Cultural distance and future entry mode choice of Brazilian MNEs

Abstract:

We analyze the relationship between current cultural distance (CD) and future entry mode choice of Brazilian multinational enterprises (MNEs). We use the GLOBE Project in order to extend the distance literature into the entry mode context. Results demonstrate that high levels of CD have a negative impact on future expansions via acquisition and a positive impact on exporting. These relationships are moderated by size, such that large firms are affected less by CD than small firms. Finally, CD values have a greater impact on future entry mode preference than CD practices.