

TRAINING AND DEVELOPMENT IN BRAZILIAN MULTINATIONALS: IS THE INVESTMENT MADE IN THE HEADQUARTERS REPRODUCED IN FOREIGN BRANCHES?

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1 INTRODUCTION

The twentieth century has produced significant progress in the information technology, permitting the reduction of geographical distances through the speed of information transmission (LÉVY, 1999; CASTELLS, 2002). Computers are networked, the distribution channels have become faster and the Internet has made it possible to send files to other destinations almost instantly. The speed that technology concedes effective communication to organizations provides them with alternatives, like the fragmentation of productive units (CLEGG et al., 2004). Such facilities stimulate competition, leading to the search for ever greater results, as well as making it possible for organizations to procure better places in which to invest, which contribute towards the maximizing results.

The absence of territorial frontiers provides multinational companies with greater bargaining power when negotiating subsidies with countries interested in attracting foreign investments. This demand may include the entrance of determined product into the market at a lower cost, sharpening competition. In other words, the companies internationalize their activities by leaving the origin country in order to expand their markets and obtain more competitive production conditions.

For this reason, productivity and competition have become marked by a global connectivity that has allowed interaction between business networks. Thus, this new

economy is defined by Castells (2002) as information-based, global and networked. Technological advance together with those features typical of the capitalist economy, such as the privatization of public property, the opening of markets and the fiscal austerity are essential to capture the foreign investment, which, according to Stiglitz (2002), would enhance the development of countries that follow such policies.

However, the internationalization of a company depends on its nature, international strength, the motives behind its expansion and the kind of organization in which it is structured (LEMAIRE, 1997). Such a move requires that the multinational be aware of the importance of adapting People Management practices to the reality in the country in which sets up business (BARTLETT and GHOSHAL, 1986). The success of a multinational depends largely on the way it manages its personnel (QUINTANILLA, 2002). Thus, the field People Management has grown and is becoming increasingly linked to the strategic need of organizational businesses (SCHULER et al., 1993; FISCHER, 2002).

Accordingly, policies and practices have to be locally sensitive and globally competitive at the same time (BARTLETT and GHOSHAL, 1986). The development of these strategies may signify a competitive advantage for the organization (SCHULER et al., 1993). This has led the field of research into International People Management to develop and adjust to the needs of a company. As a consequence, it is necessary to adapt the subsystems from the People Management area to the cultural, legislative and economic reality found in the country where the company intends to develop its activities in order for the internationalization process to succeed and optimize results.

However, the construction of a global company takes place through learning, adaptation to the environment and the management of local workers that have other values, customs and traditions (QUINTANILLA, 2002; JOHANSSON and VAHLNE, 1977; DOWLING and WELCH, 2005; BRISCOE and SCHULER, 2004). A lot has been written and said about the importance of the developing workers who would be responsible for achieving the organization's aims. It is said that the success of these activities will depend on the attention given to People Management in the internationalization process and its evolutionary stages (BRISCOE and SCHULER, 2004; BOHLANDER, 2005). A recent study demonstrates that multinationals installed in Brazil invest little in training (AGUZZOLI et al., 2006). However, questions arise such as; "What is the level of

investment in the training and development of its local labor force?'. The globalization dynamics shows that a lot of companies expatriate their activities in the search for higher profits because of the potential of the consumer market, cheap labor, governmental subsidies, competitive advantages, legal and political reasons or even in order to obtain a global understanding of consumer needs (WRIGHT et al., 2000). Hence, the questions this study intends to answer are the following: Is there any difference between the investment made by Brazilian and foreign multinationals in the training and development of local labor? And when they are internationalized, do they train the local labor? What would lead to this? With these questions, the present study aims to verify, through the Social Statement/Report from 71 of the largest Brazilian multinationals and interviews with nine managers in such companies, the relation of such organizations with their workforce and the investment made in their labor.

2 GLOBALIZATION AND INTERNATIONALIZATION: INTERCONNECTED PROCESSES MOLDING NEW RELATIONS

Cultural, economic and political exchange allows the absence of physical frontiers in globalization, resulting in the adoption of a free capital model. In this movement, territorial distance has no importance (BAUMAN, 1999). This absence of geographical limits was spread by the evolution of transportation, as it has permitted the accelerated diffusion of goods produced locally to any place on the globe. Products have come to no longer be neither limited by their perishability, nor the market where the company operated; the means of transportation has shortened distances and the time needed to cover them. Furthermore, it has made it possible for the companies to decentralize the production of goods, transferring production or installing subsidiaries in any place considered to be convenient (HOBBSBAWM, 2000).

Such mobility permits the transfer of the production of goods to the place where it is most profitable (BAUMAN, 1999). The company no longer needs a concrete territory (RODRIGUES, 2001). Moreover, the global economy, impelled by deregulation and free market policies promoted by international governments and institutions, has been released from the idea that the organizations need to be near the raw material or their labor force (RODRIGUES, 2001; BARQUERO, 2002; CASTELLS, 2002). Hence, according to

Castells (2002), it is possible to state there is a global economy, as economies all over the world depend on the performance of their globalized core.

When cultural and historical aspects are considered, we observe that the exchange established between cultures is not a recent phenomenon. Intensification of the process of globalization took place with the restructuring of capital after 1980, when there was an intensification of the interaction between the distinct capitalist economies operating in the world (DUPAS, 1999; FUJII, 2004; CASTELLS, 2002).

The acceleration in the globalization process is due to changes in the productive system, in the work relations and in the international economy (FUJII, 2004). For Hobsbawm (1995), globalization involves an ever more elaborate and complex division of labor; to bigger network of flows and exchanges that connect the parts of the world economy to a global system.

Nowadays, according to Barquero (2002), globalization and the corresponding phase of capitalism are to a great extent described by indicators that involve the expansion of the world economy and the markets, their internationalization, the reduction of the role of the State, the importance given to multinationals, the relationship between economies, the different modes of regionalization and the strengthening of economic blocks. Moreover, these factors facilitate the creation of a global interdependence among the capital markets, the management of which become at any time globally interconnected economies, working in real time (BARQUERO, 2002; CASTELLS, 2002).

Although globalization shortens distances and time, it is related to territories where the production of certain companies takes place. The so-called 'global cities' are strategic locations in the production of functions that no longer exist in the headquarters of a company. Such spaces manage and control the global economy. In other words, this economy is materialized through national territories, by way of "national institutional arrangements and legislative acts not necessarily perceived as being foreign" (SASSEN, 1999, p. 102). The existence of these cities sets a precedent for the search for cities that attract international capital in order to optimize results. This movement involves the internationalization process in multinationals in the search for market expansion and cost reduction in order to achieve higher profits and greater competitiveness in the market. Thus, globalization, with its reticular reality, the elimination of physical barriers and the

shortening of distance and time, allows internationalization to occur through the demand of places that will benefit from the productivity and profitability of the company.

The search for internationalization results from the rapidity offered by globalization, which boosts the productive processes and the communication between companies and their units (MILLIMAN, 1991; QUINTANILLA, 2002). Although the organizational characteristics and attitudes in the expatriation of a company have been studied since Perlmutter (1969), it was in the 1980's that research focused attention on the role and the strategies of multinational corporations.

The multinational companies are complex organizations that operate interconnected in different environments. They are organizations that need to be simultaneously local and global, although the companies have to reach a variety of global and local levels. The complexity of the multinationals derives from the use of combinations of formal and informal control, so that they operate interconnected in different geographic regions (QUINTANILLA, 2002; SCHULER et al., 1993).

International companies usually evolve gradually. At first, they export and import products (WRIGHT et al., 2000). Lemaire (1997) agrees with the evolutionary process multinationals undergo, and suggests the existence of the three phases in their international development. First, there is initial internationalization, where the activities are on a domestic level based on national and regional structures. This phase corresponds to an exploratory approach, where the company makes a small implantation, evaluating the potential of markets and conditions of local production. The second stage is local development, where the activities are multi-located and based on international structures. In this phase, productivity is increased. Finally, multinationalization concentrates global or transnational activities based on multinational structures; in this stage, the company is totally installed and its activities are well established.

3 PEOPLE MANAGEMENT IN THE GLOBALIZED WORLD

The technical progress of the developed world has favored the highly qualified workers, increased unemployment for those who are less specialized and weakened the labor unions due to the division of production into several establishments and locations.

Furthermore, the rapid technological change that has occurred during this process has led to the flexible specialization of work (RODRIGUES, 2001).

The increased flexibility of work, unemployment and the growth of the informal market are also influenced by the transfer of industrial plants from developed countries to regions where the production costs are lower (decentralization) (FUJII and RUESGA, 2004). Certain companies decentralize their production, through subsidiaries, to peripheral countries, as these offer advantages in the establishment of industrial plants destined for the world market. In developed countries, for instance, labor is more expensive and better organized; government demands have to be in agreement with directives of subjects such as work relations, taxation, security and health. In underdeveloped countries, labor tends to be cheaper and less organized, and government rules interfere less in the construction of the practices of the subsidiary (DOWLING and WELCH, 2005). In other words, they constitute factors that encourage the process of shifting production: the supply of plentiful cheap labor; the use of a poorly qualified work force and the improvement of the communication and transportation system. It is emphasized that such aspects favor the fragmentation of the productive processes (FUJII and RUESGA, 2004; BRUNET and BELZUNEGUI, 1999). According to Aguzzoli et al. (2006), several foreign multinationals installed in Brazil outsource a large part of their workforce, do not invest in training their workforce and fail to release their social statement/reports. According to the authors of this study, it might suggest that such companies encourage flexibility in the workplace, since poorly qualified labor is more easily obliged to accept their decisions.

The movement towards decentralization of the productive stages causes many employees to migrate to other countries, contributing towards the transformation of the labor force inserted within a global labor market (CASTELLS, 2002). This way, the author claims there is a historical tendency and, even, an increasing interdependence of labor on a global level. There is, thus, a new international work order: the companies compete through the market, together with the productive and institutional environment to which they belong. This process stimulates the creation of a new organization of the system of cities and regions, according to the new international division of labor (BARQUERO, 2002).

Although there is no unified global labor market, Castells (2002) suggests the existence of a workforce with a global interdependence in an information-based economy.

In other words, some aspects of the economy remain local. Most jobs and productivity will remain local and regional, although the capital is global, the work, in general, is local (CASTELLS, 2002; PRADO, 2001). It means that the staff management will continue to demand local actions so that it results in the desired efficiency.

The shifts analyzed in the world Labor Relations have repercussions on the way companies manage their human capital. The emphasis given to the People Management inside an organization is due to observation of managers regarding the importance of their employees in the achievement of the company aims. According to Quintanilla (2002), the People Management sector in a company refers to the group of policies and practices that are responsible for the management of workers and decisions related to the employees in an individual or collective way. Dutra (2002) corroborates Quintanilla and adds to the people management policies and practices the possibility of conciliation between the expectations of the organization and those of the workers so they can be fulfilled over time.

The management of the multinational must consider that its People Management will present four directly related forces, interacting with each other and being able to produce different results in the People Management of each installed subsidiary.

The headquarters and the influence of the country of origin, the influence of the country of operations, the industry in which the operations take place and the resources and directive capacity of the subsidiaries (QUINTANILLA, 2002, p. 73).

The influence of the organizational base is the most evident force and has the responsibility of determining the conduct and the role of the subsidiaries. According to Quintanilla (2002), it should be noted that the headquarters is also molded by the environment and characteristics of the country where it originated. These variables affect directly the company's personality, the international organization and its processes.

The country where operations are based exerts, by means of its culture and idiosyncratic institutions, local pressures that cause the subsidiaries to adapt to the routines of the country where they have productive activities. Local industry, for its part, influences the subsidiary because its nature and characteristics reflect directly on the development of People Management policies and practices. On the other hand, the capacity and the

directive resources from the subsidiaries determine their development and contribute towards the increase in the headquarters (QUINTANILLA, 2002).

According to Kopp (1994), when the multinationals internationalize People Management practices, they may face some difficulties. Some subsidiaries have high turnover of local staff; disputes and communication failure between native employees and expatriate workers; local dissatisfaction of local employees with the lack of internal promotions; legal challenges of the country of operations; and, in some cases, it is possible that the headquarters find difficulty in attracting local qualified workers due to the poor recognition of the company in the culture of the country and to a low relationship with potential sources that might indicate applicants.

According to the author, the national culture of a country has more influence than the headquarters organizational culture. This favors the adoption of some practices that are effective in the company headquarters, but inefficient in some countries of operation. That is to say, the cultural ascendance of a country has significantly greater than the People Management practices adopted by the multinational. Therefore, the author suggests that the same practices implemented in the organizational headquarters can be taken to several countries, with different cultures, although the results are never identical.

However, as far as Schuler et al. (1993) are concerned, the adoption of International People Management practices depends on the level of international experience of the company. The role of People Management in the headquarters and the attitudes adopted in its management of staff will follow the strategic internationalization focus of the company and the attitude it will have towards its subsidiaries. More experienced organizations usually have a larger set of People Management practices and so adapt better to local requirements. Companies with little international knowledge have a smaller number of established HR practices. Dowling and Welch (2005) corroborate Schuler et al. (1993) and state that the personnel policies and practices depend on the stage of internationalization in the company and will be anchored in the culture of the host country. Hence, when the company installs its operations in another country, it must observe cultural traits and laws that will rule and legitimize its actions.

4 ASPECTS OF PEOPLE MANAGEMENT FOR A MULTINATIONAL SUBSIDIARY

When a multinational internationalizes its activities and in its later stages, it has the following main subsystems: recruitment and selection, remuneration and training and development. The subsystem in focus in this study is training and development. The reason for this is that this subsystem is often emphasized by the organizational discourse as a way of aggregating value to the product and improving the competitive advantage of the organization. The training provided by a company is intended to contribute towards the achievement of its goals. This can be accomplished through a process of continuous updating carried out during the performance of activities in the company, with the objective of preparing the employees to perform their duties well (TACHIZAWA et al., 2001). While training is often described as an organizational effort aimed at stimulating the worker's learning, focusing on issues related to the performance of his/her duties in the short term, development aspires to expand the worker's skills for future responsibilities, not necessarily contemplating the current duty he/she is doing (BOHLANDER, 2005; GIL, 2001). In this way, training and development combine activities in the organizations in order to improve the knowledge and skills of the employees, thus developing, at the same time, new attitudes and competencies (GIL, 2001; BOHLANDER, 2005).

Although the rhetoric used by the managers expresses the importance of keeping the workforce trained, a lot of companies do not prioritize training, to the extent they suggest is necessary, both at the international and domestic levels. Thus, when there is strong competition or pressure to reduce costs, as in the case of international competition, the funds destined to the Training and Development subsystem usually suffer reductions (BRISCOE and SCHULER, 2004).

Given that the workforce of a global company should be a source of competitive advantage, it is crucial that organizations acting within globalized markets maintain it trained and updated for the sake of their success (BRISCOE and SCHULER, 2004). Although many companies are initiating their internationalization activities, the achievement of results and the return on the investments depend on a training and development program (BOHLANDER, 2005).

Furthermore, as the multinational becomes more established in the host country, there is an increasing tendency for it to hire local citizens (which would suggest investment to train and develop them) (DOWLING and WELCH, 2005; BRISCOE and SCHULER, 2004; BOHLANDER et al., 2005). Among the reasons to hire local workers, is the fact that local governments prefer, and several times demand, through the use of administrative or legislative decrees, that the multinationals hire their citizens because, this way, they keep a degree of control and assure their development (BRISCOE and SCHULER, 2004).

Nowadays, the growing tendency of companies to reduce production costs through the search for cheaper labor has become consolidated. This movement is confirmed when we examine the salary difference found between a developed country and a developing one. Whereas in Germany an employee receives U\$ 28.28 on average, he or she receives U\$ 1.75 in Mexico. In most cases, the local workforce is remunerated on the basis of the productivity, amount of hours worked or a combination of the two factors. Generally, developing countries pay on a daily basis, whereas workers from industrialized countries are paid for working hours. A multinational, when installing its unit in the operations country, frequently uses salaries that are equivalent to those from local companies or slightly higher (BOHLANDER et al., 2005; DOWLING and WELCH, 2005; BRISCOE and SCHULER, 2004).

Although the rhetoric used by the managers expresses the importance of keeping the workforce trained, many companies do not prioritize training to the extent they suggest is necessary, both in the international area and at the domestic level. Thus, when there is strong competition or pressure to reduce costs, as in the case of the international competition, the budget destined to the training and development subsystem (T&D) usually suffers reductions. Since the labor force of a global company must be a source of competitive advantage, it is fundamental that companies acting within globalized markets keep it trained and updated in order to obtain success (BRISCOE and SCHULER, 2004).

Accordingly, the present study aims to examine how Brazilian companies invest in employee training in Brazil and how they do it when they internationalize their activities. The interest in the topic is due to the repeated discourse in the academic and business that investment in training and development is fundamental for the efficiency of an organization. What are the limits of such investments? What are its limiting factors?

5 RESEARCH METHOD

Due to the fact that, in Brazil, there are few studies on International People Management, this research is exploratory in nature. This type of study is recommended when little is known regarding a problem and its analysis can develop, clarify and deepen concepts (SELLTIZ, 1975; GIL, 1994). Yet, the achievement of its goals presupposes two research stages: one quantitative and the other qualitative. Accordingly, the first stage of the present study was quantitative in nature and based on secondary data obtained from the statements and reports made available by Brazilian multinational companies. The second stage was based on the data collected during in-depth interviews held with nine personnel managers from seven multinational companies in the south of the country. According to Gordon and Langmaid (1990), in-depth interviews allow the researcher to deepen the discussion about a determined topic, investigating the root and the origin of the facts.

The multinationals that constitute the quantitative sample in the present study were identified from the annual edition of the magazine *Exame* (2005), which classifies the 500 largest companies according to sales volume. Of those 500 companies, only those consisting of Brazilian capital and having branches abroad were considered for analysis in the present study. Thus, after taking these factors into considerations, a total of 71 multinationals was obtained. The data on these companies necessary for the completion of this study was collected in four ways: from the homepages of the companies; through requests via e-mail; on the internet sites where the companies published recent reports, and in newspapers that publish the social statements of the multinationals. The data seen in these reports were: the Brazilian state where the headquarters is located, invoiced revenue, adjusted net profit, number of direct employees and third parties and investment in education, training and development in Brazil, in 2005. Through the data collection carried out on the homepage of the companies, the Social Statements, Investments Reports and other information were analyzed. The required was not available for all the 71 companies. In 20 companies, the released statement still referred to the period in 2004; in eight multinationals, the information referred to years that preceding 2004 and, in 16, the information was inconsistent. Therefore, complete information on the considered items was obtained on 27 of the 71 multinationals.

Later, the obtained data were analyzed using descriptive and multivariate statistics by means of statistical softwares. The choice of quantitative methods in research of an exploratory nature is suitable, since it defines criteria with more precision and comprehension (MALHOTRA, 2001; ROESCH, 1999).

The qualitative stage was carried out with nine managers from seven multinationals in the south of the country, selected due to convenience and access given to the researchers. The items dealt with involved the company internationalization, the transposition of Human Resources policies and practices and the investment made by these companies in the subsidiary. Discourse analysis was applied to the analysis of the statements.

6 DESCRIPTION AND ANALYSIS OF THE RESULTS

Firstly, general features of the multinationals are presented and, next, the investments in training and the development made by them are described.

6.1 Characterization of the sample of multinationals installed in Brazil

The starting-point of the research was the characterization of the 27 selected companies. Thus, it can be seen that two Brazilian states concentrate 68.7% of the multinationals in the study. São Paulo is the State with the largest number of companies, with 11 out of 27, that is to say, 40% of the sample. In Rio Grande do Sul, 8 out of the studied multinational are located, or 29%; and in Rio de Janeiro and Santa Catarina, three in each one (9%). Both the states of Minas Gerais and Espírito Santo have two Brazilian multinationals each, (6%). These data reinforce the current information that São Paulo is the main business center in the country, although Rio Grande do Sul obtained representativeness in the total of the Brazilian industry, maybe due to the growth of an industrial center in the mountain region from the State.

In relation to the sectors in which the studied multinationals act, the Steel making and metalworking is the most representative sector, with six companies, followed by the automotive sector, with five, Chemicals, Petrochemicals and Construction sectors, each one with four, and Pharmaceutical, Hygiene, Cosmetics, Transportation, Mining and Mechanics, each one with two representatives. In Rio Grande do Sul, companies in the automotive sector predominate. Among the companies analyzed in São Paulo, two main

sectors were found. The highest incidence was seen in the segments of construction or construction materials and banks, with three multinationals.

6.2 Relation between financial return and investment in training and development

Of the 27 companies from which the data for quantitative stage were obtained (except for the number of outsource workers), the average invoiced revenue was 6.3 billion Reais. It is necessary to highlight the disparity within the sample, as the company with highest invoiced revenue surpassed that with the lowest by almost 27 times. Concerning the adjusted net profit, the average was a little higher than one billion Reais, with a minimum of one million and a maximum higher than five billion Reais.

The average investment in education and training was R\$29.5 million. The difference between the company that most invested and the company that least invested is almost 230 times. This phenomenon confirms the difference in investments in training and development (T&D) of Brazilian and foreign multinationals. The study numbers of Aguzzoli et al. (2006) demonstrated that the average investment of foreign organizations was R\$ 7.5 million, far below the R\$29.5 millions previously mentioned. This way, the Brazilian multinationals invest almost four times more in this subsystem than the foreign multinationals. Even so, between the Brazilian multinationals there is a certain disparity in the investment made in employees T&D. Whereas the company that least invested spent R\$83,000, those that designated most resources to T&D spent above R\$10 million. There are 11 of the 27 firms at this level.

Table 1: Brazilian Multinationals in figures

	Minimum	Maximum	Average	Standard Deviation
Net income	74931000	136605078000	12861824436.87	28893799411.78
Gross payroll	5673000	6985517000	1396277369.80	2272506842.02
Outsourced employees	16	13869	3653.38	4411.86
Investment in T&D	83	311966	26215.67	65374.18
Direct employees	212	83751	19848.39	24817.75

Source: data collection

As discussed in the study by Aguzzoli et al. (2006), a possible cause for the disparity in the investment in education and training may be the number of direct employees at these companies. With an average of more than 19 thousand employees, among the 27 multinationals that reported the item there was a difference of more than 395 times between the company that most employs and the one that least employs. Thus, the differences that were found concerning investment and training may be founded on the great distinction in the number of employees in the analyzed companies. The number of informal employees was not divulged in the same way as that of direct employees by the analyzed multinationals. Of the 27 companies, just 21 organizations reported the number of outsourced workers. The average of this sample is 3,653, and the multinational that most outsourced had 867 times more outsourced workers than the company that least outsourced. It is also necessary to consider, however, that the number of direct employees in the former is 144 times greater than that in the latter.

In order to evaluate the influence of the analyzed variables on the investment training and development made by the Brazilian multinationals that took part in this study, multiple linear regression was performed. The tested pattern was composed of the following variables:

Investment in training and development = gross payroll + outsourced employees + direct employees + net income. Or, generically: $Y = B_1X_1 + B_2X_2 + B_3X_3 + B_0$

In this generic pattern, a dependent variable is a linear combination of multiple independent variables. The Bs in the equation represent the weights associated to the regression equation from each variable.

After the completion of the multiple regression analysis, the following pattern was obtained:

Investment in training and development (Y) = .785 payroll + .521 net income

It can be seen that just two variables composed the explanatory model. The two other variables, number of direct and outsourced employees, were excluded. The regression equation with the two predictive independent variables was considered significantly related to the investment in training and development by the Brazilian multinationals, with the

following indexes: $R^2=.992$ and adjusted $R^2=.985$ (we use adjusted R^2 for small samples), $F=350,241$, $p=.000$. That is to say, the capacity is measured of the variables “payroll” and “net income” to predict the investment in training and development. The adjusted R^2 , of .985, indicates that 98.5 of the variation of the dependent variable, that is, of the investment made by in Brazilian multinationals in training and development, can be associated to its linear relation with the predictive variables “payroll” and “net income”. In the tested model, payroll was the most important variable in predicting the amount of investment in training and development (.785).

After evaluating the relation between the variables in this study, an analysis was made of the correlation between income, payroll, investment in training and development and direct and outsourced jobs. In the table below, a positive correlation can be seen between net income, payroll, direct jobs and investment in training and development. This represents an indication of the variation vector: the bigger these three variables are, the bigger the investment in training and development will be. The biggest correlation occurred between the net income and the investment in training and development, which approximated 1 (.978, $p=.001$), indicating perfect correlation between both variables. The investment in training and development also correlated positively with payroll, corroborating the results obtained in the regression analysis, previously realized (.749, $p=.001$).

Table 2: correlation table

		Net income	Payroll	Investment in T&D	Outsourced employees	Direct employees
Net income	Pearson correlation Sig. (2-tailed)	1,000 ,	,717** ,000	,978** ,000	,320** ,226	,566** ,005
Gross payroll	Pearson correlation Sig. (2-tailed)	,717** ,000	1,000 ,	,749** ,000	,076 ,797	,910** ,000
Investment in T&D	Pearson correlation Sig. (2-tailed)	,978** ,000	,749** ,000	1,000 ,	,088 ,746	,589** ,003
Outsourced employees	Pearson correlation Sig. (2-tailed)	,320 ,226	,076 ,797	,088 ,746	1,000 ,	,160 ,555
Direct employees	Pearson correlation Sig. (2-tailed)	,566** ,005	,910** ,000	,589** ,003	,160 ,555	1,000 ,

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****.** Correlation is significant to the level 0.01 (2-tailed).

It was still observed that the investment percentage in training and development was 2.26% over the gross payroll, with a standard deviation of 2.05. Despite the high standard deviation, the analysis of variance (ANOVA) indicates that there was no significant difference in the investment in training and development between the 13 different productive sectors in this analysis ($F=.821$, $Sig=.632$).

6.3 Brazilian Companies Abroad and the Investment in T&D

The qualitative stage counted on an interview with nine managers from seven multinationals. The selected multinationals are all from the South region (5 in Rio Grande do Sul and 2 in Santa Catarina) with investments in the industrial sector. It can be seen that the analyzed companies are in the initial stages of internationalization, although they are listed among the 500 largest companies in *Exame* magazine. Thus, it is possible to confirm that, as Lemaire (1997) and Wright et al. (2000) state, the studied multinationals are undergoing an evolutionary process. Following the pattern of Wright et al. (2000), it is seen that three of the seven companies are considered multinationals, since they maintain relationships with several countries and distinct units in different countries. On the other hand, the 4 others can be classified as international because there is external involvement, though it is being formed through networks and the expansion of the products in the international market by installing distribution branches. This way, the investment in training and development can be observed in the light of the international growth the multinationals under go as well as the obstacles they face.

The observation of the results from the tests carried out during the quantitative stage made it possible to verify that Brazilian multinationals invest in the training and development of their local labor. Moreover, the analysis of the social statement permits the inference that such companies possess a structured human resources sector, with policies and practices in line with the organizational strategy. This fact was also found in the in-depth interviews. The managers highlighted various benefits provided to the workers at the headquarters such as private health and dental service plans, private social welfare, share of investment in T&D over the payroll. On the other hand, when interviewing those managers

about the personnel policies and practices in their subsidiaries abroad, it was noted that the practices used in their branches rarely reproduce the investment made in the employees at the headquarters, indicating their incipient nature. That is, the practices maintained at the headquarters are not generally transposed to the subsidiary. This finding can be noted in passages taken from the interviews below:

No, there still isn't, not like there is in company A, a training scheme that the employees have to have to acquire...it's very incipient, isn't it? Because, it's a new company. We have been operating for one year. (Director A)

But this way, there's not everything there is here; for instance, like this, reimbursement of this, reimbursement of that, a percentage of the profit for training, it doesn't exist. It's more within their needs, they do something, but it's not a policy, OK? (Director F)

We have a company in the US that is merely a sales office. We don't have developed human resources practices (Director C)

No, there's not any practice there. They are few employees, there's no way to have a structure like we have here. (Director D)

None of the analyzed subsidiaries carry out periodic trainings in the branch. There is no allowance for investments in such a subsystem. Besides, cultural or behavioral training for the local employees were not mentioned. And when they occur, they are punctual and technical. Many times, one of the company employees is the lecturer. Sometimes, the company expatriates an employee who holds technical knowledge about the company production system so he or she can teach the new employees about the mode of production, formal training is unnecessary. That is because, besides the acquired knowledge, he or she will be able to recruit local citizens, adapting the labor available in the market for the elaboration of the products developed by the multinational. Thus, the investment in training is minimal. Moreover, there is evidence that when companies internationalize their activities, they usually expatriate employees with a solid background. With the consolidation of the courses, there is no need for this employee to take specialization courses abroad. This practice reduces the necessary investment in human resources in the subsidiary, according to the statement below:

They have already gone there with higher education. So, if they have any need... For example, there's one who's taking post-graduation, so we're helping him; another manager, who's there, did it before going. But, of course, if they need some technical training, something like this... (Director F)

As Schuler et al. (1993) states, companies in the initial stages of internationalization invest little in human resources practices. Such practices are established with the formation of a network of subsidiaries that leads companies to a more global structure. This way, it is important to highlight that, in the present study; none of the analyzed companies had more than 5 subsidiaries abroad. This may indicate why such companies don't have a specific sector for the International Human Resources, but they manage their subsidiaries through a precise practice, where the demands are satisfied, considering their importance and cost. It is necessary, therefore, to analyze the initial and intermediate stage of internationalization where they occur.

Accordingly, observing that the analyzed multinationals are building their international networks and have not structured their human resources yet in a more strategic international vision, the sparse investment in training and development also comes from the low financial movement generated in the subsidiary. When entering another market, the brand and the distribution and sales network are not fully formed, which, in part, can explain the delay of the subsidiary in making a profit. According to some managers, at the beginning of the operations, the subsidiaries only continue operating with the financial assistance of the headquarters. The return is slow and the formation of customers, sales networks and the distribution logistics are an obstacle to the brand polarization, causing recognition and growth in sales volume to be gradual.

The financial return in this branch is very small. It hardly covers the operating costs. It's economically viable to set up a human resources structure like the one we have in Brazil. (Director G)

In addition, the fierce competition faced by companies that opt for internationalization must be considered. Frequently, the low or non-existent profit margin leads to cuts so they can retain competitiveness. Thus, according to Briscoe and Schuler (2004), when there is strong competition or pressure for cost cutting, as occurs with international competition, the funds destined to training and development (T&D) usually suffers reductions.

There is no fat in the company, OK? Because, nowadays, the global market, globalized, doesn't allow you to have costs that you can't transfer. And as I said before, due to the exchange rate, it becomes difficult...you really have to work really lean. (Director H)

Hence, it is necessary to consider that, when entering a new market, the multinationals need some time to adapt to the local demands. Besides competition, logistics and customers, the culture in the new country is different from their origin, the labor law includes different items and the labor market consists of different relationships that present a new dynamic. In order to adjust the organizational strategies to these variables the company requires time and, in this way, start to contemplate the Human Resources subsystems in a more effective way and, consequently, the investment in the training and development of its labor force.

7 FINAL REMARKS

The findings of the present study permit the formulation of some hypotheses. According to Aguzzoli et al. (2006), foreign companies invest little in training and development of their Brazilian labor forces, employing a high number of outsourced workers to fulfill even productive functions. This would lead to the precarisation of the work relationships. However, the Brazilian companies invest consistently in the employee training and development in the headquarters, but when they internationalize their activities, this investment is not frequently reproduced. What was observed is that Brazilian companies usually work within a similar margin for investment in the training and development of the labor force and employ relatively few outsourced workers. Thus, it is possible to identify tendency in multinationals when they transpose their productive activities. That is, when they go out in search of new markets, they fail to reproduce the same practices in their branches as in the headquarters. Some reasons for this were identified and they must be deepened in order to test the hypotheses presented here.

The qualitative stage demonstrated that, when expatriating an employee, the company chooses one with a solid background knowledge, who has already taken several courses, is specialized and knows the company directives well. This means that the cost of training for this expatriate is lower, or non-existent. Furthermore, as he knows the company practices, he can, in the branch, train his/her employees according to the organizational objectives, without the external assistance. Technical training, similarly, can be carried out by a headquarters employee, with several years of experience in the company, who knows the mode of production and can teach the employees. That is because, as was seen,

companies search in the foreign market for people who have knowledge of the function to be performed, which eliminates the need to provide technical training.

Another observation is that companies, when starting their activities abroad, take a long time to obtain a return on investment. A non-profitable company is unlikely to invest in the worker development, since the training and development subsystem is the first to suffer cost cutting. Thus, until the company becomes profitable, wins market share, expands its network and the number of workers, it will invest little in professional training and development. This occurs because some courses carried out in company are very expensive and the cost is not worthwhile for a small number of employees. However, it is possible to say, according to the quantitative data found in the present study, that they invest in their Brazilian production plants.

A company, when penetrating an international market, having its brand recognized and winning market share in a determined segment, goes through several stages. This presupposes a reduced and multifunctional staff, which can fulfill several functions. With few people, the branch will not set up the same project used in the headquarters due to the cost and the fact that it is studying and adapting to the market situation, the laws and the culture of a determined country.

These factors can explain the low investment in training and development during the initial stages of internationalization. Although good training is fundamental for the success of an international operation, frequently the costs are prohibitory. A company without profitability will hardly invest in the development of human resources policies and practices. Besides, a multinational in the process of adaptation to the local culture and situation, is still modeling its strategy, which puts the T&D project in second place.

However, the companies analyzed by Aguzzoli et al. (2006) are global companies, at an advanced stage of internationalization. In contrast, the companies analyzed in the present study are at an intermediate stage. Therefore, we cannot state they will not invest in training and development as soon as they are consolidated in the new markets. The sparse investment during the initial stages of internationalization is understandable. What is unacceptable is the flexible work relations imposed by some multinationals, which leave their origin country in search for cheap and poorly educated labor. In these places, workers with little qualification will face social exclusion and will be obliged to work in as

outsourced workers or in informal jobs. It is necessary to verify, however, whether the lack of investment in the worker training and development is a tendency merely in the initial stages of internationalization or something that becomes a practice reduce costs and maintain competitiveness. If it is a common practice, what will happen to the least qualified workers? How flexible can flexible work practices get?

However, it is necessary to consider the exploratory nature of the present study and its limitations, since, in this stage, neither workers nor managers from companies in more advanced stages of the internationalization process were heard. Therefore, the hypotheses that were formulated here might be examined more deeply in more detailed studies that present the workers' side and prove or otherwise the hypotheses exposed here about Brazilian global companies.

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