share the knowledge, specialized labor force and also promote a healthy competition by being present in the same region (Porter as cited in Mariotto, 2007).

A fourth reason for the internationalization is risk reduction. Since depending on only one market increases the risk, not only the economic risk but also political and social risks.

Moreover, some government policies stimulating FDI in some countries might be a reason for entering certain markets. These policies might promote institutional stability or even give tax and customs incentives. The opposite might held true since local governments might stimulate FDI or exports of companies from its own country.

Last but not the least, Mariotto (2007), argues that international expansion is increased by a global competitive movement. A large company might be compelled to enter a different market to follow its competitors and not losing international market share.

Furthermore, Dunning and Lundan (2008), taking a theoretical approach, identified four main motives for foreign production: market-seeking, strategic asset-seeking, natural resource-seeking and efficiency-seeking. Those reasons are used in order to explain the internationalization reasons that were not clear on his studies of the eclectic paradigm.

Market-seeking investments are made to maintain the existing markets, exploit or create new ones. Market-seekers usually serve domestic markets with domestic production but can also serve neighboring markets benefiting from economic zones treaties. The main motives for market seeking FDI are the need to follow a customer or supplier that has entered other frontiers, to better address their clients through adapting the product to the taste of the consumers, what is common for example in consumer goods companies. Another motif is to reduce trade costs, trade barriers and finally to follow competitors, following industry leaders which is the case of oligopolistic industries such as pharmaceutical industry.

Resource-seeking FDI are made in order to have stable supply of resources (raw material or other kinds of input) that would increase the competitiveness of the firm. It might be the sought for physical resources that are related to location having a large capital expenditure, or seeking for low-cost labor supply (more related to manufacturing or service firms from developed countries that enters developing countries in order to get lower cost labor force). The third type of resource seeking is the firm's need to acquire marketing expertise or technology.

Efficiency-seeking FDI, are those investments that are done in order to optimize the structure of their operations, taking advantage of economies of scale and scope and also diversify its risk. A specialized production process is established in few chosen locations in order to supply foreign markets in the most efficient way taking all the advantages that the location might offer.

Still according to Dunning and Lundan (2008), there are two different kinds of efficiency seeking investments: the ones that follow the international division of labor, positioning the labor and resource intensive products in developing countries and capital and knowledge intensive products in developed countries, benefiting from the respective costs. There are also the ones that make investments in similar countries to benefit from the economies of scale and scope and also market specific characteristics. Thus efficiency seeking is usually linked to one of the previous types of FDI.

The last motif observed by Dunning and Lundan (2008) is the strategic asset-seeking FDI that is the foreign investment based on the will of the company in acquiring assets that will uphold its global competitiveness. Thus the company's drivers to internationalize are more related to increasing global competitiveness than to market or cost advantages. These kinds of companies are usually looking for opportunities that will increase its innovation,

product competitiveness capacity and also give access to new markets. This type of FDI is also complimentary of market or resource seeking FDI.

After having a broad view on the internationalization theories and aspects, the next sub-chapter will discuss the internationalization literature applied to family business studies.

2.3 Family Business Internationalization

Although becoming a significant research topic, there is little research on family business internationalization, and little is known on how is its internationalization. Moreover, most of the researches on family business (FB) internationalization are done on the basis of small and medium sized companies, without taking into account the large family companies that have a great importance to the economy. The internationalization approach used in these studies is usually based on exports, giving less emphasis to the other internationalization strategies such as licensing, overseas sales office, manufacturing plant. Since according to some authors exporting is a good way of measuring the internationalization level in SME's (small and medium enterprises) companies (Graves & Thomas, 2008).

Kontinen and Ojala (2010) made a review on 25 articles written on family business internationalization from the beginning of the '90s to present and observed the ones that were focused on the internationalization process, most of them showed the Uppsala internationalization model and also born- again global theory. In the same study they argued that family business tend to form less networking than non-family business (Kontinen & Ojala, 2010). However, Gallo, Ariño, Mánéz and Cappuyens (2004) studies go in the opposite direction by arguing that the family's management style and values may influence the ability of the firms to enter strategic alliances with firms in foreign markets.

Regarding the managerial and strategic issues among FB, the articles in summary talks about, the risk-avoiding strategies and limited growth aspirations (Donckels & Fröhlich, 1991), the non-aggressively pursuit of internationalization. The positive effect that outside

shareholders might have is on the scale of internationalization, usually the company has limited managerial capabilities, since many times it has difficulties in hiring outside family members to managerial positions and might also face the limitations of resources for such move what becomes even clearer as the firms grow internationally. For international expansion companies usually are required more managerial capabilities (Graves & Thomas, 2006) and the management of the internationalization rather unstructured.

Finally, the factors influencing FB internationalization are listed as: limited financial capital, long-term plans due to ownership structure, the possibility to take quick decisions and also the fear of losing company control.

There has been argued that the internationalization of FB is different from non-family business internationalization. According to Okoroafo (1999), on his studies on Ohio small family firms, most of the family firms rarely monitor the international marketplace, and have low-awareness of possible government programs. According to Fernandez and Nieto (2005), the international expansion is an uncertain move since there is lack of information over the international markets and process, thus the FB might take a risk-averse decision of not internationalizing. Zahra (2003) argues that FBs usually seek to maximize the company's profits in fewer countries than in pursuing an aggressive internationalization in several ones.

According to Gallo and Garcia-Pont (as cited in Sciascia, Mazzola, Astrachan & Piper, 2010), "product orientation and technological inadequacies explain rigidities in family business internationalization" (p. 17).

Apart from these negative conclusions about FBs, some limitations, for example, regarding managerial capabilities might be overcome due to its unique capabilities (Graves & Thomas, 2006). Zahra (2003), states that ownership is a motivation to improve the firm's long term performance through internationalization which also motivates the level of family involvement in decision making.

Moreover, the succession as a trigger for internationalization was seen by some studies as a positive influence (Fernandéz & Nieto, 2005; Okoroafo, 1999). Still following Fernandez and Nieto (2005) ideas, the later generations tend to be more qualified to promote internationalization. However, some studies have different approach towards it.

Regarding the location chosen, some studies argue that family firms tend to choose physically close countries when expanding internationally and also locate their operations in close proximity to their family houses (Harris, Martinez and Ward as cited in Graves & Thomas 2008).

Moreover, there are other studies which states that certain family business characteristics such as the owner's age and education background, the firms technological resources have an influence in the companies' decision to internationalize (Davis and Harverston as cited in Graves & Thomas, 2006)

Finally, Graves and Thomas (2008) found that there are three particular pathways undertaken by the FBs when in their internationalization process:

the degree to which the owning family was committed to internationalization, the amount of financial resources available for (willingness to commit to them to) internationalization and each firm's ability to develop the requisite organizational capabilities" for internationalization. The degree to which the aspects and characteristics of family unit inhibit or promote internationalization is dependent on how they affect the three determinants. (p. 157)

The next chapter is going to show the research method chosen for this study.

3 RESEARCH METHODOLOGY

3.1 Research Design

When selecting the research design there is the need to take into account the nature of the research problem, the researcher's personal experiences and also the audiences for the studies. There are three kinds of research designs, meaning a proposal to conduct the research: qualitative, quantitative and mixed methods approach (Creswell, 2009).

In order to plan the study, the researcher need to "think through the philosophical worldview assumptions that they bring to the study, the strategy of inquiry that is related to this worldview, and the specific methods or procedures of research that translate the approach into practice" (Creswell, 2009, p. 5). These philosophical world views help to explain the chosen research design method. The worldviews are formed from the area of study of the researcher even to past research experiences. The four worldviews are post-positivism, constructivism, advocacy, pragmatism.

The two former want to try and understand the reality, the third propose changes while the last one uses a real world practice approach. Post-positivism examines the causes that influence outcomes, the research is done in order to test or refine the existing theories. On the other hand, constructivism claims that each individual place a different and subjective meaning to each and every experience, so it is more qualitative approach. Advocacy is more politically empowerment oriented and it is also highly collaborative. The last approach is pragmatism. It is the most free of the schools and the researcher is free to choose the methods implemented (Creswell, 2009).

The worldview that is held true for the present study is the constructivism since the piece of research is concentrated in understanding, multiple participant meanings, social and historical construction and theory generation (Creswell, 2009).

For the present study the chosen method was the qualitative method, since there was the need to explore and understand the meaning given by individuals to a social or human problem. There was the need to explore in depth the role of the family in the internationalization process. Its focus is on individual meaning and providing the complexity of a situation (Creswell, 2009).

There are several lists of characteristics arising from a qualitative case study. Creswell (2009), compiled a list of them in his study: both the traditional perspectives and the most recent self-reflexive, participatory and advocacy perspectives. The characteristics are the following: natural setting (the data is collected in the field), researcher as the key instrument (the researcher collect the data himself), multiple sources of data, inductive data analysis, participants' meaning (the researcher focuses on learning the meaning each participant gives to the issue), emergent design (the design might change upon the need of the researcher after he/she entered in the field), the use of theoretical lens to view the studies, be interpretive of everything the researcher saw or heard and to develop a holistic account.

However, it is not only enough to choose a type of study, there is also the need to select a strategy of inquiry, which is the type of study within the chosen approach. For the qualitative one, five types of strategy inquiries can be chosen: ethnography which relies on personal experience and possible participation not just observing passively, grounded theory that is developing a theory that is based on field data, phenomenological research being the essence of human experience over a phenomenon is identified, the narrative research which is the study of individual's life and they are asked to provide stories about their lives) and finally case studies. The case study methodology deserves an in depth explanation since it was the chosen method for the present study. Therefore, next sub-chapter is dedicated to it.

3.2 Case Study Methodology

In the case study strategy of inquiry, as Stake (as cited in Creswell, 2009) mentioned: “the researcher explores in depth a program, event activity, process or one or more individuals. Cases are bounded by time and activity, and researchers collect detailed information using a variety of data collection procedures over a sustained period of time” (p.13).

Case studies can be single or multiple case designs. In the case of multiple case studies follows the replication rather than the sampling logic. Therefore the logic is to produce similar results in order to increase its veracity. Thus the results generalization are to the theories and not to populations, which is the case of quantitative studies (Yin, 2001). Moreover it is very important to note that with this research method the aim is to avoid unintended bias, to let the bias under control. The aim of the qualitative study is not to be representative statistically of a population but to explore subjective patterns, to explore the meaning they have for people involved and take proper account of a situation context (Davis, 2007).

Thus, an exploratory case study research was made in order to assess the factors that may influence the international behavior of family businesses and the role of the family on the internationalization processes. Moreover, by adopting a case-intensive methodology prevents the authors from collecting superficial data, thus deeply understanding the particular family business characteristics (Litz as cited in Graves & Thomas, 2008).

As it was already said, the companies selected for the case studies were Cutrale and JBS. Both of them were selected based on purposeful sampling that is a strategy where the cases, persons, sites and companies are selected intentionally aiming to acquire information that would not possibly be gathered through other means. The purposeful sampling also aims to “adequately capture the heterogeneity in the population” (Maxwell, 2005, p. 89), that represents adequately the range of the variation. In addition, it provides the possibility to

choose the cases that are significant to the theories studied and to “illuminate the reasons for differences between settings or individuals” (Maxwell, 2005, p. 90).

According to Yin (2001), the case study methodology is only one of the several ways of making a social sciences research. Each strategy has its own advantages and disadvantages depending on: the type of the research question, the control that the researcher has over the effective behavioral events and the focus on historical phenomena, in opposition to contemporary phenomena.

In the case study the research question chosen is usually how and why and it has a wish to understand the complex social phenomena. There is the need for the contemporary phenomena’ empirical investigation. Inside real life, context and manipulation of relevant behavior cannot be done; it is basically a view from outside. With this type of study it is possible to rely on a broad variety of evidences: documents, direct observations, interviews and others (Yin, 2001).

There might be a prejudice against case study methodology, since there is the commonsense idea that they supply little evidence to make a scientific generalization. However, as it was already mentioned the case study’s idea is not to make a generalization based on population or universes. The objective of the researcher using the case study methodology is to expand and generalize theories. Therefore, for this present study it was the most adequate method found.

In the next sub-chapter, it is showed the details of the companies chosen.

3.3 The Choice of the Companies

JBS-Friboi was chosen based on several reasons; one of them was the Ranking of Brazilian Transnational companies of 2010 elaborated by Fundação Dom Cabral (FDC, 2010). JBS-Friboi has the highest transnationality index comparing also with non-family

business. The index ranges from 0 to 1 (being one the highest) and JBS-Friboi has a transnationality index of 0,616.

In order to elaborate the index, FDC selected a list of companies. The ranking was elaborated as follows: the biggest Brazilian conglomerates were researched and the numbers used were based on consolidated FDC's data. A setback on analyzing conglomerates is the difficulty on comparing companies that are not from the same industry; however that makes it easier to compare with ranking from international institutions. In addition, one of the main internationalization drivers of the groups is the diversification.

First step was to list potential groups, including all the public listed companies (PLC), Incorporated (Inc.) and also the Limited (Ltd.), accounting for approximately 400 companies. From those, only 71 had some kind of international strategy or exposure.

They were contacted by FDC and were asked to answer a questionnaire on their international activities of the previous year (2009). From those a total of 46 questionnaires were answered, being only 41 considered valid. These five unused questionnaires were due to the lack of international activity or if the company was only an exporter.

In order to get a measurement that would reflect the transnationality of the companies, the chosen methodology was developed by United Nations Conference on Trade and Development (UNCTAD), that is adopted in more than ten countries and validates the international comparison.

The index consists of three indicators that together measure the internationalization degree of the Brazilian companies:

Revenues/Sales: gross revenue from the foreign subsidiaries/ total revenues;

Assets: foreign assets/ total assets;

Employees: number of foreign employees/ total number of employees.

For each of the three indicators, a proportional index is calculated of the ratio from the international over total. Afterwards the average of the three indexes to compose the General Transnationality Index of each company (FDC, 2010).

Cutrale, on the other hand is not on the FDC list, however, is one of the most important companies on the agribusiness of Brazil and one of the largest orange juice producers of the world. The choice of this company was based also on convenience since the researcher's family had personal contacts with people from this company.

As it could be seen, both companies were chosen based on the importance of their industry to the global business, to the relevance of both companies in the international scenario, its representativeness on the agricultural and cattle raising segments. Furthermore, this industry is very relevant to the topic family business internationalization since most of the companies that are on the market started or are family companies.

3.4 Data Collection

According to Yin (2001), there are three basic principles for data collection: the use of several sources of evidence, to create a database for the case study and finally to maintain an evidence link.

There is important to use several sources of evidence since they are highly complementary and enrich the case study. The sources of evidence can range from interviews to films. However, the six most important sources of evidence are documentation, registration files, interviews, direct observation, participating observation and the physical artifacts. All the sources have their advantages and disadvantages.

To the present case study in order to have a broad knowledge on family businesses internationalization and on the companies researched, an exploratory research was done for the subject's family companies and internationalization. Both primary and secondary data were used. Secondary data which is "already existing empirical data that exists somewhere"

(Eriksson & Kovalainen, 2008, p. 77) was collected through an extensive research that was carried on in books, articles, periodic, newspapers, thesis, annual reports, institutional material, business conferences filmed videos available on the internet. In addition to that, internet websites from the chosen companies and also international organizations' websites such as UNCTAD, USDA, to give some examples, and national ones such as ABIEC, CitrusBR.

Since one of the most important sources of information collection was through interviews, the next sub-chapter will be dedicated to its methodology development.

3.5 Primary Data Collection: Interviews

Primary data source is “empirical data collected by researchers themselves” (Eriksson & Kovalainen, 2008, p. 77), and the method used in the present study was interviews. According to Yin (2001) it is one of the most important sources of information for a case study methodology. An interview plan was made in order to structure the relevant questions to this study, since the interviewees' time was short. However, the interview was still open in order to capture the spontaneity of the interviewees and to focus not only on what was said but also on the unsaid. Furthermore, an interaction between the interviewee and the researcher was possible. The interview plan can be seen in the Appendix B.

According to Eriksson and Kovalainen (2008), the advantage of this structure is that the materials are organized, standardized and complete, it was in a rather informal tone, leaving more room for improvisation.

The selection of the participants was done mainly through personal and professional contacts inside the companies. Once the companies were screened, the contacts were sought. The aim was to find contacts from strategic positions that had experienced in a way the internationalization process and that if possible had close contact with the family. It would give subsidies for the work development. From JBS, the contact of Marcus Vinicius

Pratini de Moraes was acquired through a FGV's Professor. Mister Pratini de Moraes is a Strategy Committee's and Board of Directors' member. On the other hand, the other interviewee's contact from JBS was obtained through Mr. Pratini de Moraes' indication. His name is Jeremy O'Callaghan, he is the current Investor Relations Director. Since they occupy high level positions, they both have close contact with the family and experienced the internationalization process of JBS.

Both interviews were done on the same day, November 16th, 2011 at JBS's office in São Paulo. They were both recorded, transcribed and notes were taken. The interview with Dr. Pratini Moraes took one hour and 12 minutes. The interview with Jeremy O'Callaghan lasted approximately 45 minutes.

Regarding Cutrale, the contacts were acquired through personal contacts of the researcher's family. José Campos, Paulo Mendes and Fabio Peixoto, are from the high management of the company and their names were changed in order to preserve their confidentiality. Their interviews were recorded, transcribed and notes were taken as well. The first two interviews were done in Araraquara, a city in São Paulo State on December, 2nd, 2011 and the last at São Paulo on December 12th, 2011. The interview with José Campos took 47 minutes, the interview with Paulo Mendes took 55 minutes, and finally the interview with Fabio Peixoto took one hour and five minutes.

Next, it will be presented how the data analysis and report will be structured.

3.6 Data Analysis and Report

Still following Yin's methodology (2001), when using different sources of evidence, there is the development of convergent investigation lines, therefore a triangulation process needs to be done in order to assure the validity and accurateness of the information gathered. According to Maxwell (2005), this strategy implies that the results of the study will be less a reflection of systematic biases or even the limitations of the specific kind of

source or method used, being a way to deal with the risks regarding validity. It is also known as cross examination. It develops convergent investigation lines, when the investigation lines converge in one piece of evidence. It also makes it possible to validate the construct since several sources of evidence provide several evaluation of a study.

Since two case studies were done, the triangulation of evidence was done separately for each case.

When using the case study method there is also the need to use the data collection methods correctly in order to provide accurate data for the case study.

The second principle on the methodology is to create a database for the case study. There is the need to organize and document the data collected for the study. Therefore there is the need to create a formal database for the study, so that it can increase the level of accuracy of the study. There is no formal database, however, all the information collected is separated, especially the interviews done, are transcribed.

The third and last principle is the concatenation of evidence, in order to make sure that the initial questions of the research lead to the final conclusions. The process needs to be clear from the beginning.

Since there is the analysis of two case studies, it consists on a multi-case study on the internationalization process of two family companies in the agribusiness sector. According to Yin (2001), the multi-case study aims to predict similar results (following the replication logic) or produce contrasting results (following a theoretical replication).

As they are both representative companies from their segments (citrus and meat) and at the same time they have the same type of management (management from a family), therefore, comparing them will be interesting to see how this particularities are manifested in both cases. The theory used for the analysis will give subsidies to compare them (Yin, 2001).

Consistent with the theory, seen that it is an exploratory case study, the analysis will be structured first chronologically in order to have an overview and capture the history of the company and the steps of the internationalization process. However, afterwards it will be analyzed based on the construction of the theory. According to Yin (2001), this method will serve the purpose of analyzing the questions and propositions in depth. This was best way to enlighten particular issues and to every piece of information aiming to answer the research question.

In the next discussion, validity will be show the strategies used in order to demonstrate the accuracy of the findings.

3.7 Validity

In qualitative research there are three types of validity to the research: descriptive, interpretive and theoretical validity. The first is the accuracy of what is reported by the researcher, therefore there is the need to put all the sources of the information used, include all data in the final report. Interpretative is obtained by the degree that the participant's opinions, viewpoints, etc are correctly understood and reported, thus the researcher has to be a good listener, write down or record all the interviews and put the transcript in the work. And the theoretical validity is to make sure that the theory fits the data found (Johnson, 1997). Furthermore, Johnson (1997) argues that there are thirteen strategies used to promote validity in qualitative research: the researcher as a detective (the researcher understanding deeply all the data and shape it), extended fieldwork, low inference descriptor, triangulation (of data, methods, investigator and theory) in order to cross check all the data, participant feedback, peer review, negative case sampling (to find cases that disconfirm the expectations), reflexivity and pattern matching.

In the present study several strategies are used such as: data and theory triangulation, reflexivity, the researcher as a detective and extended fieldwork.

Moreover, in order to gather trustworthiness, the criteria that have to be met in a qualitative research are: credibility, transferability, dependability, confirmability. Credibility states that the results of the qualitative research are credible through the eyes of the participant. Transferability marks in which extent the results can be useful, generalized or transferred to other contexts. Dependability makes the researcher mind the changing context that each and every research occurs, the changes in the context are appointed by the research. The last criterion is confirmability that is the degree to which the results could be confirmed by other.

According to Gibbs (as cited in Creswell, 2005), in qualitative researches not only the concept of validity is different from the quantitative one, also the reliability and generalization concepts. As mentioned by Gibbs (as cited in Creswell, 2005), qualitative validity “means that the researcher checks for the accuracy of the findings by employing certain procedures” (p.190). He continues about the qualitative reliability: “indicates that the researcher’s approach is consistent across different researchers and different projects” (Gibbs as cited in Creswell, 2005, p.190). Lastly, the qualitative generalization is very different from the generalization on the quantitative research, since the aim of this kind of research is not to generalize findings to individuals, sites and so on, but rather to a particular description in a specific context or and site. However, Yin (as cited in Creswell, 2005) stated that when studying several case studies it is possible to make a generalization to a broader theory following the replication logic and trying to generalize findings to the new cases, which requires good documentation.

It is also important to assess the ethical considerations, if harm or discomfort are possible, considerations regarding confidentiality, especially in the case of family businesses where the data is often undisclosed.

Another fact that is important to consider are the limitations of the research. In the case of the present piece of research typical limitations found are: as it is a qualitative piece of research with two Brazilian family owned companies, therefore the findings have limited generalization especially to other countries and also industries. Another issue is the fact that as a limited sample was chosen, it is hard to tell whether the findings are related specifically to family business or also to other non-family business with the same characteristics or even if the events are particular to the industry (Johnson, 1997).

The next chapter will present both case studies to give subsidies for the analysis.

4 CASE STUDY PRESENTATION

This chapter consists of a case study presentation of the studied companies, JBS and Cutrale. This gathering of the primary and secondary data collected is made in order to understand both companies in terms of the internationalization process undertaken, the family and business complexity and characteristics. This will give subsidies to the case study analysis.

4.1 JBS

4.1.1 Company's overview

JBS is currently the world's largest animal protein producer, and the impressive numbers continue; it is the world's largest beef producer, third largest pork producer in the US., second largest poultry producer, third largest Brazilian dairy producer and the world's largest small animals producer. Its detailed information on its segments, countries and slaughter capacity can be seen in the Table 2 next:

Table 2

JBS's Company's Overview

Meat Segments	Slaughter capacity	Countries	Ranking
Beef	85.825 cows/day	Brazil, Argentina, USA, Paraguay, Uruguay, Australia	Largest world's beef producer
Pork	50.000 porks/day	US	Third largest pork producer of the US.
Poultry	7,9 thousand chicken/day	US, Mexico	second largest world poultry producer
Dairy	5400 tons/day	Brazil	Third largest Brazilian dairy producer
Leather (production and sales)	76.100 leather/day	Brazil, US Australia, China, Italy	world's largest leather processor
small animals	24.000 heads/day	US, Australia	world's largest small animals producers

Note: Based on data from JBS (2011)

More information on the company sales, best performing segments and the revenues from the subsidiaries see Appendix C.

The company started as a beef producer and has diversified its portfolio along the years performing in the segments of pork, beef, small animals, poultry, dairy products, production and marketing of leather products, cans, collagen, biodiesel, transportation, vegetables and

animal food products. The company is present in all the five continents with 143 production units and over 120.000 employees worldwide, with operations concentrated in Brazil, Argentina, Australia, USA and with access to 100% of the consumer's markets (JBS, 2010).

The company currently sells its products to more than 200.000 clients in the world, and in 2009 no client was responsible for more than 2% of the net sales revenue. This diversification reduces dependency on clients or markets and gives them several growth possibilities.

Moreover, JBS is the largest beef exporter of the world selling its products to more than 100 countries. Africa and Middle were the largest receptor of its products in 2010, accounting for 17,8% of the exports followed by Mexico and Japan that receive, respectively 13,7% and 11,6% of the exports. In 2010, the exports corresponded to R\$ 8,5 billion, approximately 25% of its revenues. The access to all the international markets was possible due to the geographic diversification, which also added value to some products such as cow tongue, heart, kidneys and these kinds of meat that have larger demands in markets such as Asia and Middle East (CVM, 2010).

JBS is highly internationalized; 84% of its revenues and 37% of its assets are located overseas (FDC, 2010). Its locations, units and activities can be seen in detail in Appendix D.

JBS has grown significantly since 2006 due to an aggressive internationalization strategy guided by acquisitions. Its net revenue jumped from R\$ 4,3 billion in 2006 to R\$ 55,05 billion in 2010 and its EBITDA (Earnings Before Interests Taxes Depreciation and Amortization) from R\$ 547,8 million to R\$ 3,05 billion on the same period (JBS, 2010). The history of company growth, based on its net revenues can be seen in Figure 5 in the sequence.

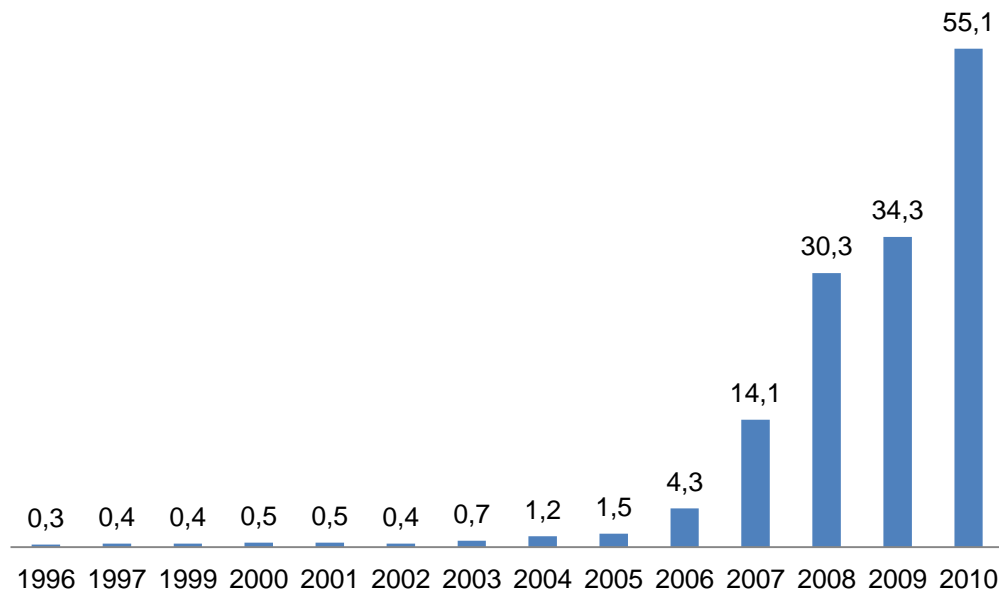


Figure 5: The history of the company's net revenues. This figure shows the growth of JBS's net revenues along the years . The numbers are in R\$ billion. Replicated from JBS's presentation from Meeting with the Top Management Team, April (2011).

Furthermore, since 2007, JBS S.A. shares are listed in the Novo Mercado trading segment of the São Paulo Securities, Commodities and Futures Exchange (BM&FBovespa), under the ticker JBSS3, and on the U.S. OTCQX (over-the-counter market) under the ticker QX JBSAY.

The company is controlled by the holding J&F Participações S.A. that also controls other companies from different sectors, non-related to the core business of JBS. Such as Flora (cleaning and beauty products), Banco JBS and now Eldorado Papel e Celulose, a cellulose plant, that is expected to be ready by 2012 (Endeavor Brasil, 2011).

4.2 JBS's history

The history of the company dates back to the beginning of the '50s. In that period, José Batista Sobrinho, known as "Zé Mineiro", started reselling cows in the Brazilian State of Goiás (GO). In 1953, he opened in the city of Anápolis (GO), a small business named Casa de Carnes Mineira, together with his brother. At that time, with the business' growth

perspective, it started slaughtering cows, in a small scale, around 5 cows a day (Pratini de Moraes, personal communication, November, 16, 2011; Bell & Ross, 2008).

Zé Mineiro was an entrepreneur with a great sense of opportunity, envisioning the Brazilian Capital switch from Rio de Janeiro to Brasília (a city planned and built inside the State of Goiás (GO) as a good opportunity for business growth. The large demand for food supply from the 20.000 workers that arrived to help on the city's construction was its chance to provide beef to the industrial kitchen and restaurants that would nourish the mass of workers.

In the '60s, Brasília was already the new capital of Brazil, thus there was a great population flow and an increasing demand for beef. José Batista then acquired a small slaughtering house in Formosa (GO), a city next to Brasília (Pratini de Moraes, personal communication, November, 16, 2011).

Then in 1968, José Batista Sobrinho acquired another slaughtering house in Planaltina (DF) a town very close to Brasília. In 1970, he acquired another unit in Luziania (GO). This was the beginning of the expansion of the Batista's family company, already called Friboi. In this period, its slaughtering operations reached 500 cows a day.

José Batista Sobrinho had six children, three sons and three daughters and all of them worked at the company at some point. The oldest of the six children, José Batista Júnior, also known as "Junior Friboi" started working when he was 14: worked in the morning and studied at night but never finished high school. When he was 17, he went to work at the commercial department of the company and sold meat at the Distrito Federal (DF) (Sá & Stefano, 2005). The other two sons started working when they were around 16 and 17 years old, directly on the firm's operations and the formal studies were also left behind (Endeavor Brasil, 2011). According to José Batista Sobrinho: "When one brother was more grown up, he would take one task (at the company) and the other would then be able to do another thing".

(Sobral, 2011, p. 3). At that time the Batista family had the totality of the assets of the company.

From 1981, Friboi's expansion continued through the acquisition of several slaughtering and production units of fresh and industrialized meat. Investments were made on the expansion of the operational capacity.

In 1994, José Batista Sobrinho, left the management of the company and his elder son José Batista Júnior assumed as CEO. However, the founder participates even today in the decisions and meetings and is very active in the cattle raising business (Pratini de Moraes, personal communication, 2011; Riveras, 2009). This transition has triggered a second phase in JBS (at that time still called Friboi): a more formal and professionalized company. At the same time that "Zé Mineiro" was a visionary and entrepreneur, on his hands the company was a supplier of meat for contractors, was basically an agribusiness. However, on the hands of his eldest son, the company was shaped in the form of an agribusiness industry, in the shape of an industry (Sá & Stefano, 2005). From 1981 to 2002 the slaughtering capacity raised to 5.800 cows a day (JBS, 2012).

In Brazil, the meat segment has been going through several changes in order to be able to compete globally. The segment's margins are tight and there is the need for increasing economies of scale, through acquisition processes and an enlargement of the production volume. Diversification and vertical integration are also directions that the company has been trying to follow for keeping its results (Teixeira, Carvalho, & Feldmann, 2010). Therefore the journey to overseas markets was increasingly appealing.

4.2.1 Internationalization process

In the '90s, Friboi was growing inside the Brazilian market and increasing its production capacity through several acquisitions; Sadia's beef segment, and the meatpackers Anglo, Mouran, Araputanga, Frigovira, Swift Bordon, Sola and Frigomarca. In 1996 it started

exporting, just after Jeremy O'Callaghan, the current JBS's Director of Investor Relations, came to the company provided with the exporting expertise. According to Jeremy O'Callaghan (personal communication, November, 16, 2011) they started exporting the beef cuts with a lower performance in the domestic markets, which added value to the portfolio and the company became more competitive locally.

From 1999 on, with the depreciation of the Brazilian currency, the Real, exporting became even more attractive and more competitive for the Brazilian industry. Therefore, with increasing professionalization and exporting, the company became an important player in the Brazilian market.

Ten years after the beginning of exporting, its products were exported for more than 500 clients in more than 110 countries. In Brazil it had more than 6.000 clients between retailers, restaurants and tanneries (Stal, Sereia, & Silva, 2010).

In the year 2000, Friboi and Bertin, another Brazilian meatpacker, constituted a joint venture, BF Alimentos. The goal was to operate the exporting of both companies, a number that reached US\$ 700 million in the next year. In 2004, BF Alimentos transferred its operational assets to Friboi, that acquired the 50% from Bertin in January of 2005, incorporating the company for itself (Aoun & Verdi, 2010).

However, there were several restrictions to the Brazilian meat in several markets, such as USA and Asia, not only the market protectionism related to taxes and export quotas but also fito- sanitary restrictions, because of the FMD (food and mouth disease) threat. The Brazilian meat had only access to 50% of the markets of the world. Potential buyers such as Canada, South Korea, Japan and the US, imposed restrictions to the Brazilian meat (Wahl, 2007).

Therefore, company's growth and the maintenance of its exporting strategy there was the need to increase commitment to some strategic markets. Their strategy was to acquire

companies in those markets. By diversifying their production platforms they would not be restricted to the markets that were not necessarily the best ones (Pratini de Moraes, personal communication, November, 16, 2011).

According to Pratini de Moraes (personal communication, November, 16, 2011), at that time the president of ABIEC, an organization that coordinates the meat exports and gives support to the meatpackers, the only way to keep the company's growth was to increase commitment to the international markets, thus installing subsidiaries abroad. He envisioned Brazil's role in the world's food supply and the need for Brazilian companies to take this further step or they would start to be acquired by foreign MNCs.

In 2005, Friboi is restructured and JBS S/A is created, after the initials of the founder José Batista Sobrinho. In the same year, JBS' international expansion started through Mercosur, stimulated by the appreciation of the Brazilian currency (Real) what made it cheaper to acquire companies abroad, and favored the access to international credit at a smaller interest rate (Pratini de Moraes, personal communication, November, 16, 2011). Moreover, with the new focus that was given to the market and the increase in exporting, the government and the market envisioned the sector's potential; Banco Nacional do Desenvolvimento Econômico e Social (BNDES), the Brazilian Development Bank, injected capital in different meatpackers such as JBS and Marfrig. This capital injection gave them subsidies to pursue an international expansion and afterwards an IPO (initial public offering) as is going to be seen later on the text (Attuch & Netto, 2009). Thus, with a loan of R\$ 80 million from BNDES, JBS acquired in 2005 for US\$ 200 million the Argentinean company Swift Armour S/A, the largest producer and exporter of Argentinean beef with three industrial units in Rosário, San José and Buenos Aires. This was an important acquisition aiming the international markets since the company already sold 70% of its production to 70 different countries.

Moreover, Swift's acquisition was an opportunity for diversification since its production was focused on more value added products, what was very good for JBS's business since they were looking for higher margins' products. Swift was responsible for 56% of the frozen cooked beef and 68% of canned beef of Argentina and had the US as a major market (JBS, 2012).

Another major change, related to the management of the company happened in 2006. José Batista Filho that had been the CEO of the company for twelve years, left the presidency in order to be dedicated to a political career and became member of the Board of Directors, which had just been formed. His youngest brother, Joesley Batista became the CEO of JBS. According to the brothers the succession was a natural step in the company and since the firm was always administered as a collegiate with all the brothers participating in the decisions, thus no major changes would occur (Sá & Stefano, 2005).

In practical terms, the succession triggered another phase of the development of the company, with another type of leadership in the power and many changes: the company became listed, highly internationalized and substantial increase in net revenues (JBS, 2011).

In 2006, JBS acquired through Swift Armour, in Argentina the Companhia Elaboradora de Produtos Alimenticios (CEPA), with two more units in Pontevedra and in Venado Tuerto. Between the end of the year 2006 and the beginning of 2007 the company acquired the American SB Holding and its subsidiaries: Tupman Thurlow, Astro Sales International e Austral Foods that are distributors of industrialized products of beef such as canned cooked beef, on the American market. SB holding is one of the largest distributors of industrialized meat on the US. The negotiation included the brands Hereford, Rip'n'ready, Manco Pride, Super Toro, Austral, Devon e El Centenario.

The acquisition brought a higher vertical integration and JBS became closer to the American retail and wholesale market. They also had an advantage from its Brazilian

competitors that distributed its products on the US through Tupman; through this acquisition, JBS “blocked this channel” and forced the competitors to look for another distributor or export directly. Furthermore, it diminished the impact of the restrictions of the Brazilian fresh meat being exported to the US, since in some states of Brazil there was the alert of “food and mouth disease” (FMD), what impaired the exports (Rocha, 2007a).

Due to its aggressive growth strategy, it was not possible to grow in size and achieve the speed desired based only on the family’s own capital, therefore in April 2007, JBS became the first company in the meat industry to make an IPO and become listed at Bovespa (São Paulo Securities Exchange) (Pratini de Moraes, personal communication, November, 16, 2011).

The IPO brought US\$ 800 million to the company (Bell & Ross, 2008). Contrary to the market expectations that were predicting investments in Latin America, on July 2007, JBS acquired for US\$ 1,4 billion the Swift Foods & Company from HM Capital partners, that operated in the pork and beef industry with units at USA and Australia. The enterprise became JBS USA and Wesley Batista moved to the USA to become the JBS’s USA CEO. This acquisition represented a peculiar move on the internationalization of Brazilian companies since Swift had a revenue four times higher than JBS. Due to the acquisition JBS became the largest Brazilian food company and also the largest beef exporter, with revenues of US\$ 1,1 billion (JBS, 2007). The negotiation comprised four beef units and three pork units, one of ready dishes and one tannery in the US. Four beef plants, four feedlots and a distribution center in Australia. Their next step would be to eliminate overlapping positions and reduce the costs by simplifying the structure. Therefore, subsequent to the acquisition, a restructuring was announced and over 100 people with senior positions from Swift US were dismissed, in order to decrease the hierarchy level from nine to four levels between the plant managers and the presidency (Bell & Ross, 2008).

The main acquisition advantages were the production and distribution network already established on the main beef consumer markets of the world: US, Argentina and Brazil. Moreover, it could reach markets which the Brazilian fresh meat did not have access due to the fito-sanitary restrictions such as South Korea and Japan, that could be served through Australia (Pratini de Moraes, personal communication, November, 16, 2011).

Envisioning a portfolio with higher value added products, thus higher profit margins, still in 2007, JBS and Jay Earl Link an American industrial, created the Joint Venture, Beef Snacks, to produce and distribute “beef jerky” a beef appetizer. There are two plants in Brazil; Santo Antonio da Posse and Lins both in São Paulo State and two others in the US. The product is produced basically to serve the American market (JBS, 2007).

Since the company was willing to increase its growth speed, the founders through (J&F Holding) increased the capital in R\$ 1,8 billion due to the issuance of private subscription of new common shares. BNDES Participações (BNDESPar) subscribed a relevant portion of the new common shares of R\$ 1,2 billion, therefore it entered as one of the shareholders of the company, holding a 12,95% stake in the Company’s capital stock (JBSa,2007; JBSb, 2007).

Thus, they could continue its acquisitions in 2007. They bought Consignaciones Rurales and Col Car S/A (two meatpackers) and the packaging plant Argenvases, all in Argentina (JBSa, 2007). JBS became responsible for the control of all the links of the product value chain: feedlots, industrialization, own distribution channels, transportation division (in Brazil it was focused on the transport of cattle to the slaughter and the products destined to exports) and packaging industry. Moreover, they have sales subsidiaries with capacity for product stocking and distribution in Chile, Egypt, England and Russia (Pozzobon, 2008). To a better comprehension of the industry’s value chain see Appendix E.

Finally, in December 2007 it announced the acquisition of 50% of Inalca, company specialized in the production, treatment and distribution of food products, especially from

beef and meat products, controlled by Grupo Cremonini for € 225 million, forming an strategic alliance. This purchase guaranteed the access to new markets, high end technology, higher value products and expanded its presence in Europe, Africa and Russia (Spohr & Silveira, 2010). Inalca's portfolio was composed by higher value added products such as industrialized, products for the fast food sector, retail and food service. The company is one of the largest suppliers of McDonalds in Europe and one of the few companies in the world that can also supply McDonald's competitors. JBS was already a supplier but the acquisition also gave it more stability as such since the contracts of Inalca with McDonald's lasts at least 5 years (Castro, 2007; Machado, 2007).

The next year, 2008, more acquisitions were made; JBS acquired Five Rivers and Smithfield Beef, respectively the feedlot and beef operations from Smithfield Group on the USA and Tasman Group in Australia. With the acquisition of part of Smithfield Group operations JBS was envisioning the exports to the potential lucrative Asian markets such as Korea and Japan. Five Rivers correspond to the largest feedlot operations in the US. The acquisition of Tasman in Australia supports the company's access to European markets which are currently restrictive of Brazilian meat exports. At the same time, they also tried to acquire National Beef, at that time the fourth largest US meat packer but the US antitrust authorities blocked it (Bell & Ross, 2008).

Nevertheless, it did not prevent JBS from becoming the world leader in the meat market with a slaughter capacity of 80.000 cows a day. This was the outcome for the strategy of constructing a sustainable platform for slaughter, production and commercialization of meat in the US and Australia (Spohr & Silveira, 2010).

In 2008, JBS also have increased the contribution by the issuance of new shares and also have concluded the level I American Depositary Receipts (ADR) program. The shares started to be traded under the symbol "JBSAY". However it did not represented an increase

in equity or issuance of new shares. Since the participation of JBS in the US is consistent this move was an opportunity to increase the liquidity, visibility and value of JBS's shares (JBS, 2010).

Yet, JBS had several setbacks that are common to international companies. In the US, their problems ranged from Muslim workers that wanted flexibility to work during the Ramada to the need of instilling their company culture to the Americans. According to Bell and Ross (2008), Wesley surprised the workers by going to the plant to show how to slaughter a cow and take advantage of every single part of it. In the US, the formality is rather higher.

At the same time, since the Real was appreciated, JBS was facing problems with the exports and had the challenge of restructuring itself since it had incorporated the liabilities of several companies and some were highly indebted.

In 2009, with another loan of US\$ 2 billion from BNDES, JBS acquires 64% of the shares of Pilgrim's Pride from the US, a company specialized in the creation, slaughter, processing and commercialization of chicken, further segment diversification to the Group's businesses (Aoun & Verdi, 2010).

Their diversification goes further since, in the same year they founded JBS Couros Ltda, the company's debut into the field of industrialization, sale, importing and exporting of leather. In the same year makes an association with its Brazilian competitor, the second largest beef company in Brazil, Bertin, creating the company Nova Holding where JBS has 60% and Bertin 40%. JBS becomes the largest world animal protein company.

In 2010, they announced the acquisition of the Tatiara Meat Company (TMC), through its wholly owned subsidiary Swift in Australia. The company is a processor of high quality lamb meat. This expansion placed JBS in the small animals segment, consolidating the product's diversification strategy that happened after the opening of capital and globalization

of the group, making JBS a market leader in Australia in lamb segment. The consolidation on the Australian Market is seen with the acquisition of the Rockdale Beef, in the same year, there were made investments in farms, feedlots, slaughter houses and a manufacturing of cow food, composing a highly verticalized activity .

In the year 2011 another transition was seen in the company. After 4 years as the CEO of JBS, Joesley Bastista becomes CEO of the holding J&F maintain its position as the president of the Board of Directors, being more involved with the strategic terms of the company. His brother Wesley Batista, returns to Brazil after four years as CEO of JBS USA, in order to become the CEO of JBS S.A. (Endeavor Brasil, 2011).

In the same year, BNDESPar in order to capitalize the credits represented by debentures, changed its share's participation from the previous 17% to 30,4% of the social equity (JBS, 2010). Although it had a negative impact in the share prices since the shareholders thought that BNDES was trying to get the liquidity it needed to leave the company, this move put less pressure on JBS's cash flow and decreases the net debt/ EBITDA index, which meant a step towards the company's debt restructuring. The current ownership composition can be seen on Table 3, in the sequence:

Table 3

JBS's ownership composition

Shareholders	Number of Shares	%
Controlling Shareholder (F&B* et al)	1,399,867,013	45.73%
Shares in Treasury	91,497,500	2.99%
Free Float		
- BNDES Participações S.A. - BNDESPAR	931,069,588	30.41%
- Minority Stockholders	639,010,090	20.87%
Total Free Float	1,570,079,678	51.29%
TOTAL	3,061,444,191	100.0%

Note: *F&B is the Company formed by Bertin and JBS, which JBS has the control represented by 60% of it. Replicated from JBS (2012).

In conclusion, all the acquisitions were motivated by the strategy of being present in cattle's highest concentration regions and also envisioning operational flexibility of the production. Cattle and final products' transportation cost reduction as well as fito-sanitary risks' reductions were also taken into account. Moreover the company always aimed geographical and sector diversification as well as vertical integration in order to decrease its risk and increase its margins (JBS, 2010). This made JBS the company it is today, the largest multinational meatpacker that is also the largest Brazilian food company and the most internationalized Brazilian company by the FDC Ranking.

The next sub-chapter shows how the family is structured in the company.

4.2.2 The Batista family

As it has already been showed the Batista family is the family that controls JBS. After the IPO and raise of new equity through several shares issuance to finance its bold expansion plans, the family through the FB Participações S.A. has 45,73% of the shares of the company being its major shareholder. FB Participações S.A. is a company formed in 2009 which integrated Bertin's meat business and JBS S.A.'s. The company is controlled by both Bertin and Batista family however with distinct ownership composition: Bertin family has the equivalent to 40% and Batista family the equivalent to 60%.

The Batista family is in its third generation, all the members of the family are currently alive. The first generation is composed by the Founder José Batista Sobrinho (78) and his wife, Flora Mendonça Batista (Non Disclosure). They had 6 children, therefore the second generation is composed by: José Batista Júnior (51), Valére Batista Ramos (48), Vanessa Mendonça Batista (46), Vivianne Batista Silveira (ND), Wesley Mendonça Batista (40), Joesley Mendonça Batista (39).

According to Jerry O'Callaghan (personal communication, November, 16, 2011), the third generation is composed by 14 children, however, only few of them work in the

company since the majority has not reached working age yet. The oldest son and daughter of José Batista Junior, are working at the company (Sá & Stefano, 2005). According to Sá and Stefano (2005), Fabricio, his eldest son is going through several segments of the company in order to fully understand the business. In 2005, he held a position in the commodities table. As the family is very reserved the data gathered on the third generation was limited. However, still according to Jerry O’Callaghan (personal communication, November, 16, 2011), he can already picture at least two of José Batista Sobrinho’s grandchildren as brilliant and entrepreneurs, but he did not mention names.

The founder headed the business from 1953 to 1994 when his eldest son, José Batista Júnior, who had been working in the company since the beginning of the ‘70s, succeeded him as CEO. However, “Zé Mineiro” never left the company’s daily routine, and although not having formal position in the company until today he attends the meetings and still has an office at the headquarters in São Paulo. When he is not at the office he hops from farm to farm in order to supervise the cattle raising (Riveras, 2009). According to Sobral (2011), he never gives the last word, he is always around but never tell the sons what to do. He believes that learning through provoking is a more effective way of teaching them to pursue their beliefs then bossing them around. According to him, this would give them confidence to decide (Sobral, 2011). Since its institution in the end of 2005, beginning of 2006, he is a member of the Board of Directors.

His three sons worked in all the areas of the company in order to develop a broader view of the business, and since they started working early, none of them finished high-school (Parajara & Megale, 2011).

José Batista Junior, 51, started working at the company when he was 14, as it was already said. He became the CEO in 1994 and stayed there until 2006. He is the most diplomatic of the brothers. More popular and calm has negotiation abilities and always is

concerned in creating a good network. He left the management of the company in order to become a politician. Currently, he aims to run for Goiás government in 2014 through the political party PSB and he is a member of JBS' Board since its institution (Lethbridge & Juliboni, 2009).

Wesley Mendonça Batista, 40, was always more skilled with the meatpackers' operations, and to identify the acquisition opportunities and coordinate the integration of the acquired companies. After the acquisition of Swift in the US he moved to Colorado (US) with his family to become the CEO of JBS USA, where he lived for four years until 2011. He went there without speaking English and had to learn from the need of it (Bell & Ross, 2008). In 2011 he came back to Brazil in order to occupy the JBS SA's CEO position, succeeding his brother Joesley. He also holds the Board's Vice-President position (Camargos, 2008).

Joesley Mendonça Batista, 39, is the most skilled with and fond of numbers, he is the financier and strategist. He was the head of the operations when the company opened capital in 2007. He is constantly advised by economists such as Affonso Celso Pastore (ex- president of the Brazilian Central Bank), Luiz Fernando Figueiredo (ex- Director of monetary policy of the Brazilian Central Bank) and Allan Hubbard, the former economic advisor of George W. Bush. He was the CEO of JBS from 2006 to 2011 and is the president of the Board of Directors since its institution. Since the beginning of 2011 he left the JBS's CEO position to become the CEO of J&F Holding. He is now turned to the strategic field of the organization and drifting away from the management and day to day operations (Camargos, 2008).

The distinct management phases can be seen in the sequence, in Table 4:

Table 4

Management Phases of JBS

Period	CEO/Generation	Net Revenues (R\$ billion)	Type of business
1953-1994	José Batista Sobrinho - Founder	0,3*	Single business, meatpackers with national range
1994-2005	José Batista Júnior - Second Generation	1,5	Professionalized company, exporter, that had just started to enter foreign markets through acquisitions
2006-2010	Joesley Batista - Second Generation	55,05	Listed, international, business and product diversification
2011- present	Wesley Batista - Second Generation	58,18**	Listed, international, business and product diversification

Note: * This revenue is from year 1996, since there was no data available from the revenues of the previous years

** Estimated revenue. Revenues replicated from JBS (2010)

The corporate decisions were always made conjointly and their personal skills and expertise are complementary to the business and were important to the group's international expansion (Sá & Stefano, 2005). According to an interview given by Pratini de Moraes to Riveras (2009) the sons were conducting all the talks with the companies, he pointed out: "The family participated in the whole process (...) and was aware the brothers were building a global deal."

On the other hand, the three sisters have a less active participation in the company. Valére Batista Ramos (48), Vanessa Mendonça Batista (46) are members of the Board of Directors since 2010. Vivianne Batista Silveira (ND) is the director of the Institute JBS. The Institute is responsible for the social responsibility affairs that the company has, such as the

School Germinare, a school that the Group created and is focused on the graduation of entrepreneurs (JBS, 2010; Pratini de Moraes, personal communication, November, 16, 2011). There is little information regarding the Batista sisters or the third generation, thus it is hard to search for what are their interests and their perception of the future as owners of the company.

According to Parajala and Megale (2011), Wesley stated that their aim is not to build something for their children to work at, but the aim is to build it because of them. He believes that they should only work at the company if it is their aspiration and if this is so, begin from a lower position and have the chance to grow inside the company. He believes that without the experience one might have the position but not the recognized authority. Moreover, he wants to create a company that survives and grow regardless of him.

According to Jerry O'Callaghan (personal communication, November, 16, 2011) (2011), there is a written term that the third generation has to enter in the company through the same selection process as all the others employees however from 27 years old on, the entrance of the family members will necessarily be linked to a succession program.

The brothers call their management model as Frog, which means "from Goiás", the Brazilian state they came from. According to Joesley (Endeavor Brasil, 2011), Frog means to do their things in their own way, without forgetting their roots, without following rules and with simplicity.

All the companies' integrations were done following Frog's management style, following the rules created inside the company, with its own structure and without consulting companies' advisory, which the brothers are against. For example, during Bertin's integration process, they interviewed all the executives of the company through an unique method; questions related to the management to perceive the fit of the employees with JBS but also

personal questions. Their aim is to incorporate JBS' culture into the acquired companies (Grando, 2010).

This is the confirmation of Joesley's belief on team work. According to Joesley, good performance is essentially linked to "the need to work, have good people around you, check the bank statement constantly, and this is the same in the whole world" (Endeavor Brasil, 2011). The answer is always in the team that is working in the company.

Furthermore, he states that the selection process to enter the company is based on what is a good person for them, JBS, since the concept of good is rather relative. He believes that there is the need to find complementary people but that pursues the company's same desires and motivations. Thus, they select people with the same attitudes but complementary knowledge (Endeavor Brasil, 2011).

According to Joesley, "the success comes from the balance; it is a sum of work, entrepreneurship, courage, a bit of madness, to make calculations but without making too many (because it might go wrong), then there is a lot of instinctive feelings. It is a lot about being together with people that have the same will that you have" (Endeavor Brasil, 2011).

After seeing the way Batista's family is structured, the next sub-chapter is regarding the corporate governance structure of the company.

4.2.3 Corporate governance structure

The corporate governance structure predicts the form which the objectives are defined, the goals achieved and to monitor the results. The structure sought to increase ethics, transparency, equal treatment and accountability. The systems of corporate governance are as follow:

The annual shareholder's meeting, that is the organization's superior deliberative body that resolves matters related to the corporate purpose and defend and develop the company. The Board of directors was created in the end of 2005, beginning of 2006 (Sá & Stefano,

2005) and followed the transition of the management from Júnior to Joesley Batista (JBS, 2010).

The board of directors has eleven sitting members, each one with a two year mandate. They meet at least once a quarter and extraordinarily when called upon one of the members. The Board currently has five independent members being one of them from the BNDES and one from Bertin, one is Pratini de Moraes and two others. The other five are family members. The list of Board members can be seen in Appendix F.

It also has the Board of executive officers that must operate with at least two members, since the positions CEO and the director of investor relations must always be filled. Currently it accounts with four members. The list of the executive officers can be seen also in Appendix F. Moreover, there is the Fiscal Council that is responsible for supervising the company's administration. And also the advisory committees from the Board of Directors which are responsible for strengthening the decision making process of the company; the Corporate Strategy Committee, the Audit Committee, the Finance Committee, Personal Management and Sustainability Committees. The way the corporate governance of the company is structured can be seen in the sequence, in Figure 6.

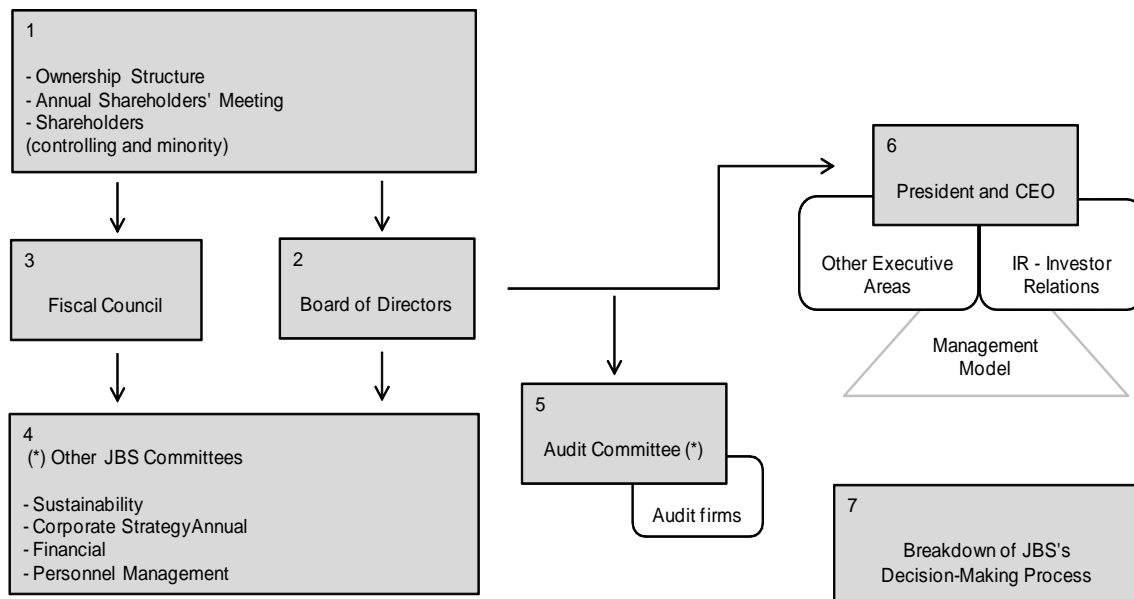


Figure 6: JBS's Corporate Governance System. It shows the structure of the CG in the company. Replicated from JBS (2012).

After the exposition of the case study of JBS, the case study on Cutrale will be shown in the next sub-chapter.

4.3 Cutrale

4.3.1 Company overview

Cutralé is Brazilian multinational that produces orange juice. The company is responsible for 35% of the production of juice in Brazil and was the world leader until 2011, when the merger between Citrusuco and Citrovita was approved by the Conselho Administrativo de Defesa Econômica (CADE). The new company is now responsible for 45% of the Brazilian production and 25% of the world's market (Exame, 2011).

Its main products are: frozen concentrated orange juice (FCOJ), not from concentrate (NFC), which is a non concentrated orange juice. It also produces feed of citric pulp or orange peel (which are obtained by means of the treatment of solid residues and liquid remainders of the extraction of the juice) and the essential volatile oils that are extracted from peel of the citric fruits. It also produces fresh citrus fruits such as oranges, tangerines and

lemons. Cutrale has declared sales of US\$ 1,5 billion dollars and have more than 15.000 employees, exporting to more than 50 countries (Manécolo, 2011). The company has 40 orange farms in São Paulo and Minas Gerais States (in the Brazilian citrus belt), a total of 50 thousand hectares. The company has administrative offices in Araraquara and São Paulo (Brazil), London (UK), Rotterdam (Netherlands), Newark and Auburndale (US) and also several regional offices and warehouses. For more details on its locations and businesses see Appendix G.

Cutrale is present in two of the main areas for the orange juice production São Paulo State in Brazil and Florida in the US. These two regions are responsible for 81% of the world's orange juice production (Fava Neves, Trombin, Milan, Fonseca Lopes, Cressoni, & Kalaki, 2011). Cutrale has in total five plants in Brazil, two in the USA and one in Portugal and also port terminals in Brazil, US, Holand, UK and Japan (José Campos, personal communication, December, 2, 2011).

4.3.2 Internationalization process

The internationalization process is mixed up with the beginning of the company since it already started exporting overseas.

Giuseppe Cutrale, that became José Cutrale when moved to Brazil, left the family's orange plantations in Sicily to go to Brazil searching for opportunities. Once he arrived at São Paulo, started to buy oranges in Rio de Janeiro (the biggest producer at that time) and to sell at the Municipal Market. Taking advantage of the business contacts from Italy he started to export the oranges to Canada, Germany and Netherlands and also to Argentina, in the '50s.

In 1947, his youngest son, José Cutrale Júnior, known as Zé Cutrale, that from the beginning was helping his father and did not have time to finish his studies, took over the business, and this is where Cutrale's history starts (Manécolo, 2011).

From that moment on, he started to acquire more lands and plant more orange in order to increase the production. The orange production was always closely linked to climate performance. On that time, the largest world's orange producer was Florida which was plagued with frost storms, several years in a row, starting from 1962. More details on this period can be found in Appendix H.

Therefore the international juice industry came to Brazil. In 1963 a union of Carl Fischer (a German immigrant with experience in the Juice industry), Pasco Packing Company (a large orange juice producer from Florida) and Eckes (importer from Germany) founded the company Citrosuco Paulista with a juice plant construction. Later it was bought out by Grupo Fischer, from Carl Fischer (Grupo Fischer, 2012).

At the same period, a Venezuelan Group that owned the brand of powdered milk drink, Toddy (that is currently owned by Pepsico) decided to venture into fruit juices and established Suconasa, at that time the largest orange juice processing and juice concentrate facility in the world (F. Peixoto, personal communication, December, 12, 2011).

Then "Zé Cutrale" started supplying these companies and other small Brazilian companies with the orange to produce the juice. However, in the end of 1966, Suconasa went bankrupt. José Cutrale was aware that the company was going bankrupt, and he still kept on supplying them, envisioning a possibility; as the supplier of the fruit, he was the largest creditor, and he hoped to he would have the opportunity to acquire the plant. Which happened indeed, and then, in 1967, he bought the plant to start with the orange juice production. Moreover, it was from 1967 that the frost had major impacts on the orange juice business and the international price of the orange juice went up. With the high profitability, Cutrale could pay for the acquisition and all the investments on the new business (F. Peixoto, personal communication, December, 12, 2011).

In Brazil the market for juice was not very relevant, since Brazilians would rather drink the fresh squeezed orange juice. Thus he had to start exporting in order to survive. Since he was previously an orange supplier to this market he already knew that the production would be simply for the international market. He renegotiated many of the contracts that the former company had and also revised its fruit exporting contacts. After the acquisition, he was abroad for around five months to introduce himself as the new owner of the business and to show the market who he was. His charismatic personality convinced the clients and he kept them. His previous knowledge of the fruit business was a key factor for him to enter in the market (F. Peixoto, personal communication, December, 12, 2011). Moreover, in that period the government applied export incentives that were important to the business (Pureza, 2003).

From that moment on, Cutrale was increasing its participation in the world market, acquiring more farms (he started the company with two units). He built a plant in Colina and acquired one in Conchal in São Paulo State, respectively in 1979 and 1983. Thus he was consolidating the company as a producer and a supplier for the increasing international demand (F. Peixoto, personal communication, December, 12, 2011; J. Campos, personal communication, December, 2, 2011).

There was at the time a structural change in the juice market. With the entrance of the multinational Cargill in the Brazilian market, a new technology for product transportation was brought, the bulk transportation. Therefore, the product that was previously exported by Cutrale in 200 liters barrels, through a costly and long loading process, started to be exported in bulk. The changes in the port structure, high costs and increasing production from 1975 to 1985, brought the need to turn from a merely exporting company to a company with a higher commitment in foreign markets thus there was the need to build this structure abroad to support this kind of transportation.

Therefore, there was the need to build a port terminal since the juice would have to be bombed from the tank to the ship. The terminal should have a refrigerated storage in order to keep the juice in the right temperature until it is shipped to other markets. There was also the need for a terminal to receive the juice in the foreign markets and to storage it until the client receives it therefore ports in Guarujá (Brazil), Newark (US) and Rotterdam (Netherlands) were all built at the same time, in 1985. Therefore the internationalization strategy started as a transportation necessity (J. Campos, personal communication, December, 2, 2011).

Cutrale's clients were mainly distributors that sold in the retail: Coca-Cola was one of their largest clients. In 1986, he made a small incursion in the retail market by producing his own brand. But this was during a period of artificial economic stabilization when the demand was high and the supply of products low. After that "Zé Cutrale" pointed out that his business is to never compete with his clients.

In the beginning of the '90s between 1990 and 1994, with the frost decrease, Florida recovered its production capacity. The Brazilian orange juice is more competitive in the orange juice production due to lower costs of the labor force, for example. In order to prevent it to enter the market with a more competitive price than the local production, the US imposed protective customs tariff (US\$ 7,85 per liter or US\$ 450 per ton imported) to the Brazilian juice thus it became extremely hard and costly to sell juice there (Levy, 2002). That was the way found to protect their companies from the foreign competitors. Cutrale started to lose market share and it was a problem since, for example, one of Cutrale's major clients is Coca-Cola Company, that is based on the US. (J. Campos, personal communication, December, 2 , 2011).

This is when the third phase of the internationalization begins. In 1996, Coca-Cola wanted to withdraw from the orange juice production so it offered Cutrale their Minute Maid plants located in Auburndale and Leesburg in the state of Florida in the US. This acquisition

was beneficial to Cutrale, since Coca-Cola was its major client in the US. Moreover, Florida is the second largest orange producer in the world, which made it appealing to produce there due to the high quantities of raw material. The American market is also the largest orange juice consumer of the world, and was highly domestic oriented (Fava Neves et al., 2011). For more details on the world's consumer and production markets see Appendix I.

Another opportunity was to explore other markets that previously Cutrale could not look to since the American market demanded a large juice quantity. Therefore the Brazilian production could be sold to markets in Asia such as China and Japan. Thus, their decision was to increase commitment towards the American market and bought both plants followed by a modernization and an expansion of the production capacity (F. Peixoto, personal communication, December, 2, 2011).

At the same time, there was an increasing value addition to the services offered to the clients which demanded a structure overseas to be closer to them. Therefore regional, administrative offices and sales subsidiaries were built in Araraquara, São Paulo, London (UK), Rotterdam (Netherlands), Newark (USA), Auburndale (USA). The sales teams have expertise in several languages, travel constantly and are always available to its customers. Thus, a product customization effort was made which brought the decommo-ditization of the juice, adding value to the product and increasing customer loyalty. Moreover, the company promoted the juice customization per client. Cutrale divided production in the plant according to the type of orange in terms of acidity. Then they made different blends per client according to the needs (P. Mendes, personal communication, December, 2, 2011).

In 2004/2005, the NFC gained popularity in the US and also in Europe. This type of juice, non concentrated or frozen also does not have preservatives. Its taste is rather similar to a fresh juice taste and its storage is more delicate than the FCOJ storage. After being pasteurized for four hours any contact with the air might affect the quality of the product. The

storage is more difficult and also more expensive since it is not concentrated (the juices are normally concentrated six times) thus there is a higher volume of water. The price is higher, however since it has a superior quality the clients are willing to pay for that and NFC's volume consumption is increasing (F. Peixoto, personal communication, December, 2, 2011).

In Europe, the greatest producers of NFC are Portugal and Spain. In these countries, the producers are highly subsidized by the government and despite of the lower volume of orange crops there, their price of producing locally is more competitive since there is not the need of overseas transportation. Thus their price of NFC ends up being competitive (F. Peixoto, personal communication, December, 2, 2011).

In order to tackle this market Cutrale decided to acquire a plant in Silves, Portugal in the year 2008. The opportunity was brought by a client that knew of the owner and advised them to make a proposition. However, the juice production volume is still small since there are not many orange fruit-farms and there are several domestic ones. Without scale, the costs are higher (J. Campos, personal communication, December, 2, 2011; F. Peixoto, personal communication, December, 12, 2011). As it could be seen in Appendix I, although being much lower than the production from Brazil and the US, it is the third production market but represents only 5% of the world's production.

Moreover, they acquired 15.000 hectares in Florida for destined to orange production and also purchased bulk carriers in order transport the juice overseas (Almeida & Lotti Oliva, 2001).

Apart from the acquisitions they built two other port terminals; on the year 1994 in Japan, in the city of Toyohashi, a port shared with Citrosuco and another built in the UK, Bristol in 2003, to facilitate the logistics and storage of the juice in the UK, since it is an island. The port from the UK is smaller than the one in Rotterdam.

The port was built in Japan since it was seen as a potential market. It started to buy juice in the beginning of the 80's, but between 1987 and 1992 import quotas were established. From 1992, the imports were permitted with the tariff of 30% *ad valorem* (Faveret, Pereira, & Rafael, 1996). Therefore Cutrale, studied the market and predicted the imports would increase substantially with the abolishment of the quotas. And the port terminal was built in Toyohashi. But the demand for orange juice did not perform as expected (F. Peixoto, personal communication, December, 12, 2011).

The Asian market grew considerably from 2000 to 2008, especially since China started to be an importer of the juice in the mid '90s, however the consumer market of juice in China is not very large, they are great consumers of the fresh fruit, thus the imports started decreasing in 2008. According to Fava Neves et al, (2011), China is one of the world's largest orange producers however, 93% of its orange production is destined to the fresh fruit market, however China received private and government investment for juice production what should promote the juice production in the next years. However, the Asian market in general is still a good market for Cutrale (F. Peixoto, personal communication, December, 12, 2011; J. Campos, personal communication, December, 2, 2011). Although the information on Cutrale's percentage of the exports is not available, information the world's consumer and producer markets can be seen in Appendix I.

Nowadays, shy exports are directed to India, but it is believed that for the potential and India's consumer market size, the demand for orange juice will grow substantially. India is also a producer, but according to F. Peixoto (personal communication, December, 12, 2011) its demand will overcome its production.

Currently, the market is very concentrated, after the merger of Citrusuco and Citrovita there are mainly three relevant players in the world's juice market: Citrusuco/Citrovita,

Cutrale and Loius Dreyfuss. In the '70s the market was less concentrated but the companies that existed were small and could not capitalize themselves to go international.

One of its current challenges is regarding the world's orange juice consumption that is decreasing considerably, being substituted by other flavors of juice or other kinds of beverages which offer higher margins to the retailer, low calories and cost to the consumer. Just to give an example, the consumption per capita in the US., the largest orange juice consumer lowered 23% from 23 to 17 liters in the period between 2002 and 2009 (Fava Neves et al., 2011).

The next sub-chapter aims to explain the family role in the company.

4.3.3 The Cutrale family

The Cutrale family controls 100% of Cutrale Group. The Group is divided in two companies that controls the operations: Sucocítrico Cutrale Ltda, that is responsible for the Brazilian operations and Burlingtoun LLP that is international operation's controller.

The family business is in the fourth generation considering José Cutrale Júnior as the founder of the business. However, if his father, the Italian Giuseppe Cutrale is considered to be the founder⁴, than the family business is in the fifth generation.

For this piece of research, José Cutrale Júnior is considered to be the founder of the business since he was the entrepreneur behind the start of the orange juice production which is the core of the business. He bought the juice plant in 1967 when he was 41 years old, and was the CEO of the company until his death in 2004 with 78 years old. Considered to be the "Orange's King", he was one of the richest men in Brazil. However, he was always reserved and directed the company with an aggressive growth policy, acting close to the government, by always cultivating a good relationship with the presidents of Brazil (Secco & Patury, 2003).

⁴ As written in overview of the company, Giuseppe Cutrale, started to sell oranges when he came to Brazil based on his expertise in Sicily, Italy.

Although never having finished high school, he used to say his management style was the intuition with good negotiation skills. He was a natural entrepreneur and a man of vision, when he envisioned the opportunity of buying the plant he went travelling to renegotiate the contracts with the clients and did not even speak English very well. He was often referred to as willing to put everything under his control, rigid and assertive, and that those were key successes of his business (Secco & Patury, 2003; Manécolo, 2011).

He got married to Amélia Bernardini and had only one son, José Luiz Cutrale. José Luiz Cutrale currently has 64 years old and is commanding the family business group since his father death in 2004. He started at Cutrale with 14 years old helping his father and soon left school. However, although not having a formal education he did language courses in order to get closer to the clients and other types of courses. He learned English, French, Italian and also made an oratory course. When he was in the management he usually flew to New York, Florida, Amsterdam and Sao Paulo monthly with his own jet (Secco & Patury, 2003).

José Luiz Cutrale had 3 children: two sons (José Luiz Cutrale Junior and José Henrique Cutrale) and one daughter (Graziela Cutrale). The two sons also started working when they were young and in the end have not finished university. José Luiz and José Henrique were more active in the company than Graziela and never had only one position at Cutrale, however, one was more focused in the commercial affairs and the area related to the industrial production and the other was more focused on the agriculture, the fruit production and farms (P. Mendes, personal communication, December, 2, 2011).

In 2009, they formed Cutrale's Board of Directors and in the same period the family left the management of the company to be exclusively on the Board. Its president is José Luiz Cutrale and José Luiz Cutrale Junior and José Henrique Cutrale are members of the Board.

Graziela on the other hand, is currently the General Director of the European Operations.

J. Campos (personal communication, December, 2, 2011) argues that from what he knows there is an agreement regarding the Board structure; however of his knowledge there is no written restriction on family entrance in the company or of a structured succession plan.

Currently, the company does not have a single CEO, it is managed by a group of directors. These directors are non-family members. Since the Board's institution, the family is increasingly drifting away from the management however it is a gradual move and they are still connected to the management. The aim is that when the transition is complete they become only focused on the strategic movements of the company and in the prospection of new and different businesses (F. Peixoto, personal communication, December, 12, 2011).

The fourth generation is still very young and there are no data on the number of children. Nevertheless, according to P. Mendes (personal communication, December, 2, 2011) they are having a good education, studying different languages, and in schools abroad.

In Cutrale, the management's phases could not be identified since they always managed the company conjointly and the single positions were not well identified. There was even a period of time when the three generations were working together at the company (F. Peixoto, personal communication, December, 12, 2011). In order to deeply examine the management's phases there is the need for further research.

The next chapter is devoted to the data analysis of the presented case studies.

5 DATA ANALYSIS

5.1 Family and Business complexity

The family complexity of a certain company is determined by several factors: number of members, differences in life cycle stages, number of branches, different roles, life stories and interests (Gimeno et al., 2010).

In the case of JBS, the family complexity is higher than Cutrale, however the family is still in the third generation, so the number of members is not as high as of a family in the sixth generation, and doesn't have as many family branches. But the members of the family are in very different life cycles what might increase the complexity as they grow older and the their interests grow apart.

Its business complexity is also higher than Cutrale's, the company is a listed multinational with units in several different countries, therefore different languages, different segment and diversified portfolio of products. It also has more than 120.000 employees and sales revenue of R\$ 55 billion in 2010. It also is highly vertically integrated since it has operations from the cattle to transportation, distribution and also packaging until the final product reaches the supermarket.

Thus, for Cutrale, its family complexity is low. The founder of the family had only one son (José Luiz Cutrale) that had two sons (José Luiz Cutrale Junior and José Henrique Cutrale) and one daughter (Graziela Cutrale), deriving few family branches. They already have children but these children are still very young. The three generations once worked in the company together (F. Peixoto, personal communication, December, 12, 2011) and the fact that the fourth generation is still very young, decreases the level of complexity of the family. However, once the children grow up this might increase the complexity, with the rise of the possibility of reaching working age and to look for a position in the firm. Having family

members in different life stages increase the level of complexity since there is a greater difficulty of understanding the others (Gimeno et al.,2010).

Regarding its business complexity ranges from medium to high especially if compared to JBS. It is much lower than JBS due to the size of the company its declared sales revenues are US\$ 1,5 billion, number of employees 15.000 (J. Campos, personal communication, December, 2, 2011; Manécolo, 2011). It has production operations on three different countries, commercial and administrative offices in four countries (Brazil, US, Netherlands and UK) and terminal ports in other five countries (Brazil, US., Netherlands, UK, Japan), having in total 70 subsidiaries and exports to around 50 countries. Most of its market is international (97%) what increases the complexity of the business. Finally, it is highly vertically integrated from the production to the distribution (which is not included).

5.1.1 Current family model

Following Gimeno's et al. (2010) framework, JBS's current family model has most of the characteristics of the corporation model; it is a listed company that has a high business complexity and medium family complexity. However, it still has one characteristic that is from the professional family model; the family still has the mindset of "managing" the company, not only of owning the company. Currently two members of the family are very active on the management. Although not holding positions in the management the Batista family is said to take all the decisions conjointly up to today. However, so far they have been managing to decrease the family complexity, by having in all the periods the management concentrated in only one or two persons from the family (J. O'Callaghan, personal communication, November, 16, 2011).

According to Gimeno et al., (2010) in the corporation model there is a high prevention on family entering management. JBS has developed a governance structure that is also coherent with the position of the firm as a listed company in the New Market of São Paulo's

Stock Exchange. Regarding institutionalization JBS created a board of directors in the end of 2005, and the corporate strategy, sustainability, financial and personnel management committees' to support and give subsidies to the Board. There is a family constitution that corresponds to an explicitation of the rules regarding behavioral guidelines and limits for the members as a whole. According J. O'Callaghan (personal communication, November, 16, 2011) until 27 years old the members of the family that want to be part of the company have to enter as a normal employee and will ascend in the company depending on his or her professional skills. However, if they enter the business after this age it is in order to be prepared for succession. This is highly related to the pillars of family-business differentiation; work differentiation that is whether the person that is in management positions is there only because he/she belongs to the family and not because of its professional skills. It is also related to family accountability that is whether the family member is demanded with the same rigor as the other employees.

Furthermore, being a listed company there are some rules to be followed with the shareholders in order to be listed at São Paulo Stocks Exchange, therefore there is the need for ownership recognition that is the acceptance of the rights of the owners as the highest power of the firm (Gimeno et al.,2010).

The higher the complexity of the business the more the management practices need to take the advantage of the entrepreneur' s vitality and drive but at the same time to be run in a way that is not accessible only to him.

In JBS the management is highly professionalized, none of the executive directors are members of the family and the only family member that is still in a high management position is Wesley Batista. Joesley is at the Holding J&F. According to Parajara and Megale (2011), Wesley's aspiration is that the company is able to survive in spite of him.

In relation to the communication pillar of structure development, there is an accurate differences management, which means recognizing that brothers can be equal (familywise, as siblings) but at the same time be different (with different characteristics and interests). The three Batista brothers are aware of their differences and how they are applied to the work positions. According to Sobral (2011), the founder of the company stated that each of his sons are different and therefore are occupying positions in the company that are equivalent to their abilities; Joesley goes towards finance and strategy and Wesley more close to the operations. Moreover, Junior, the eldest son decided to become a politician and therefore left the company. These events show that the different interests of the family members are being preserved.

Regarding succession, according to J. O'Callaghan (personal communication, November, 16, 2011) there is the trend of the company to become more professionalized and increasingly distant from a family business model. He even believes that in the future there will be no need for a family member to be the CEO or General Director of the company. Moreover, according to Parajaras and Megale (2011), Wesley believes that the company was made because of their children not to their children, since he thinks that they have to do what they are interested in. This implies that the most important is that the third and subsequent generations remain owners of JBS but not necessarily need to work there.

Finally, the last part of the structure development is regarding the succession; it is divided in entrepreneurial capability, non-CEO dependence and succession planning. There is no data available on the planning of the ownership succession. Moreover, although there is the desire that the company function regardless of the CEO, the family values are still intrinsic to the company (Pratini de Moraes, personal communication, November, 16, 2011) and many of the decisions are made conjointly. Thus one could argue that there is still a high dependence not only on the CEO but on the decisions taken by the family as a whole.

Moreover, since they have changed the CEO two times in the last 5 years this might show that the dependence might indeed be not only on the CEO but on the family that supports him. There is not enough data to evaluate this but there is the need for the family to assess how is the management of the company dependant on the family and if there is the possibility of the next CEO to be a non-family member.

The other part of succession is regarding entrepreneurial capability of the company. This sphere means that there is the need to keep the entrepreneurship to generate strategic renewal in the company. This is perfectly held true to JBS; three successful successions occurred since the establishment and although the moves of the three sons were different they showed entrepreneurial value. Their attitudes and strategy could add up to the business by not being merely spectators of the company's expansion.

When José Batista Junior took over the company he professionalized it, and started the exporting. Joesley started an aggressive internationalization strategy. Wesley has been in the CEO position for one year now and has the challenge of integrating the operations.

Finally, in the corporation model sometimes the presence of a family member as a CEO is crucial but it might easily evolve to a structure with non-family CEO. That is the case of JBS with only one member of the family in the top management. This model is the one with higher chances of success since as soon as complexity increases for a family business it either becomes the corporation model or tends to disappear.

Cutrale, on the other hand, although also a large business with high complexity, it hasn't developed such a powerful structure, thus it is closer to the professional family business than the corporation model. There is evidence that while Zé Cutrale was alive his particular way of running the business and his attitude would approximate the company from an emperor's model, however it evolved to the professional family business. In this type of model business complexity is higher than the family complexity and its growth came from a

family business structure, since all the members worked together in the company. Although the founder was seen as a man of vision and entrepreneur, his son and grandsons have worked with him from the beginning and contributed to the growth of the company.

An effort on the structure development can be seen. There is a structured management but the development of mechanisms for family and business differentiation, institutionalization and so on is yet to be developed or is in a poor level of development.

According to F. Peixoto (personal communication, December, 12, 2011), with the creation of the Board of Directors in 2009, a high level of professionalization begins.

According to J. Campos (personal communication, December, 2, 2011), only family members are present in the board. This is not the ideal, since one of the functions of the board is to prevent family members from intervene in the business as family members and by ensuring that a formal relationship between the managers exist (Gimeno et al., 2010). As the board of directors is only made of family members its main function is harmed.

The family presence in management is in theory gradually smaller (P. Mendes, personal communication, December, 2, 2011; J. Campos, personal communication, December, 2, 2011). However when analyzing the interviews carefully it can be seen that they are still present on the major management decisions.

Currently, all the executive directors are non-family members and the decisions are made in a collegiate, there is no CEO or general director. F. Peixoto (personal communication, December, 12, 2011), for example says that there is a mixture between the family and professional management nowadays:

they (Cutrale family) made a mixture between the trust that is typical from the family business with the professionalism from the board of directors. There was this mixture that I believe it is interesting, they (executive directors) have autonomy, they are asked for results,(...) but they are executive directors who the family trust.

The three interviewees said that there was no significant difference in the company's results after the company became more institutionalized.

Moreover, the family business differentiation structure is still poor since the fourth generations is still young and from what the interviewees have knowledge there are still no formal rules regarding the ownership recognition. Family accountability or work differentiation are hardly measured since there is a low complexity on the family and the members are not currently involved in management.

The management practices are professionalized and there is a structure on the company, with the roles and functions of the employees well designed. However, regarding communication there is no available information to analyze it.

In the succession pillar, regarding the aspects succession planning or entrepreneurial capability there is no data available to analyze it. Regarding the non-CEO dependence it seems from the interviews that although there is no CEO or general manager and the family is not officially present in management anymore, it seems that there is a high dependence of the family in the management. According to P. Mendes (personal communication, December, 2, 2011): "directly (there is no family member in management), but obviously they are involved all the time, indirectly in all kinds of business. Nothing is done unless they are following and authorizing."

Finally, according to the interviewees there is a wish that the company keeps on being family owned but the trend is that the orange business becomes increasingly distant from the family. With their new business department probably the family will be focused on that and Cutrale will become increasingly professionalized. However, from the results on the research on the company and the interviews, rests a doubt on whether they will be able on a short period of time to create a structure that would enable them to drift away completely from management.

The next sub-chapter will show the analysis of the internationalization process of the firm.

5.2 Internationalization Process

The internationalization process of both companies is going to be analyzed based on different aspects. The first analysis is on the motivations of the internationalization for both companies. Then will be on the different entry modes and internationalization strategies and afterwards a theoretical analysis based on the main internationalization theories; Dunning's eclectic paradigm and also the Stage model theory. Finally there will be developed a study on the family business particularities that are part of the pathways taken by the studied firms.

5.2.1 Motivations and internationalization strategies

The studied companies had different reasons to internationalize. JBS started exporting due to an excedent of production and growth possibilities. It was at the same time as the company started to become more professionalized and open to international markets that the succession was made from the founder José Batista Sobrinho, to his son José Batista Júnior. This transition was the first turning point of the company and happened in the year 1994 (Sá & Stefano, 2005).

At Cutrale, on the other hand the company started international from inception through exporting. They started exporting to the contacts of the family, to people whom they already exported the orange in natura and also to the previous Suconasa's contacts. They increased the numbers of markets and in 2011 they were exporting to around 50 markets (Manécolo, 2011).

Although exporting to several markets, JBS still suffered from restrictions: the tariff protectionism and the sanitary restrictions. After several FMD alters in different states of Brazil, the Brazilian meat could not enter several markets such as Japan, US and Canada due to the imposition of sanitary restrictions. Therefore, in order to keep the growth there was the

need to increase commitment to some strategic markets. The process was to acquire knowledge from the markets through exporting the next step would be to enter other markets through developing production units. If JBS produced meat in countries such as the US, Argentina and Australia, they would have access to a higher number of markets. This would also dribble the tariff protectionism present in those markets, since by having a production unit in a given country, the local government could not charge import fees. Therefore their strategy was to acquire companies in strategic markets. The acquisition's strategy was due to the possibility of taking advantage of distressed assets and also to speed up the process, and take advantage of the clients, suppliers and the structure and vertical integration of the companies. The IPO of the company in 2007, had an impact in the process; it was crucial for the speed and large number of acquisitions that the company made. Both the IPO and the internationalization strategies were related to the other transition period of the company, the succession. José Batista Junior, left the company and his CEO position and his younger brother Joesley became the CEO in 2006.

Their internationalization strategy meant also diversification of products produced and commercialized by the company. From 1953 to 2007, JBS was focused on beef products but from 2007 with the acquisitions of companies such as Swift Foods from the US. and also Pilgram's Pride they diversified the production with poultry and pork. It also meant taking advantage of the higher margins that the vertical integration would offer, and the possibility of controlling its whole value chain, since they acquired a packaging and transportation firm and also companies that were vertically integrated.

Cutrale on the other hand, was exporting through agents but with the time, and market specific knowledge acquired with the market and volume growth there was the need for eliminating the agents, since its transaction costs were not compensating and it saw the need for building their own commercial offices in London (UK), Rotterdam (NE), Newark (US)

and Auburndale (US) (F. Peixoto, personal communication, December, 12, 2011). Moreover, in 1985 the transportation of the juice that was previously based on 200 liters barrels changed to more efficient and less costly bulk transportation and there was the need to increase the commitment to the market thus terminal ports were built.

Cutrale also made some acquisitions but different from JBS, it acquired companies that were owned by a client in the US., therefore through its network. It acquired Minute's Maid (brand that is owned by Coca-Cola) orange juice production plants in Florida, for three reasons: to follow its important client Coca-Cola, to enter the American market that is the largest consumer market of orange juice and also because of tariff protectionism that was imposed to the orange juice that came from Brazil, therefore although the juice had a good quality and high productivity, it was not cost competitive to export to the US.

In 2008, it acquired a plant in Portugal also through its network, which was addressed to them by a client. This is a common characteristic to the family business, the loyalty of the clients. Cutrale did not have plans to acquire the plant, the client gave them the indication. Then, Cutrale envisioned, with its acquisition a chance to obtain part of the NFC market in Europe, since the consumption was large and there was no enough supplying. However, the production of the plant was small and it was dependant on the quantity of the orange produced, since on the Mediterranean market the fresh orange consumption was higher than of the juice market.

As F. Peixoto (personal communication, December, 12, 2011) said in the past it was important to be a family business, it elevated a company's trust level and the loyalty with suppliers, employees and clients was higher. Regarding the acquisition plan, it showed that this was motivated not by a plan of the firm but from an opportunity that emerged to them.

Regarding strategic alliances, in 2007 JBS and Inalca S.A., an Italian company controlled by Cremonini Group firmed a partnership. The alliance would give JBS access to

new markets such as the fast food sector, producers of industrialized food, retail and foodservice chain. Its strategic acquisition aimed at Inalca companies which products have higher value addition. However due to managerial implications, they terminated the society in 2011.

Cutrale, on the other hand, made a strategic alliance with Citrosuco in a port terminal in Japan in the year 1994, in order to have access to Asian Markets, that are emerging and promising markets for the orange juice (F. Peixoto, personal communication, December, 12, 2011).

In 2007, JBS opted for Joint venture with an American industrial regarding a type of product called beef jerky that is a very popular snack in the US, this is another effort of the company to produce products with higher aggregated value. The internationalization stages of JBS can be seen in Table 5.

THE FAMILY ROLE ON THE INTERNATIONALIZATION PROCESS OF FAMILY BUSINESSES
125

Table 5

JBS's Internationalization stages

Entry Mode	Year	Where	Company	Type	Benefits of the commitment increasing
Exporting	starts at 1996	in 2011 more than 110 contries		Beef	-
Greenfield	-	-	-	-	-
Aquisitions : production subsidiaries	2005	Argentina	Swift Armour	Beef	industrialized meat
	2005	Argentina	CEPA	Beef	slaughter house
	2006	US	SB Holdings	Beef	distributor of industrialized meat- closer to retail and wholesale
	2007	US/Australia	Swift Food	Beef and pork	beef, pork ready dishes and tannery- australian plants, feedlots and distribution center
	2007	Argentina	Consig. Rurales	Beef	meatpacker - industrialized products
	2007	Argentina	Argenvases	Packaging	packaging
	2007	Argentina	Col Car S.A.	Beef	meatpacker
	2008	Austrália	Tasman Group	Beef	meat processing
	2008	US	Smithfield Beef	Beef	geographical diversification in the US.
	2008	US	Five Rivers	Feedlots (beef)	feedlots
	2009	US/Mexico/Porto Rico	64% of Pilgram's Pride	Poultry	creation, slaughter, processing and commercialization of chicken
	2009	Uruguay/Paraguay	Incorporation of Bertin	Beef	-
	2009	Italy	70% of Rigamonti (Bertin)	Embutidos	-
	2010	Australia	Rockdale Beef	Beef	Slaughter and feedletos
	2010	Australia	Tatiara meat Company (TMC)	Beef and Small Animals	Industrialized high quality lamb meat to more developed markets
2011	Italy	100% of Rigamonti	Embutidos	Differentiated processes	
Strategic Alliances	2007	Italy	Inalca*	Beef	Production and transformation of beef and access to the retail and fast food industry
Joint Ventures	2007	US	Beef Jerky	Appetizers	higher value added products

Note: *Inalca is no longer part of JBS

In the table next, the internationalization stages in Cutrale can be seen in Table 6.

Table 6

Cutrale's internationalization stages

Entry Mode	Year	Where	What
Exporting	starts at 1967	in 2011 more than 50 countries	-
Greenfield	1985	US	Terminal port
	1985	Netherlands	Terminal port
	2003	UK	Terminal port
Aquisitions : production subsidiaries	1996	Florida, US	Orange Juice Production Plant from Coca Cola
	2006	Portugal	Orange Juice Production Plant
Strategic Alliances Joint Ventures	1994	Japão	Terminal Port with Citrosuco

Note: Based on J.Campos (personal communication, December, 2, 2011)

The next step is to analyze the internationalization following the frameworks of Dunning and Lundan (2008), regarding the types of FDI undertaken.

The market seeking FDI was undertaken by Cutrale in the US and Portugal. In the US there was a need to reduce the tariffs that made it too costly to export the Brazilian orange juice. Moreover, it needed to be present in the US in order to keep on supplying to one of its most important client, Coca-Cola Company. Moreover, the US is the largest orange juice consumer market in the world accounting for almost 38% of the orange juice consumption (Fava Neves et al., 2011). In Portugal, the acquisition of the company decreased the transportation costs of bringing the NFC from Brazil to Europe and also took advantage of the lack of trade barriers to enter Europe; nevertheless its production is still small.

The market seeking FDI by JBS in Argentina was through its market potential since Argentina has the highest meat consumption per capita of the world. It also has access to markets that Brazil doesn't have due to fito-sanitary restrictions.

Regarding market-seeking by JBS, the US has the largest consumer beef market (fresh and industrialized meat) and also the largest imports of the world; it imports almost 15% of the world's exported beef market (USDA, 2010) .

Finally Australia, it is one of the largest beef exporters to Asian markets, which in turn are one of the largest consumers. China and Japan are among the world's largest consumers (USDA, 2010).

Natural resource-seeking FDI in Cutrale was in the US, since Florida is the second world producer of orange with high quality orange, therefore they approached that market to guarantee the supply of raw material to the business. To a lesser extent the same happened in Portugal since that region is also a significant orange producer, the Mediterranean region is the third orange juice producer in the world (USDA, 2010).

On the other hand, Uruguay where meatpackers go for natural resource seeking FDI, since its plants are located near the pastures where it is irrigated and with temperate climate what leads to a high quality cattle (Pozzobon, 2008).

Regarding the efficiency seeking FDI, in the case of JBS it was in Argentina, the US and Australia since in those countries there are several companies extremely vertically integrated. This kind of FDI is highly related with (I) internalization advantages.

Last but not the least the type of FDI called asset strategic seeking, in the case if JBS can be seen in Uruguay where the breeds of the cattle are of higher quality and it is sold by a higher price in the foreign markets. Currently the cattle can be exported to other regions such as the US. since it is classified as FMD free.

Argentina was the sixth world producer of meat having a beef herd composed by 48,7 million heads in 2010 (USDA, 2010). Although currently the herd and production numbers were reduced since 2007 due to the price and exports limits imposed by the government, when JBS entered Argentina it was a promising market with a large herd and the possibility to export to the US, market that is closed to the Brazilian meat.

The United States is the world's largest beef producer being responsible for 21 % of the world production in 2010. Its beef herd was of 92, 6 million heads in 2010 (USDA,2010).

Australia, is also an important world producer of meat with a herd of 28,4 million heads in 2007 (USDA, 2010).

The different types of FDI pursued by the companies in the meat (main JBS's segment) and orange juice production in the Cutrale's case can be seen in the table 7 in the sequence:

Table 7

Different types of FDI pursued by the different companies

	Cutrale	JBS
Market seeking FDI	US, Portugal	Australia, US, Argentina
Efficiency seeking FDI	-	Australia, US, Argentina
Strategic Asset Seeking FDI	-	Australia, US, Argentina, Uruguai
Natural Resources Seeking FDI	US, Portugal	Uruguai

Thus from the analysis it can be argued that the internationalization motives of both companies are related to the unfavorable position that Brazil has towards the global markets regarding sanitary restriction in the case of the meat industry or due to the tariff protectionism of some countries such as the US in the orange industry. Moreover, it can be argued that the Brazilian currency appreciation had an impact in the exports for both the orange and meat industry but these are not the only reasons. It is also due to the fact that both company's vision was to expand its business, increase its margins and be present in different countries and become global. In JBS it happened more aggressively, they diversified its business integrated their value chain and indeed became global. Cutrale on the other hand was less bold and preferred to be present in less and very lucrative markets than to have a worldwide presence. JBS have expanded seeking for market, efficiency, and strategy asset seeking in adjacent and developed markets. Cutrale on the other hand sought for natural resources and market in developed markets. Moreover, the orange production is concentrated in two countries that are responsible for 81% of the world orange juice production (Fava Neves, 2011). Moreover, the US was responsible in 2009 for 37% of the orange juice consumption, it is by far the largest world consumer and lastly the market is extremely concentrated what,

together with the other facts, might have prevented Cutrale from taking bolder worldwide investments.

The next sub-chapter brings the analysis through two of the most important internationalization theories: eclectic paradigm and Uppsala's stage model theory.

5.2.2 Theoretical analysis

As it was already mentioned the companies will be analyzed through the vision of the two most important theories. The two that are going to be used are; the economic theory Eclectic paradigm and the behavioral theories: Uppsala internationalization offices. They were chosen since they are the ones that are most common among family business companies (Kontinen & Ojala, 2010).

5.2.2.1 *Eclectic paradigm*

With the eclectic paradigm theory it is possible to explain both companies' internationalization process. JBS internationalized searching for the three elements of the theory: Internalization (I), Ownership (O) and Location (L) advantages.

The ownership advantage was possible through the type of internationalization strategy chosen: through the acquisition of companies, in most part with 100% of its capital, they could have access to the knowledge, capital, suppliers, clients, firm assets and markets that it sold to. According to Pratini de Moraes (personal communication, November, 16, 2011) "when one acquires a company, there is no need to change everyone, to send a part of your management, there is the need to take advantage of the competent people from there".

They usually send a part of their management to interview the managers, understand the weaknesses and strengths of the company and bring and transfer some key persons from Brazilian management to show key issues from the culture and the way the business work. As it was already said, , Wesley Batista went to manage the US. subsidiary and brought some

expertise from Brazil such as the way the cow should be slaughtered in order to take advantage of all the parts of it.

They also took advantage of the knowledge that the US. had regarding the meat products with higher added value and also of marketing strategies used in order to make a product such as meat as a valuable product with a brand since the companies there were integrated until the distribution. Thus they also acquired the company's knowledge by entering the US.

The location advantage was acquired through placing the companies in a country or location that would give competitive advantages. By acquiring companies in markets such as Argentina, US and Australia it could open some markets that were previously closed to Brazil due to sanitary restrictions, such as Japan, for example.

According to Pratini de Moraes (personal communication, November, 16, 2011) "there are three types of protectionism tariffs, tariffs and quotas or small quotas and also another type of protectionism, the fito-sanitary protectionism (...)It (JBS) started to by meatpackers and slaughterhouses in order to enter markets that were previously closed to Brazil."

Moreover, it will bring some cost advantages since there are some tax restrictions in Brazil and by being in another country it will profit from export benefits such as the case of Argentina and Europe. Moreover being in markets such as US. and Argentina where the meat consumption is large it makes it possible to be in these markets without having the import tax burden.

The internalization (I) advantage was pursued by acquiring companies that were vertically integrated having links of the value chain or by trying to acquire the links of its value chain. In Argentina it has from the slaughtering to the distribution and packaging. In most of the businesses they have the complete value chain; the feedlots, slaughter, production, transportation, packaging and distribution. From the slaughter of the cow they

have all the links from the value chain they have 3.500 trucks (transportation), feedlots, two biodiesel plants, distribution unit. These plants on the other hand are fueled with the cow's fat. There is also the leather unit where they deal with all the stages of the leather production.

By having the distribution and commercial offices in several countries in Europe, Asia, Africa it enables them for a broad distribution chain, with access to several markets and optimizing its structure through cost reduction.

On the other hand, Cutrale also followed the eclectic paradigm. It benefited from location advantages when acquiring the plant of its client Coca-Cola in a strategic market, since Florida is the second orange producer in the world. They could also get away with the protectionist measures of the American government and could sell in the American market, the largest orange juice consumer market of the world. Despite of the smaller success in their acquisition in Europe the plant was acquired also considering the cost reduction that producing NFC in Europe would bring and the proximity of the orange producers that in Europe are concentrated in Portugal and Spain.

Regarding the ownership advantages Cutrale acquired only the juice plant and few orange crops in the US and had to build the structure to form the Cutrale North America Inc. It already had a major client in the US. , Coca-Cola, and transferred some experienced managers that the family trusted to run the plant in the US. A team with knowledge from the orange business, that could apply it to the American operations. The manager of industrial operations of the US' company is a Brazilian as well as the whole high administration. However, the family goes frequently to monitor the operations. There is no general director of the American operations. This shows a characteristic of family businesses, the family wants to maintain all the company under control as well as the decisions taken.

However, regarding internalization advantages, despite of the lack of a vertically integrated chain in Europe they were the ones managing the ownership advantages, since they

did not operate the company through licensing or partnerships. In the US, they have some orange farms. According to J. Campos (personal communication, December, 2, 2011), 40% of Cutrale's juice production is supplied by their own oranges. The company is overall vertically integrated from production without the distribution and retailing.

Thus, it can be seen that although the processes were very different and with their particularities they can be both explained by the eclectic paradigm.

The next theory analyzed is stage model theory, the Uppsala model.

5.2.3 Uppsala internationalization model

Both companies were also analyzed through the behaviorist theory, Uppsala's stage model theory. However some elements of this theory could be seen in the companies' internationalization process but the theories cannot be fully explained. First there are two main propositions of the Uppsala model: that the company chooses first the countries with smaller geographic or psychic distance and that it increases commitment to a market as it increases the knowledge from it and in gradually in stages.

The first proposition is already not held true from both companies since in both cases the countries were chosen regarding the entrance in strategic markets for them rather than markets that would be culturally similar or in close locations. Although JBS has entered the Argentinean market that is a geographically close market, it was not due to the reasons advocated by the Uppsala model but it happened since at that time it was a strategic market that would give them access to markets that Brazil did not have.

This might be specific to the type of product and industry. Since the products are commodities, in Cutrale's case the country's choice was in order to follow a client (Coca-Cola in the US), increase production capacity and thus be able to enter other markets but it was also to dribble tariff protectionism and provide a product with lower transportation costs

(Portugal and the NFC). In the case of JBS the choice was mainly regarding the country that would provide them access to markets that they could not export.

The other proposition is that companies internationalize also based on the size of the potential market. This was held true for both companies. They expanded to larger markets. In the case of JBS the US is the largest meat consumer market of the world and Argentina is the largest on meat consumption per capita (USDA, 2010).

Cutrale followed a more staged model. It already started international what goes against what the model says about gaining experience in the domestic market. They already began exporting. First through agents (Stage 2) and then they established commercial offices and built port terminals, due to the new bulk transportation (Stage 3). According to F. Peixoto, (personal communication, December, 12, 2011):

it (Cutrale) exported the fruit in the beginning through agents, that bought the fruit (orange) and sold in the market to other companies. When they acquired the plant in Araraquara, and started production, they used those agents to export. Once the market grew and the volumes increased there was the necessity of eliminating the agents and setting up their own commercial offices.

Moreover, Johanson and Wiedersheim-Paul (1975) stated that the obstacles for internationalization are lack of knowledge and resources. This can be seen still according to J. Campos (personal communication, December, 2, 2011), the companies that did not have the resources to internationalize went bankrupt. This is usually the case of why family businesses tend to remain in domestic markets, since they do not have resources to increase their commitment to the foreign markets.

After gaining knowledge from the business and the country (US), they acquired the first production subsidiary (Stage 4) abroad in 1996 in Florida, after almost 30 years from the beginning of the company. The second acquisition, in 2008, in Portugal was due to the rise in

demand for the NFC in Europe, however, there was no establishment of a sales office in country before the acquisition.

JBS on the other hand explored the domestic market (Stage 1) from 1953 to 1996 and only then started exporting; Jeremy O'Callaghan brought the commercial and technical knowledge required for them to start exporting. They were continuously acquiring knowledge of the international market and saw the risks of being located on a single country and expanded to other countries due to the several sanitary restrictions.

Their acquisitions did not necessarily occur in markets where they were previously exporters since their aim was to enter those markets. From 2005, the year that the first firm was acquired, until 2011 the internationalization pace was everything but gradual. Their acquisitions were made in strategic markets and committing high levels of resources to the chosen markets but without acquiring experiential knowledge and without waiting for organizational learning. They claimed that the meat industry is the same in every part of the world therefore there was no need for an external consulting to see whether the company was good or fitted their business, they did it internally. According to J. O'Callaghan (personal communication, November, 16, 2011):

We believe that our business has many secrets and is unique. So as we exported we got to know the companies abroad and we ourselves could gather enough information to decide whether it was viable to internationalize the company (...) the business is the same in the whole world, as in Brazil, Australia, Argentina and the US.

Joesley Batista is not particularly fond of consulting companies. Joesley on his interview to Endeavor in the CEO Summit, stated that he believes that the recipe for the success is a combination of “work, entrepreneurship, doing a little bit of things without thinking, courage, make some calculations but not too many, and to work with people that

follow the same ideal, a bit of instinct”. This shows that apart from all the structure, institutionalization, being a listed company, there are some characteristics on the management that still remains from a company that was for many years and still is managed by the same family (Endeavor Brasil, 2011).

JBS had a different internationalization pace mainly because of the financial resources available due to the financing by its IPO and BNDES. In 2006, they experienced a change in management occasioned by the premature succession of the eldest to the youngest brother. Due to Joesley’s strategist personality this might have been the trigger to pursue and aggressive internationalization that had started in the previous year with the acquisition of Swift in Argentina, however more researches and interviews, even with someone from the Batista family would give subsidies to analyze it from this perspective. Johanson and Vahlne (1977) also argued that the additional commitment decisions were taken quickly due to the large amount of resources available from the company. Therefore, they did not wait for the knowledge acquaintance. With the increase of the international presence there is the need of knowledge management and the development of a structure. JBS’ challenge was of integrating all the markets, look for the synergies and reduce operational costs, since all the acquisitions were made too fast.

The process of knowledge learning can also explain why the internationalization process was fast in the case of JBS. Since they entered the markets through acquisition, the company was all set and structured, therefore the need for experiential knowledge was smaller. The general knowledge, which is the knowledge that can be transferred from country to country they already had. On the other hand, with Cutrale although more gradual in terms of process and time, the reason for the increasing commitment was not only because it had a higher knowledge to the market but since the tariff protectionism made it too expensive to export and his major client, the American company Coca-Cola, had a major interest on

Cutrale's placement in the US. However, according to the Uppsala model theory, the increasing commitment level, that culminates in the construction of a production subsidiary is due to the other factors such as the tariffs, transportation costs and so on (Johanson & Vahlne, 1977).

In the case of JBS the strategy directed to global expansion is clear however, in the case of Cutrale it seemed to be rather a reactive strategy through the needs of the markets.

However, as it could be seen, although having few elements of the Uppsala theory, it cannot fully explain any of the company's internationalization process.

The next sub-chapter is going to discuss the managerial aspects of family business and how they ended up interfering or not in the internationalization strategy.

5.2.4 Family business characteristics and the internationalization

As it was already discussed, family businesses have characteristics that might affect its internationalization process or strategy. In the sequence it is shown the Table 8 with the commonly found attributes of the family owned companies from the literature revision.

Table 8

Family business attributes present in Cutrale and JBS

Family Business attributes	Cutrale	JBS
Use of networks when internationalizing	x	x
low awareness of possible government internationalization programs	N/Ap	N/Ap
succession impact on internationalization		x
limited growth aspirations	N/Ap	N/Ap
presence of family members in management		x
low level of professionalization	N/Ap	N/Ap
existence of governance institutions	x	x
effectiveness of governance institutions		N/Av
limited financial capital to growth	N/Ap	N/Ap
agility in decision making	N/Av	N/Av
succession plan	N/Av	N/Av
desire to keep the family ownership	x	x
fear of losing company control	x	x
lack of strategic management	N/Av	N/Av
entrepreneurial orientation		x
risk avoiding strategies	N/Ap	N/Ap
lack of monitoring the international market place	N/Ap	N/Ap
maximize the profit in less countries than pursuing a global strategy	x	
ownership is a motivation to growth	x	x
choice of countries with closer psychic distance when internationalizing	N/Ap	N/Ap
trustworthy reputation	x	N/Av
long-term view of the financial returns	N/Av	N/Av
long term relationship with suppliers	x	x
low level of formal education of the owners	x	x
power centralization	x	x

Note: N/Av means non-available and N/Ap means non-aplicable

Some of the attributes could not be identified from the data collected and some of them could not apply to the companies.

There are several studies about the internationalization of family owned company and many assumptions, and only some of them are held true for those companies. In the case of the two researched companies there are some particularities that arise from the type of industry and size. Most of the researched family businesses are SMEs however, both Cutrale and JBS are large and consolidated companies. Therefore characteristics that are said to be common to family businesses, such as low awareness of possible government internationalization programs, limited growth aspirations, low level of professionalization, limited financial capital to growth and lack of monitoring the international marketplace are not seen in these companies probably due to its size and structure.

Both companies showed high awareness of the government programs regarding internationalization. The interviewees knew of the BNDES financing possibilities, the exporting taxation and export incentives. The enterprises are constantly monitoring the international markets in order to know what is happening and also be present since they are global companies. According to P. Mendes (personal communication, December, 2, 2011), “we receive several businesses propositions (...) they (the Cutrale family) have several international contacts.” Moreover, none of them have limited growth aspirations or limited capital to finance growth, since they were both bold and have a successful history of growth. Finally since they are structured and large companies with high business complexity the lack of professionalization is not a choice. They are both professionalized; F. Peixoto (personal communication, December, 12, 2011) said for example, that for the Cutrale family it is important to have their “trustfull directors”. Those that are in the company since the beginning and that the family can trust. They are all important elements of internationalization.

Regarding their choice of countries with closer psychic distance when internationalizing as it was already said it was not held true for the studied companies.

Furthermore, in both companies the existence of a corporate governance structure is common and each of them has a board of directors. This institution is supposed to deal with the company in the governance level and fix limits to the family influence to the company (Gimeno et al., 2010). At Cutrale according to the interviews, not many changes occurred in the company after the board was instituted, although the family is not in the management and the executive directors were given more autonomy, it could be seen that they are gradually drifting away from the day to day decisions however, this is a long process that is not finished yet. According to P. Mendes (personal communication, December, 2, 2011): “Nothing is done unless they are following and validating the decisions.” Moreover, there are no independent advisors in the board what hampers the governance. Regarding JBS there is no data on the effectiveness of the board, but since it follows the basic rules and it is a listed company with other shareholders, it is implied that there is effectiveness. The institutionalization happened in the case of JBS in the end of 2005 and beginning of 2006 and to Cutrale in 2007, they were both already internationalized. This shows that it is important but not essential the presence of institutions.

In addition, on the ownership level it is seen from both companies a desire of maintaining the company's ownership. None of them are planning to sell the whole company and leave the business. Although JBS is a listed company and the holding FB Participações, controlled by the Batista family has the equivalent to 47% of the shares there is the desire of perpetuating the company and leave what they have built to the next generations (Parajara & Megale, 2011). The same applies to Cutrale, so it can be seen that the ownership is a motivation to growth and internationalization is directly related to growth since it is growing outside its home markets. Moreover, contrary to what was found in Kontinen and Ojala (2010), in none of the companies the fear of losing control was a setback for internationalization.

Moreover, family businesses are seen as companies of trustworthy reputation.

According to F. Peixoto (personal communication, December, 12, 2011) when Cutrale started, in the '60s, being a family business was a sign of a trustworthy company and it generated trust especially among the other family businesses and especially in the international markets. Therefore, at that time the networks between the different companies were gradually formed and they last until today. Still according to him, a family company from Germany was one of Cutrale's first clients and remain a client until today. There are divergences in the studies whether family business tend or not to engage in networks with other business (Gallo et al., 2004; Graves & Thomas, 2004). It goes in the opposite direction from what Graves and Thomas (2004) found; that usually family businesses tend to form less networks than non-family business.

In JBS this use of the networks when internationalizing is not as evident as in Cutrale. From the data collected it could only be seen when JP. Morgan, the bank that also coordinated JBS's IPO, was appointed by Swift to search for possible buyers and put JBS's nome on the list. Then the acquisition materialized; however apart from that there are not many pieces of evidence. On the other hand, on Cutrale there are several examples of internationalization via networks.

The clients offered opportunities in the international markets; the plant from Coca-Cola on Florida and the plant from Portugal. Moreover, he started exporting the juice through the networks previously formed from the fruit exporting business. José Cutrale cultivated the loyalty with the clients and suppliers and with this the network was gradually increasing. F. Peixoto (personal communication, December, 16, 2011) believes that together with other factors this loyalty and network formation was one of the reasons that Cutrale went from one of the largest three producers to the largest producer. He continued: "I believe that one of the

characteristics of the family business, positive characteristics of the family businesses is the loyalty that you have, from employees, clients and suppliers.”

F. Peixoto (personal communication, December, 16, 2011) believes that although today there is a prejudice regarding family business especially due to the lack of professionalization issues, there are some important characteristics that should be maintained such as the relationship with the family business to other family business and the relationship with non-family companies in a formal way. Confirming this reasoning, they formed an international strategic alliance with Grupo Fischer, a Brazilian family orange juice producer, to build the terminal port in Japan. This goes in the direction of Gallo et al. (2004) research that argues that family's management style and values may influence the ability of the firms to enter strategic alliances with firms in foreign markets.

Another aspect studied in the family business literature, the succession, are said to have positive impacts in internationalization (Fernández & Nieto, 2005; Okoroafo, 1999). The new generations of leadership are said to bring new strategies and are usually more qualified. In many situations the owner's background plays an important part on the decision to internationalize. In the case of JBS the succession impacts are clearly seen by the change on the management. When there was the transition from the first generation, José Mineiro, to the second, to his son Júnior, there was an impact in the company; from a national meatpacker it became a professionalized company and effectively a industrialized meat business. Under his management they started exporting and in the end of the period, Friboi was restructured and the Grupo JBS was created with the initials of its founder (José Batista Sobrinho). On the same period it started the international expansion and entered Argentina through the acquisition of Swift Armour.

Factors such as educational background did not play such an important role, the second generation started working early and did not even finish school and they have learnt English recently in order to deal with their companies abroad.

In the case of Cutrale, the company started exporting and the decision to increase commitment to the American market was taken while the founder was still managing the company. Therefore succession was not a trigger for internationalization.

It is also said that family businesses usually maximize their profits in less countries than pursue a Global strategy. This statement was held true to Cutrale since they focused their operations in very few markets. JBS on the other hand, pursue a Global strategy, wanting to become a world leader and have different kinds of operations and products in several parts of the world.

According to Miller (1983), the entrepreneurial firm is the firm that is concerned with product market innovation, take risks and come up with proactive innovations. Thus entrepreneurial orientation has three dimensions; proactiveness, risk taking and innovation. Family firms are usually seem as entrepreneurial and when engaged in entrepreneurial activities they take risks but to a lesser extent than non family business (Naldi et al., 2007). Following these theories, JBS's course can be seem as entrepreneurial since the three dimensions are tackled; it took several risks by leveraging the companies, entering different markets and following innovation on its operations, and searching for increasing efficiency on all its operations, diversifying its products.

Cutrale, on the other hand was entrepreneurial on the beginning of the business when the founder saw a potential market, invested, expanded, innovated in the production, added value to the orange juice by selling a customized product to the clients, invested in training sales people. However, from what could be seen in the research, apparently, from the data gathered this entrepreneurship orientation was not perpetuated since although expanding the

business, little diversification in terms of the product's portfolio could be seen from the data analyzed.

Risk taking is a pillar from entrepreneurial orientation that can be seen in both companies. In JBS since its strategy was more aggressive a high risk taking attitude could be seen; its internationalization strategy is highly leverage, and the sought for diversification is high. To a lesser extent, Cutrale also did not take risk avoiding strategies since it increased the commitment abroad, built subsidiaries and production plants.

Another dimension studied is long-term relationship with suppliers and other stakeholders, since there is an alignment of the goals between owners and managers because the company lasts in the hands of the same family for a long time, incites this relationship formation (Astrachan, et al., 2003). According to Pratini de Moraes and also Fábio Peixoto, that is an important characteristic of both Cutrale and JBS, they both maintain a connection to the producers from the beginning of the company.

6 CONCLUSION

The globalization has increased the importance of discussing internationalization strategies taken by firms. Brazilian companies that previously did not have significant investments abroad are increasing its commitment to international markets. Family businesses, which in the past were seen as trustworthy enterprises, are currently mistrusted since they are perceived to be non-professionalized companies.

However, this is a paradigm that needs to be broken since many family companies are professionalized and even highly internationalized, which is the case of both of the companies from this study.

Despite of being both family businesses and from the commodities market, the studied companies have taken different internationalization pathways, as well as varying speed and magnitude. They have in common: some particularities, motivations and internationalization reasons.

While Cutrale started exporting from inception in order to survive due to paradoxical facts; São Paulo State, the best location for the orange production was at the same time provided with a very small orange juice consumer market.

On the other hand, JBS started exporting after years of expansion in the domestic market.

Cutrale's soul was its founder "Zé Cutrale". He envisioned the market moves and was bold in order to make investments that would increase its company's profitability and international sales. He also faced other factors; Florida's frost for several years in a row, the dollar appreciation at the beginning of his business and good networks with other family businesses, suppliers and clients such as the giant Coca-Cola company.

JBS's founder "Zé Mineiro" was also an important piece for the company however, with the expansion of the business he let his sons take over the business.

However, when they in fact increased commitment overseas, both companies' internationalization motives were similar; they reached a point of their evolution that if they wanted to grow further it had to be through strategies in global markets. Both companies faced the market's protectionism as a barrier to their growth; Cutrale in the American market with the tariff protectionism and JBS that faced both the tariff protectionism and the sanitary barriers from some important markets.

Therefore, JBS entered several markets seeking for the natural resources, market, strategic assets or efficiency. This way it could dribble the sanitary barriers and have access to 100% of the markets that they would not have. The entry mode was through acquisitions and it started an aggressive internationalization strategy with the purchase of 37 companies between 2005 and 2011, it also diversified its business by entering pork, poultry, lamb, dairy, leather and other segments. They also made strategic alliances with Inalca in 2007, however the partnership was finished after divergences. JBS also made a Joint Venture with an American appetizer's producer.

Its main entry mode strategy through acquisitions increases the speed of growth since it can take advantage of market-knowledge that the management of firm already has. It also takes advantage of the companies with distressed assets that are usually available for a lower price. Moreover, on this type of commodities market the operations are basically the same all over the world therefore this knowledge can be easily transferred from one country to another.

Cutrale, entered the US in order to escape from the tariff protectionism what allowed them to increase their exports to other markets since the American market would be almost entirely supplied by its company in Florida. Although it also used the acquisitions as entry mode they only purchased production units in two markets. Their strategy was much less

aggressive than JBS' and was mainly a conjuncture fact and related to the firm's survival not aiming to become a global player.

Since it is a low margin's industry, one of JBS' major challenges is to integrate its value chain and also add value to their products. While Cutrale has a much higher margin but its exports are highly dependent on the dollar price, on the orange juice consumption that is decreasing in the world and the climate. While JBS has diversified its risk Cutrale accounts with only one type of product.

Moreover, although the internationalization processes were very different, both processes can be explained by the eclectic paradigm. Regarding the Uppsala internationalization model, although some elements can be seen in both of the internationalization processes, it cannot fully explain neither of them.

In the analysis part the characteristics of the family business are ranked however not all of the elements had an impact on both companies internationalization strategy. When analyzing the family business particularities that have an impact in the processes the Table 9 below in the sequence:

Table 9

Family Business Attributes which had an impact on the internationalization's strategy of Cutrale and JBS

Family Business attributes	Cutrale	JBS
Use of networks when internationalizing	x	x
Succession impact on internationalization		x
Presence of family members in management	x	x
Agility in decision making	x	x
Desire to keep the family ownership	x	x
Entrepreneurial orientation	x	x
Maximize the profit in less countries than pursuing a global strategy	x	
Ownership is a motivation to growth	x	x
Trustworthy reputation	x	N/Av
Long-term view of the financial returns	x	x
Long term relationship with suppliers	x	x
Power centralization	x	x

Note: N/Av are the results that are Non-available

The attributes presented in Table 9 are attributes that are typical from family business. Although their influence could be pictured in the internationalization process, they were not determinant elements of the process. None of them could be seen as irreplaceable or attitudes that could only be pursued by a family member present in the management of the company. This might be due to the fact that these family companies are large and although they have several family business particularities in the way they are managed, on an internationalization process, that is complex and full of different variables, the elements that affect the most are the world's market, the industry it belongs and the financial and other resources available.

Even when applying the internationalization theories; the eclectic paradigm and Uppsala stage model theory, it was difficult to identify a determinant and exclusive particularity that the family business had in the process.

However, from those characteristics, the ones related to entrepreneurship or ownership are stronger elements to explain the internationalization since an entrepreneurial vision of the market might be a decisive factor in the decision to internationalize or not. Maybe Junior,

from JBS, envisioned the opportunity at that time, but in order to analyze and come up with an outcome, there would be the need for deeper interviews especially with family members or even with the Batista brothers, to fully understand their personal profile.

Regarding Cutrale, it is possible to see the networks as an element that had a great impact on their internationalization since they bought the plant in the US from a client (Coca-Cola) and bought the plant in Portugal through a client's network.

Interestingly a family business particularity is that the level of the owner's education is usually directly related to the pursuit of internationalization. In both companies none of the owners have even finished university and both companies are highly internationalized. This might be explained by the fact that the work experience gathered since they were young; the knowledge through experience, could compensate the formal education.

Finally, it could be perceived from the research that the family particularities of the firm had little influence in the firm's internationalization process. As it was said, it is possible that this influence could be better perceived during the internationalization process of small and medium family enterprises or even of a company from a sector that is not so affected by the market, where the managerial capabilities can play a major role.

Last but not the least, with this conclusion the aim is not to decrease the importance of the family to the business, on the contrary, the family businesses managerial characteristics are very important and bring a valuable managerial style to the company, since they might affect the way the company is managed in a positive way. However, they were not determinant on the internationalization process taken by both case studies.

The particularities of the family give subsidies to several discussions such as the implications of the non-renovation of the management, which might cause organization inertia. Another aspect is the centralization of the decision making which might have an impact on in the internationalization strategy however it is not exclusive from family firms.

6.1 Suggestions for Future Research

The present study was important to analyze in depth the internationalization process of two agribusiness family companies. Since it was seen that the family businesses elements were not determinant in the internationalization process of the studied companies, there is the need to apply this assumption to a study that does not have limited generalization such as a quantitative study in order to see if it applies to other companies. Another possibility is to test whether the conclusion is related to the kind of sector or even to large family companies.

From the analysis it was also seen that the behavioral networks' theory has applicability to the case studies. So it would be interesting to analyze these companies in allusion of this theory. However, for that there is the need to collect more information specific information on the company, the internationalization process and if it is possible even try to speak with family members. This will enrich the study and help clarifying the role of the family in the internationalization process.

Furthermore, another theory that could have been used would be the deliberate and emergent strategies in the studied companies to see whether the internationalization was planned or only a consequence of different factors.

Moreover, as succession is an important issue for family firms it would be interesting to analyze succession as a possible trigger to internationalization or even analyze it based on born-again global theories that are also present in FB internationalization works.

Furthermore, it would be interesting to do a quantitative study on the different Brazilian family types based on Gimeno's et al. (2010) family business framework and to assess the entry modes chosen for the different types of FB.

6.2 Limitations of the research

Since it is a qualitative case study, its generalization is harmed, thus the results cannot be seen as replicable to all companies. Moreover, the study was done with two large

companies. Usually the family businesses analyzed are SME's, which denotes different particularities of the firms and is more similar to the family business stereotype. Thus most of the mentioned particularities were not applied to the chosen companies since in light of the type of market and product sold the internationalization was the only possible way for those companies to grow.

Moreover, the family firms are usually analyzed based on the volume of exports and sales, since they are usually only exporters thus the family particularities that are inherent to those companies are different.

In addition, Cutrale is an extremely closed company therefore it is exceptionally difficult to find information about it and even the interviewees could not speak about all the subjects. Since it is a study regarding family studies it would be better to interview someone from the family, which was not possible at that time. This would enrich the work even further.

Finally, the study only took into account FB, maybe an approach on non-FB would show if the internationalization similarities would be industry and context driven or FB driven.

7 BIBLIOGRAPHY

- Alem, A. C., & Cavalcanti, C. E. (2005, December). O BNDES e o Apoio à Internacionalização das Empresas Brasileiras: Algumas Reflexões. *Revista do BNDES - V.12, N. 24* , pp. 43-76.
- Almeida, C.O. (2005, February 24). *Agronegócio Citrícola no Brasil*. Retrieved from <http://www.todafruta.com.br/portal/icNoticiaAberta.asp?idNoticia=8600>
- Almeida, M. I., & Lotti Oliva, F. (2001, November). Criação de Empresas: ameaças e oportunidades pelos caminhos das estratégias genéricas. *Anais do II Egepe* , pp. 60-71.
- Aoun, S., & Verdi, A. R. (July/December de 2010). Inserção do Grupo JBS na Dinâmica do Capitalismo Contemporâneo. *Revista de Economia Agrícola*, 57 (2) , pp. 99-114.
- Astrachan, J. H., & Shanker, M. C. (2003, September). Family Businesses' Contribution to the U.S. Economy: A Closer Look. *Family Business Review*, 16(3) , pp. 211-216.
- Astrachan, J. H., Klein, S. B., & Smyrnios, K. X. (2002, March). The F-PEC Scale of Family Influence: A proposal for solving the family business definition problem. *Family Business Review*, 15 (1) , pp. 45-58.
- Astrachan, J., Zahra, J., & Sharma, P. (2003). *Family-sponsored ventures*. Kansas, MO: Kauffman Foundation.
- Attuch, L., & Netto, I. (2009, September 23). A carne é forte. *Isto é Dinheiro*. Retrieved September 21, 2009 from http://www.istoedinheiro.com.br/noticias/578_A+CARNE+E+FORTE
- Balthazar, R. (2008, February 28). *Valor Economico*. JBS demite 100 muçulmanos nos EUA. Retrieved November 13, 2011, from <http://www.beefpoint.com.br/cadeia-produtiva/giro-do-boi/jbs-demite-100-muculmanos-nos-eua-47954n.aspx>
- Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of management*, 17(1) , pp. 99-120.

- Bell, D. E., & Ross, C. (2008, December). JBS Swift & Co. *Harvard Business School Case study*.
- Birley, S., & Godfrey, A. (1999). The family and the business. *Long-Range planning*, 32 (6), pp. 598-608.
- Brasil Econômico*. (2011, June 27). JBS fará recompra de 37,5 milhões de ações Retrieved November 11, 2011, from: http://www.brasileconomico.com.br/noticias/jbs-fara-recompra-de-375-milhoes-de-acoas_103483.html
- Brasil Econômico*. (2011, March 4). JBS assume controle de 100% da italiana Rigamonti. Retrieved in December 22, 2011, http://www.brasileconomico.com.br/noticias/jbs-assume-controle-de-100-da-italiana-rigamonti_98948.html
- Buckley, P., & Casson, M. (1976). *The future of the multinational enterprise*. London, UK: Homes & Meier.
- Camargos, D. (2008, March 20). *Revista Exame*. A saga global dos caubóis de Anápolis. Retrieved in September 25, 2011, from <http://exame.abril.com.br/revista-exame/edicoes/0914/noticias/a-saga-global-dos-caubois-de-anapolis-m0154767>
- Cantwell, J. (1991). A survey of theories of international production. In: C. Pitelis, & R. Sugden, *The nature of the transnational firm* (pp. 16-63). London, UK: Routledge.
- Carvalho-da-Silva, A. L., Silveira, A. d., Leal, R. P., & Barros, L. A. (2007). *SSRN*. Retrieved in December 14, 2011 from SSRN eLibrary: <http://ssrn.com/abstract=995764>
- Castro, P. d. (2007, December 7). *Revista Exame*. JBS-Friboi estreia no fornecimento de carne para fast-food. Retrieved in December 15, 2011 from <http://exame.abril.com.br/negocios/empresas/noticias/jbs-friboi-estreia-no-fornecimento-de-carne-para-fast-food-m0145826>

- Chetty, S., & Holm, D. B. (2000). Internationalization of small to medium-sized manufacturing firms: a network approach. *International Business Review*,(9), pp. 77-93.
- Chrisman, J. J., Chua, J. H., & Sharma, P. (2005). Trends and Directions in the development of a strategic management theory of a Firm. *Entrepreneurship Theory and Practice* , pp. 555-575.
- Chua, J. H., Chrisman, J. J., & Pramodita, S. (1999). Defining the Family Business by Behavior. *Entrepreneurship Theory and Practice* , pp. 19-39.
- Coase, R. (November de 1937). The Nature of the firm. *Economica, New Series*, 4 (16) , pp. 386-405.
- Creswell, J. W. (2009). *Research Design: Qualitative, quantitative and mixed methods approach (3rd ed.)*. Thoausand Oaks: Sage Publications.
- CVM. (2010, April 27). *Prospecto Definitivo de Distribuição Pública Primária de Ações Ordinárias de Emissão da JBS*. Retrieved november 30, 2011, from JBS Investor Relations: www.jbs.com.br/ri
- Davis, M. B. (2007). *Doing a successful research project*. New York: Palgrave.
- Dib, L. A. (2008). *O processo de internacionalização de pequenas e médias empresas e o fenômeno Born-Global*. Rio de Janeiro: COPPEAD.
- Donckels, R., & Fröhlich, E. (1991). Are family businesses really different? European experiences from STRATOS. *Family Business Review*, 4 (2) , pp. 149-160.
- Dunning, J. H. (2001). The Eclectic (OLI) Paradigm of international Production: Past, present and future. *International Journal of the Economics and Business*, 8(2) , pp. 173-190.
- Dunning, J. H. (1988). The Eclectic Paradigm of International Production: A Restatement and Some Possible Extensions. *Journal of International Business Studies*, 19(1) , pp. 1-31.

- Dunning, J., & Lundan, S. (2008). *Multinational Enterprises and the Global economy*, 2nd edition. Cheltenham: Edward Elgar.
- Endeavor Brasil. (2011). *Endeavor CEO Summit*. Retrieved in December, 12 2011 from http://www.endeavor.org.br/endeavor_tv/estrategia-crescimento/ceo-summit/planejamento-estrategico/expansao-para-novos-mercados-com-joesley-batista
- Eriksson, P., & Kovalainen, A. (2008). *Qualitative Methods in Business Research*. London, UK: SAGE.
- Exame. (2008, October 24). JBS-Friboi conclui a compra da Smithfield Beef por US\$ 565 mi
Retrieved in December 22, 2011
<http://exame.abril.com.br/negocios/empresas/noticias/jbs-friboi-conclui-compra-smithfield-beef-us-565-mi-394406>
- Exame. (2011, December 14). *Cade aprova fusão Citrosuco/Citrovita, mas impõe acordo*.
Retrieved December 18, 2011, from Exame:
<http://exame.abril.com.br/negocios/empresas/noticias/cade-aprova-fusao-citrosuco-citrovita-mas-impoe-acordo--3>
- Fava Neves, M., Trombin, V. G., Milan, P., Fonseca Lopes, F., Cressoni, F., & Kalaki, R. (2011). O retrato da citricultura brasileira. *CitrusBr* .
http://www.citrusbr.com.br/download/biblioteca/o_retrato_da_citricultura_brasileira_baixa.pdf.
- Faveret, P., Pereira, A., & Rafael, D. (1996, March 25). *Área de operações industriais I-AOI- Gerência setorial de agroindústria - BNDES*. Retrieved November 24, 2011, from <http://www.redetec.org.br/publique/media/laranja.pdf>
- FDC. (2010). Ranking das Transnacionais Brasileiras 2010. *Fundação Dom Cabral*.
Retrieved November 24, 2011, from
http://www.fdc.org.br/pt/Documents/ranking_transnacionais_2010.pdf.

- Fernandéz, Z., & Nieto, M. J. (2005, March). Internationalization Strategy of Small and Medium-Sized Family Businesses: Some influential Factors. *Family Business Review*, vol XVIII, n 1 , pp. 77-89.
- Friedlander, D., & Landim, R. (2011, June 14). *Estadão*. O BNDES não quer sair agora do JBS', diz Wesley Batista. Retrieved November 12, 2011, from:
<http://economia.estadao.com.br/noticias/economia,o-bndes-nao-quer-sair-agora-do-jbs-diz-wesley-batista,71580,0.htm>
- Gallo, M. A., Ariño, A., Máñez, I., & Cappuyns, K. (2004, January). Internationalization via Strategic Alliances in family Business. *Published by the chair of family business* , pp. 1-15.
- Gartlan, K. (2010). The global power of Brazilian agribusiness. *The Economist Intelligence Unit* .
http://www.businessresearch.eiu.com/sites/default/files/Accenture_Agribusiness_ENGLISH.pdf.
- Gimeno, A., Baulenas, G., & Comacros, J. (2010). *Family Business Models: practical solutions for the business family*. New York,NY: Palmgrave-Macmillan.
- Gonçalves, J. S. (2000, Jan/Mar). As empresas familiares no Brasil. *RAE light*, v.7, n.1 , pp. 7-12.
- Gonçalves, S. (2000). *Patrimônio, família, empresa - um estudo sobre a transformação no mundo da economia empresarial*. São Paulo, SP: Editora Negócio.
- Gradilone, C. (2011, May 20). *Isto é Dinheiro*. BNDES alimenta a JBS.Retrieved October 01, 2011, from:
http://www.istoedinheiro.com.br/noticias/57871_BNDES+ALIMENTA+A+JBS

- Grando, J. W. (2010, March 9). *Exame*. Integração estilo Frog no JBS-Friboi Retrieved October 10, 2011, from: http://exame.abril.com.br/negocios/gestao/noticias/integracao-estilo-frog-538884?page=2&slug_name=integracao-estilo-frog-538884
- Graves, C., & Thomas, J. (2008, June). Determinants of the internationalization pathways of family firms: an examination of family influence. *Family Business Review*, 20(2), pp. 151-167.
- Graves, C., & Thomas, J. (2006). Internationalization of Australian family business: a managerial capabilities perspective. *Family Business Review*, 19 (3), pp. 207-224.
- Graves, C., & Thomas, J. (2004). Internationalization of the family business: A longitudinal perspective. *International Journal of Globalization and Small Business* 1 (1), pp. 7-27.
- Grupo Fischer. (2012, January). *História do Grupo*. Retrieved January 2, 2012, from Grupo Fischer:
http://www.grupofischer.com.br/fischer/fischer/sites/fischer/portal_grupo/grupo_fischer/historia_paginada.html
- GVces. (2011, December 20). Retrieved December 28, 2011, from JBS estima cortar US\$ 500 milhões em custos em 2012:
<http://www.isebvmf.com.br/index.php?r=noticias/view&id=227615>
- Habbershon, T. G., & Williams, M. L. (1999). A resource-based framework for assessing the Strategic advantages of family firms. *Family Business Review*, 12(1), pp. 1-25.
- Habbershon, T. G., & Williams, M. L. (1999). A resource-based framework for assessing the Strategic advantages of family firms. *Family Business Review*, 12(1), pp. 1-25.
- Habbershon, T. G., Williams, M., & MacMillan, I. C. (2006). A unified systems perspective of family firm performance. In P. Z. Poutziouris, K. X. Smyrnios, & S. B. Klein,

Handbook of research on family businesses (pp. 67-79). Cheltenham, UK: Edward Elgar.

Holland, P. G., & Boulton, W. R. (1984, March-April). Balancing the "Family" and the "Business" in the family business. *Business Horizons* , pp. 16-21.

Holland, P. G., & Boulton, W. R. (1984, March-April). Balancing the "Family" and the "Business" in the family business. *Business Horizons* , pp. 16-21.

HSM Online. (2010, May 19). Jon Martínez: “Empresas familiares brasileiras respondem bem à globalização”. <http://www.hsm.com.br/artigos/jon-martinez-empresas-familiares-brasileiras-respondem-bem-globalizacao>.

Ibrahim, N. A., Angeledis, J. P., & Parsa, F. (2008, March). Strategic Management of Family Businesses: Current research findings and directions for future research. *International Journal of Management*, 25(1) , pp. 95-110.

JBSa. (2007). *Annual Report*. Retrieved December 3, 2011, from JBS Investor Relations: www.jbs.com.br/ri

JBSb. (2007). Aquisição de participação acionária relevante por BNDES Participações (BNDESPAR) . *JBS Investor Relations*. Retrieved December 26, 2011, from: www.jbs.com.br/ri

JBS. (2010). *Annual Report*. Retrieved December 3, 2011, from JBS Investor Relations: <http://www.jbs.com.br/ri/>

JBS. (2011). JBS's presentation from Meeting with the Top Management Team Retrieved November 14, 2011, from: <http://www.slideshare.net/jbsri/jbs-day-event>

JBS. (2012). *JBS Investor Relations*. Retrieved January 2, 2012, from History: <http://www.jbs.com.br/ri/>

- Johanson, J., & Mattson, L. (1988). Internationalization in industrial systems- A Network Approach. In N. Hood, & J.-E. Vahlne, *Strategies in global competition* (pp. 287-314). London: Crom Helm.
- Johanson, J., & Vahlne, J. (1977). The internationalization process of the firm: a model of knowledge development and increasing market commitment. *Journal of International Business Studies*, 8 , pp. 23-32.
- Johanson, J., & Vahlne, J. (1990). The mechanism of internacionalization. *International Marketing Review*, 7(4) , pp. 11-24.
- Johanson, J., & Wiedersheim-Paul, F. (1975). The internationalization of the firm: four Swedish cases. *Journal of Management Studies*, 12 , pp. 305-322.
- Johnson, B. R. (1997). Examining the validity structure of qualitative research. *Education Vol.118 No.2* , pp. 282-293.
- Kontinen, T., & Ojala, A. (2010, May 24). The internationalization of family businesses: A review of extant research. *Journal of Family Business Strategy* , pp. 97-107.
- Leite, F. (n.d.). *Jornal Opção*. Retrieved November 22, 2011, from Saio candidato ao governo se meu nome for aclamado:
<http://www.jornalopcao.com.br/posts/entrevista/saio-candidato-ao-governo-se-meu-nome-for-aclamado>
- Leite, I. T. (2007). *A internacionalização de empresas familiares: um estudo do ciclo evolutivo e o processo de internacionalização*. Unpublished Master Dissertation.
- Lethbridge, T., & Juliboni, M. (2009, October 1). *A incrível aventura global do Friboi*. Retrieved November 4, 2011, from Exame: <http://exame.abril.com.br/revista-exame/edicoes/0953/noticias/incrivel-aventura-global-friboi-502270>
- Levy, L. F. (2002). *O Novo Brasil*. São Paulo: Nobel Editora.

- Litz, R. A. (1995, June). The Family Business: Toward Definitional Clarity. *Family Business Review*, 8(2) , pp. 71-81.
- Machado, J. P. (2007, December 6). Aquisição Estratégica entre JBS S.A e Cremonini S.p.A.
- Makadok, R. (2001). Toward a synthesis of the resource-based and dynamic-capability views of rent creation. *Strategic Management Journal*, 22 , pp. 387-401.
- Manécolo, F. (2011, Agosto). Cutrale: o maior empresário de Araraquara. *Kappa magazine* , pp. 30-34.
- Mariotto, F. L. (2007). *Estratégia Internacional da Empresa*. São Paulo: Thomson Learning.
- Martins, I., Menezes, P., & Bernhoeft, R. (1999). *Empresas familiares brasileiras - Perfil e perspectivas*. São Paulo, SP: Editora Negócio.
- Maxwell, J. A. (2005). *Qualitative Research Design: an interactive approach (Vol 41 2nd ed)* (2 nd ed., Vol. Applied Social Research methods Vol. 41). Thousand Oaks: SAGE.
- Miller, D. (1993). The Architecture of simplicity. *Academy of management review*, 18 (1) , pp. 116-139.
- Miller, D. (1983). The Correlates of entrepreneurship in three types of firms. *Management Science*, 29 , pp. 770-791.
- Naldi, L., Nordqvist, M., Sjöberg, K., & Wiklund, J. (2007, March). Entrepreneurial Orientation, Risk Taking, and performance in family firms. *Family Business Review*, 20(1) , p. 47.
- Okoroafo, S. (1999). Internationalization of family businesses: evidence from Northwest Ohio, USA. *Family Business Review*, 12(2) , pp. 147-158.
- Oliveira, D. d. (1999). *Empresa familiar: Como Fortalecer o Empreendimento e Otimizar o Processo Sucessório*. São Paulo, SP: Editora Atlas.

- Oviatt, B., & McDougall, P. (1997). Challenges for Internationalization Process Theory: The Case of International New Ventures. *Management International Review*, 37(2), pp. 85-99.
- P., O., Ciasulli, D., & Ribeiro, A. R. (2011, November). *Feed & Food*. Retrieved December 21, 2011, from A história de um brasileiro, mais um vencedor:
<http://www.revistafeedfood.com.br/pub/curuca/index.jsp?ipg=40015>
- Parajara, F., & Megale, B. (2011, November). Pasto Verde. *Revista Poder*, pp. 33-38.
- Pecuaria*. (2007, December 10). Retrieved December 08, 2011, from JBS-Friboi entra no mapa dos grandes do fast food: <http://www.pecuaria.com.br/info.php?ver=2788>
- Peringer, M. M. (2010, September 29). *BB Investimentos*. Retrieved December 15, 2011, from Análise de Investimento: <http://www.ini.org.br/Relatorios/20101022/ICJBS.pdf>
- Plummer, R. (2006, September 21). *BBC News*. Retrieved November 01, 2011, from Brazil feels the squeeze in juice war: <http://news.bbc.co.uk/2/hi/business/5357866.stm>
- Pozzobon, D. M. (2008). Explorando Soluções Internacionais: o caso dos frigoríficos brasileiros. *XXXII Encontro da ANPAD*. Rio de Janeiro.
- Pureza, M. E. (2003, August). *Incentivos fiscais e subsídios creditícios ao setor exportador: uma mensuração para o período de 1992-2001*. Retrieved December 26, 2011, from UNB: <http://vsites.unb.br/face/eco/mesp/mespdois/dissertacoes/ok2003/mariaemilia.pdf>
- Ribeiro, A. (2011, January 18). *Valor Economico*. Retrieved October 13, 2011, from Cutrale adia construção de terminal no porto de Tampa:
<http://www.valor.com.br/arquivo/169725/cutrale-adia-construcao-de-terminal-no-porto-de-tampa>
- Ricupero, R., & Barreto, F. (2007). A importância do investimento direto estrangeiro do Brasil no exterior para o desenvolvimento socio-econômico do país. In A. Almeida,

Internacionalização das empresas brasileiras - Perspectivas e Riscos. Rio de Janeiro: Elsevier.

Riveras, I. (2009, September 21). *Reuters*. Retrieved December 12, 2011, from Brazil meat giant JBS still a family affair: <http://www.reuters.com/article/2009/09/21/us-jbs-family-idUSTRE58K37220090921>

Rocha, A. d. (2005, November 25). *Valor Economico*. Retrieved september 12, 2011, from Presidente do maior frigorífico do país quer disputar o governo de Goiás: <http://www.fazenda.gov.br/resenhaeletronica/MostraMateria.asp?cod=245956>

Rocha, A. d. a(2007, January 10). *Valor Economico*. Retrieved December 12, 2011, from Friboi faz aquisição nos EUA e amplia internacionalização: <http://www.valor.com.br/arquivo/529189/friboi-faz-aquisicao-nos-eua-e-amplia-internacionalizacao>

Rocha, A. d. b(2007, March 30). *Valor Economico*. Retrieved September 09, 2011, from Friboi investe em fábrica e parceria: http://g1.globo.com/Noticias/Economia_Negocios/0,,AA1505194-9356,00-FRIBOI+INVESTE+EM+FABRICA+E+PARCERIA.html

Rugman, A. (1981). *Inside the multinational: the economics of the internal markets*. New York: Columbia University Press.

Sá, L. F., & Stefano, F. (2005, Novembro). *O Novo Poder do Friboi*. Retrieved December 12, 2011, from Isto é Dinheiro Rural: <http://www.terra.com.br/revistadinheirorural/capa14.htm>

Samora, R. (2009, September 16). *Estadão*. Retrieved November 13, 2011, from JBS faz associação com Bertin e compra Pilgrim's nos EUA: <http://www.estadao.com.br/noticias/geral,jbs-faz-associacao-com-bertin-e-compra-pilgrims-nos-eua,435850,0.htm>

- Schlesinger, S. (2010). *Onde Pastar? O gado bovino no Brasil*. Rio de Janeiro: Walprint Gráfica e Editora.
- Sciascia, S., Mazzola, P., Astrachan, J., & Pieper, T. (2010, March 07). The role of family ownership in international entrepreneurship: exploring non-linear effects. *Small Business Economics* .
- Secco, A., & Patury, F. (2003, May 14). *O campeão mundial do suco de laranja*. Retrieved October 20, 2011, from Veja On-Line: http://veja.abril.com.br/140503/p_038.html
- Sharma, P., Chrisman, J., & Chua, J. (1997). Strategic management of family business: past research and future challenges. *Family Business Review*, 10(1) , pp. 1-35.
- Shepherd, D., & Zahra, S. (2003). *From Conservatism to entrepreneurialism. The case of Swedish family firms*. Boulder, CO: Unpublished paper (University of Colorado).
- Sobral, E. (2011, April). *Wesley Batista, a nova cara do JBS*. Retrieved September 30, 2011, from Isto é Dinheiro Rural: <http://www.terra.com.br/revistadinheirorural/edicoes/78/artigo214504-3.htm>
- Spohr, N., & Silveira, F. F. (2010). Estratégia Internacional de uma multinacional emergente brasileira do setor de frigoríficos: o caso JBS. *SIMPOI 2010* , pp. 1-16.
- Stal, E., Sereia, V. J., & Silva, R. C. (2010, September). Estratégias de Internacionalização do Setor Agroindustrial Brasileiro de carnes: exportação ou investimento direto no exterior. *XIII SEMEAD (Seminários em Administração)* , pp. 1-17.
- Teixeira, C. H., Carvalho, D. E., & Feldmann, P. R. (2010, January-June). A internacionalização da JBS e uma discussão sobre o Diamante de Porter. *Future Studies Research Journal*, 2 (1) , pp. 175-194.
- Teixeira, M. (2011, 10 4). Brasil exporta 21% menos carne bovina em 2011, diz Abiec. *Exame* . <http://exame.abril.com.br/economia/noticias/brasil-exporta-21-menos-carne-bovina-em-2011-abiec>.

UNCTAD. (2011, April 27). Global and Regional Trends of FDI Outflows in 2010. *Global*

Investment Trends Monitor . http://www.unctad.org/en/docs/webdiaeia20114_en.pdf.

UNCTAD. (2010). World Investment Report 2010: Investing in a Low-Carbon Economy.

Geneva: http://www.unctad.org/en/docs/wir2010_embargo22_en.pdf.

USDA. (2010, October). Livestock and Poultry: World Markets and Trade. *Foreign*

Agricultural Service .

http://www.fas.usda.gov/dlp/circular/2010/livestock_poultryfull101510.pdf.

Valor Economico. (2007, May 30). Retrieved September 01, 2011, from Friboi compra Swift

por US\$ 1,4 bilhão:

<http://www.investe.sp.gov.br/noticias/lenoticia.php?id=1560&c=6&lang=1->

Wahl, J. (2007, July/September). *Revista Bovespa*. Retrieved November 13, 2011, from JBS

a mais nova multinacional:

<http://www.bmfbovespa.com.br/InstSites/RevistaBovespa/103/Empresas.shtml>

Williamson, O. (1975). *Markets and hierarchies: analysis and antitrust implications*. New

York: Free Press.

Yin, R. K. (2001). *Estudo de Caso: planejamento e métodos (2nd ed.)*. Porto Alegre:

Bookman.

Zahra, S. (2005). Entrepreneurial Risk Taking in Family Firms. *Family Business Review*,

18(23) , pp. 23-40.

Zahra, S. (2003). International Expansion of US. Manufacturing family businesses: the effect

of ownership and involvement. *Journal of business venturing*, *18(4)* , pp. 495-512.

8 APPENDICES

Appendix A

Ranking 2010 of the Most Transnational Brazilian Companies

Rank	Enterprise	Main Sector	Transnationality Index	International Sales	International Assets	International Employees
1	JBS-Friboi	Food Industry	0,616	0.836	0.373	0.640
2	Gerdau	Steel Industry	0,495	0.482	0.544	0.460
3	Ibope	Market Research	0,456	0.321	0.507	0.541
4	Metalfrío	Machines and Electrical Components	0,437	0.365	0.409	0.538
5	Odebrecht	Infrastructure	0,379	0.456	0.196	0.486
6	Marfrig	Food Industry	0,366	0.515	0.232	0.351
7	Vale	Mining	0,342	0.329	0.457	0.240
8	Sabó	Auto-parts	0,288	0.336	0.190	0.338
9	Tigre	Constructing material	0,286	0.197	0.428	0.234
10	Suzano Papel e Celulose	Cellulose and paper	0,276	0.700	0.085	0.042
11	Artecola	Chemical	0,264	0.282	0.297	0.212
12	Lupatech	Machines and Electrical Components	0,196	0.205	0.129	0.254
13	Camargo Corrêa	Infrastructure	0,177	0.175	0.146	0.211
14	Ci&T Software	Information Technology	0,166	0.368	0.114	0.017
15	Marcopolo	Motor Vehicles and Bodies	0,164	0.120	0.078	0.293
16	Weg	Machines and Electrical Components	0,162	0.214	0.165	0.107
17	Stefanini IT Solutions	Information Technology	0,145	0.106	0.161	0.169
18	Votorantim	Mining	0,139	0.168	0.145	0.104
19	América Latina Logística	Ground transportation	0,127	0.050	0.018	0.314
20	Tam**	Air transportation	0,126	0.308	0.000	0.068
21	Embraer	Transportation Equipment	0,109	0.145	0.129	0.053
22	Natura	Cosmetics and Personal Hygiene	0,105	0.065	0.020	0.230
23	Petrobras	Oil	0,105	0.107	0.103	0.104
24	Bematech	Machines and Electrical Components	0,055	0.120	0.000	0.045
25	Alusa	Energia Elétrica	0,054	0.055	0.036	0.071
26	Spoletto*	Food Industry	0,053	0.012	0.000	0.146
27	Andrade Gutierrez	Infrastructure	0,051	0.121	0.033	0.000
28	Itaúsa	Information and Communication	0,039	0.009	0.057	0.051
29	Totvs	Information Technology	0,036	0.021	0.021	0.065
30	DHB	Machines and Electrical Components	0,035	0.081	0.022	0.002
31	Escolas Fisk*	Language School	0,029	0.000	0.000	0.088
32	Ultrapar	Fuel Distribution	0,029	0.007	0.038	0.042
33	Politec	Information Technology	0,024	0.031	0.024	0.017
34	Localiza*	Car Rent	0,020	0.011	0.004	0.045
35	Randon	Trailers and bodies	0,015	0.009	0.004	0.030
36	Cia Providência	Hygienic and Disposable Products	0,012	0.000	0.034	0.003
37	Brasil Foods	Food Industry	0,008	0.012	0.003	0.010
38	Marisol	Textiles products	0,007	0.006	0.013	0.000
39	Cemig	Electrical Energy	0,001	0.000	0.003	0.001
40	Eletrobrás	Electrical Energy	0,000	0.000	0.000	0.000

Note: **Sales correspond to the international flight ticket Sales, * Franchise. Replicated from FDC, (2010).

Appendix B

Interview Plan

Roteiro para entrevista

1. Evolução da empresa desde a sua fundação, visando entender a complexidade do negócio em termos de estrutura física, estrutura acionária e da família presente no negócio.
2. Entendimento das Regras de Governança Corporativa implantadas e a serem ainda estabelecidas na gestão atual. Nível de comprometimento da família com essas regras e com o planejamento sucessório se familiar ou não. Nível de formalização dos acordos.
3. Nível de definição do planejamento estratégico da empresa e sua relação com a internacionalização da empresa.

Entendimento e definição de oportunidades de crescimento com a internacionalização.

Entendimento do processo de internacionalização à luz da visão dos entrevistados.

Posicionamento da família, da gestão, diretoria, CEO no processo de internacionalização.

Recursos advindos do governo.

Entendimento dos motivos que levaram a empresa a se internacionalizar.

4. Importância da integração vertical ocorrido no processo de internacionalização na estrutura atual da empresa.
5. Importância da diversificação dos negócios pós internacionalização.
6. Importância da empresa no mercado mundial.

Appendix C

JBS's General Information

JBS % of Sales per Segment

Segment	% net revenue
Beef	64%
Poultry	22%
Pork	9%
Other	5%

Note: Replicated from JBS (2010)

JBS Sales Market 2010 (Domestic X Exports)

Meat Type	sales market			
	Domestic market (1.000T)	Export market (1.000T)	Total	%
Fresh meat	5635,8	1798,3	7431,1	85
Processed meat	158,2	103,5	261,7	3
Other	902,6	129,0	1031,6	12

Note: Replicated from JBS (2010)

JBS' Revenue by business unit

Business unit	% net revenue	Net Revenue (US\$million)
JBS USA beef	43%	13.103,50
JBS mercosul	25%	7.575,4*
JBS USA chicken	22%	6.881,70
JBS USA Pork	10%	2.956,70

Note:* annual average exchange rate 2010 Dollar/Real. Brazilian central bank 1,7601. Replicated from JBS (2010)

Appendix D

World Presence of JBS divided into its business units

Locations	Quantity	Type of Business
Brazil	35	Beef Slaughtering
	1	canned meat
	1	vegetables
	2	feedlots
	7	dairy industry
	23	leather industry
	1	Collagen Manufacturing
	1	Biodiesel
	16	Distribution Centers
	Paraguay	2
Uruguay	1	Industrial units
Argentina	6	Beef Slaughtering
	2	Can units
Chile	1	Commercial office
Puerto Rico	1	industrial unit (Pilgrim's)
Mexico	3	industrial unit (Pilgrim's)
	1	Leather unit
USA	8	Beef Slaughtering
	3	Pork Slaughtering
	1	Lamb Slaughtering
		Beef and Pork
	1	processing, packed and customized
	13	feedlots
	29	Poultry slaughtering
	31	Ditribution Centers
England	1	Commercial office
Italy	3	Processed meat
	2	Leather Unit
Egypt	1	Commercial office
China	1	Leather unit
	2	Commercial office
South Korea	1	Commercial office
Japan	1	Commercial office
Australia	10	Beef Slaughtering
	5	feedlots
	5	Distribution Centers

Appendix E

The meat industry's value chain:

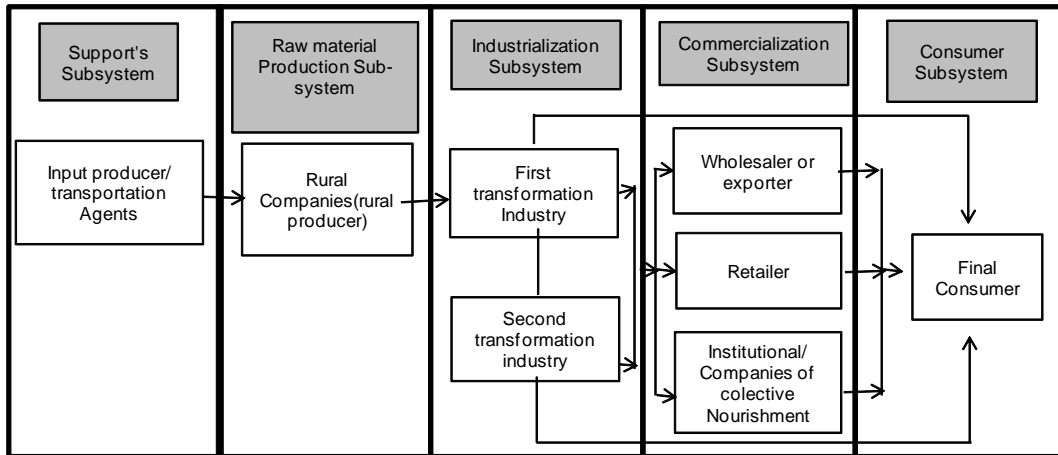


Figure: The Meat value chain. Replicated from Ministério da Agricultura, Pecuária e abastecimento (2007)

Appendix F*List of Current Board of Directors(2012)*

Directors	Position	Member since
Joesley Mendonça Batista	President	29/04/2011
Wesley Mendonça Batista	Vice President	29/04/2011
José Batista Sobrinho	Member	29/04/2011
José Batista Jr.	Member	29/04/2011
Marcus Vinicius Pratini de Moraes*	Member	29/04/2011
Natalino Bertin*	Member	29/04/2011
Peter Dvorsak	Member	29/04/2011
Valere Batista Mendonça Ramos	Member	29/04/2011
Vanessa Mendonça Batista	Member	29/04/2011
Guilherme Radolfo Laager	Member	29/04/2011
Guilherme Narciso de Lacerda*	Member	29/04/2011
Umberto Conti*	Substitute	29/04/2011

*Note:** Independent Member. Replicated from JBS (2012)

List of Current Executive officers (2012)

Executive Officers	Title	Date of election	End of office term
Wesley Mendonça Batista	Chief Executive Office	26/01/2011	13/05/2013
Francisco de Assis e Silva	Executive Director of Institutional Relations	13/05/2010	13/05/2013
Jeremiah O'Callaghan	Director of Investor Relations	13/05/2010	13/05/2013
Eliseo Santiago Perez Fernandez	Executive Director of Administration and Control	11/11/2010	13/05/2013

Note: Replicated from JBS (2012)

Appendix G*Cutrale's Business and locations*

Type of Business	Location	Quantity
Production Plant	Brasil	5
	US	2
	Portugal	1
	Brazil	2
Terminal Port	US	1
	Netherlands	1
	Japan	1
	UK	1
Orange Farms	Brazil	50.000 hectares
	US	15.000 hectares
Commercial and Administrative offices	Brazil	
	UK	N/A
	Netherlands	
Regional offices for orange acquisition	US	
	Brazil	15 units in SP state
Warehouses for orange reception	Brazil	N/A

Note: Based on J. Campos (personal communication, December, 2 , 2011)

Appendix H

Cultivated area and losses due to the frost of Citrus plantations in Florida State between 1966 and 1988

Year	Total area	Losses
1966	347.265	-
1968	376.876	5.629
1970	381.013	10.568
1972*	355.334	33.569
1974	349.700	16.261
1976	349.953	16.397
1978*	336.400	19.881
1980	342.082	10.491
1982*	343.127	21.020
1984*	308.124	64.638
1986*	252.731	7.511
1988	282.451	21.141

Note: Frosts in January, the great frost was in 1962.

Replicated from Passos (1990)

Appendix I

Orange Juice consumption (FCOJ) in thousands of tons

Year	2003	2004	2005	2006	2007	2008	2009	Period's variability
Total	2.406	2.403	2.379	2.349	2.299	2.246	2.267	-6%
Per country								
1 US	1.002	1.029	985	924	882	826	851	-15%
2 Germany	256	231	211	213	201	197	191	-26%
3 France	152	147	153	158	163	162	165	9%
UK	146	141	141	143	140	144	138	-5%
5 Canada	95	97	109	107	101	103	105	11%
6 Japan	92	97	95	95	92	76	75	-18%
7 Russia	51	59	63	74	79	78	74	44%
8 China	44	42	48	56	60	68	74	66%
9 Spain	43	45	47	48	49	48	47	9%
10 Brasil	45	37	41	42	38	39	41	-8%
11 Mexico	35	32	34	33	35	39	40	15%

Note: Replicated from Fava Neves et al. (2010)

Orange Juice Production Per country/Region in tons

Country/ Region	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
São Paulo and Triângulo Mineiro	1.072.450	1.369.260	1.164.500	1.369.210	1.362.720	1.132.850	1.064.650
Flórida	1.024.009	644.461	653.301	577.349	782.504	731.799	562.663
Ciprus, Greece, Italy and Spain	100.947	110.303	100.553	158.626	111.983	100.756	106.173
Mexico	19.795	72.977	55.644	68.939	100.455	78.788	66.477
BA, SE, Paraná, R.G. do Sul and SC	58.302	77.003	59.275	70.875	100.058	101.433	65.775
Califomia, Texas and Arizona	19.448	47.099	50.705	56.929	45.260	24.257	31.385
Costa Rica	26.916	26.916	28.158	25.779	16.746	19.892	20.806
Cuba	28.925	10.860	15.731	15.731	15.731	15.731	15.731
China	1.773	1.970	2.955	10.833	17.727	13.788	15.265
South Africa	22.583	13.898	25.173	22.868	13.295	19.712	14.687
Argentina	12.121	12.879	13.636	22.727	18.030	5.379	14.470
Total	2.433.067	2.441.122	2.225.354	2.440.732	2.626.066	2.282.307	2.019.348

Note: Replicated from Fava Neves et al. (2010)