Adopting imported managerial expertise in developing countries: The Brazilian experience

Thomaz Wood Jr. and Miguel P. Caldas

Executive Overview

Emerging economies are drawing increasing attention from investors and foreign businesses. However, doing business within emerging countries can be frustrating. As a case in point, in the largest South American economy there is a saying that goes: "Brazil is not for beginners." For casual foreign observers, the country may appear to have the same institutions and traits as developed Western nations. But acting on that assumption may well lead to unsuccessful, frustrating experiences. Behind the Brazilian façade lie institutions still under construction and a complex, hybrid, and everchanging business culture. In this article, we seek to contribute to the understanding of the Brazilian business environment. We deal specifically with the importation and adoption of managerial expertise. We propose a framework to explain the reasons for adoption of this expertise and the reaction of Brazilian companies to it. Based on field surveys, we have identified the three most typical approaches to the adoption of imported managerial expertise: unreasoned adoption, ceremonial behavior, and managerial anthropophagy (cannibalism). We propose that the latter may be at once a perspective for analysis and an appropriate strategy to carry out successful enterprises in Brazil. We also present suggestions to increase the possibility of success for business ventures in Brazil.

The cultural and collaborative character of these ceremonies [ritual cannibalism] made it almost imperative to capture warriors for sacrifice... Only these... could fulfill to perfection the role prescribed for them: that of a proud warrior who spoke haughtily with his killer and those who were going to eat him. This dynamic is confirmed by the text of Hans Staden, who was borne to cannibalistic ceremonies three times, and three times the Indians refused to eat him because he wept and befouled himself begging for mercy. They did not eat cowards.¹

Darcy Ribeiro (1922–1997)
Brazilian anthropologist

At the time of its discovery by the Portuguese, Brazil was populated by nearly one million native South Americans. Those original inhabitants were for the most part meek and mild to their colonizers. But among them were tribes that practiced anthropophagy, a war ritual in which conquerors would feed on the conquered. By devouring the defeated, they believed themselves to be absorbing their courage and energy, in an act of respect and honor. Accordingly, the defeated had to be courageous warriors, equal to their opponents.

Anthropophagy was revisited, as a metaphor, in early 20th century Brazil, by a cultural urban vanguard. This group denounced what it saw as a farfetched and senseless appropriation of foreign culture by Brazilian mainstream literature and arts. These intellectuals were committed to the modernity and cosmopolitanism of their time. What they proposed—"cultural anthropophagy"—was an appropriation (or devouring) of the best foreign ideas and concepts that would inevitably be altered by local colors and values.
As Brazil, much like other emerging countries, becomes increasingly embedded into the world economy, pressures build for the adoption of more advanced managerial practices. Those practices would supposedly qualify local organizations to compete in a global environment. However, the pure and simple adoption of foreign practices can be frustrating and, in some cases, even disastrous.

In Brazil during the last decade, motivated by pressures to increase their competitiveness, companies made considerable efforts to update their management practices. For this purpose, companies successively implemented programs and projects based on ISO 9000, reengineering, and enterprise resource planning (ERP), among other managerial techniques. Research conducted by the authors shows, however, that outcomes were very often frustrating. For example:

- When preparing for the ISO 9000 certification during the 1990s and early 2000s, many firms in Brazil faced unfavorable organizational conditions: a poorly skilled labor force, high power distance, and a highly centralized decision-making process. Therefore, in many cases, the ISO quality system increased costs and contributed to organizational rigidity.

- When pushing reengineering programs in the mid- and late-1990s, many companies in Brazil—and elsewhere, for that matter—adopted a reductionist approach which focused exclusively on the redesign of the processes. These companies ignored important organizational dimensions such as culture, competencies, and strategy. Positive outcomes were therefore minimal. And even worse, many companies used reengineering as a method to promote downsizing. Unexpected outcomes included loss of leadership, deterioration of organizational climate, decrease of organizational memory, reduction of productivity and efficiency, decline of perceived product and/or service quality, and hammering of organizational reputation.

- When embracing the ERP rage, many firms in Brazil allocated impressive resources and their best people to the implementation projects. These painstaking projects were usually characterized by scope and planning mistakes. Positive outcomes in these cases were minimal. Although they recognized improvements in terms of integration and quality of information, executives involved in these projects could not identify gains in terms of productivity and competitiveness. Furthermore, in many cases, the enterprise system seems to have failed to tailor itself to the specific needs of the organizations.

As a consequence, key organizational functions were lost.

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The main objective of this article is to contribute to the understanding of the Brazilian business environment and its transitional characteristics. Brazil may not be unique and may have much in common with other emerging economies. Nevertheless, Brazil seems to be a great case study on the importation and adoption of managerial expertise due to its historical and cultural roots, the size of the economy, and its rapid pace of modernization since the early 1990s.

In this article, we will: first, present common challenges faced by foreign companies in emerging countries; second, propose a framework to explain the reasons for the adoption of imported managerial expertise and the reaction of Brazilian companies; third, propose and illustrate an action strategy—which we have named managerial anthropophagy—to enable the creative and appropriate adaptation of imported managerial expertise; and fourth, present a few suggestions to increase the probability of success for business ventures in Brazil.

Emerging Countries: Opportunities and Challenges for Foreign Companies

The last decade has witnessed a significant increase in the amount of investments made by foreign companies in emerging countries. The likelihood of such a trend continuing in the future is strong, as political and economic conditions in those countries keep improving.

However, in the corporate world it is common sense that doing business beyond the borders of developed countries, either for foreigners or for locals, is a task of great complexity. Accustomed to operating in highly institutionalized markets, with clear and stable rules, many incoming corporations have had a hard time assimilating local business "exotica." In fact, many of the institutions supporting business in industrialized countries do not exist, or operate under precarious conditions, within emerging countries. Therefore, many foreign companies wind up as victims of political tempests, war situations, pervasive corruption,
fragile institutions, and unstable laws, in addition to business and management practices that are, to say the least, strange to their eyes.

A series of articles published by the British magazine *The Economist* a few years ago chronicled the adventures and misfortunes of large corporations attracted by the possibilities of doing good business in emerging countries. Two cases described the adversities of foreigners attempting to conduct business in far-off lands. A third case portrayed a successful alliance between foreigners and locals.

**Acer in Russia: Entrance Through Finland**

Acer, the microcomputer manufacturer from Taiwan, installed a factory in peaceful Finland to attend to the emerging Russian market. Thus it avoided the gigantic and disconcerting Russian bureaucracy and the risks of setting up an industrial activity in a country still disturbed by political and economic ruptures.

However, Acer could not prevent the seizure by criminals of fifty transportation trucks in Russia and the assassination of two drivers. Acer also faced difficulties with Russian competitors, who knew how to make a competitive advantage out of understanding the singularities of doing business in their own country.

**Matsushita in China: Escalating Investments (and Losses)**

From 1992 to 1996, Matsushita, the giant Japanese producer of electronic goods, created thirty firms in China, twenty-seven of them in partnership with local organizations. Unfamiliar with modern managerial practices, the Chinese partnerships ended up being a real problem for Matsushita. The firm faced all sorts of pitfalls: unforeseen tax boosts, inflation, interest-rate increases, obstacles to establishing a coherent distribution strategy, and changes in labor regulations. As a result, by 1997 the huge investments that Matsushita had made had not yet been recovered.

**Fiat in Brazil: Success Contradicting Tradition**

The automobile industry has experienced advanced forms of cross-national cooperation since the late 1980s. It was at that time that the concept of the "world car," designed in the advanced technology centers of Detroit, Volksburg, and Turin but manufactured at several points of the globe, gained popularity. In this sense, the project of Fiat's Palio subcompact represented a reversal of historical development. The car—conceived by a multinational team composed of engineers, designers, and workers from Brazil, Italy, Argentina, and Poland—had immediate acceptance in the Brazilian market, where it even prevailed over models of the formerly invincible Volkswagen. Fiat's Palio project comprised several principles of adaptability and respect for local conditions, from product characteristics (style, size, and accessories), to the organization of the manufacturing process.

**Lessons Learned**

What can these cases teach us? First, that successful organizations are flexible and adapt promptly to their business contexts. Second, that a successful business venture in an emerging country is entirely dependent on the accurate comprehension of local institutional, organizational, and cultural circumstances. Third, that these firms, especially the unsuccessful ones, should consider anthropophagy as one strategic alternative. Indeed, both foreigners and locals might engage themselves in anthropophagic rituals. By devouring and being devoured, foreigners and locals could absorb new ideas and tested practices one from the other, in an act of respect and honor.

A successful business venture in an emerging country is entirely dependent on the accurate comprehension of local institutional, organizational, and cultural circumstances.

Very often, foreigners don't understand that the assumptions upon which their practices are built may not be valid elsewhere, let alone in emerging countries. Many entrepreneurs and executives tend to adopt an ethnocentric attitude, believing that the way they work in their home countries is superior to the way work is conducted somewhere else. Consequently, they tend to ignore economic, social, and cultural differences.

This phenomenon is not restricted to foreign organizations. Many emerging-country firms, compelled by the need to improve their management systems, adopt imported concepts and methodologies without adaptation. Hence, a condition of "reversed ethnocentrism" takes place. We may therefore conclude that both situations—foreign firms imposing their methods without adaptation and local firms adopting foreign methods without adaptation—seem risky.
The assimilation of management models produced in developed countries is in fact very common in Brazilian organizations. Local organizations tend to adopt, directly or indirectly, foreign ideas. Unfortunately, as commented previously, most adoptions tend to be uncritical, and the results for firms may be quite harmful.

A Framework for Understanding the Importation of and Reactions to Foreign Managerial Expertise

Although Brazil is not the only nation that is drawn to models created in developed countries, it is intensely drawn to them. Why is this so? Why are management fads and fashions imported on such a large scale? And how do local organizations react to this importation?

To better understand the processes of importation and adoption, it is necessary to analyze the factors and agents associated with them. Therefore, we propose that the importation of managerial expertise into Brazil and reactions to its adoption can be explained as a result of several determinants, acting at three different levels: (1) the external/contextual, (2) the intermediate/interorganizational, and (3) the internal/organizational (see Figure 1). In the following subsections, we will add detail to the several components of the model in Figure 1.

**Contextual Factors: In Favor of the Importation of Managerial Expertise**

The external level—the contextual one—refers to the country in its entirety and its relationships with foreign nations. At this level, we stress three elements: historical roots and cultural heritage, contemporary external influences, and contemporary economic and social context. Taken jointly, these elements produce, on the one hand, a growing supply of foreign managerial expertise and, on the other hand, conditions favoring its adoption.

![Diagram of a framework for understanding the importation of and reactions to foreign managerial expertise in Brazil](image)

**FIGURE 1**

A Framework for Understanding the Importation and Adoption of Foreign Managerial Expertise in Brazil
Historical Roots and Cultural Heritage

This first contextual element relates to the set of Brazilian traits that generate a national culture receptive to the importation of foreign managerial expertise. Here, we highlight two such traits: plasticity, the openness and permeability to foreign influences; and formalism, the tendency to adopt façade behaviors resulting in a discrepancy between the formal and the real. These cultural features help to explain why Brazilians are open to external influences but usually submit to them only ceremonially.13

The taste for the exotic, for foreign items, for mixing and matching, began early in Brazil with the colonizers.14 From the Portuguese, Brazil inherited plasticity and a tendency towards ethnic mixture.

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However, the resulting mixture of races cannot hide the hierarchical society enforced by the colonizers over other ethnic groups. In Brazil, a myth of racial democracy was created, according to which people are supposedly equal, in concept and before the formal law. But Brazilian reality reveals unspoken racial prejudice.15 This gap doesn’t apply to ethnic matters alone, being equally seen in connection with other forms of social behavior. In such circumstances, “formalism” materializes in the mismatch between what one does and what one says. From our point of view, formalism is relevant to several possible reactions to the adoption of foreign managerial expertise, especially ceremonial behavior. This behavior is designed to deceive foreigners that an alien practice is being adopted, when it is actually being resisted or only partially adopted.16

Contemporary External Influences

The second element relates directly to globalization, special note being due to the country’s integration into the world economy since the early 1990s.17

As Brazil’s level of involvement in the world economy increases, the country is forced to create institutions and/or adjust the operations of the existing ones to norms and standards acceptable to the international community. This helps the homogenization of political, economic, and business models, and can increase the flow of management ideas.

The Contemporary Economic and Social Context

The third element relates to changes in Brazil that have contributed to the rise of a business medium receptive to foreign managerial technologies.

For Brazil, the 1990s may be seen as a crucial period in the process of adopting to the new world economic order and as a time of deep changes for local companies. The economy was restructured, emphasizing reduced barriers to imports, freeing financial flows, and advancing a major privatization program.18 The main consequences of these changes were the closing down of numerous firms, the denationalization of several industries, and a vigorous trend of mergers and acquisitions, most of them between domestic and foreign companies. Another outcome was the massive importation of foreign managerial expertise. This inflow was a result of both the entry of new companies into the market and the effort made by local companies to face up to the new competitive reality.19

Since the beginning of Brazilian economic reforms, imports have grown consistently. In addition to material goods, the country started importing management ideas and concepts, managerial practices, and information systems. The outcome of this process was increased “hybridization”: a constant intermixture characterized by the coexistence of local and foreign values, and modern and archaic behaviors.20 Like other emerging countries, Brazil today blends cutting-edge sectors, aligned with the most advanced practices, with industries that still preserve technology, production methods, and work organization more associated with those typical of the 19th century.21

Summing Up the Drivers

As we have seen, the contextual level of our framework comprises three elements: historical roots and cultural heritage, contemporary external influences, and contemporary economic and social context. As a whole, these elements provide a wide range of socio-cultural drivers that ease, or even invite, the infiltration of foreign influences into Brazil.

Like other emerging countries that underwent liberal economic reforms, Brazil also started to experience continuous and fierce pressures to reinforce its industries’ competitive position. From the early 1990s, these pressures led business persons into a frantic race as local firms, formerly operating within a relatively protected market, found themselves unprepared for international competition.

While economic pressures determined what
needed to be done—e.g., management modernization, productivity increases, and cost reductions—the dominant neo-liberal credo, infused with the idea of the universal validity of management concepts, determined how it should be done: via adoption of "models of excellence," which could presumably be copied from developed countries.

Hence, most local organizations ended up adopting foreign management models without much thought, many of which were fads and fashions, such as those mentioned before: ISO 9000, reengineering, and ERP.22

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Inter-Organizational Factors: Mediating the Adoption of Imported Managerial Technologies

The intermediate level—the inter-organizational one—refers to the diffusion agents: Brazilian government and its agencies, business schools, business media and management gurus, and consulting firms and other professionals. These agents promote, disseminate, and legitimize new ideas and methodologies. It is the combined action of those agents that has spread the awareness of an endless flow of imported "excellence models" and motivated their adoption. They were responsible for converting contextual influences into organizational imperatives.23

The Brazilian Government and Its Agencies

Several administrations in Brazil, coming from diverse political and ideological backgrounds, have supported, with laws, policies, and fiscal incentives, the tendency to adopt foreign management models and practices.

One example is the role played by government in the widespread adoption of the ISO 9000 system. Since the early 1990s, the Brazilian government has facilitated subsidized public financing for companies that are ISO 9000-certified. Additionally, several public bids to contract services for government rewarded ISO certifications, even when they were irrelevant and/or inappropriate.24

Business Schools

The first Brazilian business schools were created in the early 1950s. Education and research in the field of administration have since been molded by the massive dissemination of concepts and methods brought from abroad and particularly from the United States.

Recent research has evidenced the consistent and predominant use of North American and European ideas in Brazilian scholarly research and educational texts.25

Business Media and Management Gurus

Newspapers, management books, and other business publications have also fostered the reproduction of imported business concepts and models. For instance, HSM Management, a popular business magazine, publishes translated papers by famous American "gurus," such as Michael Porter, Peter Drucker, and Philip Kotler. Some of these gurus are members of the magazine's editorial board and come yearly to Brazil to present their ideas for large audiences. Exame, Brazil's number one business magazine in terms of circulation, regularly publishes cases on how local firms have successfully adopted the latest management ideas.26

Consulting Firms and Other Professionals

Consultants, training and development specialists, and other professionals also legitimize and propel the consumption of imported managerial expertise.27

International consulting firms have large operations in Brazil. In their practices, these firms regularly use ideas and models developed abroad, most often in the United States. Additionally, the early development of the management field in Brazil was followed by the appearance of small training and development firms. These firms promote courses and seminars for executives. The content is usually based on the latest fads and fashions originated abroad.

Summing Up the Effects

The combined action of these agents galvanizes the flow of imported models and influences their adoption in Brazil. Understanding the complex interaction among these factors and its precise influence over different industries goes beyond the scope of this article. One can say, however, that the joint actions of these agents have stirred up a new business mentality in the country.
The Organizational Level: Influence Factors and Organizational Responses

So far in the presentation of our framework, we have addressed the contextual and the interorganizational levels. Now, at the internal level—the organizational one—we highlight the behavior of organizations, which we believe to be influenced by three variables: (1) substantive pressures for adoption; (2) political and institutional pressures for adoption; and (3) level of critical reasoning. Different combinations of these three variables lead to different responses.

Substantive Pressures

The first influential variable is the presence of substantive factors for adoption; that is, the existence of opportunities and problems for which imported managerial expertise is a possible solution.

For example, during the 1990s companies had to respond to the opening of the Brazilian economy and increased competition by foreign companies. They had to improve the quality of products and services and reduce costs. Therefore, retailing banks such as Bradesco and Itaú invested heavily in information technology. Similarly, suppliers for the automobile industry implemented programs based on the concepts of supply-chain management and lean production.

Political and Institutional Pressures

The second influential variable is the presence of internal political and external institutional pressures towards adoption. Political pressures reflect the interests of power groups and coalitions, frequently from inside the organization. They relate to those needs for which the managerial technique does not necessarily pose direct solutions but for which it is a channel to obtain advantages for a particular stakeholder. Institutional pressures comprise the external forces found in an organization’s environment which influence or force the adoption of practices considered to be "world class."  

The greater the presence of political and institutional pressures, the greater the tendency to adopt politically or institutionally legitimized solutions, even in the absence of substantive pressures. In addition, the greater the political and institutional pressures, the lesser the time or the willingness to critically analyze the solutions available.

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For example, in the late 1990s, during the ERP rage, some Brazilian executives saw the implementation of such systems as an initiative to reinforce the image of their companies as modern and world class. At EngeCom (pseudonym), a mid-sized company, the major shareholders pushed for the adoption of a leading-brand, foreign ERP package. They saw the implementation as a way to consolidate the company’s image and therefore to increase its attractiveness to potential investors. Its implementation was started without any major effort to determine its adequacy. Delays, wasted money and time, and frustrated employees were the price to be paid, but the ERP system was finally rolled out. Even if the system could not respond to the company’s operational needs, the major shareholders were happy to hear positive comments regarding EngeCom’s up-to-date management model from investment bankers and other visitors. They concluded that their objective—to make the company more attractive to potential investors—had been achieved.

Level of Critical Reasoning

The third influential variable is the level of critical reasoning engaged in by the organization’s management. We define critical reasoning as the skill to carry out an objective and broad analysis that is at once connected to the context and dispassionate as regards the adoption of imported managerial expertise. Both unchecked admiration of imported models and complete denial thereof are examples of low critical reasoning levels. Managers with keen critical reasoning will neither accept nor reject a concept or model a priori; rather, they will analyze its entirety and its parts, its appropriateness, and its applicability.

The higher the level of critical reasoning, the more time for the analysis of the solutions available, the finer the organization’s screening of political or institutional pressures, and the greater the tendency towards seeking out creative solutions.

Summing Up the Three Variables

The combination of these three variables—substantive pressures, political and institutional
pressures, and the level of critical reasoning—may, as we have noted previously, lead to different possible reactions to the presence of imported managerial expertise. These reactions may be located within a spectrum, defined by different levels (from low to high) of each of the three influential variables (see Figure 2).

Several reactions can be found within such a spectrum. However, our surveys (see Appendix) indicate three typical reactions: unreasoned adoption, ceremonial adoption, and managerial anthropophagy. To illustrate these reactions, we use three real cases based on local companies—InfraCom, StorageCom, and AutoCom (pseudonyms)—that we will subsequently summarize. These three cases were identified in our survey and represent archetypical and frequent behaviors of local companies when facing the adoption of imported managerial expertise.

Unreasoned Adoption: The Case of InfraCom

The first typical organizational reaction to the adoption of foreign managerial expertise in Brazil occurs under the presence of a high level of institutional and/or political pressures, coupled with a low level of critical reasoning.28 In such circumstances, organizations tend to adopt the latest fad, often regardless of actual need. The result is frequently frustrating.

Two possible outcomes can result, if one assumes a low level of critical reasoning. A first outcome occurs when substantive need is low or diminishes over time; in this case, the initial frustration leads to denial and inertia, i.e., the organization will not pursue alternative solutions. A second outcome may occur if the substantive need is relevant and persists. In such a context, after a frustrated attempt, the quest for a new solution probably restarts, and the cycle is lived all over again in constant retrials. This second possibility tends to happen more frequently than the first, due to the continuous stream of actual pressures to increase competitiveness, forcing companies to seek out and adopt new fad solutions.

The unreasoned-adoption behavior is illustrated below by the InfraCom case. The company’s roots lie in the merger of a large number of regional companies that were consolidated, in the 1980s, into a large, nationwide, state-owned company.

In the mid-1990s, with the headway made by privatization in its sector, InfraCom was subject to a series of organizational transformation processes. The main purpose was to increase its value and make the company more attractive to future investors. Another objective was to prepare InfraCom for competition with new players that would start operations in Brazil. The change process was mandatory and was conducted according to the directions of a State Ministry. Indeed, InfraCom’s change process was considered a key issue in the national privatization process.

Supported by consulting firms, InfraCom sought to implement successive programs based upon the latest managerial fads and fashions. The main programs were TQM and reengineering, which were very popular at that time. Additionally, the firm planned to adopt a new organizational archi-

![FIGURE 2]

Main Factors Affecting Organizational Reactions to Foreign Managerial Expertise in Brazil
tecture. Connections between substantive needs and the chosen programs were never clearly made.

However, legal restrictions to restructuring and layoffs, in addition to internal resistance to change posed by several stakeholders, prevented effective implementation of the programs. Frustrated by its failure at transforming itself, the company pursued new programs, repeating the cycle of search, implementation attempt, perception of inappropriateness, and rejection of the program.

Ceremonial Behavior: The Case of StorageCom

The second organizational reaction consists of adopting foreign technology only in a temporary or partial manner, frequently to mitigate adoption pressures, without actually producing substantial change or damaging whatever is considered untouchable to the status quo. Ceremonial behavior occurs in the presence of elevated institutional and/or political pressures to adopt legitimated foreign managerial practices, even when no substantive need justifies them. The level of critical reasoning is often high.

Many Brazilian organizations, using a high level of critical reasoning, may intentionally adopt widely legitimized fads merely in a ceremonial manner. In this case, the organization only appears to conform; it resists changes that have no substantial need to occur.

When facing this behavior, foreigners tend to perceive only a pseudo-reality, which appears to conform to predominant foreign models and ideas. Below the surface, however, remains the hybrid and diverse substance, only partially receptive to imported models.

This type of behavior occurred massively in Brazil during the implementation of TQM and reengineering programs. Driven by institutional pressures to adopt such types of programs, several organizations tended to adopt them only ceremonially. To the casual observer visiting the organization, documents and rituals of the quality system were easily perceivable and available, as were the new process flows altered by the reengineering program. A more attentive observer, however, might have noticed that reality had been left untouched, and several quality and process issues had been left as they were before the so-called adoption.

Ceremonial behavior is exemplified by StorageCom, a successful family-owned company specializing in storage and distribution. During the late 1990s, StorageCom’s clients became predominantly multinational firms. Operating on a global scale, these firms imposed the same requirements for their suppliers all over the world, such as ISO 9000 certification. Among StorageCom’s executives, the certification was considered to be nonsense, since the firm had a rich, comprehensive quality program that was functional and flexible. Promoting certification would not only be devoid of value, but it would also be detrimental to gains obtained with the current quality program. Even worse, StorageCom’s executives feared that its flexible organizational model could be threatened by the high degree of formalization ISO 9000 demanded. Therefore, the organization did what many other organizations in Brazil did: StorageCom nowadays presents two distinct sets of procedures: one for the auditor to check upon, and another which is actually followed. ISO 9000 certification was thus accomplished, and yet no critical element of the organization was undesirably altered due to such conformity.

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Managerial Anthropophagy: The Case of AutoCom

The third type of Brazilian organizational reaction to the adoption of foreign managerial expertise occurs under the presence of a high level of substantive factors, coupled with a high level of critical reasoning. In such circumstances, the organization carefully assesses and thoroughly adopts the new managerial practice to its own reality; it does not pretend to adopt a foreign managerial expertise in which it doesn’t see answers for its challenges, nor does it simply reject it.

What takes place is a re-reading of the managerial expertise’s main concepts, taking meticulously into account local reality and complying with the organization’s unique context and objectives. Adopting imported models this way allows organizations (like the cannibalistic warriors of history) to extract the best out of them, performing an appropriation of their core values, and translating the technology to their social and cultural universes.

Managerial anthropophagy is exemplified by AutoCom, a mid-sized company founded in the 1950s, which supplies the major auto assemblers located in Brazil and also has industrial and trade operations in North America, Europe, and Asia. In the 1990s, in the beginning of extensive moderniza-
tion of the Brazilian automotive industry. AutoCom underwent a deep organizational change process.

With occasional assistance from consultants, AutoCom was restructured—adopting an organizational model based on strategic business units—and reformed its supply chain, implemented an enterprise system, and adopted a new pay system. These steps were not adopted as a package presented by the consultants. In all cases, the company grasped the model's underlying concepts and adapted them to its own reality.

AutoCom was subject to approximately the same substantive, institutional, and political pressures that affected InfraCom and StorageCom. Therefore, one could ask: What made it different? We believe that the main factor making AutoCom unique and so successful was its strong identity and core values. Most managers were engineers who loved their work, were enthusiastic about the company's products, and felt proud of the company's achievements when competing with bigger multinational firms.

The competitive environment played an important role in fostering the corporate culture. Contrary to InfraCom, which was a monopoly, and StorageCom, which was part of a de facto oligopoly, AutoCom had operated for a long time in competitive environments, in Brazil and abroad. Besides, the firm was always subject to intense pressures from its clients (giant companies like General Motors, Ford, and Volkswagen) to improve quality and to reduce costs.

Another important cultural characteristic was entrepreneurship. Being a relatively small firm amidst multinational giants, AutoCom could not be timid. AutoCom's internationalization began long before Brazil's economic reforms of the 1990s, and it gave AutoCom's executives a cosmopolitan view of business.

This competitive context also made AutoCom very keen about using resources productively and very critical of management fads and fashions. The firm was therefore able to achieve an important equilibrium: It was neither too open to allow new ideas to be implemented without detailed scrutiny, nor was it too enclosed to ignore helpful new ideas. AutoCom was not a first mover in terms of adoption of new managerial expertise; instead it intuitively developed a method to evaluate and adapt the expertise and was able to outdo its main competitors on most occasions. The firm started its modernization program in 1994. After six years, it had implemented many of the most popular management ideas of the period, but each one in AutoCom's own way.

**Structuring Managerial Anthropophagy: Five Essential Steps**

Managerial anthropophagy is a management practice which aims to ensure the appropriate adoption—i.e., thoroughly suited to local singularities—of foreign managerial expertise by organizations in emerging countries.

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The anthropophagous organization consciously analyzes and recreates the foreign managerial expertise to comprehend its assumptions; it reexamines the expertise, based on its own context; and finally, it creatively reconstructs the technique as a hybrid, "devouring" without prejudice the essence of its value and forcing it to meet the organization's unique needs appropriately.28

The anthropophagic approach involves a reconstruction task in which the raw material is the original foreign managerial expertise and the objective is the adoption of whatever is truly appropriate to local characteristics. We propose that the essential steps for this methodology are the following: (1) identify the technique's core assumptions; (2) test and filter each assumption; (3) blend in local singularities; (4) reconstruct the model; and (5) test and implement the model. In this section, we will use one of AutoCom's change projects to illustrate the methodology.

In the late 1990s, the firm had experienced a major organizational redesign which led to many changes in the organizational architecture. As a consequence, top management was pressured to review the pay system, considered to be incompatible with the new architecture. However, difficulties in finding appropriate help almost resulted in discontinuance. The solution came from an internal task force, formed by professionals from human resources, production, engineering, administrative staff, and sales. This task force proposed an entirely new pay system, based on the concepts of "pay for performance" and "pay for competence." The system would be based on ample research on trends in executive pay systems and a deep study of the organization's context and needs.
**First Step: Identify Core Assumptions**

The first step is to identify the assumptions—seldom declared or made explicit—upon which the imported technology is built. This includes understanding the model, its conception, its original application objectives, and its original context. The factors presented in Figure 1 can serve as introductory ideas for this step: the “anthropophagous agent” should isolate the institutional, cultural, and organizational assumptions that support each model being analyzed.

In the case of AutoCom, three alternative models—all foreign—were selected for appraisal by the task force. The focus was concentrated on identifying the conditions in which each one was created—by whom, for whom and with what purpose—and analyzing the assumptions linked to each of these conditions. One main conclusion of the task force was that the models were all based on the “bureaucratic machine” model of organization and seemed to be designed for bigger companies, which emphasize hierarchy and rigidity. This was definitely not the case with AutoCom, which was characterized by informality and flexibility.

**Second Step: Test and Filter Each Assumption**

This step involves a comprehensive assessment of the assumptions identified, aiming to verify the degree of consistency with the singularities and requirements of the local context. Each assumption based on such elements should then be validated or discarded. If the fit with local needs proves to be impossible, or unlikely to be accomplished by adaptation, the model should be rejected. If a fit with local needs is possible, then useful knowledge and value can be derived from the foreign expertise.

This step was vital in the case of AutoCom. Of the three models considered, one presented cultural characteristics inconsistent with the Brazilian context and contained assumptions contradictory to those of AutoCom’s business context and organizational reality. For instance, this model assumed that the organization had reached a mature state of organizational development and had a clear strategic plan, from which individuals’ goals and objectives could derive. That was not the case with AutoCom, which had a flexible and transitional organizational architecture and limited experience with long-term planning. The same model also assumed well-defined functions with carefully written job descriptions, while AutoCom opted during the restructuring program for “function’s focus” and “function’s identity,” which allowed their executives to perform different roles and tasks. This model was thus discarded. The two remaining models were not entirely compatible with AutoCom’s unique features either, but the inadequacies could be successfully filtered out.

**Third Step: Blend in Local Singularities**

The third step includes blending in properties, assumptions, and requirements essential to the local context. This is an intermediate step and one of the longest, since it demands research, along with compatibility verification of the add-ons with the remaining elements of the model.

At AutoCom, this step included the substitution of a few key features for those filtered out in the preceding step. Regarding institutional factors, several legal requirements of the Brazilian labor environment had to be added, since a federal law partially regulates pay-for-performance systems. It was also necessary to introduce procedures that considered the possibility of economic instability and high inflation rates, not included in the original models. This was fundamental to prevent potential conflicts between managers and shareholders. Concerning the corporate culture, the main modification was the substitution of the face-to-face performance appraisal for a self-evaluation system. Finally, regarding the organizational architecture, the design of the new system had to consider horizontal career paths, due to the characteristics of the new organizational structure.

**Fourth Step: Reconstruct the Model**

In this step, original and supplementary elements are adjusted and put together in a hybrid model. The main goal is to assure the consistency and harmony of the resulting combination.

At AutoCom, in this step, a clearer idea of the cost and benefit of each adaptation effort could be foreseen and analyzed. That was the case of the two models adopted by AutoCom. After all additions and requirement revisions, one of the models had to be discarded, for reasons of excessive costs for the necessary adaptations. In its turn, the remaining model, significantly transformed, fulfilled most of AutoCom’s essential requirements, at a reasonable cost. This model presented a set of unique features that could increase its chance for success. Two of its characteristics could be emphasized: fitness to corporate culture and values, which could make implementation easier by avoiding resistance to change, and simplicity, which could guarantee smooth operation.
Fifth Step: Test and Implement the Model

This is the last step of the anthropophagic approach. In case of incompatibility or major difficulties during the implementation, some steps may need repeating and the model may need modification.

At AutoCom, the time necessary for the entire development of the new system was approximately 12 months, and the implementation took another 12 months. During testing and implementation, several minor modifications were made. The costs of adaptation, testing, and implementation were considered to be reasonable. The new system was implemented top-down and used facilitators and work groups extensively. This procedure assured high involvement and participation. Success was confirmed by direct feedback: AutoCom’s professionals declared that the new system provided “rules for a fair game” and contributed to the alignment of objectives at the corporate and individual levels. Besides, strategy itself gained transparency, since the implementation process included the deployment of strategic goals through the entire organization.

Ten Principles to Give Success a Better Chance

Improving management expertise in Brazil is in the best interest of both local and foreign entrepreneurs and executives. It also represents a major opportunity for the country to enhance its competitive positioning and to integrate the new economic order.

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Drawing upon the concepts and ideas discussed in this article, and upon the proposed framework, we present below some general guidelines. These guidelines are addressed primarily to foreigners doing business in Brazil. But we believe that some of them could also be useful to foreigners doing business in any emerging countries and even to Brazilians interested in improving their own management practices.

Attitude Comes First

To be successful in a business venture in Brazil, one must respect local characteristics. Therefore, avoiding ethnocentrism is mandatory. Although a widely discussed concept, diversity is still more present in rhetoric than in practice.

Knowledge Comes Next

To be successful in a business venture in Brazil, one must understand local characteristics. To study Brazilian culture and history certainly will be of great help. Knowing the past is essential to understanding the present and building the future.

Observe the Culture and the Business Environment

Be attentive to the rhythms and rituals. They will certainly reveal a lot about the way to make things happen in this Latin country. Be prepared to change approaches and methods. Like the United States, Brazil is a huge country. North and South, East and West, big cities and small towns present different business cultures.

Be Careful with Your Long-Standing Assumptions

The business environment in Brazil presents differences from the business environments of developed countries. Institutions are not at the same level of maturity, management models are sometimes ill-developed, and the work culture was formed through different paths. When assumptions are transferred to a different context, the assumptions may need to be reformulated.

Be Flexible

Brazil’s is a transitional economy. Brazil is also a country full of social and economic contrasts. Some industries are still in the early phases of development, far from maturity. Economic and social institutions are still evolving. Therefore, changes have a tendency to be more frequent and radical.

Look Backstage

Do not take discourse for practice and appearances for reality. Remember formalism and the tendency to ceremonial behavior. Try to figure out what is going on behind the stage and how things really get done.

Re-invent Your Experience

Doing business in a different country is always a process of self-education and self-development. When working abroad, one has the chance to renew one’s own past experience, adapting and using it in a different way.
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Use Your Competences

Many firms in Brazil present opportunities for management improvement. New management models are certainly necessary. Those who can bring knowledge which is both innovative and adequate to the local context will therefore be very welcome.

Learn with Partners

Multinational companies have been present in Brazil for a long time. New players come every day, attracted by the economy’s good fundamentals and the market’s large potential. Partnering with local entrepreneurs may be a particularly good way to enter the market and understand how it works.

Be Critical

The management field works much like a knowledge-intensive industry. New concepts and ideas circulate at an incredible pace. But among the good ideas are many management fads and fashions which contribute more to the wealth of the management industry than to the wealth of the firms applying them.

Considering Other Emerging Countries

We believe that the phenomena portrayed in this study are not exclusive to the Brazilian milieu. Although many differences exist among emerging countries, the rationale developed here may be generalized to other contexts. Local Brazilian conditions may amplify or provide a unique flavor to the described phenomena, but they are not exclusive to it. The tendency to import managerial expertise, the reactions caused by incompatibilities between such solutions and local contexts, as well as the need to conduct managerial anthropophagy, are issues we believe to affect many other emerging countries.

Our belief is that the strategy proposed by this study may be useful both to organizations in emerging countries and to the organizations of developed countries operating in emerging economies. From a broader perspective, the rationale proposed here may also be applied by practitioners interested in better understanding their achievements and failures in emerging countries.

Appendix

The typology proposed in this article was developed from the analysis of surveys conducted by the authors and associates on three management practices that have been popular in Brazil since the second half of the 1990s: Enterprise Systems, down-sizing and reengineering, and ISO 9000.

The field survey on enterprise resource planning (ERP) implementation processes aimed to understand the determinants and consequences of the implementation and involved 107 interviews in 40 organizations from a large array of industries. The process took place from 1996 to 1999. The interview script contained 55 questions and was divided into five segments: (1) firm and respondent identification; (2) reasons to implement; (3) implementation approach; (4) implementation results; and (5) implementation assessment. Each question was answered by two people in the organization: an implementation agent and a key user of the system.

The research on down-sizing and reengineering was comprised of two empirical studies. The first was a survey of 111 cases, based on structured interviews and questionnaires, both with representatives of management and with downsized individuals, adding up to almost 300 interviews. The second phase comprised the in-depth comparative analysis of four cases, based on 56 interviews and standard questionnaires, as well as on four workshops, focusing on the reasons and objectives of the process, the process per se, its outcomes, as well as the unexpected results for the organization, “survivors,” and downsized individuals.

The purpose of the survey on ISO 9000 certifications was to examine the characteristics of the adoption phenomenon in the Brazilian context, with a special focus on formal behavior. The authors surveyed 70 implementation processes that occurred from 1998 to 2002. A set of structured interviews with top executives and line managers was conducted for each case (with a minimum of three interviews per case), adding up to a total of 216 interviews. All interviews followed a structured questionnaire with 46 questions. The questionnaire addressed the following topics: (1) the antecedents, motives and objectives of the ISO 9000 implementation process; (2) how the process was conducted; (3) outcomes; and (4) unexpected results for the company.

Acknowledgments

The authors would like to thank Robert Ford and Mansour Javvid for their suggestions and assistance in editing this text and FGV-EAESP’s Research and Publications Group (NPP) for its support.

Endnotes


2. ISO 9000 is a set of international quality standards for both management quality and product quality, comprising three series of prescriptive technical norms and a number of accompanying descriptive norms. The certification is awarded not only to world-class organizations, but potentially to any firm of any size, providing that it demonstrates consistent use of documented, standardized quality procedures. ISO 9000 has been
paraphrased as, "Say what you do. Do what you say. Write it down."


In Brazil, the flow of foreign investments has grown since the early '90s. According to Brazil's Economist Intelligence Unit (EIU), Brazil will draw US$ 2.2 billion in direct investment in 2002 and another US$ 2.4 billion in 2003. Brazil's main attraction is still the sheer size of its 170 million consumers domestic market. Additionally, with increased regional integration, a growing number of foreign companies should use the country as a supply base for other South American countries. The greater part of the funds inflow will be directed to exporting industries such as steel milling and paper and pulp, where abundant natural resources provide Brazil with a competitive advantage. Source: Caminoto, J. 2002. Brasil vai atrair US$ 2.4 bil ao ano, diz consultoria. O Estado de São Paulo, Caderno de Economia, March 15.

Critics could argue that the economic development of emerging countries will naturally lead to the adoption of institutions analogous to those in developed countries. This can take place. However, such an argument has at least two shortcomings. First, it is not possible to know exactly how rapidly such institutions will mature; and second, it is not obvious that such maturation will result in the same institutional circumstances as those of developed countries. See Kanna, T., & Palepu, K. 1997. Why focused strategies may be wrong for emerging markets. Harvard Business Review, 75(4): 41-51.


In the proposed framework, we recognize, among the several traits of Brazilian culture, those characteristics that Brazilian theorists have consistently suggested influence the Brazilian tendency to favor foreign references. See Guerreiro Ramos, 1981, 1983, op. cit.; Cadras, M. P. 1997. Samo de casa não faz milagre: Condições nacionais e implicações organizacionais da fixação brasileira pelo fardo do 'Extrangeiro.' In Prestes Motta & Cadras (Eds.), op. cit.: and Barbosa, L. 1999. Igualdade e meritocracia. Rio de Janeiro: Editora FGV.

See Ribeiro, op. cit.


This particular kind of behavior in the Brazilian organizational realm has been depicted before and is similar but not equal to what neo-institutional theorists have termed ceremonial behavior. See Cadras & Wood, 1997, op. cit. For a discussion of the similarities and differences between formalism and ceremonial behavior, see Vasconcelos & Cadras, op. cit.

This process comprehended: (1) increased investments of foreign companies, with emphasis on communications, electricity, the car industry, and banking; (2) increased imports, which increased from $21 billion in 1992 to $53 billion in 1998; and (3) increased exports, which increased from $36 billion in 1992 to $51 billion in 1998. Source: DIEESE/Banco Central do Brasil. Relatório Anuário (http://www.diese.org.br/ana/2001).

In the early 1990s, taxes for imports of capital goods, consumer goods, electronics, petrochemicals, textiles, and many other products were substantially reduced. Simultaneously, more flexible rules for the control of financial flows were implemented, and a major privatization program was accelerated. The joint effect was the attraction of investments from numerous multinational firms, such as Telefônica, AT&T, Nortel, Daimler-Chrysler, Renault, PSA (Peugeot-Citroën), Honda, Toyota, HSBC, SEB, Santander, and ABN-Amro For a detailed account and statistics on the restructuring of the Brazilian economy, see Diniz, E. 2000. Globalização, reformas econômicas e elites empresariais. Rio de Janeiro: FGV.

Despite several accounts of the positive impacts of modernization efforts, more comprehensive analyses show a scenario in transition, with still modest productivity and competitiveness levels. See, for example, Instituto McKinsey. 1999. Produtividade no Brasil. Rio de Janeiro: Campus.

The concept of hybridization substitutes the concept of an
evolving and linear transformation and leads to a perspective
that comprehends fragmentation and the coexistence of dif-
ferent realities, many of which are contradictory and paradoxical.
See Caldas, M., & Arias, M. E. 1997. Comprehendo as orga-
nizações latino-americanas: Transformação ou hibridização? In
Mota & Caldas, op. cit.
21 For instance, São José dos Campos, a trim and tranquil city of
500,000 people, hosts Embracer, now the world’s third-largest
manufacturer of commercial aircraft and Brazil’s number one
firm in exports. Embraer is a good example of a successful
high-tech venture. About two hundred miles west of São José
dos Campos, one still find large sugar cane plantations which
employ large groups of temporary workers and where work
is still done by hand. Such contrasts are present all over the
country.
22 For a review of the concepts of fads and fashions, see
Abrahamson, E. 1991. Managerial fads and fashions: The dif-
fusion and rejection of innovations. Academy of Management
Review, 16: 586–612. For an analysis of fads and fashions in the
Brazilian environment, see Vasconcelos & Caldas, op. cit.; Cal-
das, op. cit.; and Caldas & Wood Jr. 1999, op. cit.
23 Research suggests that all of these inter-organizational
agents have been relevant in the Brazilian environment.
Concerning consultants, see Caldas, M. P. 1996. Towards a more
comprehensive model of managerial innovation diffusion: Why
consultants are not the only ones to blame. Paper presented at
the Academy of Management annual meeting (Management
Consulting Division), Cincinnati, OH. Concerning business
periodicals and management publishers, see Wood Jr., T. &
Paes de Paula, A. P. 2002. Pop-management. Paper to be pre-
ented at the Academy of Management annual meeting (Organiza-
tion and Management Theory Division), Denver, CC. Con-
cerning general government agencies and professional categories, see
Vasconcelos & Caldas, op. cit.
24 See Vasconcelos & Caldas, op. cit.
organizacional no Brasil 1961–93. Revista de Administração de
arte da produção acadêmico no Brasil, Proceedings of the
ENANPAD, Florianópolis, and Vargarda, S. C., & Carvalho,
D. S. 1995. Nacionalidade dos autores referenciados na litera-
tura brasileira sobre organizações. Revista Brasileira de
Administração Contemporânea (Organizações). 161: 170–188.
26 See Wood & Paes de Paula, op. cit.
28 We have suggested these three main variables in accord-
ance with contemporary organization theory, Brazilian organiza-
tion studies, and our own research.

Thomas Wood Jr. is an associate professor at Fundação Getúlio
Vargas—Escola de Administração de Empresas de São Paulo
(FFGV-EAESP) in Brazil and is editor of Revista de Administração
de Empresas—RAE. He has an MBA and doctorate in business
administration. He is a consultant in the field of corporate
strategy and business transformation and also works as an
"accidental journalist." He has published numerous books and
articles on Brazilian management. Contact: wood@fgvsp.br.

For an example of a politically oriented perspective, see
Frost, P. J., & Egri, C. P. 1981. The political process of innovation.
In Star, B. M., & Cummings, L. L. (Eds.) Research in Organiza-
30 A good deal of the neo-institutional literature has attempted
to explain why certain management practices end up as institu-
Institutional organization: Formal structure as myth and ceremony.
Powell, W. W. 1983. The iron cage revisited: Institutional isom-
orphism and collective rationality in organizational fields. Ameri-
The adolescence of institutional theory. Administrative Science
Quarterly, 32: 455–511. Institutional pressures are commonly discussed
in the literature on management fads and fashions. See Gill, J., &
Whitle, S. 1992. Management by paracube: Accounting for trans-
ience. Journal of Management Studies, 30: 231–255. Abrahamson,
and collective learning processes. Paper presented at the Acad-
emy of Management annual meeting, Boston, MA. Abrahamson,
31 For a detailed account of this case, see Wood Jr., T., & Caldas,
32 In this case, the level of the substantive factors does not
significantly affect the reaction.
33 A similar behavior has been described by neo-institution-
alis: e.g., Meyer & Rowan, op. cit.
34 For references, examples, and evidence of the pervasiv-
eness of such behavior in the case of ISO 9000 certifications in
Brazil, see Vasconcelos & Caldas, op. cit.
35 See Alvesson, M. 1990. Organization: From substance to image?
36 However, side effects have been noticed through the years
following the ceremonial adoption. For instance, the ISO 9000
masquerade provoked the rage of most StorageCom employees
among people with quality programs, including the previous, functional,
and well-accepted system.
37 In this case, the level of the institutional/political factors
does not significantly affect the reaction.
38 One assumption of organizational anthropophagy is that,
even if the imported technology is not fully applicable, there
can always be useful and important knowledge at its core.
39 See Stephen, D. 2001. Tacking the cross out of the cross-
cultural transference of management practice. Revista de Ad-
40 Face-to-face criticism is less socially acceptable in Brazil-
ian culture. See Stephen, op. cit.

Miguel F. Caldas is an associate professor at the Fundação Getúlio
Vargas—Escola de Administração de Empresas de São Paulo
(FFGV-EAESP), in Brazil, and has his D.B.A. from that
institute. He has published several books and articles on
Brazilian management. His research interests include organi-
zational change, culture, and design, and diffusion and adop-
tion of managerial technologies.
Contact: mcaldas@fgvsp.br.