Introduction

The literature has emphasized the importance for multinational corporations to develop a global mindset in order to operate in the challenging environment of global business. It has been argued, for instance, that ‘global managers’ should develop global and integrative perspectives (Kedia and Mukherji, 1999). Furthermore, Bartlett and Ghoshal (1992) comment that global managers must also have ‘a broad, non-parochial view of the company and its operations, yet a deep understanding of their own business, country, or functional tasks’ (Bartlett and Ghoshal, 1992: 132).

Srinivas (1995), in turn, claims that this is a highly relevant issue for emerging and developing countries: a global mindset must be developed so that new opportunities can be spotted and explored, in a context of global and interconnected businesses. In fact, it has been observed that, for instance, the global mindset levels of Chinese corporations influence their international strategies and the performance of their operations worldwide (Yin and Bao, 2007; Yin, Johnson, and Bao, 2008; Raghavan, 2008). At the same time, the urge for a global mindset among Indian managers has been emphasized, so that it can contribute to the international competitiveness of Indian corporations. Hence, it is reasonable to expect that in Latin America, similar developments might influence the internationalization process of Latin American corporations as well. Borini and co-workers (2007), for example, observed the huge challenges faced by ‘Votorantim’, a Brazilian multinational (BrMN), when operating in the northern hemisphere, due to global mindset-related fragilities.
In fact, the environment in which Brazilian firms grew until the late 1980s was characterized by a large internal market and a closed economy (Fleury and Fleury, 2011). This context stimulated—at least in the beginning—the development of a 'parochial' mindset, rather than a 'global' mindset, among Brazilian entrepreneurs and firms. Instead of focusing on global opportunities, Brazilian managers preferred, for decades, to invest in the well-known domestic market, avoiding endeavors in competitive international markets characterized by varying cultures. For this reason, our view is that global mindset (or its lack thereof) may play an important role in the internationalization of BrMNs and affect their achievements abroad. Because of BrMNs' parochial background, global mindset is probably a vector that is worth considering, in order to understand their internationalization processes. For their next stages of expansion abroad, it is likely that many BrMNs still have to develop a global mindset (Tanure, Barcellos, and Fleury, 2009).

Another vector that may influence the internationalization of Brazilian firms is the psychic distance (Johanson and Vahlne, 1977). Since the early 1990s, the exposition of these firms to global competitiveness has increased (Fleury and Fleury, 2011), and their outward foreign direct investment (OFDI) began mainly in neighboring countries. Previous research has shown that countries in Latin America have been most frequently chosen by Brazilian companies for their initial expansion into international markets (Cyrino, Penido, and Tanure, 2010). Initially, Brazilian firms enter similar markets, for instance, in terms of language, level of development, educational specifics, and geographical distance, in order to reduce perceived risks, to acquire international experience, and to develop regional competitive advantages. Only after learning how to operate within nearby markets do BrMNs approach more psychically distant countries. However, an interesting question would be: to what extent have they succeeded in distant markets?

Global mindset and psychic distance are both important dimensions with respect to the understanding of Brazilian firms' internationalization process. In our view, psychic distance dimensions may impose challenges on BrMNs concerning their achievements abroad, affecting their performance, and accounting for their success or otherwise. Thus, this chapter aims at examining how global mindset and psychic distance have influenced the performance of subsidiaries of BrMNs' subsidiaries abroad.

The chapter is structured as follows. First, we describe the environment in which BrMNs grew. This contextualization allows an understanding of how Brazilian firms' mindsets developed, and how they have managed the psychic distance issues. After that, we present the outcomes of research conducted with major Brazilian firms, which investigated the impacts of global mindset and psychic distance on the performance of their subsidiaries abroad.