The influence of corporate global mindset on international franchising
A study about Brazilian franchisors

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Abstract

Purpose – This paper aims to investigate the influence of corporate global mindset and international experience on the internationalization process of Brazilian franchisors. The purpose is to study the role played by the global mindset in the internationalization process of franchisors from an emerging country by answering the following question: Which is the impact of global mindset on the level of internationalization?

Design/methodology/approach – A survey of 104 companies was conducted with franchise managers to compare Brazilian (domestic-only and internationalized) franchisors and foreign franchisors who operate in Brazil. The data collected were analyzed through descriptive statistics, ANOVA and regression analysis.

Findings – Results showed that the firm's experience in international markets (measured by the number of years operating in foreign countries) has a positive relation to corporate global mindset. Developing a stronger corporate global mindset should help Brazilian franchises to grow internationally. The findings indicate that Brazilian franchisors fall behind their foreign counterparts in terms of international experience, which affects the skills, knowledge, disposition and organizational structure needed to be successful outside their home market.

Practical implications – Franchisors who decide to internationalize should carefully consider the need for developing a global mindset, especially in terms of investing in communication technologies, adequate human resources and an organizational structure to support international operations.

Originality/value – This research contributes to the international franchising literature by exploring the role of global mindset in the context of franchises from an emerging market. Using a multidimensional

concept of corporate global mindset, comprising global orientation, global knowledge and global skills, this study adds another aspect of international franchising beyond institutional and economic explanations.

Introduction

Franchising is a commercial relationship in which one party (the franchisor), who is the intellectual property owner of a business model and know-how, gives a second party (the franchisee) permission to use their business model, including the brand, in exchange for payment of royalties and other fees (Cavusgil, Knight, & Riesenberger, 2017; Duckett, 2008).

According to the Brazilian Franchising Association (ABF), since 2001 Brazilian franchises' revenue has grown significantly above the country's GNP. In 2016, Brazil ranked sixth worldwide in number of franchised units with 142,593, below the USA (795,932 units), China (330,000), Japan (260,992), South Korea (194,199) and the Philippines (150,000). In terms of franchising systems, Brazil ranks fourth with 3,039 systems, below China (4,500), South Korea (4,288) and the USA with 3,828 systems (export.gov, 2017).

Despite the considerable size and importance of the franchise sector for the Brazilian economy, only 138 local franchisors hold international operations – less than 5 per cent of the total number of franchise systems (ABF – Associação Brasileira de Franquias, 2018; Rocha *et al.*,2016). In comparison, in 2016, the top four American franchising brands had much higher percentages of foreign units in relation to the total number of franchised units, being 85 per cent for 7-Eleven, 47 per cent for McDonald's, 40 per cent for Subway and 28 per cent for Dunkin' Donuts (Entrepreneur, 2016).

Another important fact is that among Brazilian franchisors new internationalization ventures coexist with closure of unsuccessful foreign operations (Rocha *et al.*, 2014). This scenario justifies the interest in developing further research to try to understand why, given their level of development in the home-market and the maturity of many Brazilian franchising firms, most of them tend to refrain from internationalization. Many explanations are possible, starting with the considerable size of the domestic market. Furthermore, a plausible hypothesis is that Brazilian franchisors' internal capabilities do not fully support or motivate them to go global.

This article aims to investigate the role played by the global mindset in the internationalization process of franchisors from an emerging country, which is also a late mover in this process (Bartlett and Ghoshal, 2000). Could the lack of global mindset be one explanation for the low level of internationalization among Brazilian franchisors?

Bartlett and Ghoshal (2000, p. 138) define global mindset as "the organization's capability to simultaneously ensure aspects like global-scale efficiency and competitiveness; national-level responsiveness and flexibility; and cross-market capacity to leverage learning on a worldwide basis". Corporate global mindset, as defined by Yin, Johnson, and Bao (2008), is a multidimensional organizational aptitude that involves a view of the world as interconnected, diverse, manageable markets; this aptitude comprises three elements: global orientation, global knowledge and global skills.

According to previous studies, when companies internationalize their managers should be able to identify opportunities, integrate international operations, hold intercultural relationships and, at the same time, respond to local market needs, cultural and regulatory specificities (Reis, Fleury, Fleury, & Zambaldi, 2018; Reis, & Borini, 2014; Yin *et al.*, 2008). There seems to be a connection between a corporation's mindset and their international

performance (Bartlett & Ghoshal, 2000; Kyvik, Saris, Bonet, & Felício, 2013; Levy, Beechler, Taylor, & Boyacigiller, 2007), which increases the importance of further investigating this issue.

Most studies on the relevance of the global mindset concept have been carried out with multinational enterprises; to our knowledge, not many studies have been done with franchises from emerging markets.

The current research proposes that corporate Global Mindset, as a firm capability to deal with strategic and inter-cultural complexity (Gupta & Govindarajan, 2002), is closely related to experience in international markets.

From a managerial perspective, this study aims to enrich the knowledge generated by studies carried out with Brazilian franchisors (Bitti, Fadairo, Lanchimba, & Silva, 2018; Dant, Perrigot, & Cliquet, 2008; Grosse, 2016) to help companies who are planning to enter new markets.

A survey was conducted with a sample of 104 franchises: 32 Brazilian franchises with overseas operations, 53 Brazilian domestic-only franchises and 19 foreign franchises with operations in Brazil.

Literature review and hypotheses development
The literature review is organized as follows. First, we introduce a discussion on franchise internationalization focusing on the Brazilian franchisors. Next, we present the concept of global mindset and its relationship to internationalization.

International franchising
International franchising started in the United States, Europe, and Canada, mainly because of saturation in the domestic markets (Camargo, Rocha, & Silva, 2016), but also due to economic opportunities in the host markets (Alon & McKee, 1999). However, scholars such as Huszagh, Huszagh, and McIntyre (1992) and Eroglu (1992) explain the intention to internationalize as a combination of organizational factors – such as firm size, experience and top management mindset – with external factors, perceived benefits and risks.

One of the most serious challenges in international franchising is the need to make host country consumers aware of brands, products and services from other markets (Justis & Judd, 1989). Another difficulty is to learn about foreign habits, culture, legal and ethical systems and business practices. Local franchisees can be of great help in this learning process (Khauaja, 2012).

Experience is important for making franchising a successful entry mode, insofar as franchisors are skilled in selecting the most adequate agents to diminish risks and maximize the chances of success in an international venture (Baena & Cerviño, 2012; Elango, 2007; Isaac, Melo, & Borini, 2018; Quinn & Doherty, 2000). Franchisors with longer experience, deep industry knowledge and a successful history are more attractive to potential franchisees, who may benefit from proven results and a favorable reputation (Baena & Cerviño, 2012).

The impact of a well-known brand in successful franchising internationalization is acknowledged in literature (Baena and Cerviño, 2012; Perrigot, López-Fernández, & Eroglu (2013), but this aspect may be limited regarding brands from emerging countries which are not strong on a global basis, as is the case of many Brazilian franchisors.

Rosado-Serrano, Paul, and Dikova (2018) highlight significant differences between domestic and international franchising: higher level of uncertainty, lower level of control over franchisees, and a more collaborative relationship between the international franchisor and franchisees. These differences suggest that knowledge and learning, risk management,

and trust-based relationship become important components of international franchising studies (Madanoglu, Alon, & Shoham, 2017; Rosado-Serrano, Dikova, & Paul, 2018).

The internationalization of Brazilian franchises

Local franchises dominate the Brazilian market across many sectors, controlling 95 per cent of sales volume (export.gov, 2017). Out of the franchise systems present in Brazil, 161 are foreign brands (69 American-born) and 2,780 are domestic-only Brazilian franchisors, who only operate in their home market.

In 2016, almost half of the internationalized Brazilian franchisors had operations in only one foreign country, whereas 20 per cent were present in five or more host countries (Camargo *et al.*, 2016). Their main foreign destination were the USA, Paraguay, Portugal, Argentina, Mexico, Colombia and Bolivia. According to Camargo, Rocha, and Silva (2016), these countries were selected for their cultural and language similarity, following the Uppsala theory, according to which firms tend to initiate internationalization in countries with higher cultural proximity (Johanson & Vahlne, 1977). Although the number of Brazilian franchisors with more international units is still low, the number of firms who decide to internationalize has grown from 65 in 2010 to 134 in 2015 (Rocha *et al.*, 2016).

Many Brazilian firms expand to foreign countries with a low degree of professionalism and without serious consideration of the criteria for partner and/or country selection. They often just act upon unexpected opportunities, such as an offer by a third party to become a franchisee in a given country, acting in a way that Doherty (2009) defines as an opportunistic approach to franchising, in which partners are selected first and markets later. This has seldom turned up successful for Brazilian franchisors, indicating the need for a strategic view combined with adequate organizational structures and business models to succeed in foreign arenas (Bitti *et al.*, 2018; Khauaja, 2012; Rocha *et al.*, 2016).

One possible explanation for Brazilian franchisors being late movers to internationalization is that, until the late 1980s, Brazil was a protected economy, heavily influenced by government policy and with almost no international exposure. Due to the large size of the internal market, entrepreneurs avoided risk taking and were largely detached from the international context (Fleury & Fleury, 2011; Reis *et al.*, 2018). Thus, Brazilian companies and franchisors, like many of their Latin American counterparts, were slow to internationalize (Cuervo-Cazurra, 2012). In the beginning, the internationalization strategies focused on the Latin American countries, which imposed less geographic distances and cultural and institutional differences (Cyrino, Penido, & Tanure, 2010; Reis *et al.*, 2018).

This situation may have contributed to a parochial, ethnocentric mindset, directed almost exclusively to the home market (Fleury & Fleury, 2011; Reis & Borini, 2014; Tanure, Cyrino, & Penido, 2007).

What significantly differentiates internationalized from domestic-only Brazilian franchisors is the number of states where they have units and their time of experience with franchising. Because Brazil has a very large territory, managers learn to handle cultural differences, as well as legal and operational matters, when they have to manage more geographically dispersed franchise systems (Marques, Merlo, & Nagano, 2009; Melo, Borini, Oliveira, & Parente, 2015). But this is not enough. To thrive in international markets, top management must combine managerial skills and experience with a mental model distinguished by a global vision, a long-term view, proactivity and quest for knowledge (Khauaja, 2012).

Global mindset
In a highly competitive global scenario, managers must be able to deal with great strategic and inter-cultural complexity. As firms go global, there is a growing influence of how managers stand in regard to foreign people, ideas, environments and resources. According to Bartlett and Ghoshal (2000, p. 138), a global mindset is "the organization's capability to simultaneously ensure aspects like global-scale efficiency and competitiveness; national-level responsiveness and flexibility; and cross-market capacity to leverage learning on a worldwide basis". A global mindset is one of the ingredients that make up the organizational intelligence needed to identify and exploit opportunities in distinct regions (Gupta & Govindarajan, 2002). This ability is reflected on the strategic actions, which companies prioritize and may become a source of competitive advantage in the international arena (Levy *et al.*, 2007).

The pursuit of these competencies often requires the development of "more cosmopolitan, cognitively complex, and externally focused individual mindsets, and promote an accelerated, proactive strategic orientation within organizations [which] is often termed global mindset" (Gaffney, Cooper, Kedia, & Clampit, 2014, p. 385). For Harvey and Novicevic (2001), part of the strategy to develop and train leaders with global mindset is to allocate them to complex, competitive markets around the world.

Global mindset can be studied both at the individual and at the organizational/corporate level. There is a close relationship between individual and corporate global mindset because managers' own attributes and qualities are a relevant part of a firm's structure and organization, while organizational routines, rules, values, and principles are essential to achieve sustainable objectives in highly competitive environments (Felício, Caldeirinha, & Ribeiro-Navarrete, 2015, Felício *et al.*, 2016). According to Felício *et al.* (2015), corporate global mindset has a strong link with analytical posture, risk taking, business aggressiveness, situational posture and strategic planning.

Bartlett and Ghoshal (2000) highlight that the low level of global mindset in emerging market firms tends to make them more dependent on their home markets. With less knowledge of the competing scenario in foreign markets and lower awareness of their own competitive, strategic strengths, these firms often avoid committing investments in other countries. This renders global mindset a relevant issue in understanding some of the barriers that emerging country firms face in internationalization.

It is also argued that global mindset is even more relevant for small firms, where entrepreneur characteristics and cultural aspects matter (Felício, Caldeirinha, & Rodrigues, 2012, 2016).

Results from a study by Reis and Borini (2014) show that companies from developed countries have higher levels of global mindset than firms from developing nations, even when the latter hold foreign operations. However, previous studies (Ananthram, Pearson, & Chatterjee, 2010; Fleury *et al.*, 2010; Murtha *et al.*, 1998; Nummela *et al.*, 2004) indicate that companies and executives from emerging countries, as they gradually gain international experience, interact with new markets and cultures, and join global networks in search of technological capabilities, tend to develop higher global mindset.

Therefore, we propose the following hypothesis:

H1. Brazilian franchisors have lower levels of global mindset than franchisors from developed countries.

Global mindset as a multidimensional concept

The concept of global mindset has been explored in literature from three perspectives: cultural, strategic and multidimensional (Levy *et al.*, 2007). The cultural perspective focuses on aspects of cultural diversity and cultural distance associated with worldwide operations and markets. It is related to the ability to successfully respond to new, unknown situations using preexisting and newly integrated knowledge (Reis *et al.*, 2012). Gupta and Govindarajan (2002) emphasize the importance of developing managers' global skills to enable firms to respond to local needs and allow multicultural teams to perform successfully.

The strategic view of global mindset focuses on environmental complexity and the strategic variety stemming from globalization. According to this view, managers should be able to balance global integration and local adaptation, that is, they should have both efficiency and competitiveness at a global level and flexibility and responsiveness at the national level (Arora, Jaju, Kefalas, & Perenich, 2004).

The multidimensional perspective integrates both the cultural and strategic perspectives. It is defined by Yin *et al.* (2008, p. 2), as:

> [. . .], a mental attitude which sees the world like one interconnected marketplace and prompts the willingness to actively explore it; and, secondly, as an aptitude to manage such diverse markets. It consequently contains three elements: global orientation, global knowledge, and global skills.

Global orientation refers to the search for systematic, continuous international expansion (commitment to internationalization). It is related to the strategic perspective (Arora *et al.*, 2004; Gupta & Govindarajan, 2002). Global skills involve competencies to build and manage multicultural relationships; this concept stems from the cultural perspective. Global knowledge refers to an understanding of industries and foreign countries to detect global opportunities. It is related to both the strategic and cultural perspectives (Yin *et al.*, 2008).

The current study adopts the multidimensional definition of corporate global mindset, as it shapes firm behavior and overall strategic orientation in the global market (Paul, 2000; Yin *et al.*, 2008).

As posited above, previous studies show an association between corporate global mindset and internationalization. Reis & Borini (2014) regard internationalization as an antecedent to global mindset, as global expansion and exposure to new markets, together with a growing commitment of resources overseas leads to an increase in corporate global mindset.

Based on this discussion, the following hypothesis is formulated:

H2. Global mindset is positively related to a company's experience in foreign markets.

Research method

A survey of franchise employees yielded the data for the study, which were analyzed using descriptive statistics, ANOVA and regression analysis.

Target population

The target population for this study was franchising systems with operations in Brazil, including Brazilian and foreign brands. The survey was developed in partnership with ABF (Brazilian Franchising Association), who provided company data and supported the research. The participants in the survey were franchise employees who agreed to participate in the study. Therefore, we used a convenience non-probabilistic sampling (Malhotra, Birks, & Wills, 2012).

The profile of the respondents is as follows: 39 per cent are managers, 24 per cent are directors, 9 per cent are CEOs, 9 per cent are owners and 19 per cent are operational-level workers or consultants.

Construct operationalization and collection instrument
Experience in foreign markets was measured using Ruigrok and Wagner's (2003) structural indicators – the number of foreign countries where the firm operates, the number of units overseas and the years of international experience.

Corporate Global Mindset was measured along a scale based on the ten-item scale that Reis and Borini (2014) developed in a comparative study between emerging-country multinationals and developed-country multinationals. This scale has ten items comprising three dimensions, namely, global orientation, global knowledge and global skills.

For the present study, the ten-item scale was reduced to a seven-item scale after a pretest with franchising scholars and practitioners, because some statements were considered inadequate for the field of interest. The final scale is described below.

Global Orientation was measured by the statements:

(1) My company is planning to set up an international relationship network; and
(2) my company is planning to invest in foreign markets.

Global Knowledge was assessed by the statement:

(3) my company has knowledge of the social and market context to operate internationally.

The items to measure *Global Skills* were:

(4) my company has sufficient cultural awareness to work effectively with people from other cultures;
(5) my company has enough staff who speak English/Spanish and are prepared to work in foreign environments;
(6) it is easy for my company to do global business; and
(7) my company has invested in modern technological and information systems to communicate with customers in other countries.

A questionnaire was used to collect the data using a seven-point Likert-type scale ranging from 1 – I completely disagree to 7 – I completely agree.

A factor analysis of the scale's items yielded only one factor (Cronbach's alpha = 0.874; KMO = 0.828), so in this study the Global Mindset construct is considered as a single measure.

Data collection and processing
Data collection was carried out in two phases. The first phase was during ABF Franchising Expo in the city of São Paulo, Brazil, in June 2016. Franchising managers who were attending the event filled out 69 questionnaires

The second phase was carried out in July 2016 through outbound telemarketing. Forty-one company managers filled out the questionnaires online. In the end, 110 questionnaires were collected. Three questionnaires were eliminated due to incomplete answers and three were duplicates. The resulting sample is comprised of 104 franchisors.

Findings and discussion

The sample comprises 32 Brazilian franchisors with overseas operations, 53 domestic-only Brazilian franchises and 19 foreign franchisors with operations in Brazil ($N = 104$). The 32 internationalized Brazilian franchisors who participated in the research represent 23 per cent of the total of 138 Brazilian internationalized franchises.

The 19 foreign franchises with operation in Brazil have been operating internationally for 24 years, on average. Four of them had units in 2 to 4 foreign countries and 15 of them had operations in five or more countries. Most of them originate from developed countries (Europe, the USA and Japan).

On the other hand, the 32 Brazilian internationalized franchisors had, on average, 8 years of experience overseas. Eleven companies were present in only one foreign country and had, on average, 4 years of international experience. Fourteen franchises had operations in two to four countries and had, on average, 6.7 years of international experience. The remaining 7 franchises had operations in more than five foreign countries and had, on average, 12 years of experience abroad. Table I shows the descriptive statistics.

The shorter international experience of the Brazilian franchises in the sample highlights that emerging market companies tend to be late movers in internationalization, as they historically prioritize their home markets (Guillen & Garcia-Canal, 2009).

The averages for each statement on the Corporate Global Mindset scale are shown in Table II.

The international franchises' averages are higher than the Brazilian franchises' in both the structural indicators for experience in foreign markets and corporate global mindset. This is not surprising, given that franchisors from developed countries have longer international exposure. Obviously, the domestic-only franchisors showed the lowest averages.

The average global mindset score (the 7 items on the scale taken as a sole measure) was 4.7 for the domestic-only Brazilian franchises, 5.5 for the Brazilian internationalized firms, and 6.3 for the foreign franchises. As expected, the latter showed the most developed global mindset. An ANOVA across the three groups revealed significant differences among them ($F = 14.63$, $p < 0.001$), thus supporting *H1 (Brazilian franchisors have lower levels of global mindset than franchisors from developed countries)*.

This result is in line with previous research (Reis & Borini, 2014). Note that the geographical coverage (number of foreign countries and units) is much smaller for the Brazilian franchises. Most of the internationalized Brazilian franchisors in the sample are present either in only one country (11 firms) or in between two and four countries (14 firms), whereas the majority of the foreign franchisors hold operations in five or more countries (15

	N	Mean	SD	Minimum	Maximum
Time of internationalization					
Intern. Brazilian	32	8	7,83	1	40
Foreign	19	24,3	15,04	1	47
Number of countries					
Intern. Brazilian		4	7,08	1	39
Foreign		40	52,25	2	180
Number of units overseas					
Intern. Brazilian		32	72,51	1	300
Foreign		9140	15408,98	3	47200

Table I.
Descriptive statistics of the structural indicators

| | My company is planning to set up an international network | My company is planning to invest in foreign markets | Global mindset dimensions – AVERAGES | | | | |
			My company has knowledge of the social and market context	My company has cultural awareness to work with other cultures	My company has staff prepared to work in foreign environments	It is easy for my company to do global business	My company has invested in technological and information systems
Brazilian franchises							
Internationalized	5,53	5,44	5,28	6,44	5,03	5,38	5,38
Domestic-only	4,10	3,94	4,27	6,04	4,35	4,68	4,88
Foreign franchises	5,94	5,71	6,42	6,84	5,58	6,74	6,32
Total averages	*4.84*	*4.73*	*4.99*	*6.21*	*4,76*	*5,22*	*5,25*

Table II.
Averages for each global mindset item

firms). With wider international exposure, firms gain experience with diverse markets, customers and cultures, which help them to develop their global mindset (Ananthram *et al.*, 2010; Fleury *et al.*, 2010).

We ran a regression analysis using SPSS v.23 to test *H2* (*Global mindset is positively related to a company's experience in foreign markets).*We tried to establish whether there were significant differences between the foreign and internationalized Brazilian franchises along the three structural indicators for international experience (the number of foreign countries, the number of units overseas, and the years of international operations). Only the years of internationalization had a significant, positive interaction coefficient with global mindset, giving partial support to *H2*.

Specifically, we included the years of international experience, the type of franchise (1 = internationalized Brazilian; 3 = foreign) and their interaction as independent variables; and global mindset as the dependent variable.

The analysis yielded a marginally significant effect for time of internationalization (B = 0.05, SE = 0.03, t(49) = 1.74, $p < 0.1$), a significant effect for the type of franchise (B = 1.51, SE = 0.70, t(49) = 2.14, $p < 0.05$), and a marginally significant time x franchise type interaction effect (B = −0.07, SE = 0.04, t(49) = −1.78, $p < 0.1$).

To decompose the interaction between the two variables, we ran a moderation analysis to assess the conditional effect of time over franchise type. With shorter internationalization times, the moderation analysis yielded a significant difference (B = 1.04, SE = 0.68, t(45) = 2.13, $p < 0.05$) between the foreign franchises and the Brazilian ones. The difference is significant only for values of global mindset within the mean less one standard deviation condition, that is, for 4.9 (Brazilian franchises) and 6.34 (foreign franchises), as shown in Figure 1.

This analysis shows that the difference between the foreign franchises and the internationalized Brazilian ones tends to diminish as time of experience increases. The positive relation with the time of experience overseas indicates that franchisors, regardless of the firm's origin, develop knowledge and skills as they are exposed to new contexts and growing commitment of resources. This, in turn, increase their orientation and willingness to operate outside the home market.

Reis and Borini (2014) report similar results, that is, more internationalized organizations tend to demonstrate higher global mindset. This finding gives support to the stepwise model of firm internationalization (Johanson & Vahlne, 1977), according to which learning and experience increase over time and promote globalization efforts (Felício *et al.*, 2012). As managers spend more time and gain more experience, they actively participate in or are
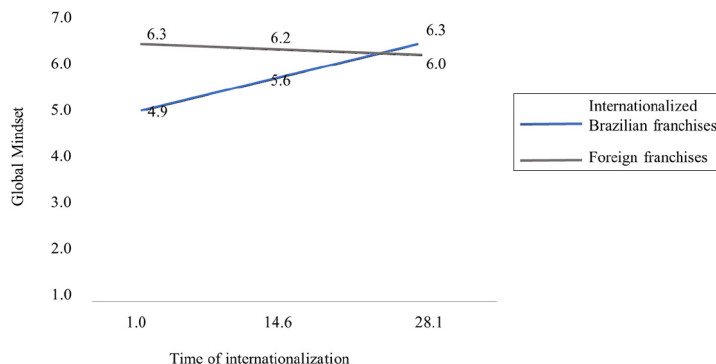

Figure 1.
Interaction between time of experience and type of franchise

exposed to complex globalizing realities, which shapes their global mindset (Arora *et al.*, 2004; Jiang, Ananthram, & Li, 2018).

Concluding remarks

This study aimed to investigate why so many Brazilian franchises are reluctant towards internationalization by hypothesizing that their level of corporate global mindset may be one explanation for this phenomenon. Between 2010 and 2016, the number of Brazilian franchisors who expanded overseas grew from 68 to 134 (Rocha *et al.*, 2016). However, the percentage of internationalized brands over the total of franchising systems in Brazil has remained the same at 5 per cent. Additionally, most of the internationalized Brazilian franchisors hold operations in only one foreign country (Rocha *et al.*, 2016). These figures indicate that most Brazilian franchisors lack not only international experience, but the skills, knowledge and disposition to grow outside their home market. Rocha *et al.* (2014) show as the main difficulties that Brazilian franchisors face when they internationalize a lack of knowledge about the foreign markets; cultural differences; operational and legal difficulty; and challenges in selecting adequate franchisees.

Our results showed that both the foreign franchise systems and the internationalized Brazilian ones perceive that the internationalization process demands specialized and skilled organizational teams, relationship networks, and information and communication technologies to communicate with customers and partners overseas. Such learning and skills may be gathered along time, as shown by the diminishing difference between the Brazilian and foreign franchisors in the field results.

Several factors relate to corporate global mindset, such as routines, processes, attitudes, and procedures that make up the strategy-building process (Felício *et al.*, 2015; Gaffney *et al.*, 2014). Levy *et al.* (2007) posit that global mindset is made up of cultural, strategic and psychological traits combined with knowledge and skills. Therefore, it is both time-dependent and long-term oriented. Our results corroborate the idea internationalization precedes the formation of global mindset, as it depends on a complex relation of assets and behaviors, as posited by Reis and Borini (2014).

The present study showed that corporate global mindset is linked to expansion in international markets. When top management lacks global mindset and international training, company performance overseas may be negatively affected (Keegan & Green, 2008). On the other hand, global expansion and the growth in commitment to international franchising help increase corporate global mindset (Bartlett & Ghoshal, 2000).

Of course, a low level of corporate global mindset is not the only possible explanation for the lack of Brazilian franchisors' interest in expanding overseas. Another one of these explanations is the vast size of the home market, with growth potential in untapped regions and segments (Khauaja, 2012). In addition to that, the Brazilian market is still quite protected. Local brands enjoy a relatively comfortable situation thanks to commercial and legal barriers to foreign trade, which probably leads franchise owners and managers to see no advantage in taking riskier steps outside the home market, when they perceive the local potential for growth. Managers' own attributes are part of the firm's structure and organization, while corporate routines, rules, values and principles are essential to achieve success in highly competitive environments (Felício *et al.*, 2016). Thus, firms should consider developing a global mindset before and during their foreign operations.

As late movers to internationalization (Fleury & Fleury, 2011; Reis *et al.*, 2018), Brazilian franchisors must overcome their lack of international experience and focus on the home market through the development of their global mindset along global orientation, global knowledge, and global skills. One way to do this is through strategic planning and actions,

as already shown in previous research (Melo *et al.*, 2015). Global expansion and the exposure to new contexts involving growing commitment of resources leads to an increase in corporate global mindset (Reis & Borini, 2014).

The extant literature on global mindset is mostly focused on developed-country firms. Our study adds to this body of knowledge about franchisors from an emerging country.

In terms of managerial contribution, this paper indicates that the Brazilian franchises who decide to venture outside the home market should strive to develop deeper knowledge of foreign markets, set up communication systems with foreign countries (both in terms of skilled personnel and facilities), and reinforce the organizational structure to meet internationalization demands, especially in terms of human resources. Awareness of language barriers, business practices, and political and legal differences helps adaptation to local market conditions and development of trust-based relationships, as Rosado-Serrano *et al.* (2018) posit.

Brazilian franchisors enjoy a considerable, largely protected home market with many successful local brands. However, international competition in the home market is increasing. International expansion may be crucial for many Brazilian franchises to defend their business – and even to increase their local market share, since possessing global or internationalized brands helps to strengthen a firm¨s reputation.

This study has limitations that should be pointed out. First, the sample was not random, thus hindering the generalization of our results. Second, our data only allowed us to consider the global mindset construct as a single measure. Future studies could try to use larger samples to investigate global mindset along its three, discrete components. An additional limitation is that, by involving only one respondent in each company, our survey captured a single, individual view on the organization¨s global mindset. When the franchise was a small company this may not have posed a serious limitation, as the result might be a reflection of the owner's point of view. But, for larger companies, more individuals should be interviewed to get a closer view of managerial global mindset.

Despite these limitations, we believe that our study indicates that global mindset as a research field deserves to be further explored.

For future studies our recommendation is to investigate the multidimensional conceptualization and measurement of corporate global mindset, in line with other authors (Arora *et al.*, 2004; Jiang *et al.*, 2018; Levy *et al.*, 2007; Reis *et al.*, 2018). Contrary to other studies (Reis & Borini, 2014; Yin *et al.*, 2008), the global mindset construct used herein was unidimensional. Future studies could analyze how each dimension of global mindset may influence the attitude toward internationalization, identification of global opportunities or the ability to operate in distinct cultural settings.

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