Introduction

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Abstract: In this introduction, we present the rationale behind this Special Issue on European and Latin America–Caribbean (LAC) management research. First, we present the current state of relations between Europe and LAC. Then we present the most salient aspects of the institutional context factors in the two regions. We then discuss some theoretical challenges involved in comparing such diverse and internally heterogeneous regions, and we conclude by presenting an agenda for future comparative research studies.

Keywords: Latin America; human resources management; culture; theory.

Reference to this paper should be made as follows: Ramirez, J., Blasco, M., Davila, A. and Zapata-Cantu, L. (2009) 'Introduction', *European J. International Management*, Vol. 3, No. 2, pp.131–145.

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1 Introduction

Over the past few decades, the European Union (EU) and Latin America and the Caribbean (LAC) have developed an open dialogue, established collaborative programmes and designed policies for the mutual development. The EU is the leading donor and foreign investor in LAC, and second most important trade partner. Cooperation and association agreements have also cemented strong bonds between the two regions. The opportunities for EU-LAC collaboration are growing as a result of free-trade agreements between LAC countries, such as Mexico and Chile, and the EU; as well as Scientific and Technologic (S&T) agreements signed by the EU and Argentina, Brazil, Chile and Mexico. Opportunities are thus emerging for the EU to engage in S&T cooperation with LAC countries, with the potential to significantly improve the region's global competitiveness. These initiatives are grounded in the *history*, *values* and a vast number of *cooperation agreements* that have helped the EU and LAC to build a unique relationship in the world. The EU and LAC also share fundamental values, such as combating inequality, promotion of social cohesion and human rights, and rejection to the death penalty, among others.

At the Guadalajara (Mexico) Summit in 2004, the Heads of State and Government of the EU and LAC declared:

> "*We stress that poverty, exclusion and inequality are an affront to human dignity (...) We reiterate our commitment to attain the Millennium Development Goals by 2015 and underline our determination to build fairer societies by strengthening social cohesion, especially bearing in mind the principle of global common responsibility.*" (European Commission, 2006, p.24).

The EU created the EUROsociAL Programme, in order to support LAC countries to implement social policies in the region.

Although LAC has become a highly attractive region for the EU in terms of cooperation and association agreements, as well as trade and FDI, so far little research has been conducted on comparative management across the EU-LAC regions. We still know very little about the implementation of EU management and organisational systems, such as Human Resource Management, in LAC and vice versa, or about the impact of European direct investment in LAC. In this special issue on *Europe and Latin America-Caribbean: Unleashing the Potential*, we seek to strengthen our knowledge of how EU and LAC management systems travel between the two regions. The aim is to build a global network of scholars working on these issues, and propose a common research agenda to understand the hybrid organisational models (Davila and Elvira, 2009b) that appear to be emerging from cross EU-LAC business initiatives. The following sections present key contextual and theoretical challenges associated with such collaboration and propose a future comparative research agenda for EU-LAC business collaboration.

2 EU-LAC relations and trade

Historically, EU-LAC relations began on 12 October 1492 when Christopher Columbus landed in the 'New World'. Between 2008 and 2010, several LAC countries will be commemorating the bicentennial of their independence from Spain, at a time when Spain has become the second largest investor in various LAC countries, just behind the USA (Moreno, 2006). Over the last two decades, European businesses from many other countries have also begun to invest heavily in LAC.

> "*European Union is Latin America's second most important trading partner - and the first trading partner for Mercosur and Chile. The European Union has gradually strengthened its economic and trade links with Latin America, resulting in trade figures that more than doubled between 1990 and 2005.*" (European Commission – External relations, 2005, p.1).

Of all the LAC countries, Brazil is the EU's largest trading partner. Closely followed by Mexico, Brazil was the leading destination for EU27 exports in 2007 (€ 21.3 billion, or 28% of the total), and the leading destination for EU27 imports of all the LAC countries (€ 32.6 billion or 35%), followed by Chile (€ 12.6 billion or 14%) and Mexico (€ 11.9 billion or 13%). In 2007, Brazil, Mexico and Chile alone accounted for 58% of all FDI inflows to the LAC region (UNCTAD, 2008, p.59).

Mexico maintains strong economic ties with the EU, as well as shared political and social goals. Mexico was the first country in the LAC region to sign a Global Trade Agreement (2000), in which the EU emphasised the inclusion of a '*democratic clause*', also known as an '*evolutive*' clause (political dialogue, respect for democracy, the rule of law and human rights principles).

The EU and Chile negotiated and signed an Association Agreement on 18 November 2002 (European Commission, 2002) with the EU, which entered into force on 1 March 2005.

Although the EU also recognises the importance of other regions in LAC, such as Central America for trade and FDI, many of the EU's efforts in these countries have been concentrated on establishing political dialogue with a view to seeking solutions to the armed conflicts that have plagued them. In order to illuminate in the LAC's particularities, the following section presents an overview of the contextual-institutional characteristics found in the region, which could be a challenge and opportunity for the EU-LAC strategy partnership.

3 The context: institutions and business climate in LAC

Cappelli and Sherer defined context as those "*surroundings associated with phenomena which help to illuminate that phenomena, typically factors associated with units of analysis above those expressly under investigation*" (1991, p.56). LAC presents a complex economic-socio-political context, which has nonetheless so far proven to be surprisingly resilient in the face of the current global financial crisis. At the time of writing this introduction (21 November 2008), "not a single bank or financial institution have gone to the International Monetary Fund (IMF) for rescue in the LAC region, while the United States and Europe faced collapse of companies and banks with turnover of more than that of the GDP of many of LAC countries. There has been no panic summit meeting or rescue package or nationalisation of banks in Latin America" (Viswanathan, 2008, p.1). Overall, the LAC's economic growth remains largely on track, and according the IMF (2008b), LAC remains one of the leading growth areas in the world. Despite the crisis, LAC's economic growth is projected to be 4.6% in 2008 and around 3.6% in 2009 (IMF, 2008b). Argentina's GDP will show growth of 6.5% in 2008 and 3.6% in 2009; while Brazil's growth in 2008 is projected to be 5.2% in 2008 and 3.5% in 2009. Mexico, conversely, is forecast more modest growth rates of 2.1% in 2008 and 1.8% in 2009. The region's growth is sustained by strong domestic demand (IMF, 2008a). This reflects the fact that the governments and companies in LAC have learned lessons from past crises, are exercising more discipline and are better prepared to face external shocks. The LAC economies' ability to withstand the current financial storm is a clear indication of the new paradigm of stability and growth in the region. In the last six years, per capita growth has continually been over 3%. Unemployment fell from 11% to 7.7%. This period saw the best sustained performance since the 1970s because of the adoption of strong policy frameworks and favourable global economic conditions (IMF, 2008b).

The IMF praises the notable improvements in macroeconomic and financial policies; reduced dependency on external capital inflows; major reduction of currency and rollover risks in the governments' debt portfolios; deepening of local currency debt markets;

substantial increase in foreign exchange reserves; flexible exchange rates as part of more robust and credible monetary policy frameworks; and a shift to external current account surpluses or significantly lower deficits (IMF, 2008b). LAC's robust response to the financial crisis would appear to be partly a result of the increase in competitiveness in the region, noted in the 2008–2009 Global Competitiveness Index (World Economic Forum). Some of the contextual aspects included in this index are peculiar to the LAC region, such as competitiveness, including institutions, infrastructure, macroeconomic stability, health and primary education, higher education and training; goods market efficiency, labour market efficiency, financial market sophistication, technological readiness, market size, business sophistication and innovation.

These contextual peculiarities in LAC have been addressed from an institutional perspective by scholars such as Stone et al. (1996), Martinez-Solano and Phelps (2003), Zineldin (2007) and Treviño et al. (2004). The institutional approach can help us to attenuate the above-mentioned optimistic predictions about LAC's macroeconomic performance, since it focuses attention on other aspects of the region's reality. According to institutional theory, institutions provide the rules of the game that structure interactions in societies, and that organisational action is bound by these rules (North, 1990). Hoskisson et al. (2000) argued, for instance, that the role of institutions in an economy is to reduce transaction and information costs by reducing uncertainty and to establish a stable structure that facilitates interactions. Empirical research using an institutional theoretical approach has emphasised the study of political risk, bilateral investment treaties, foreign investment and trade regulations, and capital markets liberalisation in an attempt to explain Foreign Direct Investment (FDI). The institutional environment in LAC presents certain particularities which make it challenging to implement organisational models designed in more stable institutional contexts in the region.

Various LAC countries implemented a neo-liberalism in the 1980s and 1990s. "The neo-liberalism accepts the increase in transformation pressure and leave it to the individual to cope with the cost of change" (Lundvall, 2002, p.8). As a result of the social-political-economic transformation process implemented in the region, it could be argued that the LAC region faces different challenges. Firstly, different LAC countries face the challenge of increasing faith in their formal institutions, such as government, the police force, the labour markets, the rule of or law and accountability, among others. The key challenges lie in governance, political instability and corruption which have plagued the region for several decades. Secondly, overall LAC needs more investment in basic infrastructure, as well as enhancing supporting institutions such as credit markets. Thirdly, trade liberalisation and relative economic success have not been without social costs. The LAC's macro environment and corporate environment (Mortimore, 2000), globalisation and competitiveness indicators (Kaufman and Segura-Ubiergo, 2001), reflect a different reality than that lived by the LAC population. The LAC region suffers from high levels of social inequality and low levels of social development. According to the OECD (2007), LAC has the highest inequality ratio of any region in the world, with Brazil and Mexico the most unequal countries. Close to 40% of the LAC population – more than 200 million people – live in poverty (OECD, 2007). This profound inequality undermines democracy, fragments societies and jeopardises growth and economic development (European Commission, 2006). For instance, although Mexico's economy is one of the strongest in LAC, wealth is highly unevenly distributed. Its GDP per capita is relatively high by LAC standards, at US$ 12,800, but it remains lower than that of Trinidad, Chile and Panama (European Commission, 2007). Brazil has one of the highest inequality indexes in the world, coming second only to Bangladesh in the disproportion of its wealth distribution (Banco Mundial, 2006). In Brazil and Mexico, unemployment is also a critical social problem. The number of available jobs in both countries is insufficient, both in terms of quality and quantity (Ministério do Trabalho e Emprego, 2008). Almost 13% of the work force is currently unemployed, with particularly high rates among young people aged 16 to 24 with little education (OECD, 2007).

Furthermore, crime, insecurity, human and drug trafficking are other challenges for the business climate in LAC. For example, in Mexico, drug trafficking is an estimated US$ 50 billion a year business. In fact, one study reported that the loss of the drug business would shrink Mexico's economy by 63% (Hazard, 2008). Mexico's finance minister Mr. Agustin Carstens[1] has said that crime and violence have had a significant impact on the country's economy, cutting growth by 1%, and extra security is costing business up to 10% extra, damaging job creation. In Brazil, US$ 7000 million are lost annually to crime. In Mexico, the cost of violence represents 4% of the GDP. In Colombia, the cost of violence would reach 13% of the GDP if military and police costs were taken into account. In addition to these challenges, LAC countries need to work towards stable and sustainable economic growth and development, if they are to face the challenge from the Asian economies, especially China and India (e.g. León-Martínez, 2006).

Despite these challenges, in recent decades, improvements have been made in strengthening LAC's institutions. Political stability in most of the LAC countries, which is one of the cornerstones of a country's institutions, is important in creating a positive business climate. Chile presents the best business climate for foreign investors; Panama is just behind, followed by Peru, Uruguay and Dominican Republic. Brazil, Latin America's largest economy, is now ranked fifth in the region's competitiveness index. Brazil's economy is now more competitive than Greece, according to the third annual Latin Business Index (Latin Business Chronicle, 2008). This evidence is indicative of the profound political and economic transformation that the LAC countries have undergone over the past couple of decades.

Researchers have struggled to make sense of how the EU-LAC institutional context shapes management and organisations. The following section presents a theoretical appraisal of comparative research on these issues in the EU-LAC regions.

4 Theoretical debate

In the process of editing this special issue, we have learned valuable lessons from scholars around the world on the challenges inherent in carrying out comparative EU-LAC research. A key issue is how to address the very different institutional contexts and conjunctures in the EU and LAC regions. The EU is currently jostling for positing as the key economic power both in LAC and in the world in the wake of the global financial crisis, while LAC has endured decades of recurrent financial crises and political instability during its democratisation process. These very different realities have complicated efforts to design theoretical models that can be used to study management across both regions. Although researchers have proposed pan-European and regional management, organisational and human resource management (HRM) models (e.g. Brewster, 1995), these are not really suitable for analysing the performance of

European firms in LAC. The European context is governed by common EU regulations, and faces its own particular challenges such as the lack of labour force, integration of new member states and high production costs.

Similarly, it has been argued that Latin America's personalistic approach and labour market institutions call for a unique theoretical approach (Elvira and Davila, 2005b). That said, on both sides of the Atlantic, management research has stressed the benefits to be gained from the efficient use of management and HRM models, which are presumed to vary across organisations and contexts due to different: (a) strategies, (b) technologies and (c) institutional context.

4.1 Theories

The issue of how management practices 'travel' across national and regional borders has been addressed in two main subfields of international management literature. The comparative study of management has been addressed since the 1950s, initially as an exploration into how management practices were transferred from one country context to another, later becoming a broader field including studies of 'cross-national or cross-cultural similarities and differences of management phenomena' (Farmer, 1984 and Miller, 1984 in Cheng, 2007, p.25). A parallel field of study that may be termed 'multinational management' has explored the practices adopted by multinational corporations (MNCs), as well as the impact of globalisation on firm and national competitiveness (Cheng, 2007, p.25).

It has been noted that recent emphasis on the 'global' and a tendency for the convergence view on international management to gain more recognition than the divergence or regionalisation perspectives has resulted in a loss of emphasis on cross-national or cultural differences (Cheng, 2007, pp.26–27). Globalisation theorists' now long-standing endeavour to 'challenge lazy associations of culture and national identity and simple associations of culture and territoriality' seems to have resulted in a race towards the opposite view (Albrow et al., 1997, p.26). Thus, recent work has emphasised the emergence of 'a new cultural community in global business' (Prasad Kanungo, 2006, p.28), a 'converging trend in tastes around the world' leading to a demand for 'global products', and the 'globalisation of labour markets' due to outsourcing and firm decentralisation (Salvatore, 2007, p.71–72).

The notion that capitalism has the strongest convergence effect has become popularised, and as scholars of cultural studies have also noted, researchers who once wrote about particular regions are now shifting their analytical lens towards an exploration of how globalisation affects those regions through processes of accumulation, hegemony, hybridisation and appropriation (Feierman, 1999). Cheng (2007) noted how the convergence tendency has led to countries increasingly being seen in terms of regional groupings or 'clusters' with particular characteristics, e.g. level of modernisation, economic and technological development (Inglehart and Carballo, 1997) as in the so-called ASEAN, NIC or BRIC countries; their degree of democratisation, their cultural values or religious beliefs such as Confucian, Catholic, Protestant; their language and/or shared colonial history, among others (Inglehart and Carballo, 1997). Thus, Inglehart and Carballo's (1997, p.42) analysis of the World Values Survey concludes that 'a Latin American cluster does exist – but it would be easy to extend the boundaries of this cluster to include Spain and Portugal'. This clustering tendency clearly also contributes to downplay intraregional and intranational differences (Lamy et al., 2004).[2]

Theoretically, this type of approach has been underpinned by a ‘cultural fit’ model whereby successful relations are thought to result from the appropriateness, or ‘fit’ between particular management concepts or models and the cultural values thought to prevail in different contexts. Huntington (1996 in Lamy et al., 2004, pp.88–89), for instance, proposed that cultural similarity promotes economic integration, warning that for NAFTA to be successful, Mexico would have to become more like the rest of North America. These ideas have been investigated in several domains, including negotiation, performance, compensation and motivation, recruitment, conflict management (e.g. Cook, 1995; Dombois et al., 2003; Rothstein, 2004). In business scholarship, ‘cultural fit’ models have often been discussed deductively, using e.g. Hofstede’s framework to predict or explain how particular cultural traits make some concepts more suitable than others for implementing in particular contexts of clusters of countries supposedly sharing particular values [see Prasad Kanungo (2006) for an overview of scholarship adopting these approaches].

Such scholarship is rooted in a structural-functionalist view of culture as emanating from social, political and economic structures. Thus, societies sharing apparently similar social structures are expected to display similar cultural characteristics. Modernisation theory is a notable example of this type of approach. This literature has done much to nuance and falsify the notion that economic factors alone determine human behaviour (Inglehart and Carballo, 1997). Yet when it comes to applying these ideas to business, others have noted that values are notoriously bad predictors of human behaviour (Holden and Von Kortzfleisch, 2004). For instance, Magala (2007) alerts us to the analytical problems of *construct bias* that can arise in large-scale cross-regional or cross-cultural studies. Construct bias occurs where a single concept is used to describe phenomena that appear similar but which may express rather different ideas in different contexts. Thus, ‘when an instrument measures the same construct across cultures, the scores are said to be structurally equivalent or to have no construct bias. In other words, if an instrument is structurally equivalent for two cultures A and B, and if it measures a given construct in culture A, then it will also measure that same construct in culture B. However, numerically equal scores may well reflect higher (or lower) levels of intensity in the one culture than in the other culture’ (van de Vijver, 2004, pp.347–348). Another example is the notion of trust which, in research *inter alia* on multicultural teams, has been found to mean very different things in different contexts (Shokef and Erez, 2006). So, while we may learn from the World Values Survey that religion is more important in some societies than others, we cannot assume that the ‘religion’ means the same from one society to the next, or by extension that it has similar implications for business.

Scholars of globalisation have also provided concepts to discuss how concepts and meanings travel from one context to another. The concept of *disembedding*, for instance, describes how social relations are ‘lifted out’ of their local contexts and rearticulated ‘along indefinite tracts of time-space’ (Giddens, 1991, p.18). This idea has proven highly relevant for international business research, helping draw attention to the fact that context affects the way that the concepts which underpin management models, are interpreted, appropriated and implemented, and the impact of this for business. Granovetter’s (1985) work on embeddedness is a classic example. Similarly, Iribarne’s (1989) work on *management logics* and on the cultural themes that shape organisational behaviour takes account of the local historical and cultural context in shaping the logics that underpin business behaviour. Thus, for instance, a Scandinavian management model characterised by ‘flat hierarchies’ and ‘consensus-based decision-making’ (Brewster and Larsen, 2000) might have completely different associations for staff when implemented in a Latin American context.

Existing scholarship should therefore exercise caution in several respects when we study theories about how management and organisational models travel across the EU-LAC regions. As Somers (1999, pp.135) points out, we must study models and concepts as ‘cultural and historical objects embedded within and assigned meaning by their location in symbolic and historically constructed cultural structures’. This means examining the ‘conditions of possibility within which cultural and historical forms frame and constrain concepts, and by which epistemological boundaries and divides are created and sustained’ (Somers, 1999, p.135). According to this view, concepts do not have universal intrinsic meanings or associations but are bound up with their histories in complex ways that can be investigated empirically (Somers, 1999).

4.2 Management across European-Latin American borders

In conceptual terms, scholarship on EU-LAC business relations has been characterised by a rather one-way North-South traffic of concepts, resulting in what has been referred to as ‘Western conceptual imperialism’ where what are essentially local European or US concepts have been attributed universal status (Albrow et al., 1997, p.33). Empirical studies of international business between Europe and Latin America have focused largely on comparing various dimensions of business, such as business cycles (Hoffmaister and Roldos, 1997); business ethics (Enderle, 1997), management values and styles; business environments and institutional constraints and opportunities for doing business (Stephens and Greer, 1995). However, work on EU or LAC firms operating cross-regionally is scarce, and most scholarship has focused on analysing how European business models or expansion strategies have worked in Latin America.[3] Literature on the implementation of Latin American business models, management or negotiation styles in Europe, conversely, is still scarce (though see Elvira and Davila, 2005b; Davila and Elvira, 2009a).

5 LAC Management

Management is a complex organisational process involving a continuous quest for innovation. Researchers and practitioners continually acknowledge the need for modern managerial methods and tools that help executives improve business competitiveness. In particular, executives and organisations in Latin America face uncertain and unstable environments that force them to search for new ways of managing. As indicated above, a universal approach to management is not appropriate for the Latin American business environment. The region needs to be rediscovered from the native’s point of view, with close attention paid to the historical development of economic, political and social factors that shape business activities.

We need to take a close look at the largest private firms and their management styles. Just 30 years ago, most of them were only medium-sized companies operating locally. Today, they are heralded as new international Latin American corporate phenomena: the *translatina* firms (i.e. Cemex, Femsa, Bimbo, Modelo, Tenaris, Falabella, Embraer). Small- and medium-sized Latin American enterprises (SME) are another matter, however. Traditional Western management models were developed for large, fast-growing companies and cannot be applied unequivocally to SMEs in LAC. However, Latin America needs both large multinationals that contribute to the Gross National Product (GNP), and SMEs firms to provide employment and self-employment that are needed in the region for survival and development. What managerial formulas would be appropriate for such a diverse business landscape? What are the managerial needs of the large firms, and how do they differ from those of the SMEs?

Analysing the Latin American institutional environment is also critical for understanding management styles in the region. Recent economic and political changes revealed the weakness of Latin American institutions for developing economic and social growth. In this scenario, Latin American business organisations had to play a key role as economic and social institutions (Elvira and Davila, 2005a; Davila and Elvira, 2009b). Business organisations had to develop strategies to substitute the government's role in development. For example, poor industrial integration was balanced by businesses integration strategies in all sectors of the supply chain. Weak financial and small consumer markets were balanced by businesses diversification strategies. In terms of management, small labour markets hindered the development of benefits systems for protecting workers and their families' welfare. What are the social mechanisms that make economic structures work in Latin America? One has to look at the economic, political, social and cultural history of the region in order to understand how social networks and relational capital have become the cornerstones of the Latin American institutional environment. These dimensions are addressed in more detail in the following articles in this special issue.

6 The papers in this issue

The above discussion offers a backdrop for analysing the context for the performance of European firms in LAC and vice versa. The five articles in this Special Issue address different topics and theoretical perspectives, ranging from the transfer of organisational and management models, to how HRM systems engage with Corporate Social Responsibility (CSR) in multinationals, to the relevance of human and relational capital as significant components in internationalising an enterprise in its initial stages, and how the media affects public perceptions of Spanish investment in a Latin America country.

Montaño-Hirose presents a cultural analysis of Latin American organisational models, seen from a Latin American perspective. He analyses Latin America's modernisation process and its cultural specificities. He proposes that organisational models represent a relevant instrument of progress and social change. Montaño-Hirose challenges the common and comfortable assumption of convergence in organisational models. According to Montaño-Hirose, organisations function in relation to particular cultural and behavioural norms, not universal values. In this article, he encourages us to reflect profoundly upon Latin America, not as an ambiguous, abstract concept, but rather as a geographical region that exists as a cultural reality. He concludes with thought-provoking remarks on the notion of culture and fruitful future avenues of research on organisational models in Latin America.

Philippe D'Iribarne presents an European perspective, discussing the links between national and organisational culture from an interpretive point of view. D'Iribarne argues that cross-cultural comparisons have mainly been studied using approaches based on

Hofstede's (2001) writings and the GLOBE project (1999). He takes issue with these approaches, and argues instead that culture as an organisational element has to do with local and transitory realities. In this context, the idea of 'national culture' in cross-cultural studies is at most a short-lived construct. As Søderberg and Holden (2002) and Staber (2006) point out (cited by D'Iribarne), '*If everything is negotiated locally at every instant, one does not see what can subsist at the national level'*. D'Iribarne suggests that we rethink approaches that conceptualise organisations as homogeneous entities.

Wehling et al. present an exploratory study of 10 German multinationals and their Brazilian subsidiaries. They found varying levels of HR involvement in the organisation of sustainability programmes and the transfer of German sustainability values to Brazilian subsidiaries. Based on this analysis, they offer an original conceptual model that includes five core components that characterise sustainability management in their sample: rationale, conceptual framework, direction, transfer and evaluation. This model could be useful to study sustainability programmes across enterprises, and to identify the potential role of HRM in sustainability programmes. Wehling et al. discuss the model's practical HR implications for implementing sustainability initiatives, and offer a number of future research directions.

Federico et al. analyse the influence of human and relational capital on Early Internationalising Firms (EIF). Their study is based on a sample of Latin American and Mediterranean European firms. Federico et al.'s theoretical framework is based on entrepreneurship, a resource-based view of the firm, dynamic capabilities perspective, evolutionary theory and network approach. According to their findings, early internationalisation is a function of the entrepreneurs' human and relational capital, combined with firm-specific variables and environmental-institutional influences. Their findings show that in Latin America, the typical profile of an EIF founder is a young or senior, well-educated entrepreneur who participates in teams with access to large, professional support networks. In contrast, human and relational capital components are not significantly correlated with the probability of creating an EIF in the Spanish and Italian samples.

Finally, Muñiz et al. analyse Mexican public opinion of Spanish investment in Mexico through a content analysis of the Mexican press, using framing as the main conceptual tool (Tankard, 2001). Muñiz et al. discuss the emotional bias in reports about Spanish companies in the Mexican press on Spanish companies. They discuss how mass media can play an important role in the visibility of Spanish FDI in Mexico. The findings show that reports in the Mexican press on investments made by Spanish companies are mostly positive, but also suggest that this differs according to business sector.

While very rich in their analysis, these studies raise even more questions than they answer. Based on these questions, we propose a three-pronged future research agenda:

1 *Empirical gaps in our knowledge exist in the following areas*: (a) lack of comparative studies and especially studies of how *translatinas* operate in Europe; (b) lack of research on how management models travel *intraregionally* (multinationals often enter a market through one country, and then expand in other countries in the region).

2 *Theoretical perspectives*: We need to seriously rethink the validity of convergence approaches and move away from a nomothetic, one-size-fits-all approach to management models. Instead, we should aim towards an idiographic yet holistic approach that integrates contextual, institutional and historical analysis in studying

how to implement management models in different contexts to those for which they were designed. We must also take care that the empirical trend towards regional 'clustering' does not lead us to overlook local idiosyncrasies and intraregional differences.

3 *Methodology*: We still lack adequate conceptual tools to compare very diverse institutional contexts. Most institutional studies are based on only one context. Qualitative research could guide comparative EU-LAC research, given the complex institutional context presented. "*Qualitative research can provide thick, detailed descriptions of actual actions in real-life contexts that recover and preserve the actual meaning that actors ascribe to these actions and settings*" (Gephart, 2004, p.455). The institutional contexts could be better understood through the development of grounded hypotheses and theories for EU-LAC research agenda. Researchers need to develop a clearer idea of how to compare the ways in which institutions work in both regions, and how they shape the transfer of management and organisational models from one context to another.

Acknowledgements

We hope that this special issue will help to build a global network of scholars working on comparative EU-LAC research, not only in management studies, but also in other disciplines. We take this opportunity to thank the *EJIM* for accepting the Special Issue proposal. In particular, we are thankful to Vlad Vaiman, Executive Editor, and Gerhard Apfelthaler, Associate Editor. Four of the papers in this special issue were presented at the First International Management Conference entitled: *European and Latin America-Caribbean Strategic Partnerships: Unleashing the Potential*, held in Monterrey, Mexico, on 15–17 October 2008. This conference was jointly organised by the Tecnológico de Monterrey, Mexico, and Copenhagen Business School (CBS), Denmark. We would like to express our most profound gratitude to our respective institutions for their support, and to the scholars that made the conference possible.

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Notes

1 Interview at *Reforma* newspaper, a major newspaper in Mexico City.

2 Others have long argued that 'the global is the true state of affairs and the only adequate framework for analysis of any part of the world' (Friedman 1994, p.3).

3 See Cardim de Carvalho (2002) on *inter alia*, European banks in Brazil.