

**FUNDAÇÃO GETULIO VARGAS
ESCOLA DE ADMINISTRAÇÃO DE EMPRESAS DE SÃO PAULO**

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THE INTERNATIONALIZATION OF SOUTH KOREA MNC TO BRAZIL

**SÃO PAULO
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Thesis presented to Escola de Administração de Empresas de São Paulo of Fundação Getúlio Vargas, as a requirement to obtain the title of Master in International Management (MPGI).

Knowledge Field: Internationalization of Companies

Advisor: Prof. Dr. Cyntia Vilasboas Calixto

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“Sonhe com a cabeça nas nuvens, realize
com os pés no chão.”

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ABSTRACT

In a worldwide view, the globalization force has brought new opportunities to company towards the global expansion. In which, these international businesses are to focus on core competence, strategic alliance, and competitive advantages. And the case studies represent the growth of multinational companies associated with the internationalization strategy, based on the Eclectic Paradigm.

This study undertakes the South Korean MNC active in the Brazilian market, which are HT Micron, Hyundai Motor Brazil, Hyundai Heavy Industry, Sae Dong Brazil, and Samsung Electronics.

The present study aims to identify the patterns of similarity and differences in entry mode of South Korea MNC, by exploring the motivation for internationalization and reason for selecting the Brazilian market. To accomplish this purpose, the Eclectic Paradigm, also known as OLI Framework, was studied in the literature review, to understand the Motivation-Seeking (Resource, Market, Efficiency and Strategic-Asset-Seeking) of internationalization, consequently the Ownership, Location, and Internalization Advantages.

The methodology presents a qualitative approach of primary and secondary data. In particular, the primary data includes interviews from four field perspective: academic, researcher, intermediary, and multinational. On the other hand, the secondary data are to enhance the data collected from the primary data, and CAGE analysis to explore the institutional differences and similarities between both countries.

The study concludes that both countries present substantial institutional differences, in cultural aspects, administrative managerial, geographical opposition, and economic development. The Brazilian market is considered an attractive market allowing to be an internationalization driver factor for country with saturated and limited market. The case of South Korean MNC presented, demonstrated a relatively similar results in motivation-seeking reasons, entry mode strategy and the OLI advantages.

Keywords: Internationalization, Motivation, Entry Mode, South Korea MNC and Brazilian Market.

RESUMO

Em uma visão mundial, a força da globalização traz novas oportunidades para as empresas dirigindo à expansão global. No qual, esses negócios internacionais devem se concentrar nas competências essenciais, aliança estratégica e vantagens competitivas. E este estudo de casos representam o crescimento das empresas multinacionais associados à estratégia de internacionalização, com base no Paradigma Eclético.

Este estudo envolve as multinacionais sul-coreanas com atuação no mercado brasileiro, que são HT Micron, Hyundai Motor Brasil, Hyundai Heavy Industry, Sae Dong Brasil e Samsung Electronics.

O presente estudo tem como objetivo identificar os padrões de semelhança e diferenças no modo de entrada das multinacionais sul-coreanas, explorando a motivação para a internacionalização e o motivo da seleção do mercado brasileiro. Para executar este objetivo, o Paradigma Eclético, também conhecido como OLI Framework, foi estudado na revisão da literatura, para compreender a Motivação-Procura (Recurso, Mercado, Eficiência e Ativos Estratégicos) da internacionalização, conseqüentemente as vantagens de Propriedade, Localização, e Internalização.

A metodologia apresenta uma abordagem qualitativa de dados primários e secundários. Em particular, os dados primários incluem entrevistas a partir de quatro perspectivas de campo: acadêmico, pesquisador, intermediário e multinacional. Por outro lado, os dados secundários são para aprimorar os dados coletados dos dados primários, e a análise CAGE para explorar as diferenças institucionais e semelhanças entre os dois países.

O estudo conclui que ambos os países apresentam diferenças institucionais substanciais, em aspectos culturais, gestão administrativa, oposição geográfica e desenvolvimento econômico. O mercado brasileiro é considerado um mercado atraente, permitindo ser um fator impulsionador de internacionalização para um país com mercado saturado e limitado. Os casos da MNCs sul-coreana apresentado, demonstrou resultados relativamente semelhantes em razões de busca de motivação, estratégia de modo de entrada e as OLI vantagens.

Palavra-chave: Internacionalização, Motivação, Modo de Entrada, MNC Sul Coreano e Mercado Brasileiro.

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LIST OF ACRONYMS

BDTD	Brazilian Digital Library of Theses and Dissertations
EMC	Export Management Company
ETC	Export Trade Company
CAGE	Cultural, Administrative (Political), Geographic and Economic
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GVC	Global Value Chain
ICA	International Cooperative Alliance
IEF	Index of Economic Freedom
IJV	International Joint Venture
IT	Information Technology
M&A	Merger and Acquisition
MNC	Multinational Corporation or Company
MNE	Multinational Enterprise
OECD	Organization for Economic Cooperation and Development
ROI	Return of Investment
ROK	Republic of South Korea
TPO	Trade Promotion Organization
WTO	World Trade Organization

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1. Introduction

In a competitive world of business, multinational corporations (MNC) are seeking for opportunity to grow, aiming profitability and a suitable environment for its business outside its home country (Cullen & Parboteeah, 2010)

Currently, according to Neves (2020), South Korean has set an example in the East Asian region for the most advanced production network, by the achievement of rapid development, due to its engagement in education, infrastructure, and R&D investment to support on the export-led economy. On the report of United Nations Conference on Trade and Development (2019), South Korea was listed the world top 20 host economies for the FDI inflow from 2017 to 2018, and in the Asian region, listed as top 3 of the home economy on FDI outflow.

The cross-border economic activity has increased along the accelerating rate within the establishment of global market, which are leading for a better service and higher quality products that eventually raise the factor of conducting an efficient and low-cost production and innovation in their technology (Birkinshaw, 2003). As an example of the Korean MNE which are listed in the 100 transnational non-financial companies in developing countries with the largest volume of assets abroad according to United Nations Conference on Trade and Development (2019) are LG, Samsung Electronics, Hyundai, and KIA.

The understanding of Globalization can simply be the process of moving employment and activities from develop nations into nations with lower-cost labor forces or an unexploited market (Kenney & Florida, 2004).

To Dunning (2003), the globalization is a subset of immense number of structural adjustments that the world is undergoing because of the evolution of information and communication technologies (ICT), which the existence of technologies work includes the facilitation of our process to pave for evolution in our economy and infrastructure.

Most MNCs does not utilize a single-entry strategy for all market, rather, utilizes combinations of entry strategies that reflect the best strategic choices for the local conditions that best support the multinational strategy of their company (Cullen & Parboteeah, 2010). In which, the author brought 5 examples of successful MNC, such as HT Micron, Hyundai Motor Brazil, Hyundai Heavy Industry, Sae Dong Brazil, and Samsung Electronics.

Within these opportunities, multinationals are bound to face many challenges during its operation. Therefore, this dissertation aims to study the internationalization process of the South Korea multinational corporation, specifically the motivations to install in the Brazilian market.

1.1. Identification of the study's purpose

The main purpose of the thesis is to analyze the Korean MNCs internationalization from South Korea to Brazil, determining their business relationship and strategy by doing a qualitative interview with Trade Promotion Organization (TPO), researchers (Academic and Field-oriented), and employees from Korean MNC.

The research objectives answered by this study are:

- a) To understand better the motives for internationalization of Korean MNCs.
- b) To explore the reason for selecting the Brazilian market.
- c) Outline the process of Korean MNCs and identify their specific patterns and entry mode; based on literature review.

1.2. Research Selection

One of the most unusual tasks of multiple case study is the selection of the organization to study. The selection process regularly begins with cases already at least partially identified. In some events, all the cases for a multiple case study are known in advance; sometimes all are chosen by the author (Stake, 2006).

The selection of this topic has been influenced by the dual nationality of the author, by having lived his childhood in Brazil. And the fact that the author is a descendant of South Korean parents, the author has allowed to awaken the interest for Korean MNCs.

The researcher recognizes their own background shapes their interpretation, and they “position themselves” in the research to acknowledge how their interpretation flows from their own personal, cultural, and historical experiences (Creswell, 2014).

By growing up in a mixed environment of two cultures, his passion for his country has been the reason for wanting to study the internationalization of South Korean companies to the Brazilian market.

In which, the context for this study viability was due to the interest of South Korean MNE to the Brazilian market, as stated Moon (2007, as cited in *Ruppert & Bertella, 2018*), describing how the Brazilian market was large and viewed as an attractive factor to the

Korean FDI due to its low-cost production, saturated domestic market, cost disadvantages, competition, and natural resources.

1.3. Limitation

Doing case study research means determining what we know about a research question. To establish its importance and the need for further research by identifying the strengths and weaknesses of previous research. Furthermore, to identify the areas of sufficient and insufficient study, and as well, the methods used to study the specific topic (Hancock & Algozzine, 2006).

The term internationalization in this study has proven to be difficult to research. To highlight the research topic, on the Brazilian Digital Library of Theses and Dissertations (BDTD), the recognition of the topic is 1.476, which contains a total of 653.793 documents checked in December 2020.

This study was based on two relatively opposite countries in so many aspects such geographically reasons, cultural, and language. In which, for the finding of the term “Korean” is 114 documents. Specifying the topic to “Korean company” and “Korean MNC”, the search resulted in 18 documents. Therefore, it is noticeable that topic such as internationalization of Korean MNCs to Brazil has shown a huge research gap to the limitation for this study.

Knowing the scarcity of references to obtain the data in this study, the motivation of the author for this research is worth further reflection. The study was complex, the intention to better understand the theme of internationalization and to reflect on the field-oriented work in separate countries, the methodology was based on primary data through interviews from employees from Brazil and secondary data by webinars, reports, and analysis sheets.

1.4. Research Theoretical and Managerial Contributions

The author aims to respond to the theoretical contribution by explaining the phenomenon, which is not covered within the literature in form of empirical field research. Beyond, the managerial contribution, the author desires to comprehend this process by understanding the similarity and differences of the challenge faced by the Korean MNC in Brazil, moreover, assists new MNE to entry the Brazilian market.

2. Literature Review

This section presents the theoretical references related to the research main purpose. The literature review in a research study accomplishes several purposes. It shares the results of other research that are closely related to the topic being presented, which relates an information to the larger ongoing dialogue in the literature about a topic, by filling in the gaps and extending prior research. It provides a framework to establish the impotence of the study, as well as a benchmark for comparing the results of a study with other findings (Creswell, 2014).

Firstly, to understand the initiative behavior of the MNCs, the study undertakes the fundamental concepts of the companies' motivations to operate outside its origin market. In addition, it aims to present the internationalization theory to better understand the framework utilized in the structure of analysis catalog for the qualitative interviews.

The figure 1 illustrates the main subject of study and theoretical foundations to conduct this research.

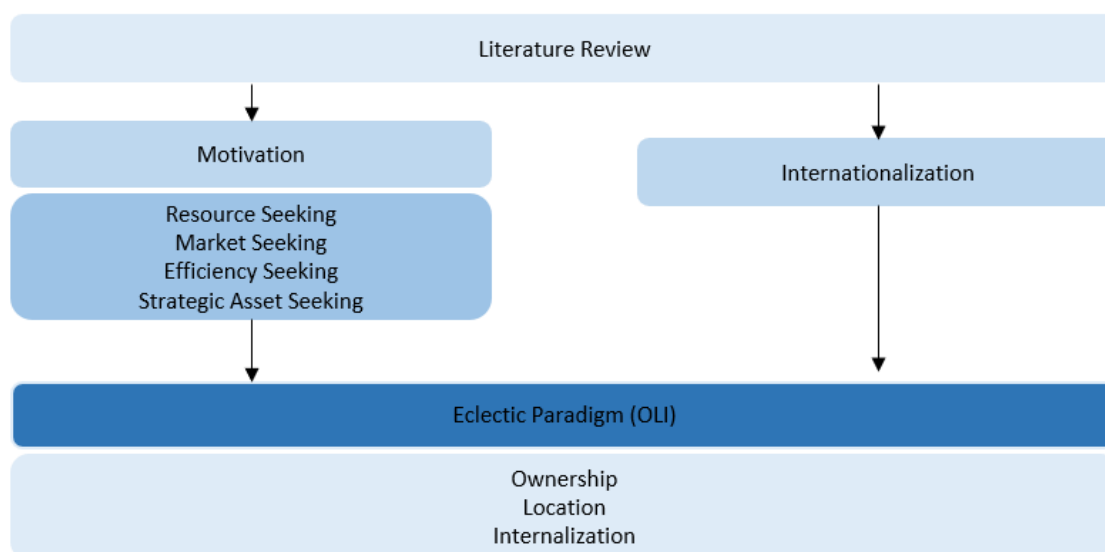


Figure 1: Literature Review (Elaborated by author)

2.1. Motivation

One of the main consequences of globalization are the forces leading to it, the requirement of Multinational Enterprises (MNE) reconsider not only the locational configuration of the home bases for their strategically distinct businesses, but how this configuration affects the rest of their foreign and domestic operations (Kehal & Singh, 2006).

Countless key trends can drive the globalization of the world economy, and, successively, force businesses to take international operation. According to Cullen & Parboteeah (2010), some of the most important trends include growing cross-border trade, increase usage of the internet and sophisticated information technology (IT), rise of global products, foreign investments, rise of global standards of quality and production, and to acquire global customers.

Multinational Corporation has lean toward the global integration to widen their strategy of cost reduction, promotional strategies, optimization of production, standardized products, and distribution channel (Cullen & Parboteeah, 2010).

The figure 2 demonstrated the main drivers of globalization and the key trends cycle.

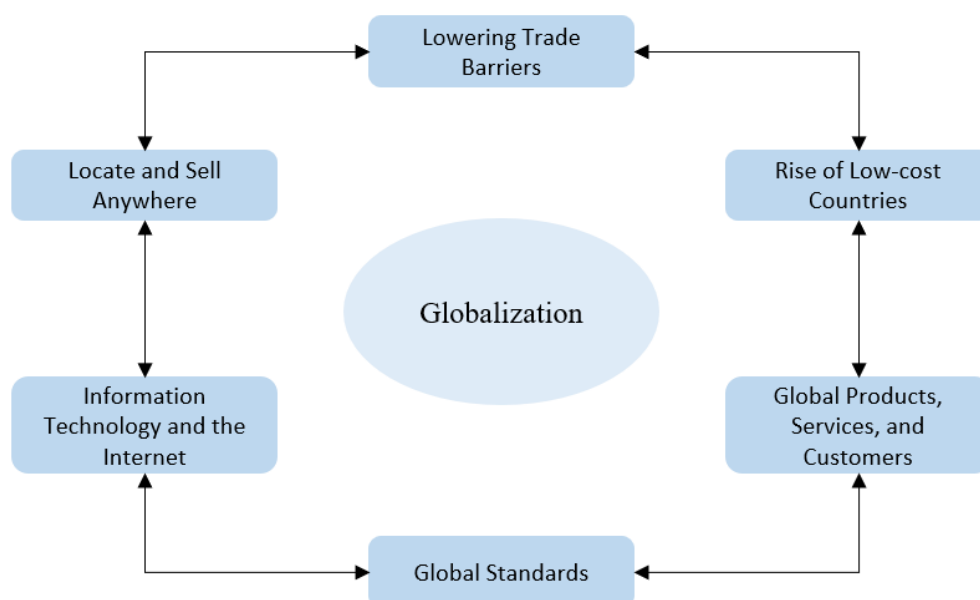


Figure 2: The Drivers of Globalization (Adapted from John B Cullen and K. Praveen Parboteeah, 2010)

And these are the elements which led to the determination of motivation for entry modes, according to Roots (1994, as cited in Calixto, 2013, p.45) are associated with:

- I. Choice of product / target market,
- II. Objective and goals for the target market,
- III. Choice of entry mode to install in the market,
- IV. Marketing plan to install, and,
- V. Management and system control to monitor performance.

According to Dunning (2002), the MNC usually takes on four categories of motivation for internationalization, which can distinguish the firm's strategy and further economic prosperity:

The first category is Resource Seeking. The term “resource” can be classified as mineral, raw materials, agricultural products, and natural resources. It is also accountable gaining access to these physical materials, or, unskilled labor (export process), and technology (investments).

The second category is Market Seeking. The term “market” can be self-explanatory, in which, MNCs seeks and exploit new market for its finished products.

The third category is Efficiency Seeking. The term “Efficiency” promotes to identify a higher division of labor or skills in an existing portfolio of the domestic and foreign market. Dunning (2002) explains how the third category is a sequential consequence of the first and second category. Meaning, MNC are to restructure its existing investments to achieve an efficient allocation of international economic. Thus, MNCs are obligated to extent and rationalize their operation depending on the challenge and opportunity offered by the market.

Lastly, the fourth category is Strategic Asset Seeking. The term “Strategic Asset” defines the corporate design to protect or augment the existing ownership specific advantage. Therefore, the organization must sustain or advance to upper hand their competition or the global competitive position.

2.2. Entry mode

Prior to MNCs to initiate their value chain activities anywhere in the world, the basic function of entry strategies is to provide mechanisms to conduct the various value-chain activities in other locations.

According to Parietti (2017), the entry mode of the MNCs is not arbitrary, indicating a REM model to explain this transaction. The figure 3 describes the REM model of three elements composition, underlying the grounds of why, where, and how the MNCs internationalize to foreign market.

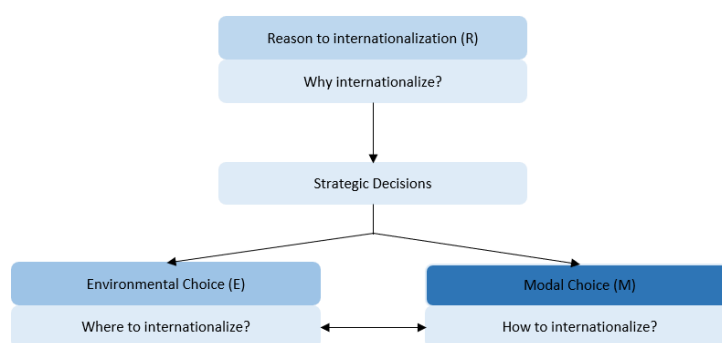


Figure 3 - REM Model (Based on Liuhto and Jumpponen in 2003, as cited in Parietti, 2017)

In a broader level, when an international manager considers the strategy issues for entry mode variables to understand the risk and control of the whole operation, it must consider the basis factor of decision making. According to Cullen & Parboteeah (2010), when formulating such a strategy, it is important to consider:

- a) their company's strategic intent regarding short- and long-term goals such as profits versus learning,
- b) the international capabilities of their company to conduct business in the target country markets,
- c) local government regulations relevant to their company's products or services in the target countries,
- d) the cultural and institutional characteristics of the target product and market,
- e) geographic and cultural distance between the home country and target country or region; and
- f) the trade-off between risk and control.

This strategy can be separated into two type of profile: Direct and Indirect exporter. The direct exporter usually can sell directly to foreign retailer as taking the role of the intermediaries performing within the company. On the other hand, considering that an Indirect exporter has a low cost in management and financial resources, the utilization of an Export Management Company (EMC) or Export Trade Company (ETC) can be an advantage in their process.

The action taken beforehand is to analyze such circumstances to consider on the factor to the decision making. Investigation and market analysis are critical course of action, and according to Cullen & Parboteeah (2010), EMC or ETC has a function of:

- a) attending trade shows to promote their client's products,
- b) providing market research to locate new markets,
- c) adapting packaging for local tastes,
- d) local advertising and translations;
- e) finding the overseas representatives, distributors, and suppliers,
- f) managing export documentation, customs forms, logistics, regulation compliance, and payment.

Birkinshaw (2003) states that throughout the variations of strategies, each mode provides different degrees of control, flexibility, and risk. Historically, the course of action taken from the MNCs tend to progress from an export phase before switching to market-seeking

FDI and consequently, through cost-oriented FDI. With the increase rate of globalization, the internationalization process and younger firms tend to follow its speed from different sequences of foreign entry or jump straight into more demanding entry modes.

Among numerous multinational strategies, whether it be multidomestic, transnational, international or regional, the international managers must choose exactly how the MNC will enter each country which they wish to do business. And according to Cullen & Parboteeah (2010), the main types of entry modes are:

- a)* licensing contractual agreement between a domestic licensor and a foreign licensee (the domestic licensor generally has a valuable patent, trademark technological know-how, or company name that can provide to the foreign licensee),
- b)* international franchising comprehensive licensing agreement (where the franchisor allow the franchisee the use of a whole business operation),
- c)* international strategic alliance agreement between two or more firms from different countries to cooperate in any value-chain activity from R&D to sales,
- d)* international joint venture (IJV) - an agreement where two or more firms from different countries have an equity (or ownership) position in a new, separate company,
- e)* international cooperative alliance (ICA) - an agreement for cooperation between two or more companies from different nations that does not set up a legally separate company,
- f)* greenfield investment – where a company intends to install a new factory or assembly plant in a foreign country and funds the investment from its home country. This type of high-profile investment,
- g)* merger and acquisition – describe the transaction or consolidation of the ownership of the company or asset.

2.3. Internationalization

In principle, the entire internationalization strategy of the multinational company can be considered as an outset, a sequential principle that implies in information of foreign markets, collection of data, formulation of strategy, which can be fed into the decision-making process, in consequence, enter the foreign market (Casson, 2000).

According to Welch and Luorasterinen (1988), the internationalization process is considered a crescent international operation, in which to explain this process, the authors divided into two operation categories:

- I. inward – process involving imports, license, and franchising.
- II. outward – process involving exports, joint-venture, direct investments.

This internationalization process is perceived as a gradual learning process, allowing the companies to minimize the risk and uncertainty of entering a new market, as well, the efficient and cost-oriented strategy to enhance the competitiveness when entering the unknown market.

Parietti (2017) explains the initial stage lens to study the internationalization process of firms were the Uppsala Theory. And with the study developed throughout the years about the topic with the “establishment chain” developed by Johanson and Wiedersheim-Paul, in which distinguishes the four stages of internationalization involving the degree of relation with the market.

According to Johanson and Wiedersheim-Paul (as cited in Calixto, 2013, p.41), the conclusion of internationalization process conducted in a Swedish company divided the internationalization sequence in 4 stages:

- I. non-regular export,
- II. export via representatives,
- III. subsidiary sales,
- IV. on-site production and manufacturing.

The highest stage of the whole internationalization is the Foreign Direct Investment (FDI). The whole idea of the FDI is to own partly or whole a business unit in another country. And according to Cullen & Parboteeah (2010), the following table represents the advantages and disadvantages of performing an FDI on the foreign market.

Advantages	Disadvantages
usually more profitable	increased costs of capital investments
easier to adapt products to the local markets	can require expensive expatriate managers to staff FDI or to train local management
more control of marketing and local strategy	higher cost to coordinate units located in different countries
improved local image of the product or service	increased exposure to local political risks
easier to provide aftermarket service	increased exposure to financial risks
reduces costs of selling locally in host countries or regions	
avoids tariffs or import quotas on finished products or supplies	

Table 1: FDI – Advantages and Disadvantages (Adapted from John B Cullen and K. Praveen Parboteeah, 2010)

To conclude this section and to further distinguish the internationalization process, the author utilizes the Eclectic Paradigm which has been the leading explanation for the

growth of multinational activity (Cantwell & Narula, 2003), thus, to grasp a deep understanding in a theoretical framework of the motivation and advantages of ownership, location, and internalization.

2.4. Eclectic Paradigm

Cantwell & Narula (2003) mentions that John Dunning first sowed the seeds of the eclectic theory of international economic participation in 1976 in a presentation to the Nobel Symposium on the International Distribution of Economic activity in Stockholm. The theory was an intellectual reaction to the increasing position in the world economy of foreign production and the multinational corporation (MNC). Thus, on the following section are the Dunning's eclectic theory, which focuses on three advantages that a company must have to succeed with FDI.

2.4.1. Ownership advantages

To Dunning (Cantwell & Narula, 2003), the theoretical understanding of the ownership-specific endowments of enterprises are the resource endowments or assets (e.g., skilled labor) that can generate a future income stream. In a firm perspective, it is a privileged property, or structure, which the firms have a privileged access to intermediate the product. The assets can be divided into two categories:

- a) Tangible assets – natural resources, manpower and capital.
- b) Intangible assets – knowledge, organizational and entrepreneurial skills, accessibility to intermediate, and final goods markets.

In which, Dunning & Lundan (2008) mentions other variables of ownerships according to three specific circumstances:

- Country or region: factor endowments, and market size and character; government policy towards innovation, protection of proprietary rights, competition, education and training, and industrial structure; government attitudes towards internationalization of business and cross-border alliances; the organizational culture and wealth-creating ethos of a country; the nature of corporate governance and inter-firm rivalry and/or cooperation; quality of financial institution; role of the state in favoring national champions.

- Industry or activity: degree of product or process technological intensity; nature of innovations; extent of product differentiation; production economies; transaction economies, importance of favored access to inputs and/or markets
- Firm: the structure of the asset base, size, extent of production, process, or market diversification; extent to which enterprise is innovative, marketing orientated or values security and/or stability; extent to which there are economies of joint production and entrepreneurial vision; attitudes to risk taking and the strategy of asset accumulation and usage.

Given the diverse nature, Cantwell & Narula (2003) segregates three kinds of ownership advantages that have been distinguished since 1977 from John Dunning.

1. The ownership endowments that any company may have over the other company producing in the same place. The idea of barriers to entry into new competition stems from these advantages arising from size, monopoly control, and better resource capacity and use.
2. Those branch plant of a national enterprise may have over an enterprise that produces in the same location or over an existing enterprise breaking into a new product area.
3. Those that directly derive from a company's multinationalism and are an extension of the other two.

Accordingly, the first advantage of ownership describes how foreign companies have a competitive advantage over competing companies in the same markets, reflecting the kind of ownership advantages that could be offered to a foreign company. As the second advantage explains the benefits of multi-plant companies and the advantages of common ownership. The third advantage of ownership, stems from operations across national boundaries in different economic environments, enabling the MNC to capitalize on different endowments and market conditions, consequently, to respond to changes in different economic environments.

Dunning (Cantwell & Narula, 2003), states that second and third type of ownership advantages collectively provide to common governance that can only be done by vertical or horizontal integration, or by a common ownership of related activities along a particular value-added chain.

Therefore, the eclectic theory argues ownership advantages mean that a company must have a strategic competitive advantage over local companies using a superior technology,

innovation capabilities, cost effectiveness, internationally recognized brand, nonmodifiable knowledge, organizational and marketing systems, or information that outweighs the disadvantages for being a foreign MNC. By so far, Dunning & Lundan (2008) explains that some ownership advantages may arise from the ability of firms to improve the allocation of resources or organize transactions more efficiently than markets.

2.4.2. Location Advantages

To Dunning (2002), the location specific and resource asset are becoming an important factor of choice for MNE, as it can influence the decision of selecting the countries, determining the overall competitiveness. As for the developed countries, the location-bound attraction is shifted to availability, cost and quality of natural factor endowments, along with the unskilled labor, which originates an asset of intellectual capital, innovatory system, and institutional infrastructure.

This means that there must be some profit motive to produce in another country. Usually, this comes from lower-cost production that can serve either local or home markets. Cost saving, and thus higher profits, can also come from reduced transportation costs in serving local markets.

Hence, Dunning & Lundan (2008) identifies the variables of location advantages according to three specific circumstances:

- Country or region: physical and institutional distance between countries; government intervention; availability and promotion of clusters of related activities.
- Industry or activity: origin and distribution of immobile resources; transport costs of intermediate and final goods; industry specific tariff and non-tariff barriers; nature of competition between firms in industry.
- Firm: management strategy towards foreign involvement; age and experience of foreign involvement; psychic distance variables; attitudes towards centralization of functions such as R&D; geographical structure of asset portfolio and attitudes to risk diversification.

Parietti (2017) mentions that the location advantages give incentives to firms to invest in a specific country. These location advantages considered a different nature: from the country endowments in natural or created resources to the reduction of the transportation costs, as well as the favorable macroeconomic environment of the host country towards

FDI. Therefore, Dunning & Lundan (2008) explains how the home or host country can favor the entry of a MNC, by main elements of input prices, quality, and productivity. Thus, besides the economic system and strategies of government, for legal and regulatory system management for protection of propriety rights and credible enforcement, the institutionally of advantages of firms, are highly situational for industries and enterprises depending on the investment incentives and disincentives, artificial barriers to trade in goods and services (imports controls), and infrastructure provisions (educational, transport and communication).

2.4.3. Internalization Advantage

Cantwell & Narula (2003) demonstrates in a general context, the explanation of internalization advantage of the eclectic paradigm as the advantages originated directly from the coordination of the use of complementary assets, which are subject to cost management in a complex network, or the emerge from the need to overcome the imperfection in the intermediated product market exogenous to the firm.

According to Dunning & Lundan (2008), the internalization advantage avoids the search and negotiating costs to capture economies of interdependent activities and to compensate for the absence of future markets. As well, to avoid or exploit government intervention, such as tariffs, price controls, tax differences and to be able to engage in practices, such as cross-subsidization, predatory pricing, leads and lags and transfer pricing as a competitive strategy.

To Cullen & Parboteeah (2010), the Internalization theory utilizes the concept of transaction cost to point out the valuation associated with the negotiation, monitoring, and enforcing contracts. Basically, the internalization theory raises the cost awareness question of doing business in another country, gaining cost saving over exporting its product or service in their production processes.

In which, Dunning & Lundan (2008) describes other factor of variables to internalization according to three specific circumstances:

- Country or region: government intervention and extent to which policies encourage MNEs to internalize cross-border transactions; government policy towards mergers; differences in market structures between countries with respect to transaction costs, enforcement of contracts, buyer uncertainty; adequacy of technological, educational, communications, and institutional infrastructure in host countries, and their ability to absorb contractual resource transfers.

- Industry or activity: extent to which vertical or horizontal integration is possible and desirable; extent to which internalizing advantages can be captured in contractual agreement; use made of ownership advantages; extent to which local firms have complementary advantages to those of foreign firms; extent of which opportunities for output specialization and international division of labor exist.
- Firm: organizational and control procedure of the enterprise; attitude of growth and diversification; attitudes towards subcontracting and contractual ventures such as licensing, franchising, technical assistance agreements; extent of which control procedures can be built into contractual agreements.

In a word, Parietti (2017) briefs the internalization advantages can be considered when the benefits of internalization outweigh the benefits of subcontracting.

On the next section, the author presents the methodology structure complied with the theoretical understanding to apply on this research.

3. Methodology

The purpose of this section is to present the methodological framework of this study. For this research, the selection for a qualitative approach method was most suitable. The Figure 3 presents the lineage of the process for this research., dividing into three section: (1) theoretical data gathering, (ii) primary and secondary data and at last, (iii) discussion of all data collected and conclusion.

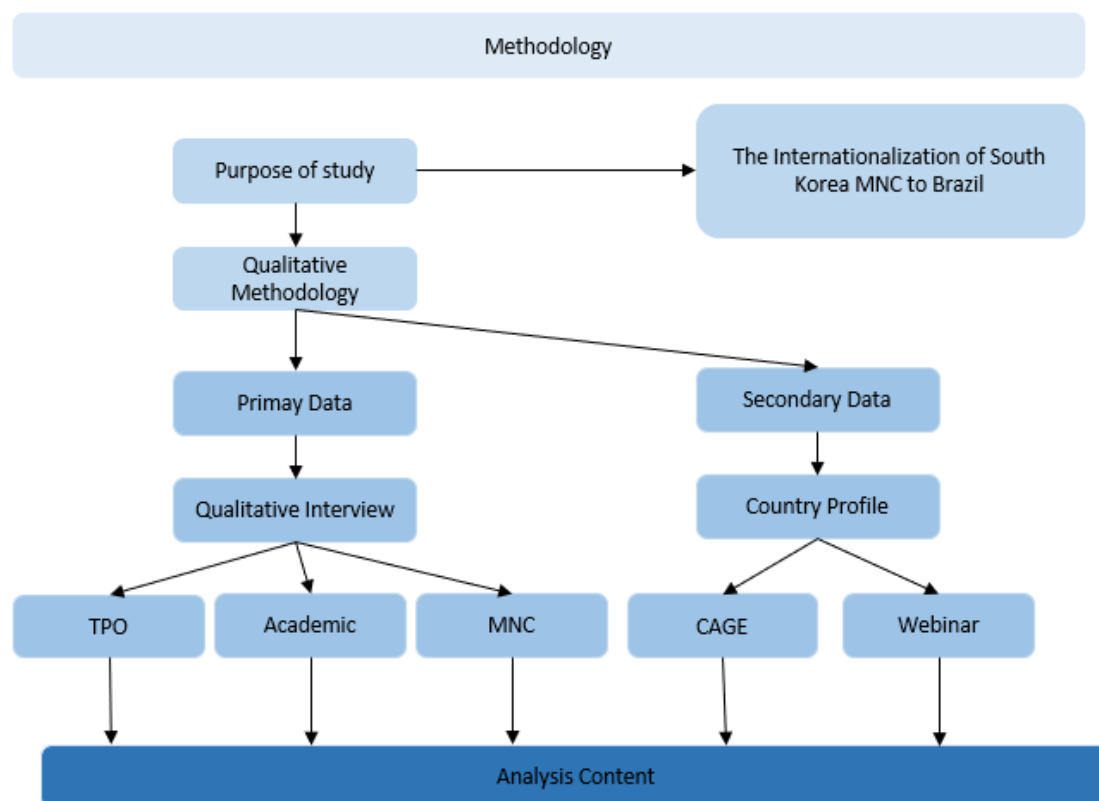


Figure 4: Methodology diagram (Elaborated by author)

3.1. Qualitative research and case studies of MNCs

In this section, by choosing a qualitative method and breaking down to case studies, the author describes the choice of methods.

3.1.1. Qualitative research

One of the major reasons for conducting a qualitative research is exploratory study, in this way, the research implies to focus on the subject which has not been written much and pursue on seeking a better understanding on the idea, as qualitative research attempts

to explore a host of factors that may be influencing the situation (Hancock & Algozzine, 2006).

The qualitative approach inquires the knowledge claims based on primarily on constructivist perspectives (Creswell, 2014), for that reason the study is divided into two stages: primary and secondary data. On the idea of gathering information on MNCs internationalization cases, the primary data aims to (i) collect information of the interviewee's profile and company background, (ii) specify the type of entry mode of the interviewed MNC, (iii) establish the meaning of the phenomenon from the view of the participants and data provided. On the other hand, the secondary data consists in (i) understanding the outer dimension of both countries with the CAGE analysis, (ii) seek supplementary factors to internationalization through reports and webinar.

To study this, the type of approach is taken by collecting information of individuals using an exploratory approach. Individuals are interviewed at some length to determine how they have personally experienced circumstances. For this review, the inquirer seeks to examine an issue related to identifying the motivations and type of entry mode based on the participant knowledge claims and open-ended interviewing. Therefore, a variety of potential outcome of issue using a holistic qualitative approach can serve as the basis for a comparative study (Creswell, 2014).

3.1.2. Case Study

As the research objective is to understand the internationalization of Korean MNC to the Brazilian market, multiple case study of the same area enables to apply a higher level of strategy of inquiry that can provide a specific direction of procedures to the research (Creswell, 2014). The importance of conducting a multiple case study is to examine how the program or event performs in different environments (Stake, 2006). Case study research is generally more exploratory than confirmatory, seeking to identify themes or categories of behavior, events, and relationships rather than prove to test hypotheses (Hancock & Algozzine, 2006).

The selection of MNE for the research has been predetermined by searching for companies that have completed the internationalization process in the foreign market. For data collection, as it takes certain amount of time to gather information in a recent installed business to determine the appropriate unit to analyze, the research define a trustworthy data in company which have certain period in the market since its internationalization.

Although the case study research focuses on an individual representative of a group, more often it addresses a phenomenon of event, situation, and activity. Resulting in a richly descriptive research, as it is grounded in deep and varied source of information as conducting the interviews (Hancock & Algozzine, 2006). The MNE target for this research were companies in automobile and technology sector, considering the number of investments history and company size. Therefore, setting a knowledge claim beforehand can lead to a project with certain assumptions of “what”, “why”, “where”, and “how” can be expected to the inquiry (Creswell, 2014).

3.2. Research Setting

This section aims to explore the time frame, place and design of this research. Since the COVID-19 phenomenon, the initiation of this research, was solely theoretical finding since the beginning of the year to June 2020. With the quarantine and closed institutions for further study, the pursuit of online searching and finding was the main source.

The research undertakes exploratory study on the country South Korea in Asia and Brazil in South America. The selection of this countries is the business relation growth between South Korea and Brazil (Ruppert & Bertella, 2018) and the authors personal interest. To further understand the institutional dimensions of both countries in which are located the headquarter to the foreign market, the research applied the CAGE Framework Analysis. Thus, the author takes into consideration three framework elements to proceed: knowledge claims, general procedures of research (strategy of inquiry) and the detailed procedures of data collection, analysis and writing (Creswell, 2014). To answer the following question, such as “what” is considered their main product or service, “which” field and sector of industry, “when and where” was the internationalization process taken, “who” was the responsible individual or team for this task and “how” was the entry mode of the MNE.

The research process is flexible and typically evolves contextually in response to the lived realities encountered. The researcher’s intent, then, is to understand and interpret the internationalization process.

For all research involvements, the interviewer adheres to legal and ethical standards in their role providing an informed consent for their participation in the research (Hancock & Algozzine, 2006).

3.3. Data Collection

The qualitative research method is essentially deductive, with the inquiry of extracting meaning from the knowledge collected in the field, and the basis of generating meaning is social, arising in and out of interaction of exchanging information (Creswell, 2014). Multiple case study most offer is a collection of situated case activities in a binding of larger research subject. Therefore, in this section, the data collection is sorted in interviews and topic-related data.

3.3.1. Primary Data

The deductive approach of the research, gives an opportunity to interweave the detailed empirical data with some sets of concepts and theories (Yin, 2016). Interview is a regularly utilized as a primary data collection strategy in a qualitative study, while setting a chosen open-ended question that can be followed up with probes and request for more details (Merriam & Merriam, 2009).

The empirical data was retrieved categorizing into three perspective: (i) academic, (ii) field-research, and (iii) practitioner. Each interviewee has been chosen according to the field knowledge: (i) professor and researcher, (ii) TPO, and (iii) MNC.

As the upstream of the interview, the interviewees were contacted through websites, WhatsApp, LinkedIn, and indications. Beforehand, following the protocol, the author has sent email with a quick summary of the dissertation objectives, stating the use of information only for academic purpose and annexing the term of clarified consent.

And as for the downstream, the interview information was transcribed from notes and audio recording, to avoid the inevitably of loss of valuable information during the interaction. However, before audiotaping, the researcher has obtained the participant's permission, and the option of anonymous was dictated from the beginning to respect the interviewee's privacy.

Considering the COVID-19 restrictions, none of the interview were presential. As the location of each interviewee had a significant distant from the interviewer. Such event occurred between July to December 2020, through online platform Google Meets and phone calls in some cases. Performing each individual interview allowed the researcher to attain rich, personalized information (Hancock & Algozzine, 2006).

3.3.1.1. The Participants

Identifying the key participants whose knowledge and opinions may provide important insights regarding the research main theme was predetermined into two elements: company history in the Brazilian market (active years in the market) and the individual amount of yield information (the position and responsibility related to the internationalization process of the firm). Gaining access and identifying the interviewees was a critical step and selecting individual with direct influence on the internationalization process was harder. The most important consideration identifying the right person for the research is the individual or team that have best information which address the study's research question (Hancock & Algozzine, 2006).

The scope of this section, focuses on interviewing individual who witnessed, studied and participated in the Korean company's internationalization process to Brazil. Classifying the interview division into four categories: Intermediator, Academic, Specialist and MNC. The selection to the key players were based on purpose sampling (Yin, 2016).

- The Trade Promotion Organization (TPO) are known for providing service support to private and public sector. The search for intermediary of South Korea and Brazil business in São Paulo was narrowed to Korea Trade-Investment Promotion Agency (Kotra), Chamber of Commerce of the Union of Brazilian Cities in South Korea (KBCham), and Câmara do Comércio e Indústria Brasil e Korea (CCIBK). The interview was requested to be anonymous for company policy.
- On the academic perspective, the author have studied the reports of joint research of Korea Foundation (KF) and Fundação Getulio Vargas (FGV). The interview was accepted by the leading author of this report.
- On the specialist matter, independent experts may provide valuable guidance and opinions regarding the meaning of the information acquired (Hancock & Algozzine, 2006). The interviewer is extremely active and exceptional in Brazil – South Korea diplomacy.
- Lastly, to interview the headquarter manager for the internationalization process was unfeasible and out of the question. As Korean MNCs tend to send a 3 to 5 years contract employee or a team to foreign country as an internal policy that obligates to take shifts. Locating a manager with a global mindset to understand rapidly the changing business and economic environment, with the skill of viewing the integrated market, understanding the wide array of differences in the

culture and social institution (Cullen & Parboteeah, 2010) is a conventional and viable for this interview.

During this research, the author has requested 3 interviews to a TPO, 2 requests to research and academic sector, and 10 requests to MNCs. From a total of 15 requests, 9 interviews were accomplished.

The Table 2 exhibits the general information of each interview, including time, date, tool, and specifics of the interviewee.

Name	Title	Company - Unit	Location	Contact	Date	Interview	Duration
Anonymous	Director	Korean TPO	Sao Paulo	Email	28/07/2020	Google Meets	01:25:49
Anonymous	Researcher, Professor	FGV, IBMEC	Rio de Janeiro	Webinar	29/10/2020	Google Meets / Phone call	0:34:49
Anonymous	Researcher, Executive Director	Asia Color	Rio de Janeiro	Indication	04/11/2020	Google Meets	0:59:53
Anonymous	RD Project Manager	HT Micron	São Leopoldo - RS	Indication	12/11/2020	Google Meets	0:32:09
Anonymous	Purchase and Development Manager	Hyundai Motor Brasil	Piracicaba	Email	16/11/2020	Google Meets	0:14:49
Anonymous	Head of Product Support	Hyundai Heavy Industries Brasil	Rio de Janeiro	Indication	18/11/2020	Google Meets	0:36:18
Anonymous	Financial Coordinator	Sae Dong Brasil	São Pedro	Email	04/12/2020	Google Meets / Phone call	0:34:24
Anonymous	Ex-HR Manager Latin America	Samsung Electronics	Sao Paulo	Email	09/12/2020	Google Meets	0:34:35

Table 2: Interview Information (Elaborated by author)

3.3.1.2. The Interview Structure

For case study analysis, semi-structured interview is specially well suited. Using this approach, the researcher asks predetermined yet flexibly worded questions, the answers to which give the researchers questions preliminary answers. In addition to posing predetermined questions, the researcher used semi-structured interviews ask follow-up questions designed to probe more deeply issues of interest to interviewees (Hancock & Algozzine, 2006). In a manner, that semi-structured interviews enable interviewees to express themselves freely and honestly to describe their experience.

The creation of protocol guide will identify appropriate open-ended questions that the researcher will ask each interviewee (Yin, 2016). These questions are designed to allow the researcher to gain insights into the study's fundamental research questions.

For that reason, it was necessary to create four guidelines of interview to better understand each perspective.

- Intermediator's perspective: agent of the government or private organization, dealing or acting as the support and mediation between parties.
- Academic's perspective: mostly to envision the theoretical explanation, academic argument.

- Researcher' s perspective: to grasp the understanding of the vision of an individual whom domain the topic and context with mixed knowledge of practical and theoretical.
- MNC' s perspective: to collect the actual and detailed information of the event.

However, the key elements of the guideline protocol have remains uniform for all interviews. For the validity and reliability of the interpretation of data, the instrument has attached protocol of guideline (Creswell, 2014), dividing into three parts in which are attached to the appendix 1, 2, 3 and 4.

Validity and reliability of scores on instruments, additional standards for making knowledge claims, lead to meaningful interpretations of data.

- Introduction: Greetings, clarification of overall information of the interview, attain the consent of the interview to proceed and clarify issues of anonymity and confidentiality, and quick brief of interviewee profile, company overview and responsibilities.
- Brazil and South Korea: assimilated on topics of country institution – economic condition, administrative and political issue, cultural aspects, and interviewee knowledge of the company – motives to internationalization, selection of target market, the advantages, and strategies behind the decision factors.
- Closing: final comments, observations, and greetings.

3.3.2. Secondary Data

First, identifying what is known and unknown to establish the importance of the topic, reading and studying existing literature guides the researcher to lead into an efficient research design and strategy making to obtain such information (Hancock & Algozzine, 2006). Consequently, the material for this study were acquired from independent research or institution reports, webinar, academic paper and company data (history and overview) provided by the interviewee.

The use of the secondary data sources are based on data collected from previous researches, therefore demands to verify the finding, if the context fits on the research topic range (Merriam & Merriam, 2009).

Thus, the first webinar was streamed live on Oct 14, 2020, through YouTube and its was available in the FGV website (FGV, 2020). And the second webinar, which was streamed live on Oct 26, 2020, as same for the first webinar, through YouTube and its available in the FGV website (FGV, 2020).

3.4. Data Analysis Procedure

Although, each case strategy has unique features and characteristics, most methods have a fundamental mechanism in common, ongoing review of accumulated information to identify recurrent patterns and categories (Hancock & Algozzine, 2006). Thus, the research presents a descriptive content of identification of the internationalization drivers from the MNC to foreign market, along with an analytical content to measure the institutional dimension of both countries, furthermore, the comparison of entry mode strategy from each Korean MNC.

Subsequently, gathering and investigating the multiple bounded systems (cases) over time, through detailed, and in-depth data collection involving multiple sources of information from primary and secondary data (Merriam & Merriam, 2009). In which the author identifies the information and seek understanding to establish cause-and-effect relationships, prior to determine how events occur and which ones may influence particular outcome (Hancock & Algozzine, 2006). The goal of research, then, is to rely as much as possible on the participants views of the situation being studied, along with the secondary data collected (Creswell, 2014).

After reviewing the data collected aligning the theoretical framework and the path of internationalization of the Korean MNC, the author interprets the outline of searching for similarity and differences in the decision making of the entry mode.

4. Analysis of the Data

The data analysis involves identifying recurring patterns that characterize the data, in sequence, findings are the recurring patterns or themes supported by the data which were derived (Merriam & Merriam, 2009). The overall interpretation will be the author's understanding of data gathered.

In this section, the author aims to present the institutional dimension of South Korea and Brazil to better understand the outer drivers of the internationalization of MNC, subsequently, the key information of each Korean MNC: (i) company overview, (ii) company history milestones and (iii) internationalization process highlights.

4.1. CAGE Framework

To review the historical development of different countries for business approach, mapping the business landscape has been a strategic planning. The purpose of mapping the business landscape is to identify the conditions and term of economic variation level which a company must incorporate into their strategic action (Ghemawat, 2009).

Therefore, this section main characteristics are: (i) identify the outputs of CAGE analysis, (ii) have a clear view of the institutional voids, and (iii) understand the similarity and differences that affects the strategic action.

4.1.1. Cultural

To Ghemawat (2009), the cultural dimension can be explained by the differences in race, religious beliefs, social norms, and language between two countries. The cultural distance is considered the first and foremost facet of the CAGE analysis (Ghemawat, 2009). It is based on the human behaviors and values, which is the most perplexing for the management of the company and, which affects in the result and strategy of the firm (Giudici & Rolbina, 2018).

As culture cannot be determine by the individual behavior, action, and mind, a broad generalization about culture can serve as a starting point for a better understanding in the complexity of the cultural differences.

Therefore, to better understand the labor relationship between the subsidiary and headquarter from the Korean MNC, the author considered using the Hofstede model, as it is considered the most popular cross-cultural model. However, the Hofstede's cultural

framework was conducted in the 1970s, furthermore, the option for selecting a up to dated cultural framework was adopted. The Globe studies complements the Hofstede’s study (Cullen & Parboteeah, 2010) accordingly, the following figures represents the dimensions of both countries applying the Globe Framework.

The Figure 4 determines the cultural practices and values in South Korea.

Culture Visualization

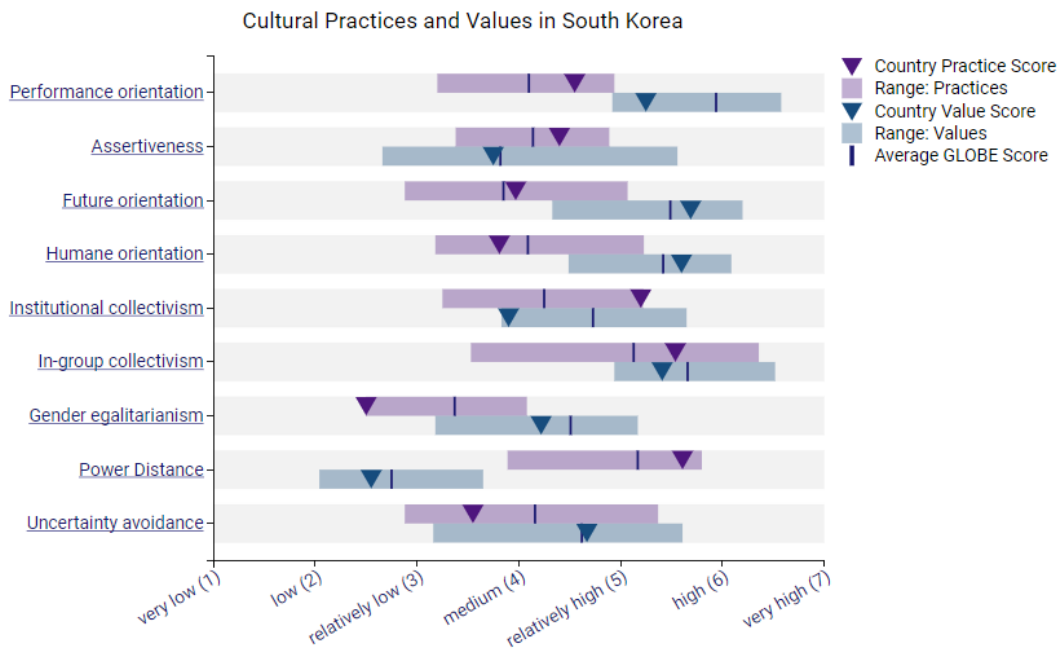


Figure 5 - South Korea Cultural Visualization (Source: Globe, 2020)

The Figure 5 determines the performance features of population in South Korea.

Leadership Visualization

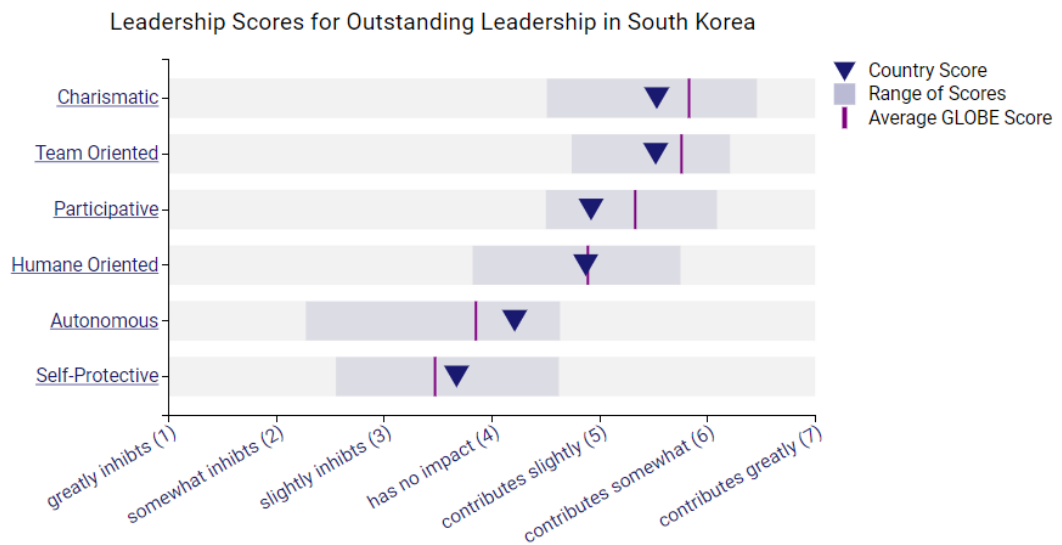


Figure 6 - South Korea Leadership Visualization (Source: Globe, 2020)

The Figure 6 determines the cultural practices and values in Brazil.

Culture Visualization

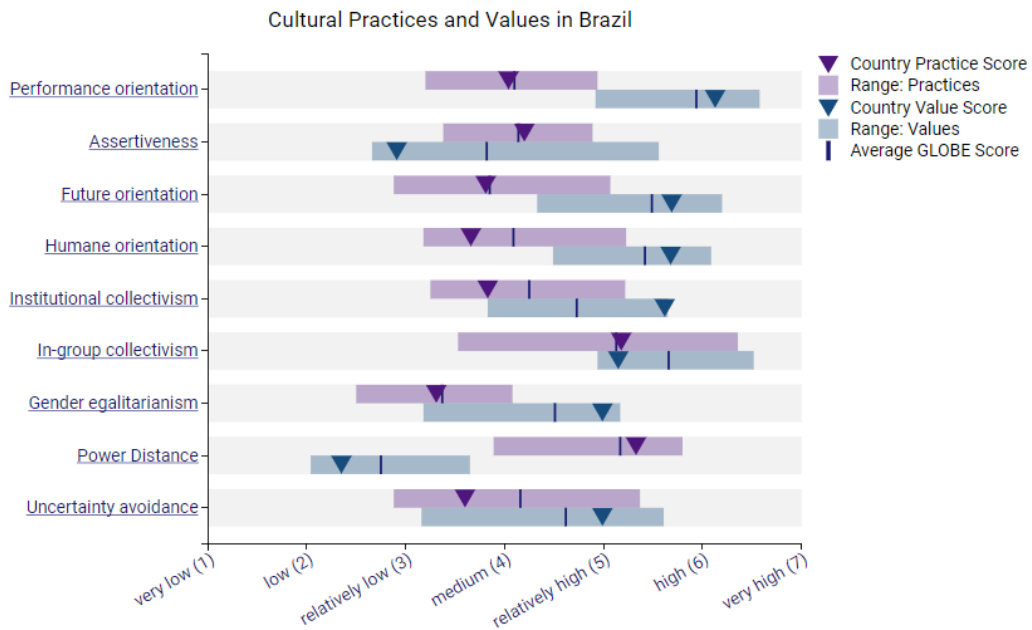


Figure 7 - Figure – Brazil Cultural Visualization (Source: Globe, 2020)

The Figure 7 determines the performance features of population in Brazil.

Leadership Visualization

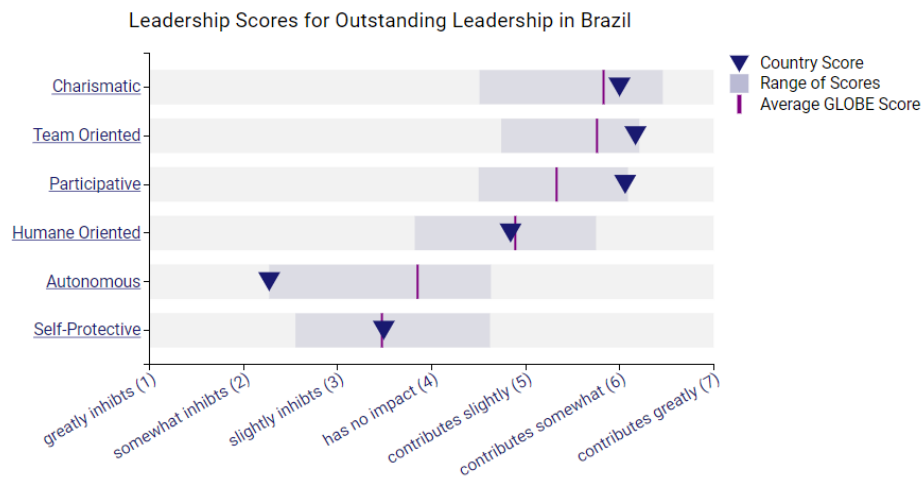


Figure 8 - Brazil Leadership Visualization (Source: Globe, 2020)

On this matter, each cultural cluster can reflect on an economic condition and development of the country, as well the history of the cultural and values, such as religion, and regional proximity. And this pattern of cultural aspect emphasizes the difference of each cluster, as it distinguishes the similarity and differences among society. Clustering the South Korea and Brazil Globe data, it is possible to conclude that the Cultural Practice and Values are mostly approximately similar except in Performance Orientation, Assertiveness, Institutional Collectivism and Gender

Egalitarianism; and the Leadership Visualization feature are completely opposite except for Human-Oriented and Self-Protective.

4.1.2. Administrative / Political

The Administrative and Political dimensions harps on the aspect of the historical, legal, and political associations between two countries (Giudici & Rolbina, 2018). This facet of the CAGE analysis determines whether the business operation will be favorable or act as an obstacle.

Ghemawat (2009) argues that the administrative distance can help or hinder international business, accounting to the laws and regulation of the country, political ties, as well the stability of the trade practices between the countries.

Therefore, the author presents on the Table 3 and 4 the main aspect and needs of a firm, to gasp a clear view of ease of doing business in each country

Economy	globalRank	Rank within group	Starting a Business	Dealing with Construction Permits	Getting Electricity	Registering Property	Getting Credit	Protecting Minority Investors	Paying Taxes	Trading across Borders	Enforcing Contracts
2019	5	5	33	12	2	40	67	25	21	36	2
2014	7	7	34	18	2	75	13	52	25	3	2
2009	23	23	126	23	0	67	12	70	43	12	8

Table 3 - Administrative view of ease doing business in South Korea (Elaborated by author adapted from Doing Business, 2020)

Economy	globalRank	Rank within group	Starting a Business	Dealing with Construction Permits	Getting Electricity	Registering Property	Getting Credit	Protecting Minority Investors	Paying Taxes	Trading across Borders	Enforcing Contracts
2019	124	124	138	170	98	133	104	61	184	108	58
2014	116	116	123	130	14	107	109	80	159	124	121
2009	125	125	127	108	0	111	84	70	145	92	100

Table 4 - Administrative view of ease doing business in Brazil (Elaborated by author adapted from Doing Business, 2020)

Primarily, the author presented information of five years gap on each data to exhibit the growth of economy and developments from 2009 to 2019. Secondly, the table of South Korea indicates upgrowth of the economy and consequently along with the other features. However, the table of Brazil indicates the growth and downfall over years, stating administrative implications and challenges to business. Finally, clustering both country performances, it is noticeable the differences in the amount of bureaucracy, process agility and stability for multinational companies.

4.1.3. Geographic

The geographic distance determines the physical aspect of distance between two countries, such as size of target country, climatic conditions, nature of transportation, and distance

of two locations (Ghemawat, 2009). However, Giudici & Rolbina (2018) asserts more than physical distance in the geographic dimensions, stating that involves other elements, such as man-made attributes involving transportation quality and communications infrastructures. Considering this facet of CAGE analysis, the lesser factor, as the factors of internet, social media and technology have shrunk the distance of transportation time with digital products and services, eliminating most of the geographical constraints.

South Korea, officially known as the Republic of Korea (ROK), a country of area 99,678 km², located in the eastern Asia. South Korea only land border is with North Korea in the north, dividing the Korean peninsula. The sea passage location is Sea of Japan in the east and Yellow Sea in west, sharing maritime borders with China and Japan (*South Korea, Country Profile - Nations Online Project, 2020*).

Brazil is considered the fifth largest country in the world, with an area of 8,514,877 km², in the east-central region of South America, also, the largest country in South America and in the Southern Hemisphere. The maritime only pathway is Atlantic Ocean in east and north east. Brazil's direct border with ten countries, every country in South America, except to Chile and Ecuador (*Brazil, Country Profile - Nations Online Project, 2020*)

With the description of both countries above, the Table 5 accounts the time, distance and continent differences between South Korea and Brazil.

Country	Time Zone	Distance (Km)	Continent
South Korea	UTC + 9	-	Asia
Brazil	UTC - 3	18.366	South America

Table 5 - Time and Geographical feature of South Korea and Brazil (Elaborated by author adapted from Travelmath & Zeitverschiebung, 2020)

Considering the differences of geographic characteristic of South Korea to Brazil, it is plausible that are consequences and influence on the conduct on the business strategy and daily basis labor, as there is a 12-hour difference (resulting in one employee working in the morning and consider having meeting or task in the same day at the evening to match the time difference).

4.1.4. Economic

The fourth and last facet of the CAGE analysis focuses on differences between countries relatively on income, purchasing power of target market, distribution of wealth and disposable income levels (Ghemawat, 2009). Giudici & Rolbina (2018) explains that companies pursue target country on economic scale which contemplates similarity profiles, as past experiences and strategies can be relatively similar, or company pursue

arbitrage opportunity that would favor on less advanced profiles and advantage on lower labor costs. To Ghemawat (2009), the economic distance relates mainly to wealth and income of consumer, which tend to reflect on the economic fluctuation.

Before discussing the internationalization strategies, it is important to review the classification of the country (Cullen & Parboteeah, 2010). Therefore, five measure are accountable to gasp to evaluate the economy: Gross Domestic Product (GDP), real GDP growth, Inflation Rate, Unemployment Rate, and the Exchange Rate. The Table 6 and 7 demonstrates the result of both countries in a 5-year period.

	2015	2016	2017	2018	2019
GDP (USD million)	1,465,958.1	1,500,045.7	1,622,877.0	1,725,193.6	1,646,751.3
Real GDP Growth (% growth)	2.8	2.9	3.2	2.9	2.0
Inflation (% growth)	0.7	1.0	1.9	1.5	0.4
Unemployment Rate (% of economically active population)	3.6	3.7	3.7	3.8	3.8
Exchange Rates Against US Dollar (KRW per USD)	1,131.0	1,160.5	1,131.1	1,100.3	1,165.3

Table 6 - South Korea Economy Profile (Elaborated by author adapted from Euromonitor, 2020)

	2015	2016	2017	2018	2019
GDP (USD million)	1,801,677.2	1,795,439.9	2,064,133.3	1,885,695.7	1,840,101.3
Real GDP Growth (% growth)	-3.5	-3.3	1.3	1.3	1.1
Inflation (% growth)	9.0	8.7	3.4	3.7	3.7
Unemployment Rate (% of economically active population)	8.7	12.0	13.3	12.8	12.4
Exchange Rates Against US Dollar (BRL per USD)	3.3	3.5	3.2	3.7	3.9

Table 7 - Brazil Economy Profile (Elaborated by author adapted from Euromonitor, 2020)

From the tables above, gasping the data for five-year period, Brazil's GDP has slightly above the South Korea, despite the country size. Brazilian real GDP growth has shown a significant ascension to the economy, as there is a great void to development. On the other hand, South Korea real GDP growth is stagnated. However, Neves (2020) mentions that South Korea and Brazil had quite similar trajectory regarding per capita income from the 1960's to early 1980's. Despite the upward trend from both countries, Neves (2020) describes how South Korea manage to escalate significantly in 2018, which lead to their difference on the following.

And, to better understand the Unemployment rate, the Table 8 and 9 demonstrates the population profile on each country, along the consumer's capability and features.

	2015	2016	2017	2018	2019
Total Population ('000)	51,014.9	51,245.7	51,446.2	51,606.6	51,709.1
Median Age of Population (years)	40.9	41.5	42.0	42.5	43.1
Number of Households ('000)	19,560.6	19,837.7	20,167.9	20,403.7	20,650.5
Consumer Expenditure (USD million)	675,764.6	681,121.4	723,968.1	780,924.0	755,924.9
Internet Users ('000)	43,801.8	45,505.7	46,847.4	47,574.3	47,841.5

Table 8 - South Korea Consumer Profile (Elaborated by author adapted from Euromonitor, 2020)

	2015	2016	2017	2018	2019
Total Population ('000)	204,471.8	206,162.1	207,829.3	209,459.8	211,070.1
Median Age of Population (years)	31.3	31.8	32.2	32.6	33.0
Number of Households ('000)	62,940.3	63,901.5	64,812.3	65,675.6	66,497.8
Consumer Expenditure (USD million)	1,113,809.0	1,115,278.2	1,287,371.9	1,180,330.1	1,156,238.6
Internet Users ('000)	110,576.2	116,501.2	130,287.7	137,143.5	144,048.8

Table 9 - Brazil Consumer Profile (Elaborated by author adapted from Euromonitor, 2020)

After the gathering of information on the four dimensions of South Korea and Brazil. On the next section, the author presents the data collected of each South Korean MNC in Brazil.

4.2. MNCs Analysis

This section aims to brief the key business facts of each company interviewed presenting the company overview, milestone of company history, and the main facts of their internationalization process. On the table below, to ease the understanding and to have a clear track of the reading, the author has classified each company with a number and denominated the interviewee with acronym (A.I. – Anonymous Interviewee).

Company Name	Denomination	Interviewer	Denomination
HT Micron	Company 01	Anonymous	AI1
Hyundai Motor Brasil	Company 02	Anonymous	AI2
Hyundai Heavy Industries Brasil	Company 03	Anonymous	AI3
Sae Dong Brasil	Company 04	Anonymous	AI4
Samsung Electronics	Company 05	Anonymous	AI5

Table 10 - Denomination of company and interviewee (Elaborated by author)

The consideration of selecting each company was due the opportunity from the interview and by analyzing the data online, accounting the considerable time active in the Brazilian market since their internationalization.

4.2.1. Company 01

The company 01 represent a South Korean company (Hana Micron) merged with a Brazilian company (Parit Participações em Inovação e Tecnologia S/A), which founded HT Micron. Their business focus is to create and integrate the advanced semiconductor solutions. As influence of South Korean and Brazilian cultural mixed background, their vision is to be the leading Brazilian semiconductor company playing in the worldwide market and being a key partner for the future technologies. Therefore, their business

mission came to be a company providing a high value-added semiconductor solution with excellent quality and lead global technology (HT Micron *Company*, 2020).

4.2.1.1. Company Overview

HT Micron was founded in 2009 and is a Brazilian company dedicated to providing advanced solutions for semiconductors. As a result of the Brazilian-South Korean technical collaboration, its headquarters are situated in the Technosinos complex, in the town of São Leopoldo, which is approximately 35km from Porto Alegre, the capital of Rio Grande do Sul. Their main product is encapsulation of semiconductor (A1). As they had the opportunity to grow in the other foreign market, partnerships were created in Brazil. Since their foundation to 2019, their portfolio main products were (HT Micron *Produtos*, 2020):

- DRAM (Dynamic memories for data processing): DDR3L and DDR4
- eMCP (Ideal memories for space-constrained solutions)
- eMMC (High performance memory)
- SmartChip (Integrated security chip)
- iMCP (Connectivity solution for IoT applications)

In July 2011, the company began their operation on a previous infrastructure called Basecamp. A spot known as clean room, that allowed the local semiconductor manufacturing in Brazil as their starting point. This permanent headquarter covers approximately 10,000 m² of constructed area, which was inaugurated on June 7, 2014. And with the new headquarters, HT Micron has extended its semiconductor component production capacity using the most advanced technologies.

With one of its key goals being to stimulate knowledge generation and add value to the value chain of the Brazilian electronic industry and believing that the university climate is highly stimulating and has tremendous potential in the process of technology innovation. Along with universities, HT Micron encourages and invests in research, development, and innovation, having as one of its projects the Institute of Semiconductor Technology development at Unisinos (HT Micron *Company*, 2020).

At the time, the target maximum production capacity announced by HT Micron was 360 million chips per year, resulting approximately 25% of the national demand for these products, which could make a flow of US\$ 25 billion. However, with the economic crisis,

there were some adjustments, considering the possibility, the company Altus has been a huge partner for this strategy move (*Troca de Comando Na HT Micron, Baguete, 2017*).

4.2.1.2. Company History

As it was mentioned on the interview by A.I.1, before the mark of their foundation in 2009, innumerable business meeting and planning was executed for their entry mode strategy in 2006 and 2007. The Joint Venture which created HT Micron was a starter for their flexibility and company`s mindset, as for 2010, established partnership between the city of São Leopoldo, ACIS/SL, and UNISINOS.

Afterwards, the company has then transferred for UNISINOS, setting their first basecamp for their first clean room, which has allowed the creation of ITT Chip and making possible for UNISINOS to develop a professional master on Semiconductors.

After an expansion to 1,000 m² and the development of 2Gbit DDR3 DRAM, the first sales of HT Micron were made in 2012. For further growth, new building of 10,000 m² was built to increase its production and HT Micron expands its portfolio of products with 4Gbit DRAM DDR3 memories in 2013.

With the inauguration of its new factory, HT Micron moved to its current building which has a clean room of 7,200 m² and enables the development of new products and a great increase in production capacity in 2014.

From 2015 to 2016, the company has doubled its productive capacity and introduced more products to its portfolio, among them the first mobile devices components and the first eMCP components were introduced to the product portfolio, where several chips are packaged in the same components, as well as the new generation of 8Gbit DDR4 DRAM products. And in 2018, their portfolio has expended, launching a new line of high density eMCPs, aimed to serving the mobile market, consolidating itself as one of the leading semiconductor manufacturers in Brazil.

Lastly, in 2019, HT Micron has completed 10 years of activity in the Brazilian market, the first semiconductor aimed to the Internet of Things market, totally designed, and manufactured in Brazil is launched. iMCP offers the integration and convenience of the most advanced multicomponent integrated circuit packaging technologies (*HT Micron Company, 2020*).

4.2.1.3. Internationalization Path

A.I.1 mentioned the period before their internationalization process, were to define the structure of team performance and responsibility, as Hana Micron had the technical knowledge, and the Parit Group had the national market knowledge. Joint Ventures Traditional MNCs commonly use international joint ventures to obtain access to foreign markets or as a way of obtaining lower-cost production (Cullen & Parboteeah, 2010), the company buys raw material from South Korea and utilizes the low-cost production of Brazil and labels the final product as a national product.

To make the business feasible, the company has received investments from private individuals and company, and public loan, as the company needed a considered amount for their factory and equipment.

A.I.1 mentioned that foreign companies that were investing in factory and manufacturing in China were losing investor as Vietnam and Taiwan production were cheaper, however, the reason for their motivation of internationalization to Brazil were influenced by the law “Lei da Informatica”, which enables the company in this sector to be benefited fiscally when commercializing their product when produced nationally.

HT Micron had great influence in the Brazilian politics, which, in their inauguration day in 2014, the previous president Dilma Rouseff has given her presence.

HT Micron is a successful case of the industrial policy of PT governments, which had one of its key points in promoting the semiconductor sector in the country.

Some other factors that have eased their installation in Brazil was the BNDES 'investment in the unit was around R\$ 50 million for equipment, with another R\$ 35 million for Finep for the development of processes (*HT Micron*, 2020)

A.I.1 mentions that HT Micron does not have an internationalization plan for South America or other countries, as the company tends to focus solely on their national market for starters (plan for 5 years).

Lastly, the interviewee mentions the challenges of the cultural aspect, the cultural institution differentiation of vertical report, work habit, and organizational workflow. As every Monday morning in South Korea time zone (in Brazil would be Sunday evening), the Korean directors conducts a meeting with the headquarter for weekly reports, consequently, the Korean directors passes the guideline of the meeting to the Brazilian directors and managers. In this way, the employees have less direct contact with the Korean Directors. However, this cultural differences and work habits are in a process to

change and adapt to both cultural organizations, hence the company has sent Brazilian employees to South Korea to broaden the employee cultural vision and value and learn the work process and skills from headquarter.

4.2.2. Company 02

The company 2 is an international company with a major diversified corporation in South Korea. The Hyundai group has a vast product portfolio, supplying product line that ranges from ships to stereo equipment.

In its beginning, the company 2 started as a construction firm in 1947 and has operated within the local market until 1965. Subsequently, by obtaining oversea project offers in Thailand, the company began their international growth.

As the company sudden growth due to international business factors with construction, the company has formed Hyundai Motor Company, to which has focused to be the largest automobile producer, exporting cars and trucks throughout the Far East.

In which, in 1973, the company has formed the Hyundai Heavy Industries, which will be mentioned in company 03. The variety of product ranged from custom yachts to supertankers, building and exporting diesel and electric locomotives, freight cars, passenger coaches, offshore drilling, and extraction equipment.

Besides, this section of products, Hyundai has produced cements, pianos, military uniforms, and electronics products. In the next section, the author focuses in the automobile business in worldwide and Brazil (*South Korean Corporation, Hyundai Group, 2020*).

4.2.2.1. Company Overview

Hyundai Motor Company is a global conglomerate multinational, which operates in variety of sectors, such as vehicles, domestic product, finance, advertising, sports, etc. The subject for this section, includes the Hyundai Motor Company automobile product. The company 2 was established in 1967 and their first product was named Hyundai Pony. Since then, the company has taken to be a major player in the global market and has dominated the domestic market.

In a worldwide market view, in 2019, Hyundai has taken the position of 5.05% in brand market share, as Toyota leading brand with a 10.24%, and in second, Volkswagen with 7.59%, and in last, BMW with 2.62%.

However, in the domestic market, the company has taken a lead of 49% of market share, resulting all together a sale revenue of 104.75 trillion KRW (*Hyundai Motor Company, Statista, 2020*)

The group Hyundai Motor has over 10 factories around the world, which are bases in Brazil, China, the Czech Republic, India, Russia, Turkey and the U.S., and 3 of them are located inside South Korea (*Hyundai's First Brazil Plant Employs Innovative 'One-Kit' System, 2012*).

One of the factories is in Piracicaba, São Paulo State, Brazil. The factory produces only two model of vehicle: HB20 models and Hyundai Creta SUV. The factory initial investment was an amount of US\$ 700 million for the HB20 model and in 2016, another US\$ 130 million was invested in the same plant to enable the production of Hyundai Creta. The operation of the factory is divided into three shifts, with a capacity of 180 thousand cars per year, resulting to an equivalent of 36 cars per hour (*A Hyundai / Hyundai Motor Brasil, 2020*)

4.2.2.2. Company History

Hyundai Motor was founded in 1967 and in the next year began the mass production of the Cortina model. In 1976, the company has first produced the Korean passenger car and first exported this model to Ecuador. The company started to growth in the international market and has incorporated with a Canadian subsidiary (HMC), In the following year, incorporated in a U.S. subsidiary (HMA) and has launch the first generation of the famous car Sonata model. From 1987 to 2000, the company has continuously developed brand new cars models and luxury cars, in addition, expanded their business in oversea market in Turkey and India, and domestically established a plant in Asan (*Hyundai History 1967~2000, n.d.*)

From 2001 to 2018, the company has non-stopped invested in growing their business, establishing a Design Center and Technical Center in each country of their businesses, such as Europe, California, Samyang, Alabama, India, Russia, China, to better understand the customer needs and trends. For after-relationship, the company opened an Auto Show in Chicago and China. To continue this relationship, for the brand acknowledgment, the company has been the official sponsor of FIFA World Cup Korea / Japan in 2002, official sponsor of UEFA Euro 2008, official sponsor of the FIFA World Cup South Africa in 2010, and the official partner of FIFA from 2007 to 2014. Other sponsorships, becoming the Global Automotive Partner of Club Atletico de Madrid and Chelsea Football club in

2018. Resulting in numerous awards for each year for their customer relationship, quality of the product, best car of the year, best global brands, eco-friendly. This acknowledgment, quickly growth, and continuously improvement has led the company to export to other countries, such as, Germany Russia, Africa, and South America. Their success over the years, can be noticeable for their company partner relationship, quality of product and services and numerous investments of capital and resources (*History 2001-2006 / Information / Corporate / Hyundai Worldwide*, n.d.; *Hyundai History 2007~2008*, n.d.; *Hyundai History 2009~2010*, n.d.; *Hyundai History 2011-2012 / Information / Corporate / Hyundai Worldwide*, n.d.; *Hyundai History 2013~2019*, n.d.).

4.2.2.3. Internationalization Path

Eugenio Cesare, an executive director of production at Hyundai Motor Brazil, mentions how important is the arrival of the company as Brazil is the last BRIC country to seize with a huge market potential (*Hyundai Motor Set to Expand Production at Brazil Plant - Business - Chinadaily*, 2014).

As A.I.2 reaffirms that the company main elements for triggering the internationalization was to improve profitability and enhance supply chain management control. And, by installing in Brazil, the company increases the local company competitiveness, as the main company is closest to their suppliers, enabling their control deliveries, quality, cost, and risk mitigation.

The internationalization of Hyundai Motor is an interesting case, in which, the company has taken a path of distribution contract with a Brazilian entrepreneur and the company itself took their own internationalization path.

The first path of internationalization explains how this relationship continue to exist even with the own installation of the company. In 1999, Hyundai had previously been represented by two other distributors, however, none of those intermediators had any success. Although, with the company named CAO A, the brand name Hyundai had become the leader in import with the Tucson model.

The great result of CAO A, in 2007, the joint venture of Hyundai and CAO A resulted in their first factory. This investment costed R\$ 1,2 billion by a single individual, Dr. Carlos Alberto de Oliveira Andrade. In which, he received an award of “Industry Entrepreneur of the Year” and, in 2012, outside the European radar, Hyundai Motor Co. has awarded CAO A for being the “Distributor of the Year” between 179 distributors of Hyundai around the world (*Grupo CAO A*, 2020).

Due to this great result and market acceptance, the Hyundai Group wanted to end the contract made with the Carlos. However, because all brand insertion in the market was done by himself. Carlos has gone to court to continue this relationship with the Hyundai group. Finally, CAO A now has been a trading partner of three different companies: Ford, Subaru, and Hyundai (Hyundai admin, 2020).

The second path of internationalization demonstrates the course made by the Hyundai Group. The Hyundai Motor Brazil officially started their operation on February 25, 2011, locating in Piracicaba (countryside in São Paulo State), a total area of 1,390.00m², with 130,600m² of built area. The location area is divided into four section: most of the are for Hyundai Motor Brazil, other areas accompanied by three suppliers (Hyundai Steel, Hyundai Mobis and Hyundai Dymos).

The reason for selecting Piracicaba city was due the offering of quality labor, good infrastructure, and a park of local suppliers with high technical competence, which were installed before their arrival.

The installation of Hyundai Motor Brazil resulted in a arrival of the supply chain of the automaker. This whole process generated approximately 5,000 direct jobs and 20,000 indirect jobs to Piracicaba and the cities nearby (*A Hyundai / Hyundai Motor Brasil*, 2020). The company HMB is a wholly owned subsidiary of Hyundai Motor Company, in which, has taken a global leadership position in the automotive manufacturing with innovation and technology. And to adapt the work style of the manufacturing operation of South Korea, team responsible for the operation “one-kit system” were sent to South Korea to learn this expertise and understand the global quality standard for Hyundai (*Hyundai's First Brazil Plant Employs Innovative 'One-Kit' System*, 2012).

A.I.2 explains how the company has contracted Brazilian descendants of South Korean to facilitate the internationalization process in understanding the language and law, ease the communication, and the transition of skills to the subsidiary. The interviewee mentions the challenge faced were to align the Hyundai Motor's requirements expectations considering a installation in a new country with new individuals and cultural differences during the development and validation phrases. As the Hyundai Motor` methodology demanded great effort to adaption of the Brazilian employees to overcome and achieve the quality requirements and mindset oriented to zero defects.

4.2.3. Company 03

Company 03 represents Hyundai Heavy Industry Brazil. Hyundai is known worldwide of the automotive sector. However, company 3 is one of the Hyundai economic group specialized in manufacturing of heavy machinery, which has also known as Yellow Line or Industrial Vehicles (HHIB Group Tecnologia, 2020).

4.2.3.1. Company Overview

The Hyundai Heavy Industries Group is located worldwide, such as Asia, Africa, Europe, North America, and South America. A.I.3 explains that the Hyundai Heavy Industries Group are composed in 5 different segments:

- Shipbuilding,
- Offshore and engineering,
- Industrial plant,
- Engines and machinery, and,
- Construction equipment.

HHIB is a South Korean company which mainly focuses on innovation for Heavy machinery and construction equipment with highly efficient and eco-friendly performance. The company aims to be globally in technology in the construction community, to aid the humanitarian tool, along providing the technological equipment's which will not warm the planet.

Company 03 is located on the Presidente Dutra Highway, in Itatiaia, south of the State of Rio de Janeiro, it aims to become a national industry fully integrated and adapted to the Brazilian market, offering excellence in service, sales and technical assistance (HHIB Group Tecnologia, 2020).

From their foundation to 2018, their portfolio main products were (*HHIB, Produtos Empilhadeiras, 2020*):

- Excavator: R140LC-9, R180LC-9, R200-9, R200LC-9, R206LC-9, R320LC-9, R380LC-9, and R520LC-9.
- Loaders: HL745-9, HL757-9, HL760-9, HL770-95, and HL 780-95.
- Forklift: 100/130/160/250D-7E, 15/18/20B-9, 15/18/20BT-9, 18L-7M, 20/25/30/35D-7SA-2, 25/30/32/35B-9U, 25/30/33D-7, 25/30/33L-7M, 35/40/45 DS-7, 35/40/45/50L-7A, 50/60/70DS-7E, and 70L-7A.

4.2.3.2. Company History

The history of Hyundai Heavy Industries in Brazil began in January 2003, in which, the company did not have any export or internationalization plan for the Brazilian market. The brand has a good acceptance in their first business transaction in 2003 through a company called Comexport, with a forklift. Thenceforth, the company has initiated the search for dealer 2005, as the company has conquered the Brazilian market with its diverse range of quality and versatility products. In 2007, The company Brazil Máquinas de Construção, MC ensures to be the first legal representation to Hyundai in Brazil.

With the growth and appreciation of the brand, in 2010, the Hyundai excavators has marked a 35% market share in South of Brazil.

With the increase in the number of sales, Hyundai brought its construction equipment to Brazil and quickly won the market.

With the possibility of expanding business, there was a need to bring the factory closer to the Brazilian market. In 2011, the factory has signed a protocol of intent with the Itatiaia city and along the Rio de Janeiro state, hence, in that same year, with a gathering of Hyundai leaders globally has launched officially their factory in Brazil (HHIB Tecnologia, 2020).

However, the factory was only completed in April 2013, and the next year, the first national excavator was produced. In 2013, the company has focused in obtaining their Finame code for their product, gaining leverage over their competitors, and have registered into the ABIMAQ. Preparing their first export of machinery in 2015. And, since their foundation in Brazil, in 2018, the factory has produced 2.000 units of machinery in Brazil (HHIB Tecnologia, 2020).

4.2.3.3. Internationalization Path

A.I.3 mentioned the motivation to entry the Brazilian market was due to high demand made by the initial intermediary and representative in Brazil. Therefore, the company 03 decided that to be more competitive in the market, it was necessary to install a factory to be more competitive in the market with its lower cost and enabling to monitor and manage its production to guarantee its product quality.

All these subjects of internationalization were raised by research and study throughout the year, using the support of the municipality of Rio de Janeiro, researchers, intermediaries, and governments. With an incentive that has been used by the

municipalities to bring foreign investment, the city where it is located, had terms of benefits that would eventually receive as it reached the target terms of agreement and other fiscal benefits. In this way, the foreign company would bring a greater flow of economy to the city, employing more people, and other companies along its logistical flow.

The selection of the factory location was to have the advantage of location. The pinpoint where the factory is located, has access to two main highways to Rio de Janeiro and São Paulo (Highway Dutra connects directly with São Paulo, and extends the connection to another highway called Fernando Dias, which connects São Paulo with Minas Gerais), and, to the maritime port that is in Rio de Janeiro.

A.I.3 explains the importance of location motives of the company, by taking advantage of its location to have a wide access to other state and the lower feasibility of logistics.

Finally, the interviewee explains the challenges faced, as its location specific was solely in tax advantages and logistic advantages, however the search for qualified workforce was considered scarce, as the location was near a highway; most of the qualified workforce was recruited from other states. And, the last challenge was the cultural differences, specifically the communication and work habits.

4.2.4. Company 04

The company 4 is a South Korean automotive parts and components manufacturer, Sae Dong Co. The company was founded in 1984 and its headquarter is in South Korea, Ulsan. The Sae Dong subsidiaries are mainly located in South Korea, China, and Brazil, dividing their location-specific area overseas in:

- Beijing Sae Dong Lingyun Auto Decorations Co., Ltd.
- Beijing Saejin Automobile Part Co., Ltda.
- Beijing Saedong Lingyun Technology Co. Ltd.
- Sae Dong Brasil Importação e Exportação de Autopeças Ltda.

Sae Dong Co. devotes to the production of automotive components and systems, which contributed to the development of the automobile industry in South Korea by introducing the utilization and adaptation of the metal insert line system and variable extrusion facilities (Sae Dong Group, 2020)

4.2.4.1. Company Overview

Sae Dong Brazil was founded on 2015 in a countryside city called São Pedro – São Paulo. The factory layout is divided into three facilities, with Extrusion facility installed in 2015, and Injection facility projected to install in 2021, and Paint facility near 2023. In the Extrusion facility along the office in São Pedro are over 85 employees. The portfolio of products is:

- Door Belts Systems: outer belts, inner belts, and lower strips.
- Glass Molding: front windshields, front & rear side windshield, and rear windshields.
- Door Frame Systems: door frame molding, B/C pillar garnish, and tail gate side garnish.
- Other moldings: roof molding, waistline molding and delta cover garnish.

These products are solely to two clients in Brazil, which are Hyundai Motor Brazil and General Motor of Brazil.

The group Sae Dong has installed 8 facilities around the world, in which, are over 1050 employees. The structure of production facilities are listed with 16 metal insert extrusion line, 10 double extrusion line, 4 variable extrusion line, 33 injection machine, 3 gas injection machine, 128 press machine, 17 stretch bending machine, and 5 painting line.

The Sae Dong Group main client portfolio are composed by Hyundai Motors, Kia Motors, General Motors, Ssangyong Motor and other Chinese MNC. In 2013, the main sales products were composed of 35% Beltline molding, 27% glass molding, 25% Injection molding, and 13% Roof molding.

4.2.4.2. Company History

Sae Dong Co has a history since 1973, as it was established by the name Young-Poong Plastic Co. The company began its operation by joining the Korean Plastic Association in 1978, moreover, to further increase their technical knowledge, the company made contract with foreign company to gain outside Western-European knowledge and has turned to a factory for automotive components. In 1983, the company has joined the Korea Automobile Industry Cooperation Association, also, for further development, made contract for technical collaboration with Japanese company.

At last, in 1988, the company has established by the name Sae Dong Co. Ltd. Since 1988 to 2000, the company main focused in generating high quality products, acquiring the

ISO 9002, QS9000, Hyundai 100 PPM, quality improvements awards from the Ministry of Trade and Industry, and other quality guarantee certifications (SaeDongCompany, 2020).

4.2.4.3. Internationalization Path

The interviewee 4 introduced the company 4's history before the FDI process, in which, Sae Dong Co. has contracted a representative in Brazil for the market analysis and location specific advantages research. This representative initiated the investigation and groundwork for the location of the new factory in 2013. The main location specific requirement was to be near their supply chain, as the company 04 was a Hyundai Motor Brazil` auto parts supplier.

This process of searching for the location of the factory has involved great assistance of member of the government. The counselor president of the City Hall of São Pedro, Alex Siloto states his and the rest of the councilors have accompanied actively since the launch of the foundation stone and contributed to aid in the approval of projects for the arrival of the company 4. As well, how this business relationship with the City Hall has benefited both parties, generating jobs, income, and economy to the city.

The company 4 establishment ceremony was on the February 2015, celebrating the first subsidiary in the Latin America. The ceremony was located inside the factory, which was in Bela São Pedro, with the presence of the President of Sae Dong Co, most of the Hyundai Motor Brazil supply chain Presidents, and the government representatives.

The President of Sae Dong Co. gave a speech of how this unit in Brazil has contributed to the company brand, aiming to be global and become more competitive in the market with continuously expanding their business in America.

The City Mayer, Helinho Zanatta, states the company 4 represent the growth of the city economy, as the company 4 was the first multinational company to install in the industry zone in the city. This representation incentives the residents to retribute the city by demonstrating the city's opening to new type of business and investments beside tourism (*Prefeitura de São Pedro, 2015*).

The interviewee 4 mentions the location advantage were the industrial zone, which, the company and the city hall has made a mutual beneficial agreement, resulting in tax incentives and ease of installation in that area. The qualified resource-seeking was considered good as the neighbor cities are mostly related to industry. The challenge faced

by the interviewee 4 was the cultural differences, as it was a difficult process to adapt the organizational culture and the difference of language.

4.2.5. Company 05

The company 5 is a conglomerate of technology companies, named Samsung. A south Korean Multinational company listed the number five in the Best Global Brands 2020. It is a company that has had great success worldwide for the sale of its electronic products and it was listed its largest-ever brand value of USD 62.3 billion (*Samsung Electronics Becomes Top Five in Interbrand's Best Global Brands, 2020*)

The company is one of the most recognizable names in technology. Samsung specializes in the production of variety of products, including industry electronics, appliances, digital media devices, semiconductors, memory chips, and integrated systems. Thus, the company produces about a fifth of South Korea's total exports (*History & Facts, Samsung, 2020*).

4.2.5.1. Company Overview

Resulting the company global revenue of 206.21 bn USD and a brand value of 94.5 bn USD. The company has a share of revenue of 19% in Europe, 17% in China, 15% in Korea, 18% others, and 32% in North and South America (*Statista, 2020*).

Considering South and North America are a major key continent for Samsung's revenue, Brazil was one of the main selection countries.

Samsung Brazil was founded in 1987, and since their internationalization, the company has employed over 10.000 workers, owns 2 factories in Brazil (Manaus and Campinas), 3 R&D centers (1 in Manaus and 2 in Campinas), and market leader in many products, such as television, smartphones, tablets, smartwatches, and air conditioning.

The company has heavily invested in human capability, educating 477 thousand of people in Oceania, and have accomplished 3,2 thousand training. Also, Samsung pretends to invest 5 million USD in startups until 2020.

The company has shown excellency in their performance ranking first in respect for customer (cellphones, tables, computers, and tv), second for most influential brand, and first in performance, trust, and innovation (for smartphones and tables) (*Overview, Samsung, 2020*).

4.2.5.2. Company History

Samsung Electronics was founded in 1969, however, the company first name was “Samsung-Sanyo Electronics” and renaming to its actual name by 1975. Their first product was a black-and-white TV in 1970 and the company’s first export was to Panama in 1971. And, in 1974, the company diversified the portfolio adding washing machine and refrigerator. Later, in 1978, the company had the most production of 4 million black-and-white TVs and have first established its office oversea in the United States. Consequently, more products were included, such as microwave oven and developed a VHS VCRs in 1979.

By the late 1970s and early 1980, the company`s focus was on to diversify their business and expand globally, enhancing the research and development (R&D) institutes in electronics, semiconductors, optical telecommunications, new fields of technology innovation from nanotechnology to advanced network architectures.

In 1991, was their first developed mobile phone handset, and in 1992, the development of mobile phone system, the world`s first 64M DRAM, production over 10 million industrial robots, and began their oversea manufacturing in China. In this period, Samsung had faced some hardships to respond the market demand as the company needed to rethink and re-organize the business strategy. Therefore, the mid-1990s, the company has dedicated to act as a top global company by fulfilling the corporate social obligations, such as social welfare, environmental conservation, cultural events, and sports. The company has greatly utilized the sport marketing by participating in sport events, enhancing the company image worldwide.

With the new management, and steady growth of the company, regardless the 1997 financial crisis in South Korea, the company has not been much affected. The reason behind this crisis barriers were the leadership in digital and network technologies.

Quickly became a major manufacturer in the Korean market.

The period of 2000s was the revolutionary change and opportunity brought by the digital age. Samsung has continuously produced flash memory devices, phone mobile, other electronics products by establishing a design management center, SESK (a manufacturing subsidiary in Slovakia), TSST (to manufacture optical storage), LCD manufacturing in Tang Jeong, a system LSI R&D center in China, and establishment with Sony (to manufacture TFT-LCD panels). All this expansion, resulted to be the #1 in NAND flash memory, #2 semiconductors worldwide, #1 globally in flash memory, and other certifications worldwide.

Continuing their investment in sport, from 2005 to 2007, Samsung has become the official sponsor of Chelsea, the English Premier League football club, and officially sponsored the Paralympic Games and the Olympic technology.

From 2009, the company has ranked 19 and rose to rank 5 in the world best Global Brands, by becoming #1 in global electronics in sales, continuously improving their quality in their product, innovation in their portfolio, acquisition of companies which led to their product improvement, and the up-to-date product release following the world trend (*Company History, Samsung, 2020*)

4.2.5.3. Internationalization Path

The interviewee 5 claims that her entry to the company was in 2000, therefore, the interviewee does not have the detailed knowledge of the internationalization process in 1987. However, the interviewee has participated in the implementation of the factory in Manaus as a freelancer before 2000. It is noticeable that Samsung has a strong sense of patriotism, the employee recruitment of South Korean resident or descendant of South Korea in Brazil was a major selection for the company. And the interviewee explains that there were 3 Brazilian descendants of South Korean before 2000s, consequently, have increase along the years.

The interviewee 5 briefs the internationalization process from her knowledge of her colleagues, directors and information gathered over the years. The company 05 first started into the South America region by installing the first factory in the late 1990s in Panama and the headquarter for Latin America in Miami, USA. Due to the growth of sales and unexpected positive outcome, the company needed to act and change their strategy. When the Latin America operation grew, the location specific and strategically advantage was Brazil, as the company felt the market potential with a large geographical institution and potential consumers. Their first product launch in Latin America was the TV and AV, known as Brown line, and subsequently the White line (Home appliance technology), and cellphone and electronics began in the 1990s.

Before starting the final phase of the internationalization process, the interviewee 5 describes that Samsung has started as low risk and low management strategy solely performing exports, as that period, owning the local management oversea was a huge risk as the shipment could have resulted in loss of product. Hence, representation was made to make sales in the Brazilian market. To that matter, the company has first arrived with a small office in Brazil and have installed a factory in Manaus due to the industrial free

trade zone. The location specific advantages were considered very attractive to multinationals, such as Sony and other tech companies, as there was great number of fiscal incentives. However, due to logistics and cost management (closer to the distribution center located in São Paulo), the production from Manaus was migrated to Campinas in São Paulo.

According to the interviewee 5, the internationalization process is very expensive, accounting the size and structure needed for a large firm as Samsung, the Return of Investment (ROI) of the company took a considerable amount of time. As, Samsung has simultaneously installed commercial offices and subsidiaries in other countries such as Bolivia and Chile at the time. The company has planted a R&D center in Brazil and commercial offices in every country in the South America except for Ecuador, Uruguay, and Guiana. The motives for this strategy were to gain and research the economic and political details to analyze the market instability. Resulting of the field research from the company, the interviewee states the large variety of product and portfolio are to target the high and middle end of consumer classes.

Lastly, the interviewee 5 explains her position as a Latin America Manager, responsible for implementation of regional policies and Human Resources (HR) systems in Latin America. During the interviewee's experience and other colleagues' hearsay, the communication structure was too centralized solely in the HQ representatives, which led a difficulty in communicating and working environment. As the company has a policy of sending the Regional Director every 4-5 years to alter the cycle of management, to grasp the Brazilian culture, habits and labor law was a key challenge factor to present and understand. With all these cultural differences, the company took a counter action, making a huge investment in preparing and training Korean employees to learn the language and adapt the culture to where they would be relocated to manage the region according to the foreign culture and mixed global organizational environment.

5. Discussion

Nonetheless, understanding the basics of a country developmental experience requires numerous approaches because it is a broad and complex process. Therefore, the author has considered two webinar and reports from FGV and The Korean Foundation to understand an outer factor besides from the theoretical framework and up-to-date relationship of South Korea and Brazil.

The first webinar context for this event was about the economic development and global value chains insertion: a view from Brazil & South Korea. The focus was debating the trajectories of economic development of Brazil and South Korea, especially on the point of view in each country's Global Value Chain. Mainly, discussed from two experts from each country, to understand the future perspective and experiences from both countries.

The speaker from Brazil was Otaviano Canuto, a Senior Fellow at the Policy Center for the New South and from Korea, Joon Koo Lee, a Professor at Hanyang University.

Experts claimed the environmental characteristic started by facing debt crisis, which led South Korea was the ability of integrating to the global value chain and using the term "moving up" as upgrading their capability from the value chain, by creating another level of productivity and affordable investment in education. Where there were differences in culture and evolution of business environment. As the market kept growing, the need of product improvement and innovation was considered an obligatory means, which the incentive and investment from the government was very welcoming from a macroeconomic plan focusing on each sector planning and dynamics of Global Value Chain (GVC). One of the examples of expanding the GVC was the "evolvment" of Samsung manufacturing. The phone manufacturing is solely 10% local, and 90% distributed to India, Vietnam, and China, which creates a new production network and upgrades domestic capability to move on to other foreign countries and to differentiate the domain and other factors, the company maintains most of innovation activities local. While Brazilian insertion to the economic growth can be explained bypassing the foreign global trade over the last few decade with manufacturing opening closed, high tariffs, barriers, creating dense local production, resulting in creating lower productivity and competitiveness comparison otherwise. The evolution of the business environment of Brazil was considered unfriendly to transaction, resuming in lack of infrastructure. The domestic counterpart from South Korea was to raise education and investments in technology, as Brazil was falling behind.

And, the second webinar context was about the Brazil and South Korea current economic developments, main strategies, and insights. Discussing the recent economic reforms of Brazil and South Korea, understanding how international insert has impacted each country. And complementing the context of the first webinar about new trends of the Global Value Chain and what can be opportunities and obstacles for both countries. For this event, the speaker from Brazil was Renato Baumann, a Researcher from DINTE-IPEA and from South Korea was Joon-ho Lee, a Senior Research Fellow in a Korean Small Business Institute (KOSBI).

The international view of the experts, according to the OECD and WTO report, the GVC is slowing down since the global crisis, Korean MNCs are losing the global supply chain as their role are misplaced with China cheap labor, because of government reduced incentives for foreign investments and less support for local companies to maintain and drive their business. Considering the size of the country, to enhance the opportunity of a higher exportation flow, business condition to internationalization needs a favorable scenario to adapt to the GVC trends and shifts, being a critical for a marginal alignment, Using the information above, the author has assimilated the primary data collected with the secondary data, which allowed to confirm and refine the understanding of the internationalization process of the Korean MNC to the Brazilian market.

Consequently, to demonstrate the differences and similarity of the entry mode and internationalization process of the South Korean MNC. The understanding relation of the institutional differences and the theory applied are crucial. The CAGE framework addresses the understanding of trade and information when elaborating an international strategy, while the OLI Paradigm is a theory utilized to deeply understand the development of the international transaction accounting the cost and strategy advantages. Therefore, the author explains on the table below the relationship of CAGE and OLI Framework utilized during this research.

	Ownership	Location	Internalization
C	Intangible asset (knowledge and information of South Korea)	Workforce (organizational habits) and human resource managerial	Organizational and control procedure of enterprise
A	Firm and industry structure	Distribution and network structure, transport costs and tariffs	Managerial implication and differences in strategy
G	Tangible asset (natural resources and manpower)	Physical variable and institutional differences	Market and integration structure
E	Factor endowments: market size, barriers characters	Market / cluster information and activity flow	The role and performance of firms, outside factor involvements

Table 11 - CAGE x OLI Framework (Elaborated by author)

While it is difficult to provide a comprehensive explanation of differences in the legal systems around the world, the MNCs can use the index of Economic Freedom to determine their involvement in different countries, providing valuable insight into the key issues that need to be taken into consideration accounting the internationalization process, expecting the level of difficulty depending on the economic freedom level.

The 2020 Index of Economic Freedom (IEF) has classified the economic freedom into six categories: 100-88 (Free), 79.9-70 (Mostly Free), 69.9-60 (Moderately Free), 59.9-50 (Mostly Unfree), 49.9-0 (Repressed), and Not Ranked. In which, South Korea is ranked 74.0, defined as mostly free and Brazil as 144, classified as Mostly Unfree (*Country Rankings: World & Global Economy Rankings on Economic Freedom, 2020*).

This representation encompasses the primary purpose of the eclectic paradigm, which identifies the type of OLI advantages and hypothesize the significance of these variables. Consequently, the second purpose are to describe the nature of what the firm are producing, where is the production, and the explanation of the investment (Dunning, 2002).

Based on the REM Model developed by Liuhto and Jumpponen (2003, as cited in Parietti, 2017). The three elements represent the Reason for internationalization, the Environment of choice and the Modal choice. Therefore, ton Table 11, this specific model will underly on the motives of the entry modes.

	Company 01	Company 02	Company 03	Company 04	Company 05
South Korea	Strategic Asset Seeking - Partnership to Joint Venture	Market seeking- Interest in market with positive result and achievement of export and representative	Market seeking- Interest in market with positive result and achievement of export and representative	Market seeking - Follow the supply chain	Market seeking- Interest in market with positive result and achievement of export and representative
Brazil	Location advantage – industrial zone (tax incentive, benefit agreement) Resource advantage – qualified work force (location and resource aligned) Political aid (assistance and support of government to ease the installation)				

Table 12- Reason for internationalization of South Korean MNC 01, 02, 03, 04, 05 (Elaborated by author)

The most significant companies' motives used on the entry modes were market-seeking. The AI2 mentions that Hyundai Motors main market-seeking reasons was due to the fact that Hyundai CAO has beforehand created a brand recognition and acceptance of the product, which lead the home-factory to decide their operation in Brazil. As a similar event, the Hyundai Heavy Industry equipment had a good reputation oversea from the United State market and being from the same economic group, these factors embraced the brand to the market, as stated AI3.

As for Company 01 and 04, the reason was due to strategic-asset-seeking. The AI1 described the reason of internationalization as a pre-negotiated deal to install in the Brazilian market, as their main focus was JV. Lastly, the AI4 mentions a similar case for AI1, however, the difference was on the entry mode strategy. Company 04 installation reason was due to their same home country client, which was in South Korea and in Brazil, leading to a follow the client reasons.

All the FDI location choice aligned with the resource advantage, however it was not an entry mode choice factor.

The consideration of the location advantage of tax incentives and benefits agreements has impacted great in the decision making as stated by all interviewees. When addressing the general question concerning the overall impact of government policy on MNE, the modelling methods and detailed are designed in anticipation of the firm's behavior to attract those types of firms to the specific area (Casson, 2016).

About the location and resource advantages, all the interviewees have stated the exact advantages, which lead to open an interesting theme for future research. All of the five companies were introduced to the location of installation from a government associated or related, leading to tax incentives and mutual beneficial agreement (classified).

Therefore, on the Table 12 are listed the division of region in Brazil to specify the concentration of MNC of the firms studied.

	Company 01	Company 02	Company 03	Company 04	Company 05
Location	Factory - São Leopoldo, RS	Factory - Piracicaba, SP Office – São Paulo, SP	Factory - Itatiaia, RJ	Factory - São Pedro, SP	Factory - Campinas, SP Office – São Paulo, SP
Region in Brazil	South	Southeast			North and Southeast

Table 13 - Environment of choice of South Korea MNC 01, 02, 03, 04, 05 (Elaborated by author)

Calixto (2013) explains that the theory of internationalization analyzes the costs of transaction of international businesses, depending on the state of the foreign market, the MNC must select an entry mode strategy based on the company outward capacity.

And based on the interviews, the selection of each specific location has a logistic advantage and cost reduction reasons. The AI1 mentions the location of Company 01 was due to the Silicon Valley and other institution proximity. The AI2 mentions the location of Company 02 was due to competitors and supplier proximities which allowed to the resource advantage (such as qualified workforce). The AI3 mentions the location was due to the location specifics, as it had entries to the main highways to the main states in Brazil.

The AI4 mentions the location reason was solely to attend their main client. And lastly, the AI5 mentions the location was due to cost reduction as their first factory was in North, and due to the distribution sector located in the South, the company had to transfer the factory.

And to demonstrate the last REM Model, the table below demonstrate the selection of strategy of each company to the Brazilian market.

	Company 01	Company 02	Company 03	Company 04	Company 05
Product or Service	Technology	Automobile and service regarding car maintenance	Engineering and construction equipment's	Auto parts supplier	Electronics and telecommunication equipment
Strategy Entry Mode	Joint Venture	Export → Representation → Sales subsidiary → Production (FDI)	Export → Representation → Sales subsidiary → Production (FDI)	Representation → Production (FDI)	Export → Representation → Sales subsidiary → Production (FDI)

Table 14 - Modal choice of South Korean MNC 01, 02, 03, 04, 05 (Elaborated by author)

From five companies, four companies have selected the FDI strategy, as a mean to gain location advantage on lower cost and higher quality inputs, furthermore, to expand their sales and improve customer service. All these four companies have chosen to greenfield investment strategy their internationalization choice, as the companies decided to build a new factory or an assembly plant in a foreign country (J. H. Dunning & Lundan, 2008), which sets a financial bundle, technological and management process skill, considering a high-profile investment.

Throughout the interviews, despite the cultural differences and language barriers, the interviewees had shown that the internationalization process can be successful accounting these differences. All the interviewees have mentioned the difficulties initially to adjust and to understand the work process. However, with the proper training and aids from the HQ and qualified third parties (translators) every task was manageable.

Accounting the choice of entry, the strategy of company 01 can be describes as the fastest way to acquire market share and attain critical size (J. Dunning, 2003). This type of strategy seeks to improve their ownership advantages as it exploits an existing ownership of both market knowledge and resource knowledge, in which, at first can form some technological divergences of country operational process, in the latter, it strengthen the firms technological linkages, resulting in a competitiveness strength (J. Dunning, 2002). AI1 states the advantage of resource capability gained through the know-how and process attained from the South Korean headquarter. In latter, this learning complemented with

the current development from the research of universities and Silicon Valley near the factory.

Among the many factors that companies consider when considering FDI, company 04 objective of the internationalization motivation were to have a closer access to customers, and closer access to suppliers (Cullen & Parboteeah, 2010). As company 04 is an auto parts supplier, the firm must follow the supply chain. AI4 comments how the internationalization business strategy was divided. The first phase was to solely focus on the main client (HMB) when the internationalization process occurred. In latter, focus in expanding their client portfolio to other multinational (such as GM).

For disclosure, the author has elaborated a table of summary comparing the main results answering the research questions.

	Company 01	Company 02	Company 03	Company 04	Company 05
Motives for internationalization	Expansion of the international business				
Reason for selecting the Brazilian Market	Strategic-asset opportunity. Institutional of government. Law benefit and Advantages.	Potential market and ease of brand acceptance through CAO.A.	Product demand and potential market.	Obtain new clients in a foreign market.	Potential market and initial factory had law benefit and advantages.
OLI Advantages	Substantial ownership advantage - Intangible (through entry mode strategy - Joint Venture) and Tangible assets (qualified manpower). Location Advantage on qualified human resource network. Internalization Advantage of ease procedure when internationalization occurred.	Ownership Advantage – Tangible assets (qualified manpower)	Ownership Advantage – Industry and activity (favored access to inputs)	Ownership Advantage – Industry and activity (favored access to inputs) and Tangible assets (qualified manpower)	
		Location Advantage – sought the ideal location for transport costs and logistics management.		Location Advantage – city neighbor of clients and potential clients.	Location Advantage – sought the ideal location for transport costs (near storage unit) and logistics management.
		Internalization Advantage – Country (incentives and ease to install, mutual benefit agreements), Industry or Activity (tax incentive and industrial zone), and firm (collaboration of MNEs to validate quality and control when internationalization)			

Table 15 - Summary of comparison (Elaborated by author)

Therefore, throughout this study, by investing on a subsidiary outside its home country, the MNC have seek advantages in (i) market potential – generated good performance and acceptance of the brand, (ii) location advantage – mainly to cost reduction, greater quality of the product and managerial, and (iii) resource advantage – as the location specific are concentrated in cluster of MNC of quality workforce.

6. Conclusion

This section presents the final consideration of the research as proposed in the initial of the study, along the theoretical framework, and the process and limitation during the research. The main objective of this study was to understand better the motives for internationalization of the South Korean MNC based on the Eclectic Paradigm. Also, explore the reason for selecting the Brazilian market by establishing the OLI advantages and investigate the institutional distances between South Korea and Brazil. Furthermore, outline the process of the entry mode of each South Korea MNC to identify the specific patterns and entry mode based on the literature review.

The research provides a literature features mainly focused on the key aspects of the internationalization process based on the Eclectic Paradigm. Initially, the author introduced the needs and reason for motivation of firms to migrate their business in the foreign markets aligning the four categories of motivation from Dunning: (i) Resource-seeking, (ii) Market-seeking, (iii) Efficiency-seeking and (iv) Strategy-Asset-seeking. Consequently, answering the question of “why”, “where” and “how” of the REM Modal from Liuhto and Jumpponen, to perceive the choices and strategies of each entry modes. Finally, in a nutshell, the main takeaway of internationalization strategies is presented, emphasizing the FDI choice, as it was one of the most common strategy in the research. The primary data of this research was the qualitative interviews, which was the most time-consuming because the author sorted into four spheres of field-knowledge. In which, during the period of scheduling and searching for interviews, the author has noted the scarcity of TPO representing the South Korea business intermediation. Among these few TPO, only one was successful in compromising and responsive to an academic purpose interview. This information was crucial for this research, as the context collected from four different field-knowledge had different perspective and valuable insights regarding the topic.

The limitation of this study firstly applies in the deficiency in literature and case studies about the internationalization of South Korean MNC to the Brazilian market. Secondly, the present study does not consider MNC from other nationalities and the whole detailed internationalization process, due to information constraints and policies from each company. Other unusual limitation was due to pandemic situation resulting in a time and resource limitation, owing to the restriction to collect data personally and visitation to the institution and firms. Lastly the limitation of country selection restricted only to study

sorely the South Korean MNC and the Brazilian market among other countries in Latin America.

Hence, the secondary data was utilized to fill the gap of institutional knowledge of South Korea and Brazil based on the CAGE Framework, to understand the cultural, Administrative, Geographic, and Economic differences and similarities.

By analyzing the overall context of this research, it is possible to conclude that the Eclectic Paradigm can be incorporated as a determinant of the behavior of selected multinational companies (Dunning 2002). The outcome of this transaction explains the dynamic of internationalization path of the firm depending on the specific capability and resource trajectory.

Thus, the application of these theoretical framework resulted in segregating the motivations for MNCs to mitigate the expansion of their business to Brazil, underlying mainly on the market-seeking and strategic-asset-seeking motives. Moreover, the internationalization of these MNCs aimed the similar results on ownership and location advantages.

To conclude, this study contributes to understand the international business relationship between South Korea and Brazil in the field of internationalization. This research could be extended by researcher and students in other perspective and findings such as “political factor as influence to internationalization of South Korea MNC to Brazil” or “Why focus the internationalization on the Brazilian market in the South America”. And, with the collaboration of multinationals companies, this research can enhance the skill to internationalize and aid to gain greater knowledge in international business and market research.

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Appendix 1 – Summary of Interview: Intermediator Perspective

A key aspect of doing case study research is summarizing and interpreting information as a basis for understanding the topic being investigated (Hancock & Algozzine, 2006). Therefore, the author has formulated the question based on literature searched and conducted interview to four field of internationalization view. Thus, this section seeks to gather information and understand the context and setting of the participants through the interpretation of information given by the interviewee.

The qualitative approaches allow room to be innovative and to work more within researcher-designed frameworks. This design allows the interview range to be more creative, opening room for the individual expressiveness, and literary-style writing (Creswell, 2014). Beside the qualitative interviews of the MNCs, the additional qualitative interviews are divided into three sections: intermediation, academic, and specialist.

Trade Promotion

The online interview with a representative agent of the TPO was conducted on 28th of July 2020 by Google Meets. The interviewer is a Development Director of Kotra Brazil. This organization has the denomination of the TPO which is a state company from South Korean, such as APEX Brazil – an organization established to promote exportation and foreign investment in Brazil. Kotra is in 127 oversea offices around the world. Since South Korea is considered a small country with a small domestic market their major role is to facilitate the local economy with oversea market.

Their main responsibilities are to study and analyze market situation, promoting exportation and importation between both countries with legal guidance, process facilitation, and tax issues. Some other responsibility is to aid young Korean students throughout the foreign studies to their career. Currently, in 2020, their role performance cannot be measure with index with the COVID-19.

The context below interprets the Brazilian analysis from the TPO`s perspective. Therefore, the main companies accompanied by the TPO were classified into two categories:

- Product and Service. Product based companies were Samsung, Hyundai Motor Brazil (along with 19 auto-part suppliers – carried by a whole supply chain).
- As for service-based companies were principally banks, such as Woori Bank, Korean Industrial Bank, KB Bank and Korean Importation and Exportation Bank.

The main motives for internationalization of these companies were opportunity seeking, as there is a huge market opportunity, considering the 200 million population in Brazil and using Brazil as a strategy base to channel into the Mercosur or South America market. Manufacturers would gain cost advantages and elevate in their level of business. As for Korean service companies would be correlated to the manufacturers business, as its main purpose is to aid.

Most form of investments from Korean MNCs were Greenfield Investments, as their goal is the implementation, and M&A, to facilitate the labor understanding and downsizing the risk of any legal issue. In some cases, companies do an own-research to find partner or hire specialties to start on their own team or collaboration, such as: Posco – Fortaleza or Dong-bu Steel (Mining Company).

The interviewee mentions the main and commonly challenges faced by the South Korean MNCs were:

- a) Monetary Exchange Rate – volatile fluctuation, comparing the Korean currency, the Brazilian currency has been rising throughout the year creating a devaluation of their result with a 30%.
- b) Labor Issue – complexity to understand and constant modification in the law.
- c) Tax knowledge – lack of domination and understanding of the Brazilian tax law.

The context below interprets the South Korean analysis from the TPO's perspective. The interviewee explains how the Korean market can be in an opposite circumstance, as the country is considered a small-scaled market, only few Brazilian MNCs has invested. The Brazilian MNC located in South Korea are JBS and Vale, for commercial purpose, as the main attraction for business internationalization is in China. The interviewee explains the reason for selecting the Chinese market is a location strategic, as China cover most Asia countries and for their low cost of production.

Finally, the interviewee makes a comparison and analyzes between Brazil and South Korea market:

- For the Brazilian companies, their main export business is solely in agriculture such as bean and chicken, allocating their business mostly to the biggest importation client, China.
- For Korean companies, Brazil is a mandatory market to penetrate as a necessity, as Korean MNCs are obliged to expand, unlike the need of Brazilian companies to South Korea Market.

Appendix 2 – Summary of Interview: Academic Perspective

The online interview was conducted on 31st October 2020 with Google Meets. The interviewer, Leonardo Paz Neves, majored in Political Science in Instituto Universitário de Pesquisa do Rio de Janeiro (IUPERJ) and PhD in Development Economics and International Development at Universidade Federal do Rio de Janeiro (UFRJ). Currently is an International Intelligence Analyst at the International Intelligence Unit from the Getulio Vargas Foundation (FGV) and Lecturer at the Department of International Relations from the College IBMEC. The context below interprets the Brazilian overview from an academic's perspective.

During his research years, the interviewee did not study a specific Korean MNC, however, has done projects with The Korean Foundation – focusing its internationalization, studying Korea process and the application of engagement by drawing parallel points with Brazil. In the past few weeks, Leonardo and other researchers held a webinar to brief the report on the relationship between Brazil and South Korea, regarding politics, understanding the political model, how companies operate and intend to outline their plans.

There was no specific sector of study, besides manufacturing – mainly the identification of conglomerate of companies. Establishing the condition of dependents to company conglomerate by investing huge amount in technology and incorporating technological changes. For a small company to take advantage in a small but highly competitive market, being part of the supply chain concedes to a higher probability of survival.

In this journey to obtain the research context of South Korea and Brazilian business relationship, none of the access has been through a data base in Brazil, most of the context was obtained in Daejeon, South Korea. The trajectory of accessing this information with limited time was shortcuts enabled by direct interviews and secondary data. The context below interprets the South Korean academic perspective.

In Leonardo's knowledge for international business intermediary from South Korea in Brazil is Kotra. For that reason, he has suggested an interview with two major key players: Brazilian Trade and Investment Promotion Agency (ApexBrasil) and Confederação Nacional da Indústria (CNI) for further list of company's data, as there was some difficulties in finding these intermediator.

Leonardo claims that South Korea MNCs have understood their internationalization strategy and their commercial dimension in Brazil, commonly dividing into

industrialization and service. As an exception, Hyundai Motor Brazil (HMB) has done both, FDI to industrialize their product in oversea market and carry their service field.

The highlight mentioned by Leonardo, when doing an international business were the necessity to understand the ground of market bargaining whether it will be an investment applying industrialization or if it is a strategy point.

Furthermore, the interviewee mentions that small country such as South Korea can face a huge challenge to attract investments with China and Japan as neighbor countries. Most Brazilian MNCs, such Vale, Petrobras, JBS have installed their office in Korea for commercial basis, as it is not competitive for FDI basis. Claiming that depending the area of business, such as commodities and agriculture business have more opportunities and advantage in Korean market.

Appendix 3 – Summary of Interview: Specialist Perspective

The online interview was conducted on 9th November 2020 with Google Meets. The interviewer, Marcella Torres, majored in International Relations at Candida do Mendes University in Rio de Janeiro and specialization in International Business at Ibmecc in Rio de Janeiro. Currently, the interviewee is a researcher of the Korean peninsula, in the Naval Assessment Center in Rio de Janeiro and Executive Director of Asia Color, a private company that promotes public diplomacy between Asia and Brazil, main partners have been the South Korean Consulate and Embassy.

Since her initial academic career, the researcher had quite interest in South Korea cultural, therefore, the interviewee started research on South Korea and North Korea to understand the political affair in economic, military, and maritime issue. The interviewee sees that South Korea has a very important role to the world. Thus, Marcella founded Asia Color in 2017 to address the public diplomacy, education, and culture in Asia to Brazil (especially on South Korea). Consequently, in 2018, the South Korean Embassy has sent the interviewee to discuss economic and public diplomacy representing Brazil in a forum which was presented in South Korea.

During the interviewee research year, some observations were made on cultural patterns of the South Korean community in Brazil.

- Most of the Korean population is in São Paulo, therefore, Korean companies can be found near or around the community. Therefore, the cultural center and Korean Consulate is located in São Paulo.
- In other cases, for some large companies are located in the South or in the North due to location strategy, such as Posco in Recife, Hyundai Heavy Industry in Rio de Janeiro, and HT Micron in Rio Grande do Sul.
- A cultural pattern can be observed from the locations of these companies, as there is a Korean restaurant or Korean supermarket, and a small Korean community, in a way of a supply chain.

The interviewee explains how the role and performance of intermediary are very important in Brazil, as there are very few private intermediaries. The role of TPO has been essential and the requirement of governmental measures can be considered a necessity to micro and small companies. To make diplomatic representation of companies which lacks the ability and capacity for human and financial resources. The Korean SMEs

(Small and Medium Enterprises) are encouraged by the Korean government to grow their business inside and outside the country. However, Korean companies have faced a common difficulty as entering the Brazilian market due to the complex bureaucracy and innumerable taxation, and lack of market information, which leaves no room for competitiveness and lack of efficient information to decision making. Normally, some companies receive the orientation from APEX or KOTRA to understand a view of the market beforehand. Yet, the interviewee mentions that the performance of Korean intermediaries or representatives are very limited compared to the performance of Chinese and Japanese intermediaries in Brazil.

In this way, the interviewee along with the Korean Consulate promoted a project to raise awareness and publicize the micro and small companies for the Brazilian market, as participating in such events, companies brief to investors or other companies which are interested.

Lastly, the interviewee explains the methodology of gathering information when doing research or project related to South Korea, as there is insufficient information and restricted access to information, the interviewee utilizes the Korean Consulate database and qualitative research method by direct interviews.

Appendix 4 - Interview Guideline: Intermediator

Guide for interview for TPO

Source: own creation

1. Introduction:
 - a) Denomination of the company - private or public?
 - b) What is the role and performance in the process?
2. Brasil
 - a) What is the estimated growth of Korean companies in Brazil?
 - b) What are the main profile and area of companies that are investing?
 - c) If there is an investment, what kind of acquisitions has it been?
 - d) Was there a Greenfield investment? And what measures have been taken?
 - e) Are there a database of Korean companies in Brazil?
3. South Korea
 - a) Brazil's investment in Asia has grown significantly, how do you see the entry of Brazilian companies in South Korea?
 - b) Were there acquisitions, direct investment or remains strongly in imports and exports?
 - c) Would you know the number of Brazilian companies that invest in South Korea? And what were the areas and types of investment?
4. Closing
 - a) What were the difficulties faced during the process?
 - b) What have been the differences to assist in this process comparing the two countries?
 - c) Is there any additional information?
 - d) Thank you for the interview
 - e) Signing of clarified consent

Appendix 5 - Interview Guideline: Academic

Guide for interview – Academic View

Source: own creation

1. Introduction
 - a) Self-introduction
 - b) Academic major
2. Brasil
 - a) In your academic years, have you researched Korean companies' business?
 - b) What are the main profile and area of companies that are investing in Brazil?
 - c) Are there a database of Korean companies in Brazil?
 - d) What can you say from the study of internationalization of Korean companies in Brazil?
 - e) Are there any TPO or intermediary that you are aware of in Brazil to Korea?
3. South Korea
 - a) What can you say about Brazilian companies internationalizing to South Korea?
 - b) Are there a specific reason for applying business in a small-scaled country?
4. Closing
 - a) What were the difficulties for these research?
 - b) Is there any additional information you would like to add?
 - c) Thank you for the interview
 - d) Signing of clarified consent

Appendix 6 – Interview Guideline: Specialist

Guide for interview - Specialist

Source: own creation

1. Introduction
 - a) Self-introduction
 - b) What is the role and performance in the process?
 - c) Company overview
2. Brasil
 - a) What are the economic and political situation?
 - b) What is the estimated growth of Korean companies in Brazil?
 - c) What are the main profile and area of companies that are investing?
 - d) If there is an investment, what kind of acquisitions has it been?
 - e) Are there a database of Korean companies in Brazil?
 - f) Can you explain the cultural aspects, such as the situation of tourism, specific events in the country?
3. South Korea
 - a) Brazil's investment in Asia has grown significantly, how do you see the entry of Brazilian companies in South Korea? And what were the areas and types of investment?
 - b) How would you describe the diplomatic relationship between South Korea and Brazil?
 - c) What are the needs of Korean MNC to understand and have a better view of the Brazilian market?
4. Closing
 - a) What were the difficulties faced during the process?
 - b) What have been the main internationalization process differences comparing the two countries?
 - c) Is there any additional information?
 - d) Thank you for the interview
 - e) Signing of clarified consent

Appendix 7 – Interview Guideline: MNCs

Guide for interview – Multinational Companies

Source: own creation

1. Introduction

- a) Self-introduction
- b) What is your role in the company and in the process of internationalization?
- c) Can you tell me about the company overview and history?
- d) What were the main elements for triggering the internationalization of your company to over-sea market?

2. Brasil

- a) What were the main interest and opportunity for the Brazilian market? What was considered the advantages and disadvantages?
- b) Are there any location specific reason? Is there a plan for other markets in South America?
- c) On a macro-economic view, what were considered a relevant key point?
- d) What were the main entry mode strategy?
- e) What were the main challenges, risk and control faced during the internationalization?
- f) Were there difficulties in culture differences adaption?

3. Closing

- f) Is there any additional information you would like to add?
- g) Thank you for the interview
- h) Signing of clarified consent

Appendix 8 – Term of Clarified Consent

TERMO DE CONSENTIMENTO LIVRE E ESCLARECIDO

Você está sendo convidado(a) a participar, como voluntário(a), da pesquisa intitulada Mestre em Mestrado Profissional em Gestão Internacional, conduzida pelo pesquisador responsável Salomão Ha Yoon Lee e pela orientadora Prof. Dra. Cyntia Calixto, pela Fundação Getúlio Vargas.

A pesquisa está sendo desenvolvida como trabalho de conclusão do curso. O objetivo deste estudo é identificar as estratégias de entrada das MNCs, comparar a sua aplicação e concluir as barreiras.

Sua participação não é obrigatória. A qualquer momento, você poderá desistir de participar e retirar seu consentimento. Sua recusa, desistência ou retirada de consentimento não acarretará prejuízo.

Devido a pandemia, sua participação nesta pesquisa consistirá em forma qualitativa - entrevista online via google meets, zoom ou ligação. A entrevista será baseada em questões formulada pelo próprio pesquisador. Sendo informações que contém nome da empresa, forma de entrada no país, forma de investimento, estratégia de entrada e estratégia de instalação.

A fim de assegurar sua privacidade, os dados obtidos por meio desta pesquisa não serão identificados ou serão anonimizados, caso seja solicitado devido às medidas de segurança e política da própria empresa.

Caso você concorde em participar desta pesquisa, assine ao final deste documento, que possui duas vias, sendo uma delas sua, e a outra, do pesquisador responsável. Você poderá tirar dúvidas sobre o projeto e sua participação a qualquer momento através dos contatos indicados abaixo.

- a. Pesquisador:
- Nome: Salomao Ha Yoon Lee
 - Profissão: Aluno do Mestrado Profissional em Gestão Internacional da Fundação Getulio Vargas
 - Contato:

Comitê de Conformidade Ética em Pesquisa Envolvendo Seres Humanos da Fundação Getúlio Vargas – CCE/FGV: Praia de Botafogo, 190, sala 536, Botafogo, Rio de Janeiro, RJ, CEP 22250-900. Telefone (21) 3799-6216. E-mail: etica.pesquisa@fgv.br.

Eu, _____, declaro que entendi os objetivos, riscos e benefícios de minha participação nesta pesquisa, e que concordo em participar.

São Paulo - SP, ____ de _____ de _____.

Assinatura do(a) participante: _____

Assinatura do(a) pesquisador(a): _____