

Latin American Market and Latin International Contractors

Henrique Manuel Pimentel Reis, PhD in Management/Lecturer at Polytechnic Institute of Setúbal, College of Business and Administration, Management and Economic Department, Campus of IPS, Estefanilha, 2194-503 Setúbal, Portugal.

Abstract: The importance of understanding international business management has become imperative for companies and other organizations. This broad range of relationships is the paradigm of world living for contemporary societies, where the various legal persons, regardless of their size, have more and more information about the world as a whole, and, they are affected by decisions and events that are geographically distant from them, often without even realizing the problem.

The public works are one of the components of the building industry, which involves, in general, its local accomplishment, with a few exceptions of parts of final product that can be worked and completed in different location and transported to its final location.

The analysis of enterprises internationalization, of this activity sector, implies to understand how and why companies are addressing other markets, than the domestic, to bid in public tenders and, when they have success, to work in these different regions or countries. This work theme concerns studying Latin American markets approach by largest Latin international contractors from Europe.

Considering the data from 2005/2006 and from 2007/2008, we analyse the evolution of the presence of referred European companies in the targeted market. We consider that cultural proximity and international expansion needs are the main variables explaining the international contractors' distribution in Latin America.

Keywords: International Contractors; Market; Cultural Proximity; Economic Evolution.

1. Introduction

Nowadays the organizations are obliged to understand that international relations are a reality that no one can avoid, independently of their dimension or activity.

They must take a clear consciousness of this fact in order to avoid facing serious setbacks in short term. Their competitiveness and growth prospects, or even mere survival, must be considered taking into account a number of competitors and other influential forces of the environment, where economic agents are moving themselves in a complex network of inter-influences. The consequences of this process can go, and we certainly know they will, beyond what is perceived in the immediate term.

Punnett and Ricks (1997), also claimed that the global environment creates competitive challenges with diverse backgrounds that may arise from public or private sector, and large and small organizations. The same authors reported that the main feature of international competition is precisely that variety of factors present in the game, which must be duly considered and analysed.

Thus, we are in a globalized world, where the internationalization of organizations in general and business in particular became a daily topic, although with different degrees

of involvement. This new reality of international business requires that we understand the increasingly importance of the information as a very relevant resource today. Companies struggle with a dichotomy of great demand management. On one hand it is important to seek and gather information, but, on the other hand, it is equally important that organizations do not drown in the information and they must be able to create levels of relevance to bring them to focus on the most significant data in relation to each goal.

In this paper we analyse the involvement of European Latin Contractors in the Latin America Market, seeking for conclude about the importance of foreign markets to business improvement and how the culture proximity seems to facilitate the negotiations that are underlying the process. We work with a data base from McGraw Hill Construction Reports - Engineering News Record, which considers the largest 225 companies using the criteria of the turnover generated outside the home country.

2. A Global World

2.1. Globalization Process

Historically the international relationship process is growing since, at least, the Discoveries. On the second half of 20th century it accelerated reaching a situation known as globalisation or global world. This means, according to Hill (1998), that administrative, cultural, and we say, even linguistic barriers, between several societies, have been reduced. Instead of those barriers we have more open systems, worldwide working in a more functional interdependence, not only on financial and economic fields, but also on social and cultural side.

Last years' technological innovations that were brought to our knowledge opened the way to instantaneously circulation of information. They allow all of us, wherever we are on the planet, to know in a few minutes, or one or two hours, what is happening all over the world. Generally we can know how life on other countries is. We can apprehend the different values, cultures, habits, and economic and financial levels of daily life of other people.

Poorest countries know, each time more, how is life in rich countries, and vice-versa. This awakes anxieties, contradictions, desires, antagonisms, frustrations and other feelings, which are normal in human beings. They also can lead to quarrelsomeness, troubling normal and stable social and economic relations all over the world.

Confining with this paper's technical field it is evident that the new stage of international relationship creates new opportunities and threats for all economic agents. It also creates new challenges to all organizations' managers, having or having not profitable targets.

Hill (1998), says globalization has two big components. He speaks about markets globalization and production globalization. The former means a merger of several consumer markets in a global market. Until now those were seen as domestic and partial markets. The latter means that companies, mainly big ones, are locating their production all over the world. They take into account economic criteria, not always leading to produce near potential customers. It happens each time more that production and consumption are geographically faraway each other.

Levitt (1983), already was concerned with these matters when wrote that technology was proletarianising communication, turning isolated places and low level of life countries into a component of a whole. Thus, people living in poor regions can also have desires of trying, owning or using something new, because technology associated with media allows them to know the new products launched into markets.

The truth is that we can easily understand how television or other media, communicating through images, contribute to everyone's knowledge about the market offering. Electronic business evolution is the most recent factor concerning products, services or events information's circulation.

On one hand we have cultural barriers and value systems obstructing customers' free options, and we also have political systems obstructing them to access some kind of information or consumption profile. On the other hand, we know that acculturation resulting from markets globalization drives to standardization in several activity sectors. This standardization mainly happens on markets less concerned with consumers' indifference curves and more concerned with efficiency. For example, if we consider the market of equipment goods we know it is easier to find global products. However, on durable consumers or even consumer goods market we also have global products.

2.2. Globalization and International Business Evolution

Peinado (2003), considers that globalization is one of the main driving forces of companies internationalization. Studying this phenomenon based on Spanish banking sector she says that services sector is not less expanded abroad than industrial sector, namely the financial services sector.

In this international context, business grew by considerable rates, as we can conclude from the fact that between 1985 and 1995 goods world production always grew less than international trade, according to the ONU's statistics. Some of that years were really significant, as 1991, with a production decrease of 1.8% and an international trade increase of 3.8%, or as 1994, when production grew 3.1% and international trade grew 9.8%.

Also important is to compare the world production countries quotes. For example, in 1963 U.S.A. had a weight of 40.3% in world production and in 1995 it just represented 21.9%, continuing to consider the ONU's statistics. We can say that production process displacement towards developing countries allows a larger participation of them all in world production and international trade. This process drives some countries to higher levels of development, widening their role in international trade, as happened with Japan that during the same period passed its weight in world production from 5.5% to 8.2%, simultaneously becoming a developed country.

Etemad and Wright (2003), write about a new global environment. Traditional international competitiveness between big companies usually left small and medium enterprises restricted to local or regional business. This situation is changing. On one side it happened that most governments raised import barriers and on the other side, taking into account technological progress, small and medium enterprises began to access new markets, new customers and new suppliers, all over the world.

Simultaneously, some authors consider important that domestic market environment become favourable to small and medium enterprises' strengthening. They consider that is the only way allowing them to be more consistent on their abroad expansion. This means the only way allowing them to increase global competitiveness factors.

Deresky (2000), speaks about global teaching, characterized by a functional network driving several countries, and their companies, to an even larger economic interdependence. She refers the invisible hand of global competition as a driving factor to borders extinction, in an economic sense, and that exports will increase their weight in world gross domestic product.

This author also enhances that all economic agents, whatever their dimension or their typology, are affected by globalization. Those that do not assume this reality have a dangerous option, and will face problems with their competitiveness and growing capacity, or even with their economic survival even on short term. Their future must be thought paying attention to competitors and other strengths surrounding them, not only on a short term perspective, but above all, in a long term perspective.

We are living in a global world, and organizations' internationalization, with different levels between all of them, becomes a daily question. Scientific investigation and knowledge development are relevant fields to easily allow that international relationships go beyond cultural, political and economic barriers, looking forward human progress and getting an important involvement level.

3. Internationalization and Motivation Factors

3.1. Internationalization Mode

Internationalization challenges analysis make possible the conclusion that they are not equal for all activity sectors, neither, most of the time, to all organizations belonging to each of them. Also we know that challenges are not the same throughout the ages, above all concerning their importance as a development factor.

Several motivation factors are underlying organizations' internationalization, which importance on decision-making differs from case to case, but all together represent almost all the reasons for common rational option to go abroad.

Internationalisation impulse can have two main origins, as Sanyal (2001) suggests, speaking about the outward perspective and the inward perspective. However, both of them may cross each other in several abroad business expansion process situations.

Outward perspective concerns the fact that a company, on one hand, is awaked to international competition, and, on the other hand, it simultaneously understands that going to foreigner markets opens several opportunities to be exploited.

Thus, companies decide to export their products or services, or to invest abroad directly, through joint ventures, or other kind of strategic alliances, or to license their technology or know-how, for example, through franchising, or even to create subsidiaries or branches, commercial or productive ones.

We are speaking about organizations that assume initiative, having a comprehensive point of view of the world, and showing a dynamic mentality underlying top management, with a proactive attitude facing international business.

Simões (1997), gives relief that internationalisation is not a priority matter to be concerned about when we have activities working in a significant fragmentation frame, allowing a great deal of differentiation and where market leadership is not relevant or does not generate important competitive advantages. But internationalization turns on an important issue when he speaks about sectors with a specialisation or volume framework, where leadership is considerable relevant and becomes the main stimulus to competition between companies.

Contrasting with this perspective we have the inward orientation. Although aware to international competition importance and strength, domestic companies are, first of all, a simply vehicle to domestic market entry of foreigner products or capital stock. They are just a small part of an international production process built by companies that threw themselves in international business, using subcontracting, among other possible choices.

The inward perspective includes import, foreign technology acquisitions, foreign direct investment, on several forms, subcontracting or even management contracts. The outward perspective includes export, technical assistance contracts, licensing and abroad direct investment, among other hypothesis.

In a synthetic way we can say that, paying attention to inward-outward polarisation, meaning, if we put face to face the operations from inside to outside with the vice-versa ones, we can conclude that companies involved in international market are much more than we could think about in a first analysis. Just considering the conscious involvement resulting from a strategic formulation about business abroad expansion we reach that conclusion.

Inward internationalization must not be considered the weakly pole of the referred binomial, because, according to Sanyal (2001), it is really important the number of operations that are included in this perspective, contributing to significant number of internationalization situations.

When a foreign company makes an alliance with a national one, or subcontract it to produce some goods, bounded for other markets but not the domestic one, or supplies technology and know-how allowing a more efficient industrial process or the production of more qualitative goods, it is driving the national company to a higher level of internal organization, industrial, financial, logistic, or commercial management and even strategic management. The domestic company earns self-confidence, and is driven to create a sustainable platform of economic and technical development.

All this parameters become impelling company option to have a new approach of external markets. They can even be decisive. The company will involve itself in international business operations with more security and avoiding a simple passive internationalization, this means, just competing with foreigner companies in domestic market.

3.2. Traditional Motivation Factors

Companies' internationalisation has subjacent several motivation factors, which importance on decision-making is variable according to each situation. Priority relation between those factors is not the same in all the situations, and normally we don't find all of them justifying an abroad expansion process. However, the whole of them explain the reasons driving firms to invest abroad.

Bartlett and Ghoshal (2000), wrote that very rarely companies could get international dimension without a previous clear goals definition, or a clear international development strategy formulation. Above all, if they want to go beyond direct or indirect export.

Nevertheless, after abroad commercial or operational activities stabilization, motivations for internationalisation's next step can change, either with time passing or with external involvement intensity. Frequently, the first feeling about international business development is considering it as an appendix of domestic activity. Then it turns on a relevant way for sales and profits increase, managed with great autonomy.

Tayeb (2000), points three vectors for internationalisation motivations, which are:

- ⇒ Top management role;
- ⇒ Self organization's motivations;
- ⇒ Success in the domestic market.

Managers' skills increase during the internationalisation process and new motivation factors to foreign investment and international interchange can appear. Managers feel pushed and seduced by their activities horizons enlargement, finding new ways for professional and personal achievement. They become more cultural and technically enriched, as a result of abroad activity.

Multinational companies move all over the world not for one or two main reasons, but for a set of them, pushing their growth and economic development, which cannot be interrupted or modified to opposite direction after reaching a cruise speed level. It only can be modified for financial, economic or strategic reasons.

We must enhance that top managers, leading companies at each moment, have a very important role deciding on the future of their organizations. The companies' future will depend on skills and profile of each one of them.

Concerning the second vector and considering industrial economies appearance and growth Tayeb (2000), says we can find on raw materials sources search a first motivation for internationalisation and foreign investment practice, according to nowadays definition of these issues.

It seems evident to us that most developed European economies have an important part of their growth based on other countries raw materials transformation, namely countries from other continents. It means that internationalisation motivated by raw materials sources search became a relevant factor in order to achieve the welfare level that we can now enjoy at West Europe.

Managers just have to worry about concluding if raw materials transport cost from sources to usual production facilities is less than investing in new facilities near those sources. This issue frequently drives to invest in productive subsidiaries, avoiding deterioration of referred raw materials during source/facilities transport, namely if there is a high level of perishability.

Taking into account the attainment of resources and having present that costs management became managers' primordial factor looking forward to organisations' profitability levels, Tayeb (2000), speaks about internationalization concerning costs reduction. Thus, investing in branch offices aiming more efficient human resources it is another factor impelling economic interchange. Namely interchange between countries with different development degrees. Sometimes these options also allow working with cheaper human resources.

This becomes a more relevant issue if we are facing a labour-intensive activity. Thus, it will be very important to balance goods' transport costs to consumption markets with savings originated for placing manufacturing activity near cheaper labour force supply markets.

The same author also considers the search for new customers markets a motivating and an expansion abroad driving factor, concluding additionally it is reasonable that many companies find here scale economies. Industrial processes will be more profitable through a higher installed capacity level use. And stocks selling at several markets, beyond domestic one, are guaranteed.

Domestic market saturation can result from demographic exiguity, economic capacity, product's characteristics, technological evolution, consumers' positioning, innovative investment and internal or external levels of competition. However, sagacity to anticipate business developing problems, meaning, demand decrease for goods or services, based on referred reasons, will lead to greater or minor anticipation of abroad investment, trying to balance domestic difficulties.

Someway previous factors have parallelism with the product life cycle. Companies try to extend that cycle through international markets selling. Thus, they increase the product profitability, counterbalance the domestic market decline and avoid anticipating innovative investments. But it can happen, as we could conclude from previous paragraph, that domestic market quota loss has origin on foreign competitors' arrival to our country. Answering them companies' option is frequently to invest in emergent markets, which are still not aimed for developed countries enterprises. Strategically they create roots and strong relationship bows with local customers before their international competition decide to invest there.

Today we know that some economic units cannot consolidate and grow, or survive, if they don't consider internationalisation project as an important part of their strategy. The internationalisation can base on productive perspective, commercial perspective or both. If domestic market is too little and doesn't allow the level of sales that is profitable to the firm, this one need to look faraway and external markets become totally relevant.

Bartlett and Ghoshal (2000), wrote that we can also find in the administrative barriers to international trade an impelling factor for some organisations abroad expansion. If we cannot export to protected markets we must enter them through foreign direct investment. Governments of developing countries often use artificial trade barriers as a way for getting more foreign investment and more contribution for their development.

3.3. Emergent Motivation Factors

Innovative technologies or intellectual capital are important factors, usually hard to get from other countries, mainly when they artificially hinder their mobility. However, their economic and financial exploration can be very interesting. We have here another good reason for an internationalization option. Organisations may have to choose those markets where they can benefit from referred factors. That is a reason why they should invest taking local partnership into account. Those alliances can have an economic, financial, cultural or technical basis.

We detach that Bartlett and Ghoshal (2000), also consider the research and development investments on new products or services as relevant factors for internationalisation option. Companies need to achieve high levels of turnover, because this is the only way to make those investments profitable. That is why enterprises created in a national perspective have evolved for an international or even global structure. It was a survival condition.

After one or more experiences in foreign markets new impulses may naturally appear, giving breath to internationalisation process. For example, when searching for new knowledge's sources, organizations can find new chances for introducing productivity gains, or for getting innovative services or products.

Considering knowledge's acquisition increases with international experience, facing other social and economic realities, they simultaneously develop self-abilities and skills for fitting and managing new situations. They also come upon market innovations, opening different market opportunities. Sometimes they must fit product/market binomial, suggesting new approach ways for present and future business developments.

Additionally we must refer that geopolitical issues and institutional relations are important supports for internationalization movements. The existence of strong multidomestic, global or transnational companies coming from same country is an important and powerful way to extended political influence beyond boards. This intention risks to bring up negative reactions and eventual feelings or fears of sovereignty's loss, but we know that developed and economic stronger countries find up with this strategy an open way for foreign affirmation.

Negotiations for foreign direct investment accomplishment that creates jobs in poor regions and contributes for their economic and social development may have as counterpart the support to strategic international trade decisions, or to have privileged access to relevant raw materials' supplying, or to get geopolitical strategic decisions or even for building lobbies against regions, cultures or countries.

We do not intend to exploit this issue, but we felt important to consider it in motivations' variety of choices for some internationalisation organisations' movements.

Some of them may have there theirs main origin, and political power appears as most important interested part, even so shielded for a fictitious shareholder structure or helped by a provided administration aiming those goals.

Motivations also base on domestic market success, as Tayeb (2000) suggests, considering that referred success leads to more self-confidence for new markets approaching. Top management finds these challenges as natural and considers them the firm growth natural way.

However, it seems to us that another underlying condition must exist. A real internal business consolidation supporting new markets growth is very relevant. Thus, an eventual international failure, or a markets entry difficulty bigger then expected will not unbalance the functional structures of any type of institution.

4. Cultural Differences and International Business

Brouthers et al. (2004), referred that cultural differences between nations can influence the choices of entry in foreign markets, especially regarding the modes of operation. Already in Geletkanycz (1997), we could read that cultural attributes were related with strategic options of entering international markets. The author referred, however, that it was not yet clear which cultural characteristics influenced the decisions on choosing foreign markets as well as the decisions about the entry modes in those markets. In Erramilli (1996), we read that the choice of how to approach the markets across borders is done by weighting heavily the cultural distance between countries, whereas the control of uncertainty and power distance are the two dimensions of culture with more influence on decision about internationalisation and mode of entry in foreign markets. Brouthers et al. (2004) used the theory of transaction costs for carrying out their research on this topic. The basic premise states that this theory says that firms opt for the governance structure that allows the most efficient mode of operation. According to the authors, this efficiency is related to three factors:

- ▶ The ability to write complete contracts that avoid the costs of opportunism or escape the responsibilities of the counterparty;
- ▶ The costs of controlling the actions of workers of the country where the company will be located;
- ▶ The costs of monitoring the performance levels of workers in the same recipient country.

According to the authors, the larger the cultural differences between the companies country and and the investment host country, the greater the concerns of the managers with the possibility of facing higher costs and risks in realizing internationalization to the market in question.

In this sense the authors report that more recent studies suggest that firms entering culturally distant markets prefer a sole venture, which ensures the ownership of the entire business structure to form, rather than the option of holding a joint-venture. The latter has in disfavor certain factors, including the fact that it is impossible to prevent contractually all situations that might influence the successful development of partnership and therefore the development of the business. The possibility of reaching an agreement for the achievement of an economic alliance also becomes more difficult,

adding that it becomes complicated to evaluate the performance of the company with whom the organization will achieve the joint venture.

Brouthers et al. (2004), based on several studies, which considered relevant information from Dutch, German, Greek and American companies, serving in Central and Eastern Europe, reached some conclusions, while acknowledging that the study had some limitations. One was related with the fact that they have worked with the values that Hofstede calculated in 1980 to measure the dimensions of culture, which may be outdated when the study took place.

Regardless of this fact the main findings on factors influencing the choice of internationalization and entry mode were:

- ▶ In general managers consider not only the cultural distance, as the bias of their culture in connection with another, and a cost/benefit analysis associated with the cultural behavior of the recipient country;
- ▶ Managers consider the attitudes of potential employees and managers to recruit locally and there is greater flexibility in the choice of entry mode when you are dealing with a culture that offers more confidence;
- ▶ Companies wishing internationalization through strategic alliances are also concerned with the attributes of their own culture, the culture of the destination country and the cultural distance between the two, evaluating the attitude of both towards risk and trust in the partnership.

Indeed, the impact of cultural differences has been the subject of important studies of researchers in the field of international business, not only as a result of natural curiosity of those who are willing to learn and develop scientific knowledge, but also because it reveals essential to provide managers with tools and information enabling them to operate across borders.

Taggart and Taggart (2004), tell us that cultural differences can have a lasting and continuous impact on the results of negotiations in international markets, with implications on the choice of internationalization into each market, in the form of relationship with national institutions of the destination country, and also with the option of recruitment and training of expatriates or local managers and technicians.

Koopman (1991), stated that it was necessary to exist compatibility between the strategy formulated by a company for its process of internationalization in the various markets strategically targeted and cultural differences existing in different situations. The author also states that is also covered in this issue the question of managing change on an international basis, since it is essential to sensitize the international managers for all matters related to the subject. Koopman (1991), emphasizes that managers who are more present in the interface between the headquarters and subsidiaries are subject to greater liability in terms of understanding the variables related to cultural differences. The knowledge and correct understanding of the values that are shared between the two cultures and the values that are not common to them both, influence the development of business in a market culturally different from that where the company comes from. It is important to understand these differences that limit the strategic transformation to operate as well as the management style.

Jackson (1995), stated that the very managers who operate in domestic markets are increasingly facing international competitors and suppliers, as well as the changes in consumer preferences, resulting from product knowledge and information they have on similar products sold in foreign markets. Thus, managers who consider themselves confined to the domestic market quickly understand that the problem of cultural differences affect their functions. They became aware that they are influenced by a set of variables which is larger than the one that characterised the environment in which they acted until a few decades ago. These managers are thus led to concern themselves with learning about international environment.

As a result of the above references we can understand that some authors see a strong link between business strategy and organizational performance. Already in Schein (1985), we could read that there was a strong link between cultural differences and how companies develop, implement, monitor and evaluate the achievement of their strategic objectives for business across borders. In this sense, the author believes that there are five points related to business strategy in the internationalization process and its performance, which allow the companies to aspire a successful organizational culture, which are:

- Mission and Strategy: to obtain a shared understanding of key tasks, from basic tasks and functions apparent and latent;
- Objectives: to develop a consensus among key objectives derived from the mission;
- Means: developing a consensus on the means used to achieve the objectives, namely, organizational structure, division of labor, remuneration system and system of authority;
- Evaluation: developing a consensus on the criteria used to ascertain to what extent the company is achieving its objectives;
- Correction: developing a consensus on the strategic changes to be implemented if the objectives are not being met.

Simultaneously, the author claims that these five points are also weighted, probably, taking into account the specificities of national culture. What we exposed till now is essentially the highlight of internationalization process that leads us to confront two cultures: the culture of the country that is the birth of the company going abroad, investing in foreign markets, and the culture of the host country, who is the recipient of foreign investment.

5. Public Works Sector

Public works are activities that play a very important role in the economic and social development of any region, because the construction of infrastructures that are socially and economically efficient is a prerequisite to economic growth and to a more efficient use of resources by each country. In this sense, political, economic, governmental and non-governmental organizations agree on the importance of this sector.

Public works are mainly based on two great areas:

1. Construction;
2. Conservation and maintenance.

We must sign that construction, in general sense, and public works in particular, are industries based on a wide range of projects. As written by Rodrigues (2005), there is no

standardization of products or processes, and each work is, usually, one particular case. However we know that construction of buildings and houses may imply that some projects allow replication of various final products. An example is the construction of blocks of flats or houses. Also according to Rodrigues (2005), this context leads to the notion of irreversibility, meaning that it is reflected in the choice of a project, for a given time horizon, the exclusion of other options in terms of new works and their nature.

We believe that the most relevant is to retain that the development of this activity contributes to improve general well-being of people. In this sense we can speak of wealth creation, which fits into various types.

The public works enable citizens to enjoy better communication between them, by different routes of contact, since the construction of roads and highways, passing by the construction of railways and waterways, the latter through the creation of seaworthiness, and construction of ports and airports, as well as subways, bridges, tunnels, viaducts, and even mine rails, until the construction of telecommunications networks, including optics fibre, broadband or wireless technology.

Public works also contribute to the organization of daily life through the construction of public roads, public lighting systems, footpaths, cycle tracks, social facilities, sports facilities, hospitals, courts, schools, universities, among others.

Public works still contribute to environmental sustainability through the construction of water treatment plants, garbage treatment plants, waste dumps and treatment centres, anti-noise or anti-air pollution facilities, among other possible equipment.

We can also observe a significant role of public works in the production of energy through the construction of dams, hydroelectric plants, and hydropower and wind farms.

Although not running out all the fields of public works intervention, we also want to refer their contribution to the lifestyle of contemporary societies, building infrastructures that allow water, electricity and gas reaching the citizens homes, companies' facilities, public buildings and all other places where those services are required.

6. Latin-America Market

6.1. General Aspects

Latin America market is here considered with 19 segments as follows: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Guyana, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, Venezuela and Suriname. The McGraw Hill Construction data base considers the 2007 ranking based on 2005/2006 international contractors turnover, and the 2009 ranking based on 2007/2008 turnover. The international contractors ranking is based on turnover realized outside the home country.

Comparing the former biennium with the latter we have the values of the following tables:

Table I

Latin America Market Total Revenue - 2006 (billions of dollars)			
Countries	No. Companies	Revenue	% of Total
Spain	8	4,80	30,25%
U.S.A.	27	3,60	22,68%
Italy	7	2,19	13,80%
Brazil	3	1,50	9,45%
France	5	1,35	8,51%
China	15	0,78	4,91%
Other	26	1,65	10,40%
Total	91	15,87	100,00%

Table II

Latin America Market Total Revenue - 2008 (billions of dollars)			
Countries	No. Companies	Revenue	% of Total
Spain	11	6,20	26,05%
Italy	12	4,18	17,56%
Brazil	2	3,45	14,50%
U.S.A.	15	3,03	12,73%
France	3	1,95	8,19%
Other	42	4,99	20,97%
Total	85	23,80	100,00%

Font: McGraw-Hill Construction (author conception)

We can notice that the international contractors' total revenue in this market increased almost 50% between the two periods here referred. Simultaneously, we had fewer companies in the most recent biennium, with a difference of only 6 contractors. More relevant is the fact that we had 27 U.S.A. companies in the public works of the year 2006 and we just have 15 in 2008. In contrast we have an increase in the number of Spanish companies, from 8 to 11, and of Italian companies, from 7 to 12. We must pay attention to the fact that we are working within the 225 largest international contractors. Even considering the decrease of French contractors in this region we have more 6 companies from Latin Europe. We know, from Annex I, that we also have a Portuguese company in this market. So, we had 21 Latin European companies in 2006, meaning about 23% of total, and we have 27 companies in the year 2008, that is almost 31.8% of total.

We can also compare the turnover evolution. Here we don't have data to the Portuguese company. Spanish, Italian and French companies represented about 52.6% of total revenue in 2006, but only reached all together, 51.8% in 2008. The matter is that we have more expression from all the other companies not individually referred, and China companies lost weight but still have an important role to play in Latin America market. Calculating a per capita turnover we conclude that Italian and French companies have a higher turnover in 2008 than in 2006 and Spanish companies, individually, have a small decrease.

However, we think that, in general, we can say that the weight or, at least, the importance of Latin European international contractors increased between the two biennia.

6.2. Market Segment Analysis

Now let's highlight, considering the 19 segments, the most relevant aspects we can notice from the data showed in the Tables of Annex I and Annex II.

We conclude that whether Spanish contractors both Italian contractors increased their presence in the most important markets, namely, Argentina, Brazil, Chile, Mexico and Venezuela. In Chile, in both biennia, we have all the largest Spanish international contractors working there, meaning that it is an important market for Spanish companies. Regarding France, we must remember that we have fewer companies in the largest international contractors' ranking, explaining the smallest presence in some markets, but we see that the presence in the main markets is still strong. According with World Bank Statistics, we had the following growth rates in those countries between 2005 and 2008:

Table III

	GDP Growth Annual Rate				
Years	Argentina	Brazil	Chile	Mexico	Venezuela
2005	9,20%	3,20%	5,60%	3,20%	10,30%
2006	8,50%	4,00%	4,60%	4,90%	9,90%
2007	8,70%	6,10%	4,60%	3,30%	8,20%
2008	6,80%	5,10%	3,70%	1,50%	4,80%

Font: World Bank (author conception)

Table IV

	GDP Growth Annual Rate			
Years	Spain	Italy	France	Portugal
2005	3,60%	0,70%	1,90%	0,90%
2006	4,00%	2,00%	2,20%	1,40%
2007	3,60%	1,50%	2,40%	1,90%
2008	0,90%	-1,30%	0,20%	0,00%

Font: World Bank (author conception)

Reading this numbers we see that the growth rates in the most important countries of Latin America are higher that those verified in Latin Europe, in a period of time that was complex for the international economy. On the other hand we know that public works are important for the economic development. So, we can affirm that the growth of Latin American Market makes it more attractive for European companies. Knowing that the companies from Latin Europe are a strong group, we find the cultural proximity as an important variable explaining the option for this link between market and companies.

Another important observation is the fact that the number of contractors working in the referreed main segments of Latin American Market increased, with the exception for Mexico case. In the latter the reduction of the number of U.S.A. companies is the explanation for this result. It was not compensated by the increase in Latin European contractors increase. Spanish contractors passed from 6 to 8, Italian contractors passed from 2 to 4 and French decreased from 4 to 3.

Anyhow, between the 19 segments considered in this region of the world 12 have more contractors working in their territory in the second biennium here targeted for analysis. Additionally we know that Spanish contractors increased in 10 segments, and just

decreased in 3. Italian contractors increased in 12 segments and just decreased in 1. Even France, which has fewer contractors in the international ranking, comparing 2005/2006 with 2007/2008, increased its presence in 6 segments and just had a reduction of the number of contractors in 5 segments.

7. Conclusions

The statements we have already made point to the main conclusions of this paper, namely considering the scope of analysis, and we just resume them as follows:

- Public Works are important for economic development;
- The growth of the Latin America countries has attracted more international companies working in this field;
- The Latin European contractors are reinforcing their presence in this region, namely Spanish and Italian contractors, either in number of companies or in turnover;
- The link between Latin America Market and Latin European Contractors points to the relevance of the cultural proximity.

References

Bartlett, Christopher e Ghoshal, Sumantra (2000), *Transnational Management: Text, Cases and Readings in Cross-Border Management*, 3^a ed., Singapore: The McGraw-Hill Companies, Inc..

Brouthers, Lance, Brouthers, Keith e Nakos, George (2004), “How National Culture Influences International Entry-Mode Choice”, in McDonald, Frank, Mayer, Michael e Buck, Trevor (Editors), (2004), *The Process of Internationalization: Strategic, Cultural and Policy Perspectives*, New York: Palgrave MacMillan.

Deresky, Helen (2000), *International Management: Managing Across Borders and Cultures*, 3^a ed., New Jersey: Prentice-Hall, Inc..

Drucker, Peter (1994), *As Organizações sem Fins Lucrativos*, 1^a ed., Lisboa: Difusão Cultural, Ltd..

Erramilli, M. K. (1996), “Nationality and Subsidiary Ownership Patterns in Multinational Corporations”, *Journal of International Business Studies*, Vol.27, n^o2, pp. 601-620.

Etemad, Hamid e Wright, Richard (2003), *Globalization and Entrepreneurship: Policy and Strategy Perspectives*, 1^a ed., Cheltenham: Edward Elgar Publishing Ltd..

Geletkanycz, M. A. (1997), “The Salience of Culture’s Consequences: The Effects on Top Executive Commitment to the Status Quo”, *Strategic Management Journal*, Vol.18, n^o8, pp. 615-634.

Hill, Charles W. L. (1998), *Global Business Today*, int. ed., U.S.A.: The McGraw-Hill Companies, Inc..

- Jackson**, T. (1995), *Cross-cultural Management*, 1ª ed., Oxford: Butterworth-Heinemann.
- Levitt**, Theodore (1983), “The Globalization of Markets”, *Harvard Business Review*, Maio/Junho, pp. 23-37.
- Koopman**, A. (1991), *Transcultural Management*, 1ª ed., Oxford: Blackwell, Ltd..
- Neto**, Henrique (2002), “Uma Visão Estratégica da Economia Portuguesa”, *Revista de Economia Global e Gestão*, Vol. VII, Nº 1, pp. 9–19.
- Peinado**, Esther Sanchez (2003), “Internationalisation Process of Spanish Banks: A New Stage After the Mergers”, *European Business Review*, Vol. 15, nº4, pp. 23-38.
- Punnett**, Betty Jane e Ricks, David A. (1997), *International Business*, 2ª ed., Cambridge: Blackwell Publishers Inc..
- Rodrigues**, Jorge (2005), “Criação de Valor no Sector da Construção e Obras Públicas: Uma Abordagem Conceptual”, *Revista Portuguesa e Brasileira de Gestão*, Julho/Setembro, Vol.4, nº3, pp. 21-29.
- Sanyal**, Rajib N. (2001), *International Management: A Strategic Perspective*, 1ª ed., New Jersey: Prentice-Hall, Inc..
- Schein**, E. (1985), *Organizational Culture and Leadership: A Dynamic View*; 1ª ed., San Francisco: Jossey Bass, Inc..
- Simões**, Vítor (1997), “Estratégias de Internacionalização das Empresas Portuguesas”, *Comércio e Investimento Internacional*, 2ª ed., ICEP, Lisboa, pp. 375-415.
- Taggart**, James H. e Taggart, Jennifer M. (2004), “Impact of National Culture Differences on MNC Subsidiary Management”, in McDonald, Frank, Mayer, Michael e Buck, Trevor (Editors), (2004), *The Process of Internationalization: Strategic, Cultural and Policy Perspectives*, New York: Palgrave MacMillan.
- Tayeb**, Monir (2000), *International Business: Theories, Policies and Practices*, 1ª ed., Essex: Pearson Education Ltd..
- Tayeb**, Monir (2000), *International Business: Theories, Policies and Practices*, 1ª ed., Essex: Pearson Education Ltd..

Annex I

Largest International Contractors Presence by Market in 2007/2008								
Latin America								
Countries	Argentina		Bolivia		Brazil		Chile	
	No. Companies	%	No. Companies	%	No. Companies	%	No. Companies	%
Germany	0	0,00%	0	0,00%	1	2,78%	2	5,56%
Australia	1	3,57%	0	0,00%	1	2,78%	1	2,78%
Brazil	2	7,14%	1	16,67%	0	0,00%	0	0,00%
Chile	1	3,57%	0	0,00%	0	0,00%	0	0,00%
China	2	7,14%	0	0,00%	6	16,67%	4	11,11%
South Korea	0	0,00%	0	0,00%	0	0,00%	1	2,78%
Ecuador	1	3,57%	0	0,00%	0	0,00%	1	2,78%
Spain	7	25,00%	0	0,00%	7	19,44%	11	30,56%
France	1	3,57%	1	16,67%	3	8,33%	2	5,56%
India	1	3,57%	0	0,00%	1	2,78%	0	0,00%
Italy	4	14,29%	1	16,67%	7	19,44%	8	22,22%
Japan	1	3,57%	0	0,00%	3	8,33%	0	0,00%
Luxembourg	1	3,57%	0	0,00%	1	2,78%	0	0,00%
U.K.	0	0,00%	0	0,00%	2	5,56%	2	5,56%
U.S.A.	6	21,43%	3	50,00%	4	11,11%	4	11,11%
Total	28	100,00%	6	100,00%	36	100,00%	36	100,00%

Largest International Contractors Presence by Market in 2007/2008								
Latin America								
Countries	Colombia		Costa Rica		Ecuador		El Salvador	
	No. Companies	%	No. Companies	%	No. Companies	%	No. Companies	%
Germany	0	0,00%	1	7,69%	0	0,00%	0	0,00%
Brazil	0	0,00%	0	0,00%	2	16,67%	0	0,00%
Canada	0	0,00%	0	0,00%	1	8,33%	0	0,00%
China	0	0,00%	2	15,38%	2	16,67%	0	0,00%
South Korea	0	0,00%	0	0,00%	0	0,00%	1	12,50%
Ecuador	1	9,09%	0	0,00%	0	0,00%	0	0,00%
Spain	2	18,18%	4	30,77%	3	25,00%	3	37,50%
France	2	18,18%	1	7,69%	1	8,33%	1	12,50%
Italy	4	36,36%	3	23,08%	2	16,67%	1	12,50%
Japan	0	0,00%	0	0,00%	1	8,33%	1	12,50%
Luxembourg	0	0,00%	0	0,00%	0	0,00%	1	12,50%
Portugal	0	0,00%	1	7,69%	0	0,00%	0	0,00%
U.S.A.	2	18,18%	1	7,69%	0	0,00%	0	0,00%
Total	11	100,00%	13	92,31%	12	100,00%	8	100,00%

Largest International Contractors Presence by Market in 2007/2008								
Latin America								
Countries	Guatemala		Guyana		Honduras		Mexico	
	No. Companies	%	No. Companies	%	No. Companies	%	No. Companies	%
Australia	0	0,00%	0	0,00%	0	0,00%	1	2,56%
Brazil	0	0,00%	0	0,00%	0	0,00%	1	2,56%
China	0	0,00%	1	100,00%	0	0,00%	1	2,56%
South Korea	0	0,00%	0	0,00%	0	0,00%	2	5,13%
Spain	4	57,14%	0	0,00%	2	25,00%	8	20,51%
France	1	14,29%	0	0,00%	1	12,50%	3	7,69%
Israel	1	14,29%	0	0,00%	0	0,00%	0	0,00%
Italy	0	0,00%	0	0,00%	1	12,50%	4	10,26%
Japan	0	0,00%	0	0,00%	1	12,50%	4	10,26%
Luxembourg	0	0,00%	0	0,00%	1	12,50%	1	2,56%
U.K.	0	0,00%	0	0,00%	0	0,00%	1	2,56%
U.S.A.	1	14,29%	0	0,00%	2	25,00%	13	33,33%
Total	7	100,00%	1	100,00%	8	100,00%	39	100,00%

Largest International Contractors Presence by Market in 2007/2008								
Latin America								
Countries	Nicaragua		Panama		Paraguay		Peru	
	No. Companies	%	No. Companies	%	No. Companies	%	No. Companies	%
Germany	0	0,00%	2	14,29%	0	0,00%	0	0,00%
Brazil	0	0,00%	1	7,14%	0	0,00%	2	5,13%
Chile	0	0,00%	0	0,00%	0	0,00%	1	2,56%
China	0	0,00%	2	14,29%	0	0,00%	4	10,26%
Denmark	1	11,11%	1	7,14%	0	0,00%	0	0,00%
Spain	4	44,44%	3	21,43%	1	50,00%	4	10,26%
France	1	11,11%	1	7,14%	0	0,00%	0	0,00%
Italy	1	11,11%	1	7,14%	1	50,00%	4	10,26%
Japan	1	11,11%	0	0,00%	0	0,00%	0	0,00%
Luxembourg	0	0,00%	1	7,14%	0	0,00%	1	2,56%
U.K.	0	0,00%	1	7,14%	0	0,00%	1	2,56%
Serbia	0	0,00%	0	0,00%	0	0,00%	1	2,56%
U.S.A.	1	11,11%	1	7,14%	0	0,00%	3	7,69%
Total	9	100,00%	14	100,00%	2	100,00%	21	53,85%

Largest International Contractors Presence by Market in 2007/2008								
--	--	--	--	--	--	--	--	--

Latin America								
Countries	Uruguay		Venezuela		Suriname			
	No. Companies	%	No. Companies	%	No. Companies	%	No. Companies	%
Belgium	0	0,00%	0	0,00%	0	0,00%		
Brazil	0	0,00%	2	6,90%	0	0,00%		
China	1	11,11%	4	13,79%	3	60,00%		
Egypt	0	0,00%	1	3,45%	0	0,00%		
Ecuador	0	0,00%	0	0,00%	0	0,00%		
Spain	2	22,22%	5	17,24%	0	0,00%		
France	2	22,22%	3	10,34%	0	0,00%		
India	0	0,00%	0	0,00%	1	20,00%		
Italy	2	22,22%	10	34,48%	0	0,00%		
Japan	0	0,00%	1	3,45%	0	0,00%		
Luxembourg	1	11,11%	0	0,00%	0	0,00%		
U.S.A.	1	11,11%	3	10,34%	1	20,00%		
Total	9	100,00%	29	100,00%	5	100,00%		

Font: McGraw-Hill Construction (author conception)

Annex II

Largest International Contractors Presence by Market in 2005/2006								
Latin America								
Countries	Argentina		Bolivia		Brazil		Chile	
	No. Companies	%	No. Companies	%	No. Companies	%	No. Companies	%
Germany	0	0,00%	0	0,00%	1	2,86%	2	7,41%
Austria	0	0,00%	0	0,00%	0	0,00%	1	3,70%
Belgium	1	5,00%	0	0,00%	0	0,00%	0	0,00%
Brazil	1	5,00%	2	18,18%	1	2,86%	0	0,00%
China	1	5,00%	1	9,09%	5	14,29%	1	3,70%
South Korea	0	0,00%	0	0,00%	1	2,86%	0	0,00%
Ecuador	1	5,00%	1	9,09%	1	2,86%	0	0,00%
Spain	6	30,00%	2	18,18%	5	14,29%	8	29,63%
France	2	10,00%	0	0,00%	4	11,43%	4	14,81%
India	1	5,00%	0	0,00%	1	2,86%	0	0,00%
Italy	2	10,00%	1	9,09%	3	8,57%	2	7,41%
Japan	0	0,00%	1	9,09%	3	8,57%	0	0,00%
U.K.	1	5,00%	0	0,00%	1	2,86%	2	7,41%
Sweden	1	5,00%	1	9,09%	1	2,86%	1	3,70%
U.S.A.	3	15,00%	2	18,18%	8	22,86%	6	22,22%
Total	20	100,00%	11	100,00%	35	100,00%	27	100,00%

Largest International Contractors Presence by Market in 2005/2006								
Latin America								
Countries	Colombia		Costa Rica		Ecuador		El Salvador	
	No. Companies	%	No. Companies	%	No. Companies	%	No. Companies	%
Belgium	0	0,00%	0	0,00%	0	0,00%	1	25,00%
Brazil	1	7,69%	0	0,00%	2	13,33%	0	0,00%
Canada	0	0,00%	0	0,00%	1	6,67%	0	0,00%
China	1	7,69%	0	0,00%	1	6,67%	0	0,00%
Spain	5	38,46%	4	40,00%	2	13,33%	2	50,00%
France	2	15,38%	0	0,00%	1	6,67%	0	0,00%
Israel	0	0,00%	1	10,00%	0	0,00%	0	0,00%
Italy	2	15,38%	2	20,00%	2	13,33%	1	25,00%
Japan	0	0,00%	0	0,00%	2	13,33%	0	0,00%
Portugal	0	0,00%	1	10,00%	0	0,00%	0	0,00%
Sweden	0	0,00%	0	0,00%	1	6,67%	0	0,00%
U.S.A.	2	15,38%	2	20,00%	3	20,00%	0	0,00%
Total	13	100,00%	10	100,00%	15	100,00%	4	100,00%

Largest International Contractors Presence by Market in 2005/2006								
Latin America								
Countries	Guatemala		Guyana		Honduras		Mexico	
	No. Companies	%	No. Companies	%	No. Companies	%	No. Companies	%
Germany	0	0,00%	0	0,00%	0	0,00%	1	2,00%
Belgium	0	0,00%	0	0,00%	0	0,00%	1	2,00%
Brazil	0	0,00%	0	0,00%	0	0,00%	2	4,00%
China	0	0,00%	4	66,67%	0	0,00%	1	2,00%
Coreia Sul	0	0,00%	0	0,00%	0	0,00%	3	6,00%
Ecuador	0	0,00%	0	0,00%	1	25,00%	1	2,00%
Spain	3	37,50%	0	0,00%	1	25,00%	6	12,00%
França	1	12,50%	1	16,67%	0	0,00%	4	8,00%
Israel	1	12,50%	1	16,67%	0	0,00%	0	0,00%
Italy	1	12,50%	0	0,00%	1	25,00%	2	4,00%
Japan	1	12,50%	0	0,00%	1	25,00%	3	6,00%
U.K.	0	0,00%	0	0,00%	0	0,00%	2	4,00%
Sweden	0	0,00%	0	0,00%	0	0,00%	1	2,00%
U.S.A.	1	12,50%	0	0,00%	0	0,00%	23	46,00%
Total	8	100,00%	6	100,00%	4	100,00%	50	100,00%

Largest International Contractors Presence by Market in 2005/2006								
Latin America								
Countries	Nicaragua		Panama		Paraguay		Peru	
	No. Companies	%	No. Companies	%	No. Companies	%	No. Companies	%
Germany	0	0,00%	1	9,09%	0	0,00%	1	5,56%
Belgium	1	11,11%	0	0,00%	0	0,00%	1	5,56%
Brazil	0	0,00%	1	9,09%	0	0,00%	3	16,67%
China	0	0,00%	1	9,09%	0	0,00%	2	11,11%
Denmark	0	0,00%	1	9,09%	0	0,00%	0	0,00%
Spain	4	44,44%	3	27,27%	1	100,00%	2	11,11%
France	0	0,00%	1	9,09%	0	0,00%	0	0,00%
Italy	0	0,00%	0	0,00%	0	0,00%	2	11,11%
Japan	0	0,00%	0	0,00%	0	0,00%	1	5,56%
Serbia	0	0,00%	0	0,00%	0	0,00%	1	5,56%
Sweden	0	0,00%	0	0,00%	0	0,00%	1	5,56%
U.S.A.	4	44,44%	3	27,27%	0	0,00%	4	22,22%
Total	9	100,00%	11	100,00%	1	100,00%	18	100,00%

Largest International Contractors Presence by Market in 2005/2006								
Latin America								
Countries	Uruguay		Venezuela		Suriname			
	No. Companies	%	No. Companies	%	No. Companies	%	No. Companies	%
Belgium	1	16,67%	0	0,00%	0	0,00%		
Brazil	0	0,00%	2	8,70%	1	25,00%		
China	0	0,00%	4	17,39%	2	50,00%		
Ecuador	1	16,67%	0	0,00%	0	0,00%		
Spain	3	50,00%	3	13,04%	0	0,00%		
France	0	0,00%	2	8,70%	0	0,00%		
Italy	1	16,67%	4	17,39%	0	0,00%		
Sweden	0	0,00%	1	4,35%	0	0,00%		
U.S.A.	0	0,00%	7	30,43%	1	25,00%		
Total	6	100,00%	23	100,00%	4	100,00%		

Font: McGraw-Hill Construction (author conception)