University of Pretoria
Department of Economics Working Paper Series

Emerging Multinational Corporations: A Prominent Player in the Global Economy

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Working Paper: 2016-23
March 2016

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Emerging Multinational Corporations: a prominent player in the global economy

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March 24, 2016

Abstract

As emerging market multinational corporations (EMNCs) tend to remarkably expand their global presence, it is of the utmost importance to explore the salient attributes of such unfolding phenomenon. One of the key findings is that top EMNCs are displaying a leapfrogging internationalisation process. Moreover, natural resources related sectors, in particular energy, have been proven to dominate the non-financial industry structure of EMNCs. In addition, various interesting findings have been concluded by this article. Regarding the preferred destination for their outward foreign direct investment (OFDI), EMNCs currently tend to invest more in developing markets. However, the relevance of developed markets is growing over time. Available statistics furthermore exhibit that greenfield is often preferred above mergers and acquisitions (M&As) as an entry mode into developing markets. The opposite is true in developed markets. EMNCs are domiciled predominantly in BRICS countries which account collectively for most of the OFDI getting from EMs. Emerging African MNCs are dramatically losing ground in the EMNC landscape. Regarding internationalisation, ownership, industry and geographical structure and preferred entry modes, remarkable differences are easily seen in the salient features of EMNCs compared to those based in developed markets.

Key words: Emerging MNCs, BRICS MNCs, African MNCs, emerging markets' OFDI, differences between EMNCs and DMNCs.

JEL codes: P45 – F21

1 INTRODUCTION

Overall statistics published by the United Nations Conference for Trade and Development (UNCTAD), clearly indicate that outward foreign direct investment

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(OFDI) from emerging markets (EMs) has reached a significant level. For instance, the OFDI flow from EMs amounted to $245 billion in 2012, which shows an increase from less than $2.1 billion in 1990. Moreover, EMs based Multinational Corporations (EMNCs) have managed to remarkably expand their outbound investment and activities (UNCTAD, 2013).

As EMNCs tend to expand their presence in the global OFDI landscape, an increasing number of researchers and academics have become more interested in studying factual findings related to such phenomenon (Andreff, 2002; Luo & Tung, 2007; Goldstein & Pusterla, 2008; Amighini, Sanfilippo & Rabellotti, 2009; Kayam, 2009; Contessi & Ghazaly, 2010; Narula & Guimon, 2010; Cortesi & Plantoni, 2011; Deng, 2012). In addition, since 1995 the UNCTAD has published an annual list of the top 100 non-financial MNCs coming from developing countries and economies in transition, reflecting the growing global impetus of EMNCs.

A review of existing literature, relevant to EMNCs, raises a number of interesting remarks. First and foremost, the main focus of most the previous research is to examine the key drivers of the unfolding evolution of EMNCs, both theoretically (Johanson & Vahlne, 1977; Johanson & Mattsson, 1988 ; Zanfei, 2006; Luo & Tung, 2007; Fredriksson, 2008; Aspelund, 2010; Balcet & Bruschieri, 2010; Laghzaoui, 2013) and empirically (Pantelidis, 2003; Banga, 2005; Aminian, Fung & Lin, 2007; Tolentino, 2008; Kueh, Puah & Mansor, 2009; Kayam, 2009; Masron & Shahbudin, 2010; Das, 2013; Niti &Vandana, 2013).

As such, limited research has been conducted to determine and/or investigate the unique attributes of EMNCs. These include: foreign market choice (Alon, 2010; Amal & Tomio, 2012; Beule & Bulcke, 2012; Andreff & Balcet, 2013), timing of initiating the multinationality process (Goldstein, Bonaglia & Mathews, 2006), internationalisation degree of EMNCs in comparison to their peers coming from developed markets (DMNCs) (Berrill & Mannella, 2012), risk and performance characteristics of EMNCs (Aybar & Thirunavukkarasu, 2005) and market strategies adopted by EMNCs (Ramamurti, 2008).

The second remark is that MNCs based in Africa have noticeably received less attention, relative to those domiciled in other continents (Mortensen, 2008). In addition, limited research has been done to examine East European-based MNCs. On the contrary, most studies relevant to EMNCs, in particular empirical research, focuses on firms based mainly in Asia, particularly China and India, (Banga, 2005; Aminian, Fung & Lin, 2007; Masron & Shahbudin, 2010; Poncet, 2009; Beule, Buleke & Zhang, 2014). Similar to Asia, but to a lesser extent, MNCs based in Latin America, in particular Brazil, are widely investigated by previous research (UNCTAD, 2004; Concer, Turolla & Magarido, 2012; Tomio, Amal, 2012; Casanova, Kassum, 2013).

In addition to the abovementioned remarks, it is worth mentioning that the majority of literature has depended on outward foreign direct investment statistics to quantitatively analyse the foreign activities of EMNCs (Narula & Dunning, 2000; Aykut & Goldstein, 2006; Salehizadeh, 2007; Sauvant, Pradhan, Chatterjee & Harely, 2010). This could be attributed to two main facts, namely data limitation regarding foreign activities of EMNCs and the similarity between multinational corporations and outward foreign direct investment, to the extent that both terms are likely to be used interchangeably to refer to the same phenomenon (Markusen, 1995). Along with OFDI statistics, some researchers have managed to enrich their own analysis by using either company case studies (Goldstein, Bonaglia & Mathews, 2006; Mortensen, 2008) or domestic/international MNC records (Sethi, 2009; Berrill & Mannella, 2012; Cui, Meyer & Hu, 2013).

In view of the above, it seems that a certain number of research questions, relevant to EMNCs, should be further investigated in the quest to unveil the key salient features of EMNCs and therefore enhance the current understanding of such unfolding phenomenon. Firstly, there are the issues relating to the industries which EMNCs are active in, preferred market entry modes and foreign market choice. Secondly is the issue of the performance of emerging African MNCs and their position in the EMNC landscape. The last, but not least important issue, involves the main salient features distinguishing EMNCs from their peers based in developed markets. Accordingly, in addition to the current literature, the key concern of this article is to consider such important research questions.

In doing so, this article comprises three sections. The first section highlights the principal developments in the performance of EMNCs, regarding magnitude of outbound investments, preferred foreign market entry modes as well as geographical and industry breakdown of EMNCs' foreign activities. The second section discusses the leading countries in respect of EMNCs, the status of emerging African multinational corporations (EAMNCs), and whether there have been significant changes in the status of EAMNCs over the studding period (1990-2012). The third section considers the key differences between EMNCs and DMNCs, particularly in respect of internationalisation, ownership, industry and geographical structure, and preferred entry modes.

Before proceeding to discuss the aforementioned research questions, it is important to highlight the methodology and data sources used in this article. An EMNC can generally be described as a firm that is based in an emerging market and controls, through only foreign direct investment or equity modes, value-added activities in at least two countries (Arnold & Quelch, 1998; Hoskisson, Eden, Lau & Wright, 2000; Aybar & Thirunavukkarasu, 2005; Constanza, 2009; Cortesi & Plantoni, 2011; Sandberg, 2012). As per literature review, only 20 countries are commonly considered as being emerging by the eight international organisations reviewed by this article. These countries include: Argentina, Brazil, the Czech Republic, Chile, China, Colombia, Egypt, Hungary, India, Indonesia, Malaysia, Mexico, Morocco, Peru, the Philippines, Poland, Russia, South Africa, Thailand and Turkey. Accordingly, for the purpose of this article, the term EMNC hereafter refers to MNCs based in one of the above-mentioned 20 countries[1].

[1] To reflect the involvement of EMNCs in the global market (referred to as the internationalization degree), multiple indicators are proposed by different studies, based on the data sources and the objective of each study (Sullivan, 1994; Gomes & Ramaswamy, 1999; Spero

From another perspective, to ensure the best possible coherence in addressing the aforementioned research questions, the article advocates using multiple data sources, including, *inter alia*, the World Bank, the UNCTAD and the Financial Times. In addition to outward foreign direct investment statistics, this article pays special attention to investigate the key salient features of EMNCs included in UNCTAD's list of top non-financial MNCs. As the number of EMNCs recognised by UNCTAD lists varies considerably from one year to another[2], a sample of the 17 largest EMNCs was drawn on the criterion of total assets, to ensure comparability across years. Top EMNCs will therefore hereafter denote these 17 EMNCs.

2 CURRENT STATUS OF EMERGING MNC

Given the limitations of the data, certain attributes of EMNCs will be tackled in this section to explore the current status of EMNCs. These include, *inter alia*, the global influence of EMNCs and how they evolved over time, their geographical and industry structure and finally their preferred entry mode into foreign markets.

2.1 Performance of EMNCs

Foreign activities of top EMNCs have evolved significantly from 1994 to 2011. For instance, the foreign assets held by top EMNCs doubled 52 times to reach $474 billion, up from $9.2 billion in 1994. They also expanded their foreign sales and employment remarkably, namely 55 and 8 fold respectively, during the same period. Table 2.2 summarises the growth of foreign assets, sales and employment of top EMNCs from 1994 to 2011. In line with the remarkable expansion of the foreign activities of EMNCs, there has been dramatic growth of the OFDI flow from emerging markets in recent decades. From 1990 to 2012, the OFDI flow from EMs has grown nearly 24 times as fast as the world average. EMs accounted for OFDI flow of $245 billion in 2012, up from less than $2.1 billion in 1990. World investment has increased from $241 billion to around $1.4 trillion during the same period.

As such, top EMNCs are assumed to experience a leapfrogging international-

& Hart, 2010; Aggarwal, Berrill, Kearney & Hutson, 2011). Amongst those indicators, the foreign to total sales ratio is used to capture the company's dependence on foreign marketing, while foreign to total workers and assets ratios measure the involvement of a company in the global value chain. UNCTAD (2010) proposes a composite index entitled the "Transnationality Index". It is calculated as a simple average of three variables, namely sales abroad relative to total sales, foreign assets relative to total assets, and foreign labour relative to total labour.

[2] This is due to the fact that UNCTAD lists not only encompass MNCs based in countries perceived by this article as emerging, but also in developing economies and countries in transition. Moreover, the number of MNCs included in UNCTAD lists does not remain constant. Listing only the top 50 MNCs from 1994 to 2003, UNCTAD has broadened its annual list since 2004 to include the top 100 MNCs from developing countries and countries in transition.
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isation process; becoming involved in the global market at an accelerated pace[3]. This conclusion is supported by the evolution pattern of foreign to total assets and sales of EMNCs. Based on UNCTAD statistics, in 2011 foreign markets were responsible for absorbing 40 percent of the total sales of the top EMNCs, up from 17 percent in 1994. Also, as shown in Figure 2.1, compared to 12 percent in 1994, 18 percent of the total assets of top EMNCs now exist outside the borders of their national economies. Apparently, the slight drop in the foreign to total employment ratio has not prevented the Transnationality Index (TNI) of the top EMNCs from rising. The TNI rose significantly from 14 to 23 percent between 1994 and 2011.

It should be underscored that this conclusion contradicts the fact that most EMNC evolution theories assume that an emerging firm is likely to experience a slow and incremental internationalisation process[4]. Yet, leapfrogging internationalisation might be observed under certain circumstances. According to the Uppsala Model, big firms may experience leapfrogging in their internationalisation process due to large resources and market knowledge, representing the main source of competitive advantage for corporations (Johanson & Vahlne, 1977).

Accelerated internationalisation is perceived by other theories as a motive for, rather than a consequence of growth. Pull factor based theories presume that host country advantages are the key trigger for attracting foreign firms to operate in a certain market, as EMNCs often lack the competitive advantage necessary for initiating the internationalisation process (Andreff & Balcet, 2013). Also in this regard, from studying three of the top EMNCs working in the white goods sector, Bonaglia, Goldstein, & Mathews (2006) concluded that EMNCs tend to knock on the doors of global markets for growth opportunities.

In conjunction with a diverse set of factors put forward by EMNC theories to explain such extraordinary expansion, the rapid growth rate experienced by EMs has been proven to have played a significant role in promoting their OFDI. Subsequent to their rapid economic growth, emerging and developing countries seized two thirds of the world's foreign reserves in 2010, up from 37 percent in 2000. Sovereign wealth funds have become a primary source of outbound

[3] To reflect the involvement of EMNCs in the global market (referred to as the internationalization degree), multiple indicators are proposed by different studies, based on the data sources and the objective of each study (Sullivan, 1994; Gomes & Ramaswamy, 1999; Spero & Hart, 2010; Aggarwal, Berrill & Huston, 2011). Amongst those indicators, the foreign to total sales ratio is used to capture the company's dependence on foreign marketing, while foreign to total workers and assets ratios measure the involvement of a company in the global value chain. UNCTAD (2010) proposes a composite index entitled the "Transnationality Index". It is calculated as a simple average of three variables, namely sales abroad relative to total sales, foreign assets relative to total assets, and foreign labour relative to total labour.

[4] This is based on the assumption that a firm either needs to acquire the market knowledge or to adapt to the opportunities and risks related to investing abroad. This insight is promoted by many EMNC evolution theories, including the Uppsala model (Johanson & Vahlne, 1977), innovation related model (Aspelund, 2010; Laghzaoui, 2013), entrepreneurial approach (Wai & Yeung, 2002), resources-based theory (Bareny, 1991; Watjatrakul, 2005), network model (Johanson & Mattsson, 1988), eclectic paradigm model (Dunning, 1995; Pedersen, 2001), investment-development path (Dunning, 1997; Narula & Dunning, 2000; Fonseca, Mendonça & Passos, 2007; Mortensen, 2009; Narula & Guimon, 2010) and double networking approach (Zanfei, 2006; Balcet & Bruschieri, 2010).

investment by EMs. Moreover, increasing accessibility of matured regional and international capital markets enabled the EM-based MNCs to fund their foreign expansion. An increasing number of emerging firms have engaged in at least one of cross-border mergers and acquisitions (M&As) deals within two years of accessing foreign capital markets (World Bank, 2011).

There is another perspective from which EMNCs are prominent in the global business landscape. While none of the EMNCs have been included in the list of the world's top 100 non-financial MNCs released by UNCTAD in 1994, in 2013 top EMNCs accounted for nearly 8 percent of total assets of the world's top firms valued at one trillion dollars. Yet, it should be noted that top EMNCs vary significantly from one year to another, as nearly 42 percent of top EMNCs (71 firms) appear only once in all the UNCTAD lists (13 lists) published from 1994 to 2011. Twenty four percent of companies (27 firms) have twice been recognised by UNCTAD as top firms. Only two firms have been classified amongst the top EMNCs every year. These firms are: Cemex (Mexico), and Petroleo Brasileiro (Brazil), as depicted in Figure 2.2.

In line with increasing representation in UNCTAD lists, EMNCs have also received better representation in the Financial Times Global 500 lists from one year to another. While hosting only 6.5 percent of the world's top 500 firm headquarters (33 firms) in 2006, emerging markets hosted 11 percent (56 firms) in 2014. The market value of EMNCs, listed in the Financial Times Global 500, has tripled from 2006 to 2014 to reach $3 trillion, which represents 10 percent of the total market value of the world's top 500 firms, compared to only 5 percent in 2006.

In the same regard, a significant shift away from developed markets (DMs)[5] towards EMs is recorded on the world landscape of OFDI. Over the last two decades, inspired by increasing growth rates, the share of EMs in the world OFDI flow market has witnessed a dramatic improvement at the expense of developed markets. EMs were responsible for generating nearly 18 percent of such global investment in 2012, starting from less than 1 percent in 1990. In return, DEs have lost market share. Despite dominating the global landscape at the beginning of the nineties, developed markets accounted for only 65.4 percent of the global investment in 2012.

Similarly, EM investors have successfully doubled their share in world OFDI stock 27 times between 1990 and 2012, reaching $2 trillion compared to $73 billion at the outset. Consequently, EMs accounted for 8.5 percent of global OFDI stock in 2012 ($23.6 trillion). Over the same period, the share of DEs declined sharply from 93 to 79 percent. This trend is supported by the fact that global ranking of the top investors clearly reflects the continuing rise of emerging countries. In 2012, for the first time, four of the world's top 20 investors belonged to emerging markets, namely: China, the Russian Federation, Mexico and Chile (UNCTAD, 2013). Figure 2.3 outlines the evolution in terms of world market share of emerging and developed countries in terms of both OFDI flow and stock during the period from 1990 to 2012.

[5] This article adopts UNCTAD's definition of developed markets.

The rise in EMNCs is foreseen to continue in the future. The World Bank anticipates that the annual value and number of cross-border M&As deals engaged in by emerging market based MNCs will grow by more than triple by 2025. Therefore, the net FDI flow of EMs is foreseen to rise to a surplus of more than $ 15.2 trillion over the same period. By 2025, emerging markets will be the predominating engines of global economic growth, along with the industrial markets. Such rapid economic growth will fuel ongoing expansion of EMNCs. As EMNCs pursue their overseas expansion, the share of emerging and that of developed markets from OFDI is going to converge. As such, global asset holdings will shift towards favouring emerging countries (World Bank, 2011).

2.2 Foreign markets of EMNCs

Limited information is available regarding the top destinations for hosting the activities of EMNCs. Yet, the available statistics clearly reflect that developing markets are the most important destination of OFDI by EMs. The World Bank Report (2011) estimates that from 2003 to 2010 the volume of outbound investment from emerging market based MNCs in developing economies was still higher than that in developed economies. In 2010 developing economies were receiving almost 54 percent of total outbound investment engaged in by emerging market based MNCs – investments valued at $550 billion.

However, it is noted that from 2003 to 2010 emerging market based MNCs tended to multiply their investments in developed markets at a faster pace than their own investment in developing markets. Accordingly, the relevance of developed economies, as a preferred investment destination, tends to increase considerably over time. The growth rate of investment of EM-based MNCs in developed markets was three times higher than that of their investment in developing markets, to the value of around $260 billion, up from less than $50 billion. As such, one could expect that developed markets could overtake developing ones as top investment destinations for emerging market based MNCs in the years ahead.

To a significant degree, the foreign expansion of EM-based MNCs reflects the impact of geographical proximity and economic relations between the home and host countries, irrespective of whether the host country is developing or developed (World Bank, 2011). Geographical proximity preference is supported by the various EMNCs' theories. Most theories predict that firms will favour working in neighbouring markets owing to psychological proximity factors. Such factors refer to similarities in culture, language, traditions and political and investment systems. Having explored neighbouring markets, firms can then proceed to invest in far flung markets after acquiring the necessary competitive advantages. These advantages or competencies are pivotal for neutralising the threats resulting from investing in culturally and socially different markets, according to push factor or firm specification related theories (Johansson & Vahlne, 1977; Laghzaoui, 2013).

2.3 Preferred entry mode of EMNCs

To penetrate foreign markets, EMNCs may use one or more of a wide range of entry modes, including: exports, licensing, turnkey project, contract manufacturing or research and development (R&D), strategic alliance, joint ventures (JVs) and wholly owned subsidiary (WOS). These modes vary significantly according to ownership, the nature of overseas operations, the control of parent firms over these activities, and the extent of externalising and internalising (Kim & Hwang, 1992; Hollensen, 2004; Varinder & Erramili, 2004; Peng, 2006; Dunning & Lundan, 2008; Mukundakumar, 2012; Ulrich, Boyd & Hollensen, 2012; Rizwan, 2013). Tracking the preference of EMNCs to various entry modes proves to be quite difficult, except for wholly owned subsidiary modes, M&As and greenfield developments. This is owing to data unavailability.

With respect to WOS entry modes, World Bank statistics indicate that preference of EM-based MNCs for WOS entry modes vary substantially across the different destinations for their activities. Meanwhile, greenfield[6] investment is often preferred over M&As, as an entry mode to developing markets, and vice versa in developed markets. From 2003 to 2009, greenfield investment accounted for 72 percent of investments by emerging market based MNCs in developing markets. Greenfield investment is perceived to be the most reasonable entry mode for EM-based MNCs seeking to establish a physical presence in developing markets. This could be attributed to a wide range of factors, most notably, proximity in political and regularity frameworks and lack of suitable acquisition targets (World Bank, 2011).

Contrary to their preference for investing in developing markets following a greenfield approach, EM-based MNCs tend to penetrate and expand their investments in industrial markets predominantly through M&As, which accounts for 85 percent of such investment. Such preference is mainly derived from significant differences in business environment between the host and home country as well as the need to acquire new resources that do not exist abundantly in developing markets (World Bank, 2011).

From another perspective, UNCTAD statistics clearly show that in terms of the magnitude of investment globally, EMs are much more influential in M&As than in greenfield investment,. This group of countries has succeeded in dominating nearly one third of the world M&As operations, twice as much as their corresponding share in world greenfield projects in 2012. Between 2003 and 2012, M&As processes involving EMNCs grew on average by an accelerated annual rate estimated at 61 percent (8 times the global average), while greenfield investment increased by only 0.7 percent over the same period[7]. According to the insight of host country specifications related theories, M&As may be preferred over greenfield investment as they substantially expand the access

[6] Greenfield FDI relates to capital used for the purchase of fixed assets, materials, goods and services, as well to hire labour in the host country. While the mergers and acquisitions are commonly perceived as a form of ownership transfer, greenfield FDI contributes directly to capital formation and therefore adds to the productive capacity of the host country (UNCTAD, 2009).

[7] UNCTAD greenfield time series data started from 2003, conversely to M&As.

of firms to resources that are not available in their home countries. This is perceived as a key trigger for EMNCs to initiate internationalisation processes (Johanson & Mattsson, 1988; Moon & Roehl, 2001; Mathews, 2006).

2.4 Industry structure of EMNCs

According to UNCTAD statistics, over the period 1994 to 2014, the non-financial industry structure of top EMNCs has witnessed dramatic changes.[8]. While not being one of the major sectors in 1994, energy has overtaken other sectors and has come to the forefront. In 2011, almost half of the top EMNCs were active in the energy field sectors such as gas, petrol and coal. The pressing need for energy to fuel economic growth has driven top EMNCs to penetrate foreign markets to establish secure and cheap access to energy.

According to the International Energy Agency (IEA), EMs, particularly in Asia, will drive the global energy demand. Together, it is foreseen that they will generate almost 90 percent of the growth in the world energy demand until 2035. Therefore, the share of non-OECD energy demand is expected to reach 65 percent of total world energy, up from 55 percent in 2010 (IEA, 2012 & 2013). Likewise, and based on the Financial Times Emerging 500 list for 2014, oil and gas is ranked the primary non-financial sector for top emerging firms, with regard to both the number and market value of such firms.

The oil and gas sector attracts 33 firms (6.6 percent of the total number of top emerging firms), with a market value amounting to $1trillion, which represents 14 percent of the total market value of the top 500 emerging firms. From another perspective, unlike the situation in 1994, the relevance of sectors such as construction, food and beverage has been diminishing over time, therefore they disappeared from the major sectors list in 2011. In contrast to this, telecommunications, mining, and transport and storage have gained much more momentum in 2011. Figure 2.4 outlines the changes in the industry structure of top EMNCs.

Having determined the key characterising features of EMNCS and how their global role tends to evolve significantly over years, it remains important to identify which countries dominate the EMNC landscape, and to what extent their MNCs follow the general geographical and industry structure pattern adopted by EMNCs. It is equally important to consider where emerging African MNCs stand relative to their emerging peers. These questions are addressed in detail in the following section.

3 LEADING COUNTRIES OF EMNCS

Various UNCTAD statistics clearly indicate that BRICS countries[9] based multinational corporations (BRICS MNCs) dominate the list of EMNCs. Accordingly, this section discusses in detail the significance of BRICS MNCs in the

[8] UNCTAD lists of top MNCs do not include those active in the financial sector.

[9] This acronym refers to Brazil, Russia, India, China and South Africa.

EMNC landscape. Moreover, the role of emerging African MNCs will be examined.

3.1 BRICS multinational corporations

BRICS MNCs have expanded remarkably over the last two decades, to the extent that they turn out to be an influential player in both emerging and global OFDI landscapes. To prove this conclusion, certain aspects will be considered, namely the performance of BRICS MNCs in terms of OFDI, their industry structure and internationalisation pattern. For the purpose of this article, top BRICS MNCs hereafter refers to BRICS countries based MNCs that are listed among the top EMNCs.

a. Performance of BRICS MNCs

It is found that most top EMNCs belong to one of the BRICS countries. Top BRICS MNCs held 78 percent of the foreign assets of top EMNCs in 2011 ($368 billion). In addition, their foreign sales amounted to $426 billion, representing 82 percent of total foreign sales generated by top EMNCs. Top BRICS MNCs have appointed 236 thousand foreign employees, which accounts for 65 percent of the entire foreign staff complement hired by top EMNCs. As seen in Figure 2.5, the share of BRICS countries in total and foreign assets, sales and employment of top EMNCs has climbed substantially over the period from 1994 to 2011.

In line with this finding, the degree of internationalisation of top BRICS MNCs tends to increase at a faster pace than that of EMNCs in general. Foreign to total assets, sales and employment of top BRICS MNCs have increased 2.9, 3.1 and 4.7 times respectively, compared to 1.5, 2.3 and 0.93 for the respective indices of EMNCs as a whole. As a result, the average Transnationality Index of top BRICS MNCs rose to two times that of EMNCs, to reach 20 percent in 2011, up from 6.3 percent in 1994 (see Figure 2.6).

In conjunction with dominating top EMNCs, the BRICS countries account for the majority of OFDI from emerging markets, irrespective of the type of OFDI (greenfield investment or M&As). The BRICS countries control more than 67 percent of OFDI stock ($1.3 trillion) and nearly 60 percent of OFDI flow ($145 billion) of emerging markets. Also, in 2012 the BRICS countries were involved in approximately 56 percent and 59 percent of M&As and greenfield investments by EMNCs respectively. Despite being the top investor among EMs throughout the entire period from 1990 to 2012, the relevance of the BRICS countries has decreased slightly as a percentage of total investment by EMs in favour of emerging European investors. Moreover, as reflected in Figure 2.7, significant fluctuations are apparent in the share of the BRICS countries in the OFDI landscape of EMs, particularly with regard to M&As. Byun, Lee and Park (2012) offer empirical evidence that M&As are likely to be more sensitive to external global and regional shocks, twice as much as in the case of greenfield investment. Such tangible variation could be partly attributed to the negative impact of both the Asian financial crisis in 1997 and the world financial crisis in 2009, which are assumed to be reflected more in M&As than in greenfield flows.

From another perceptive, during the last couple of decades, OFDI from the BRICS countries has gained significant momentum globally. This group of countries accounted for nearly 11 percent of the world's entire OFDI flow in 2012, the percentage having been almost negligible in 1990. Like EMs, the global influence of the BRICS countries differs significantly according to the type of OFDI. While responsible for almost 18 percent of world M&As deals in 2012, BRICS countries owned only 9 percent of greenfield projects, as is evident from Figure 2.8. This may reflect the tendency of BRICS MNCs making use of OFDI to acquire new assets and resources necessary for enhancing their competitiveness, rather than reinvesting their assets. In other words, and similar to EMNCs, BRICS MNCs are assumed to be motivated by asset seeking motives rather than asset exploiting motives, as recorded by host country specifications related theories. With respect to the ranking of BRICS countries in relation to one another, the ranking criteria vary noticeably, except for South Africa, which is consistently ranked last. For instance, based on the top BRICS MNC foreign assets in 2011, China leads (47 percent), Russia is ranked second (20 percent), followed by Brazil (18 percent) and then India (12 percent). In fact, India leads the group in terms of the number of greenfield projects in 2012 (46 percent), followed by China (35 percent), Russia (9 percent) and Brazil (6 percent).

b. Geographical breakdown of BRICS MNCs

While hosting almost 54 percent of total cross-border greenfield investment and M&As engaged in by EM-based MNCs in 2010, developing countries represented the destination for nearly 43 percent of BRICS OFDI stock in 2011 (World Bank, 2011). Most importantly, it is found that more than 87 percent of BRICS investment in developing markets is hosted by countries neighbouring the BRICS countries (UNCTAD, 2013). Likewise, after analysing 1430 cross-border M&As deals closed by MNCs based in Brazil, Russia, India and China (BRIC)[10] from 2000 to 2007, Sethi (2009) concludes that 50.2 percent of such deals are concluded in countries located in BRIC home regions.

In this regard, Russian MNCs are found to be more regional than their BRIC peers, as 75 percent of their M&As are regional, followed by the Chinese (58 percent), then the Brazilians (51 percent), and lastly the Indians (17.4 percent) (Sethi, 2009). As aforementioned, preference for investing in the neighbouring markets could be partially attributed to what is referred to as psychological proximity factors. Consequently, due to similarities in the business and political environment, BRICS MNCs are assumed to have a certain competitive advantage over their foreign rivals, pertaining to investing and operating in their home region countries.

c. Industry breakdown of BRICS MNCs

Similar to top EMNCs, from 1994 to 2014 the industry structure[11] of top BRICS MNCs has experienced drastic changes favouring the energy sector, as

[10] It is noteworthy that Sethi does not include South African MNCs in his analysis.

[11] It remains important to keep in mind that UNCTAD top EMNCs do not include those active in the financial sector.

reflected in Figure 2.9. According to the International Energy Agency (IEA), China is expected to lead expansion in global energy consumption, with its demand rising 60 percent by 2035, followed by India, ranking second biggest growth engine in the world energy demand (IEA, 2012 & 2013). The growing energy demand of the BRICS countries, in particular China and India, is deemed vital for fuelling their economic growth.

After determining the distinguishing characteristics of BRICS MNCs, this article proceeds to outline the role of Africa in the EMNC landscape, and how this role evolved over time.

3.2 Africa's status in the EMNC landscape

Given the available data, the following section will outline a number of features of EAMNCs, which refers to MNCs that are based in one of the emerging African markets (EAMs) (i.e. Egypt, Morocco and South Africa). From another perspective, top EAMNCs hereafter denote emerging African countries based MNCs that are listed among top EMNCs.

a. Performance of EAMNCs

Except for foreign employment, foreign activities of top EAMNCs have progressed remarkably from 1995 to 2011[12], as shown in Table 2.3. For instance, the foreign assets held by top EAMNCs doubled nearly 7 times to reach $9.4 billion, up from $1.4 billion in 1995. They also expanded their foreign sales 4 fold during the same period. Foreign employment recruited by top EAMNCs declined from 20.7 to 4.8 thousand employees.

Despite such positive developments, a significant deterioration is apparent in the role of EAMNCs relative to their emerging peers over the period from 1995 to 2011. Based on UNCTAD statistics, the share of top EAMNCs in both total and foreign assets, sales and employment of top EMNCs, has regressed substantially, as reflected in Figure 2.10. It should be underlined that from 1994 to 2011, South Africa is the sole African country recognised in UNCTAD lists of top EMNCs.

Likewise, the number and market value of EAMNCs listed in the Financial Times Global 500 have declined over time, as outlined in Table 2.4. In line with improvements seen in the foreign activities of EAMNCs, OFDI flow from EAMs has witnessed a remarkable boost. It had namely increased more than 94 times, to amount to approximately $5 billion in 2012 (up from $52 million in 1994).

Following the same pattern, at a lesser pace, the magnitude of OFDI stock acquired by EAMs had increased 9 fold during the same period. As such, EAMNCs now own total overseas' assets valued at $26 billion, compared to $7.3 billion in 1990. Despite expanding their OFDI substantially, EAMs have lost ground in the OFDI landscape of EMs. While acquiring more than one fifth of the total OFDI stock of EMs in 1990, EAMs now possess less than 5 percent.

[12] None of EAMNCs are listed in UNCTAD top EMNCs list of 1994.

Similarly, their share in total M&As deals held by EMs has declined sharply from 13 percent to less than 1 percent, as seen in Figure 2.11.

Before concluding the discussion on the role of EAMNCs, it should be underlined that Africa is not the sole region losing ground in the OFDI landscape of EMs. Indeed, the geographical breakdown of OFDI of EMs has undergone considerable change, except for Asia, which remains in the lead, with 53 percent of total OFDI flow of EMs. From a negligible base in 1990, emerging European markets now account for more than one quarter of total emerging OFDI flow. The European region has witnessed the highest average growth rate between 1990 and 2012. Such a big rise has caused Europe to become the second biggest emerging investor. In turn, the Latin and North American regions have slipped in the rankings to third place, with 18.2 percent of total OFDI flow of EMs.

From another perspective, it is noted that in general, top EAMNCs are significantly more internationalised than top EMNCs. The average Transnationality Index of top EAMNCS is generally 1.5 times higher than the respective index of EMNCs, standing at 34 percent in 2011. This finding may indicate that asset seeking motives are likely to be more important for top EAMNCs than for top EMNCs. In other words, according to host country specifications related theories, top EAMNCs are likely to internationalise to obtain new competencies and resources rather than using their existing resources as a springboard for internationalisation (Ramamurti, 2008). Figure 2.12 reflects the growth in the internationalisation of EAMNCS.

b. Industry breakdown of EAMNCs

Concerning the activities breakdown of EAMNCs, limited information is available. However, as outlined in Table 2.5, it is found that chemicals, telecommunications and mining are the three most important sectors for top EAMNCs. As such, there is a certain degree of similarity between top EAMNCs and top EMNCs regarding the relevance of the telecoms and mining sectors. In this regard, it should be mentioned that over time, it is quite difficult to follow the change in the industry structure of top EAMNCs, compared to that of top EMNCs and top BRICS MNCs. This difficulty can be attributed to the fact that the number of top EAMNCs is relatively small and varies substantially from one year to another, to the extent that it makes comparability over years virtually impossible.

c. Geographical structure and preferred entry mode of EAMNCs

Given data unavailability constraints, the geographical pattern of total African OFDI may be used to provide an approximate indication of the respective pattern of EAMNCs. Although the findings should be interpreted cautiously as this article classifies only three African countries as EMs, most geographical features of African OFDI are found to be in line with the general geographical pattern of EMNCs. It has been established that the majority of African cross-border investments target mainly African markets. Africa received 66 percent of international investment by African MNCs in 2013 (equivalent to $19 billion), followed by 14 percent investment by the European Union (UNCTAD, 2014). This finding is in line with the general tendency of EM-based MNCs to select markets for foreign investment based on factors of geographical proximity and economic relations between the home and host countries.

Further similarity between EMNCs and African MNCs is apparent with respect to the preferred entry mode. African OFDI reflects noticeable preference for greenfield investment over M&As transactions in developing markets, and vice versa in developed markets. Ninety five percent of total African investment in developing countries occurs through greenfield investment. To the contrary, M&As are found to be the most important entry mode for African investment in developed markets, accounting for 52 percent of such investments (UNCTAD, 2014).

However, critical differences remain that distinguish African MNCs from other EMNCs. African MNCs are likely to enter foreign markets through greenfield investment, irrespective of the host country. In 2013, the volume of total African greenfield investment was five times higher than their M&As transactions (UNCTAD, 2014). Eventually, the same conclusion is valid for EAMNCs, as their own greenfield investment is 5 times as high as their M&As deals. As such, EAMNCs control 5 percent of the total world greenfield investment, while holding less than 1 percent of the total world M&As transactions (UNCTAD, 2013).

Before concluding this article, it is important to determine the main differences between EMNCs and DMNCs (MNCs from developed markets). The following section considers this issue in detail.

4 DIFFERENCE BETWEEN EMNCS AND DMNCS

As EMNCs tend to gain more ground globally at the expense of DMNCs, the focus should be extended to consider the main differences between these two groups of firms, particularly with regard to internationalisation pattern, ownership and industry structure.

4.1 Internationalisation pattern

From 1994 to 2011, volumes of foreign assets, sales and employment acquired by the top EMNCs had grown nearly 52, 55 and 8 fold respectively, while the respective volumes of top DMNCs[13] had increased only 6.5, 4.8 and 0.3 fold over the same period. In a similar vein, the Transnationality Index of top EMNCs had increased seven times as fast as that of top DMNCs. As seen in Table 2.6, it had risen by more than seven points to reach 23.1 percent (up from 13.8 percent

[13] To ensure comparability with top EMNCs, top DMNCs denote the top 17 MNCs based in developed markets that are counted in the UNCTAD list of top non-financial MNCs. As mentioned in the footnote on page 7, this article adopts the UNCTAD definition of developed countries.

in 1994), in contrast to the slight increase registered in the respective Index of DMNCs.

In concurrence with this finding, Luo and Tung (2007) admit that the internationalisation process of emerging firms had evolved at a faster pace than that experienced by their peers from developed markets. Subsequently, internationalisation of emerging market firms seems to be accomplished through leapfrogging rather than being incremental. Moreover, Deng (2012) remarks that rapid growth of EMs has motivated their firms to explore foreign markets extensively and to undertake massive acquisitions, particularly in developed markets.

However, it is worth mentioning that the top DMNCs are more engaged with the global market than top EMNCs. For instance, the foreign to total assets ratio of top DMNCs is three times as high as that of top EMNCs. Comparing other indicators, like foreign to total sales and employment ratio of both groups, gives similar indications. As a result, the Transnationality Index of the top DMNCs is twice as high as that of their emerging peers. Similarly, while 70 percent of the affiliates of top DMNCs exist outside the borders of their national economies, most of the affiliates of top EMNCs (59 percent) are domestic, as reflected in Table 2.6.

This finding may be partially attributed to the significant variance between the two groups with regard to their accumulated international experience. As DMNCs had joined the world market long before their peers from emerging markets, their engagement in the global value chains is assumed to be much deeper and wider than that of their emerging peers.

4.2 Industry breakdown

As providing a secure and cheap source of energy may be widely perceived as a determinant of sustainable economic growth, top MNCs tend to be active in the energy sector, irrespective of their country of origin; developed or emerging. Energy represents the most important sector for both top EMNCs and DMNCs, but with tangibly different relevance. While dominating the top non-financial industry structure of EMNCs (47 percent), only 29.4 percent of top DMNCs operate in the energy domain, which is found to be as important as the motor vehicles and parts domain, as illustrated in Figure 2.13.

In a similar vein, it is found that nearly 60 percent of top EMNCs are active in natural resources related sectors (i.e. energy and mining and quarrying), while the significance of high technology related sectors is almost negligible. To the contrary, hi-tech industries are prominent in the industry structure of top DMNCs, as approximately 40 percent of these firms operate in motor vehicles and parts as well as electrical equipment. According to the investment development path (IDP) theory, this type of variance could be attributed to the difference in the development stage of home countries. The core idea of the IDP is that net FDI flow (outward minus inward) evolves at a pace that reflects the dynamic relation to economic development. Accordingly, as the country develops, the target for receiving OFDI from a certain country is expected to shift from seeking resources to efficiency, then to strategic assets (Narula & Dunning, 2000).

Also, as shown in Figure 2.13, it should be highlighted that telecommunications proves to be more significant to top EMNCs than DMNCs. Compared to 6 percent of top DMNCs, around 18 percent of top EMNCs are active in the telecommunications sector. This finding may be attributed to the fact that telecoms' revenue in emerging markets tends to increase steadily, in contrast to the pattern in DMs. Also, the telecommunications revenue outlook is much brighter in EMs than in DMs. It is predicted that telecoms revenue in EMs will grow on average by 5 percent until 2017, while remaining flat or declining in developed markets (The Economist, 2014).

4.3 Ownership

Ownership of MNCs (state/private) represents one of the salient characteristics distinguishing EMNCs from DMNCs. UNCTAD estimates that there are 653 state-owned MNCs (SOMNCs) across the world, of which 57 percent are located outside the boundaries of developed markets. The twenty countries recognised by this article as EMs, are home to 246 SOMNCs, representing almost 67 percent of the total number of SOMNCs existing outside developed markets (UNCTAD, 2013).

Similar findings are recorded by Kowalski, Büge, Sztajerowska and Egeland (2013), who, when analysing the ownership structure of the Forbes Global 2000, found that in 2011, 204 of the world's 2000 largest companies were state-owned enterprises (SOEs) (i.e. the ultimate owner of a firm is a state or a government or a public authority, and this owner holds more than 50 percent of the firm's shares). The majority of large SOEs have overseas investment in the global market. Despite originating from 37 different countries, most of the world's SOEs originate from emerging countries, in particular the BRICS countries, which together hold 117 firms, representing 57 percent of total SOEs listed in the Forbes Global 2000. China is found to lead the world list of state-owned enterprises (70 firms), followed by India (30 firms), Russia (9 firms) and Brazil (7 firms). South Africa occupies the last spot with only one (1) firm.

While accounting for only 3 percent of OECD firms listed in the Forbes Global 2000 (41 out of 1500 firms), SOEs account for 47 percent of corresponding firms originating from the BRICS countries (plus Indonesia) (123 out of 260 firms). Such a large gap may be attributed to a wide range of factors, including, *inter alia*, the level of institutional and economic development, political regime, trade openness and the macroeconomic characteristics of each country. Also, emerging economy governments often pursue explicit policies to boost the internationalisation of their SOEs (Kowalski *et al.*, 2013).

In the same regard, Cazurra, Inkpen, Musacchio and Ramaswamy (2014) found that there are approximately 650 SOMNCs with 8500 foreign affiliates, of which 56 percent are based outside DMs. Also, of the top 50 non-financial SOMNCs in 2010, only 13 firms were based in developed markets. From another perspective, Accenture (2010) notes that one fifth of the 70 emerging market firms listed in Fortune Global 500 are state owned. As mentioned previously, China is the country of origin for most of the SOMNCs from emerging markets.

The significant prevalence of governmental ownership of top EMNCs, compared to DMNCs, may provide an additional explanation for the dominance of natural resources related sectors in the industry composition of top EMNCs. It should be taken into consideration that this causality may apply both ways. Owing to monopolistic privileges, SOMNCs are often dominant in exploiting natural resources related sectors, in particular energy. Also, because governments perceive the energy sector as strategic for them, SOMNCs are motivated to be active in it. According to Kowalski *et al.* (2013), almost half of the SOMNCs listed in the Forbes Global 2000 are active in this group of sectors. Accenture (2010) concurs that SOMNCs are often active in the energy sector.

4.4 Foreign markets and preferred entry mode

While accounting for 46 percent of total overseas' investment of EM-based MNCs, in 2013 developed markets hosted 57 percent of the respective investment from DMNCs ($610 billion) (UNCTAD, 2014). It is therefore clear that DMNCs prefer to invest in developed rather than in emerging markets. This may indicate that the geographical preference of foreign expansions is likely to be influenced by the factors of geographical proximity and business environment similarity between home and host countries, irrespective of whether the MNCs are from emerging or developed countries.

With respect to the preferred entry mode, many interesting findings are apparent. Firstly, in contrast to that of EMNCs, foreign expansion by DMNCs is likely to occur through greenfield investment. Greenfield investment by DMNCs ($404 billion) is 2.3 times higher than their M&As transactions, whereas M&As are perceived to be very important to EMNCs ($99 billion compared to greenfield investment, amounting to $92 billion). As a result, in 2012 DMNCs controlled 66 percent of the world greenfield investment compared to 57 percent of world M&As transactions, while EMNCs were responsible for 32 percent and 15 percent of the world M&As and greenfield investment respectively (UNCTAD, 2013). The preference of DMNCs for greenfield investment may be attributed to the fact that it allows the firm control over its own resources and advantages, most notably research and development (R&D) and knowhow (World Bank, 2011).

Secondly, in developing and emerging countries, both EMNCs and DMNCs show a distinct preference for greenfield investment over M&As, and foreign expansion of DMNCs occurs predominantly through greenfield investment. It also accounted for almost all such investment in 2013 ($254 out of $ 247 billion, given the negative value of M&As) (UNCTAD, 2014). In addition, from 2003 to 2009, 72 percent of EM-based MNCs investments in developing markets occurred through greenfield investment. Thirdly, and in contrast to EM-based MNCs, greenfield investment is often preferred over M&As to expand the activities of DMNCs in developed markets. In 2013 it accounted for 52 percent of such investments (UNCTAD, 2014), while for the period from 2003 to 2010, for only 15 percent of the corresponding investments of EM-based MNCs (World Bank, 2011).

5 CONCLUSION

Overall, UNCTAD statistics clearly reveal that foreign activities of top EMNCs had increased significantly from 1994 to 2011. They had managed to increase their foreign assets, sales and employment, 52, 55 and 8 fold respectively. Also, despite not being included in the list of the world's top 100 non-financial MNCs released by UNCTAD in 1994, top EMNCs control nearly 8 percent of total assets of the world's top MNCs, valued at one trillion dollars in 2013. The rise of EMNCs is foreseen to continue in the future.

In concurrence with leapfrogging foreign activities of top EMNCs, recent decades have seen a dramatic growth in the OFDI of emerging markets. Accordingly, a significant shift away from DMs towards emerging countries is recorded in the global landscape of OFDI. For instance, in 2012 EMs were responsible for generating nearly 18 percent of world OFDI flow, starting from less than 1 percent in 1990. On the other hand, also in 2012, DMs accounted for only 65.4 percent of world OFDI flow, despite holding almost the entire global OFDI at the beginning of the nineties.

Developing markets are found to be the top destination of OFDI from emerging markets, as they receive 54 percent of total overseas' investment by these countries. However, the relevance of developed markets is increasing at a growing pace. Foreign expansion by EM-based MNCs, in both developing and developed markets, reflects the considerable impact of geographical and business environment proximity and economic relations between the home and host countries.

The preferred entry mode for EMNCs differs across the destinations receiving their activities. Greenfield investment is often preferred over M&As in developing markets, and vice versa in developed markets. Greenfield investment accounts for 72 percent of investment by EM-based MNCs in developing markets. To the contrary, this group of firms tends to expand their investments in DMs predominately through M&As, which accounts for 85 percent of such investment.

BRICS countries take the lead when it comes to EMNCs. Most top non-financial EMNCs originate in BRICS countries. In 2011, seventy eight percent of the foreign assets of top EMNCs were owned by BRICS countries. In the same context, BRICS countries combined accounted for generating most of the OFDI from EMs, irrespective of the type of OFDI. BRICS countries controlled more than 67 percent and 60 percent of emerging OFDI stock and outflow respectively. Furthermore, in 2012 these countries were involved in approximately 56 percent and 59 percent of M&As and greenfield investment by EMs respectively.

Dramatic deterioration is seen in the role of emerging African MNCs relative to their emerging peers. From 1995 to 2011, a significant decline is recorded in the share of top EAMNCs in foreign and total assets, sales and employment owned by top EMNCs. Also, while acquiring more than one fifth of the total outward OFDI stock of EMs in 1990, emerging African markets now own less than 5 percent. Likewise, their share in total M&As deals in emerging markets declined sharply to represent less than one (1) percent in 2011, down from nearly 13 percent in 1990.

Contrary to what is assumed by most EMNC evolution theories, top EMNCs experienced a leapfrogging internationalisation process, becoming involved in the global market at an accelerated pace. This finding could validate the assumption that top EMNCs go international in order to grow large. From another perspective, EMNCs differ considerably from their peers based in DMs, with respect to internationalisation, ownership, commodity and geographical structure and preferred entry modes to foreign markets.

Having examined the current status of emerging African MNCs, a number of potential research questions loom on the horizon. Important among these, is the question of what the driving forces are behind the current weak performance of emerging African MNCs, relative to their emerging peers. The significance of this issue increases when one considers the expected positive impact of going multinational on upgrading competences of emerging markets-based corporations, and therefore improving their ability to compete domestically and internationally.

As such, emerging African governments are assumed to be interested in encouraging their own firms to change their orientation from focusing only on the domestic market as a unique destination to being an international actor. In doing so, African governments are probably recommended to consider adopting outward foreign direct investment promotion polices. To draft the right combination of these policies, the starting point is to investigate the key factors affecting outward foreign direct investment outflow from emerging African markets. This should be done from the perspective of both home country as well as host country. Furthermore, such investigations should be done at both macroeconomic and industry levels to gather the required information for drafting OFDI promotion policies.

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ANNEXURE

Table 2.1
Emerging market lists proposed by international organisations

	Country	Bloomberg	FT(1)	IIF(2)	IMF (3)	OECD(4)	S&P (5)	UNCTAD(6)	WB(7)
1.	Algeria								√
2.	Argentina		√	√	√	√		√	√
3.	Azerbaijan								√
4.	Bahamas								√
5.	Bahrain,		√						√
6.	Barbados								√
7.	Belarus								√
8.	Brazil	√	√	√	√	√	√	√	√
9.	Bulgaria			√	√				√
10.	Chile	√	√	√	√	√	√	√	√
11.	China	√	√	√	√	√	√	√	√
12.	Colombia	√	√	√		√	√		√
13.	Costa Rica								√
14.	Croatia								√
15.	Czech Republic	√	√	√		√	√		√
16.	Dominican								√
17.	Estonia				√				√
18.	Egypt	√	√	√		√	√		√
19.	Ecuador			√					√
20.	El Salvador								√
21.	Georgia								√
22.	Ghana								√
23.	Guatemala								√
24.	Emirates			√					√
25.	Hungary	√	√	√	√	√	√		√
26.	India	√	√	√	√	√	√		√
27.	Indonesia	√	√	√		√	√		√
28.	Jamaica								√
29.	Jordan,		√						√
30.	Kazakhstan								√
31.	Kenya								√
32.	Kuwait		√						√
33.	Latvia	√			√				√
34.	Lebanon			√					√
35.	Lithuania				√				√
36.	Malaysia	√	√	√	√	√	√	√	√
37.	Mexico	√	√	√	√	√	√	√	√
38.	Mongolia								√

	Country	Bloomberg	FT(1)	IIF(2)	IMF (3)	OECD(4)	S&P (5)	UNCTAD(6)	WB(7)
39.	Morocco	√	√	√		√	√		√
40.	Nigeria			√					√
41.	Oman								√
42.	Pakistan		√		√	√			√
43.	Peru	√		√	√	√	√	√	√
44.	Panama	√							√
45.	Philippines	√	√	√	√	√	√		√
46.	Poland	√	√	√	√	√	√		√
47.	Qatar		√						√
48.	Romania		√	√	√				√
49.	Russia	√		√		√	√		√
50.	Saudi Arabia		√	√					√
51.	South Africa	√	√	√	√	√	√		√
52.	South Korea	√		√				√	√
53.	Singapore							√	√
54.	Sri Lanka								√
55.	Thailand		√	√	√	√	√	√	√
56.	Trinidad and Tobago								√
57.	Turkey	√	√	√	√		√		√
58.	Taiwan		√				√	√	
59.	Ukraine			√	√				√
60.	United Arab Emirates		√	√					√
61.	Venezuela			√	√	√			√
62.	Vietnam								√

Source: Author's own

(1) The Financial Times. (2) The Institute of International Finance. (3) The International Monetary Fund. (4) The Organization of Economic Cooperation and Development. (5) Standard and Poor's. (6) The United Nations Conference for Trade and Development. (7) The World Bank

Table 2.2
Improvement in foreign assets, sales, and employment of top EMNCs from 1994 to 2011

Year	Foreign assets ($ billions)	Foreign sales ($ billions)	Foreign employment ('000 employees)
1994	9.2	9.4	46.8
1995	19.7	14.8	84.9
1998	42.5	30.4	56.6
1999	26.0	14.7	53.9
2000	42.9	50.2	94.9
2002	56.7	32.1	138.2
2003	77.0	58.8	68.6
2004	84.4	76.8	174.6
2005	107.4	88.3	153.9
2006	130.7	131.4	152.7
2007	247.8	195.3	256.4
2008	298.9	359.3	304.9
2011	473.9	519.9	363.8

Source: Author's own calculation based on UNCTAD statistics

Table 2.3
Development of foreign assets, sales, and employment of top EAMNCs from 1995 to 2011

Year	Foreign assets ($ billions)	Foreign sales($ billions)	Foreign employment (thousands employees)
1995	1.4	2.7	20.7
1998	6.1	5.0	10.7
1999	5.2	5.2	9.4
2000	5.2	5.1	25.2
2002	15.5	10.6	61.4
2003	9.6	12.0	8.2
2004	4.9	5.5	5.8
2005	5.4	5.4	5.3
2006	9.3	6.5	2.2
2007	13.9	7.8	8.7
2011	9.4	10.4	4.8

Source: Author's own calculation based on UNCTAD statistics

Table 2.4
EAMNCs listed in the Financial Times Global 500 from 2008 to 2014

Year	No. of Firms	Market value ($ billion)
2014	3	121
2013	5	128
2012	7	172
2011	6	171
2010	7	155
2009	7	103
2008	5	141

Source: Author's own calculation based on the Financial Times Global 500

Table 2.5
Industry structure of top EAMNCs recognised by UNCTAD lists from 1995 to 2011

Sector	No. of Firms
Telecommunications	2
Mining and quarrying	2
Chemicals and pharmaceuticals	2
Wood and paper products	1
Trade	1
Metals processing	1
Household goods	1
Food and beverage	1
Diversified	1
Construction	1
Business services	1

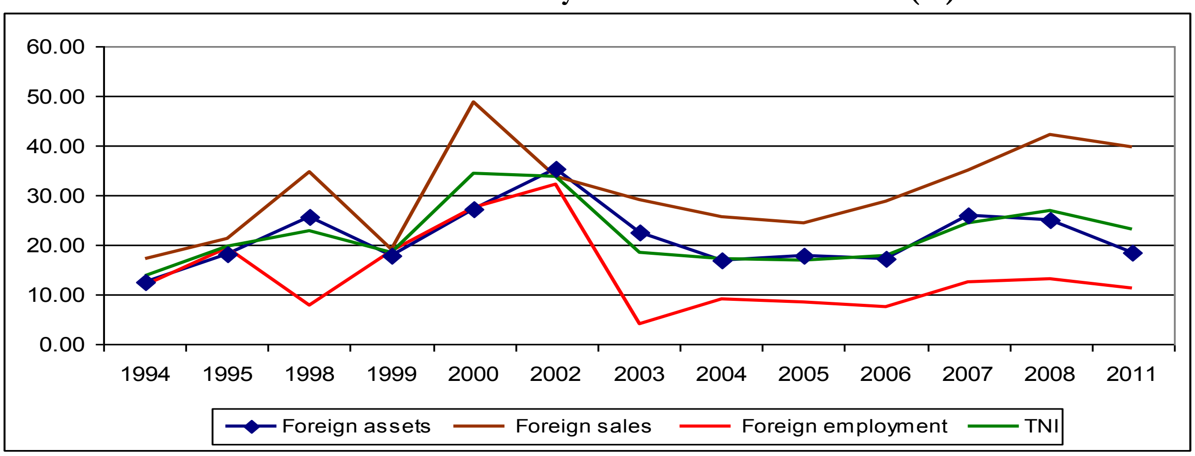
Source: Author's own calculation based on UNCTAD statistics

Table 2.6
Internationalisation of top EMNCs versus that of DMNCs in 1994 and 2011

	EMNCs		DMNCs	
	1994	2011	1994	2011
Foreign assets ($ billions)	9	474	460	2986
Foreign sales ($ billions)	9	520	490	2349
Foreign employment (thousands)	47	364	676	2228
Foreign to total assets (%)	12.4	18.4	34.1	60.4
Foreign to total sales (%)	17.1	39.7	48.2	62.9
Foreign to total employment (%)	11.8	11.2	83.0	45.3
Transnationality Index	13.8	23.1	55.1	56.2
Internationality Index *	-	41.1**	-	69.8***

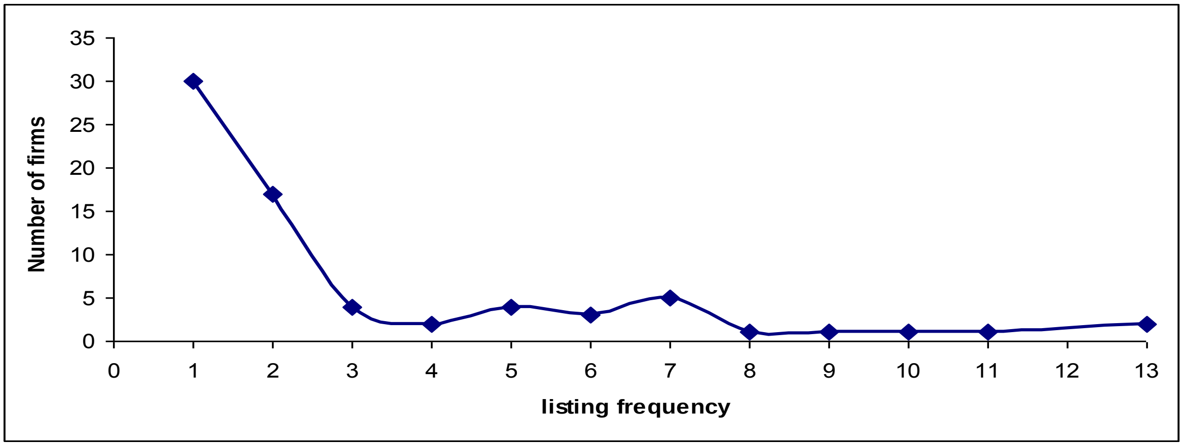
Source: Author's own calculation based on UNCTAD statistics
* Internationality index = No. of foreign affiliates divided by total affiliates
** (2006) *** (2008)

Figure 2.1
Foreign assets, sales and employment as percentage of total indicators of top EMNCs and their Transnationality Index from 1994 to 2011 (%)*



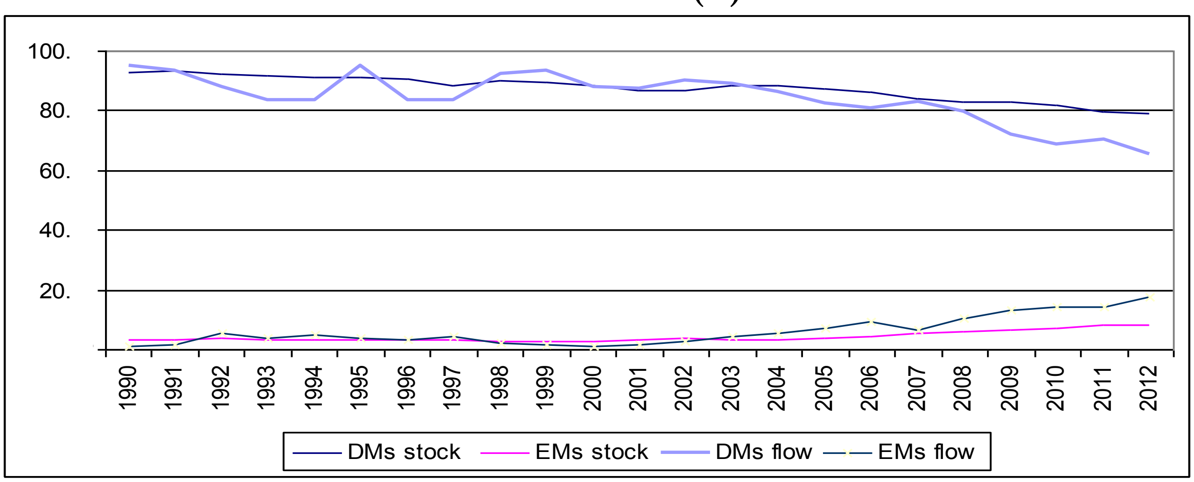
Source: Author's own calculation based on UNCTAD statistics
* TNI is calculated as a simple average of three variables, namely foreign sales relative to total sales, foreign assets relative to total assets and foreign employment relative to total labour

Figure 2.2
Listing frequency of top EMNCs during the period from 1990 to 2011



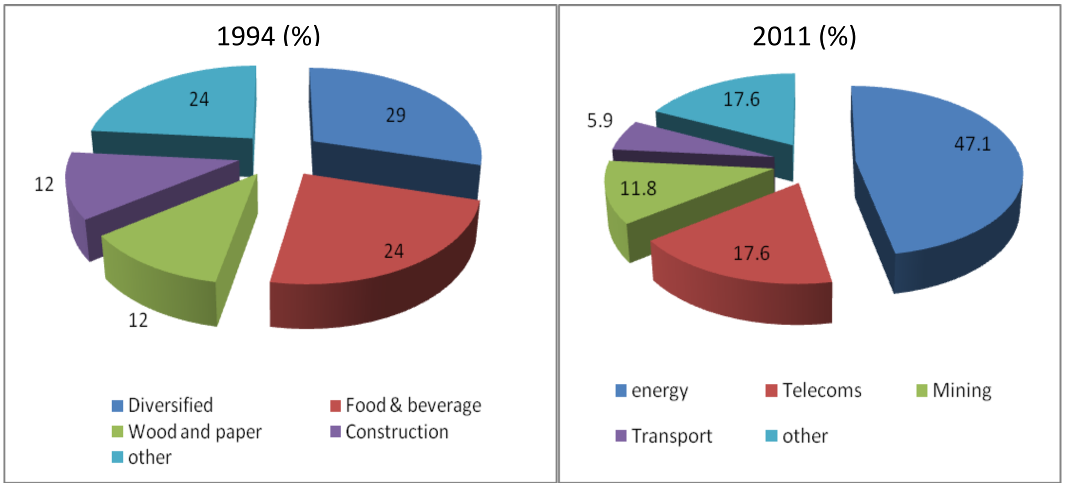
Source: Author's own calculation based on UNCTAD statistics

Figure 2.3
Share of emerging versus developed economies in the world OFDI flow and stock from 1990 to 2012 (%)



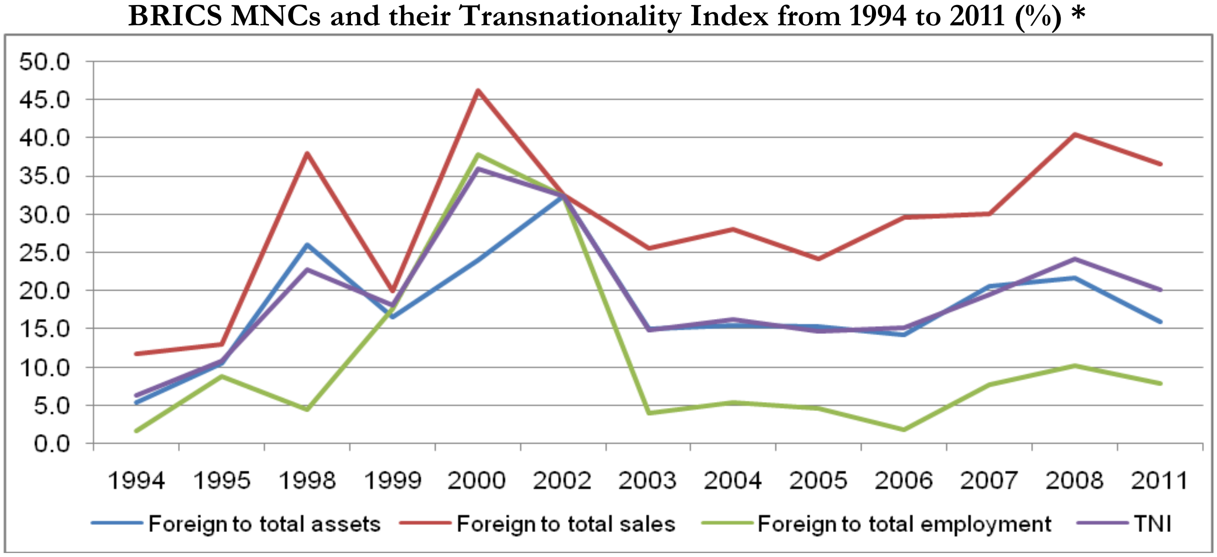
Source: Author's own calculation based on UNCTAD statistics

Figure 2.4
Shift in non-financial industry structure of top EMNCs from 1994 to 2011



Source: Author's own calculation based on UNCTAD statistics

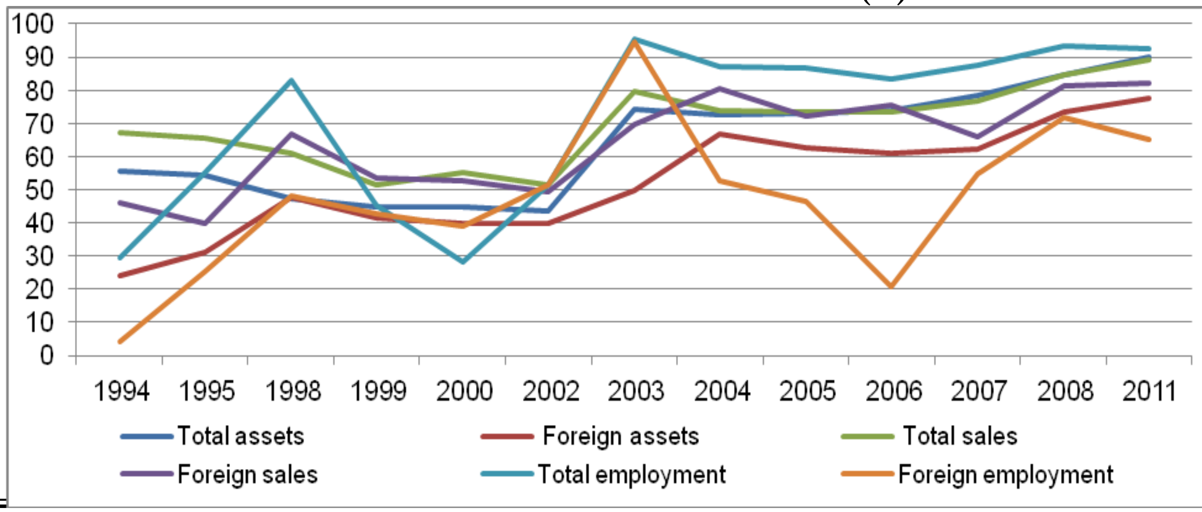
Figure 2.5
Foreign assets, sales, employment as percentage of total respective indicators of top BRICS MNCs and their Transnationality Index from 1994 to 2011 (%) *



Source: Author's own calculation based on UNCTAD statistics

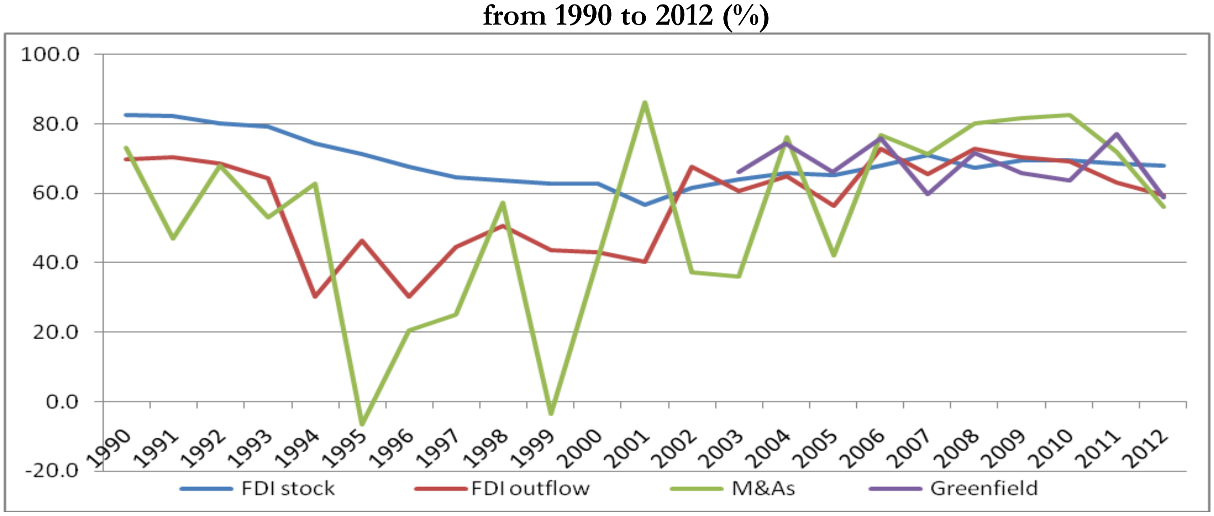
* TNI is calculated as a simple average of three variables, namely foreign abroad relative to total sales, foreign assets relative to total assets and foreign labour relative to total labour.

Figure 2.6
Share of top BRICS MNCs in total and foreign assets, sales and employment of top EMNCs from 1994 to 2011 (%)



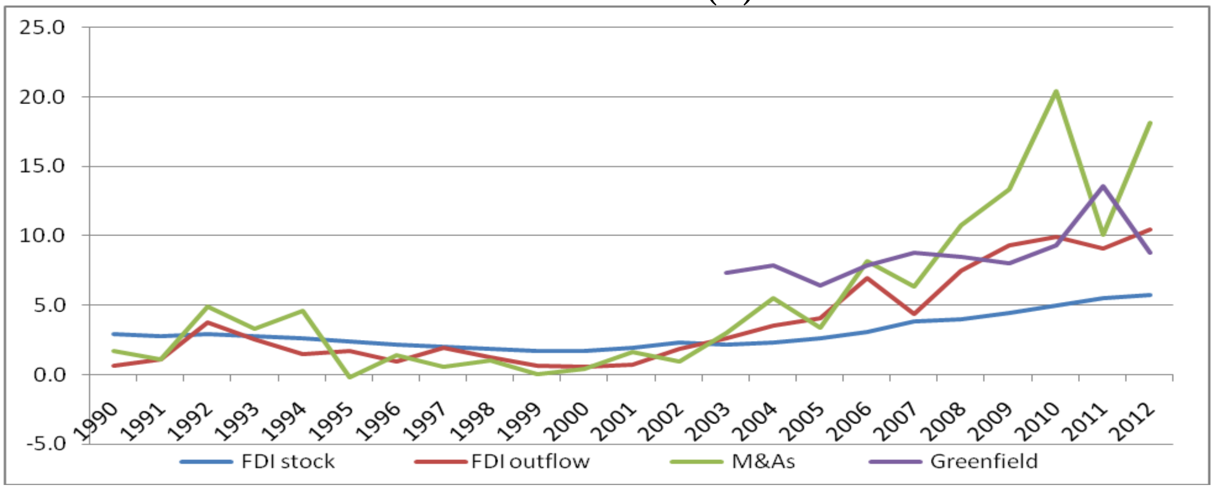
Source: Author's own calculation based on UNCTAD statistics

Figure 2.7
Share of BRICS in the emerging countries' OFDI from 1990 to 2012 (%)



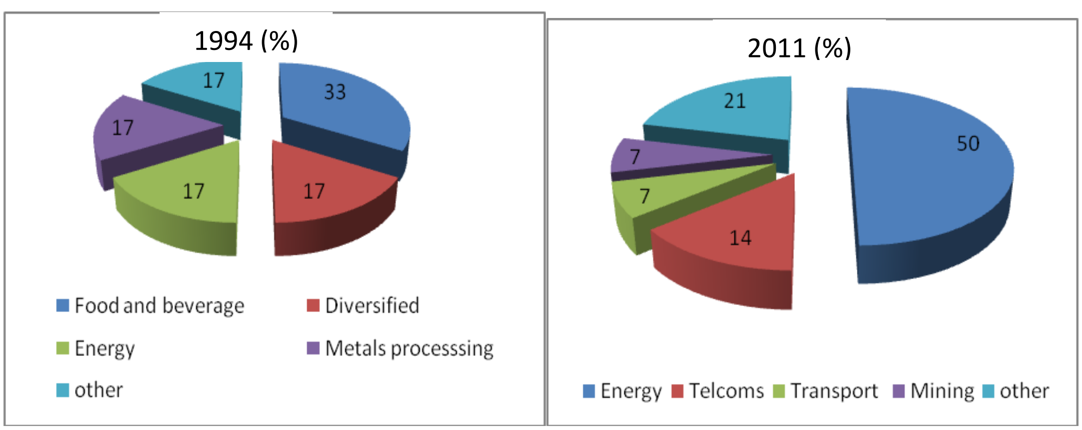
Source: Author's own calculation based on UNCTAD statistics

Figure 2.8
Share of BRICS in world OFDI
from 1990 to 2012 (%)



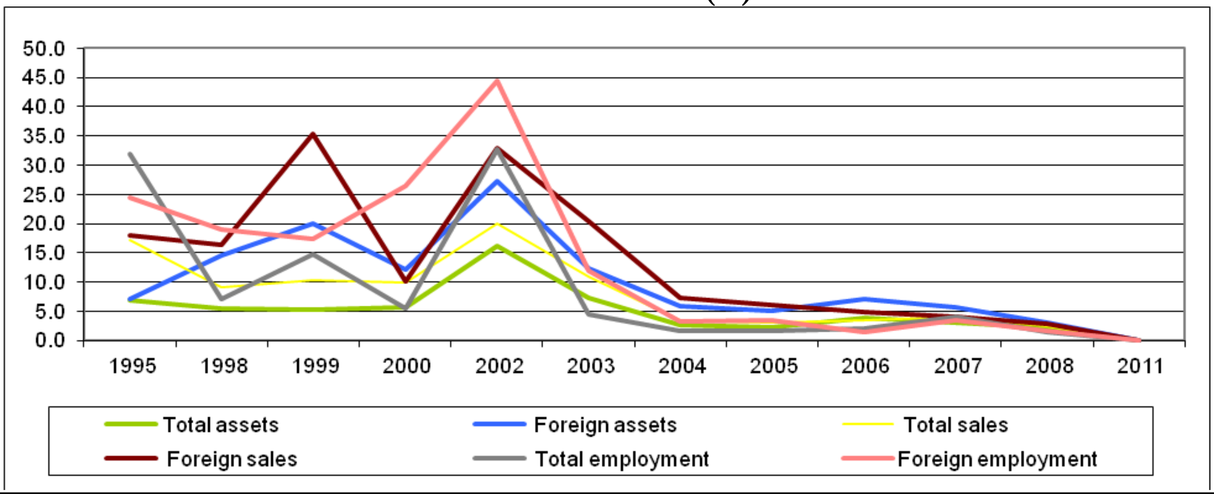
Source: Author's own calculation based on UNCTAD statistics

Figure 2.9
Change in non-financial industry structure of top BRICS MNCs from 1994 to 2011



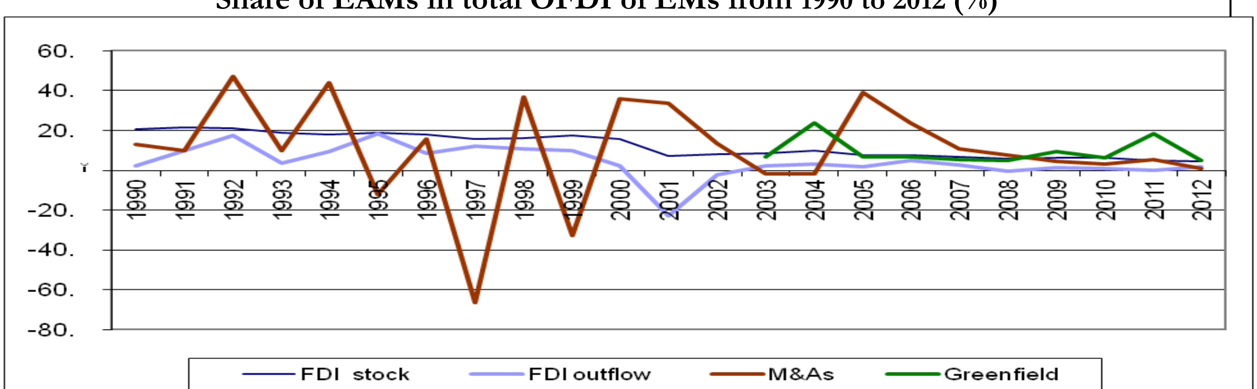
Source: Author's own calculation based on UNCTAD statistics

Figure 2.10
Share of top EAMNCs in total and foreign assets, sales, employment of top EMNCs from 1995 to 2011 (%)



Source: Author's own calculation based on UNCTAD statistics

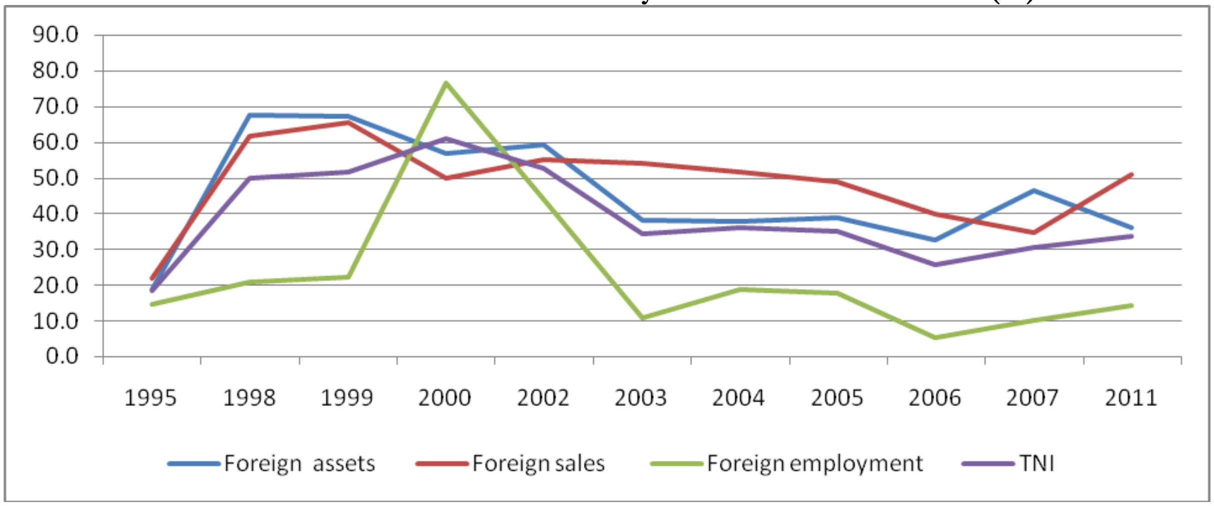
Figure 2.11
Share of EAMs in total OFDI of EMs from 1990 to 2012 (%)



Source: Author's own calculation based on UNCTAD statistics

Note: As UNCTAD data on OFDI flows are calculated on a net basis (credits less debits of capital transactions between direct investors and their foreign affiliates), negative values indicate disinvestment in assets or discharge of liabilities.

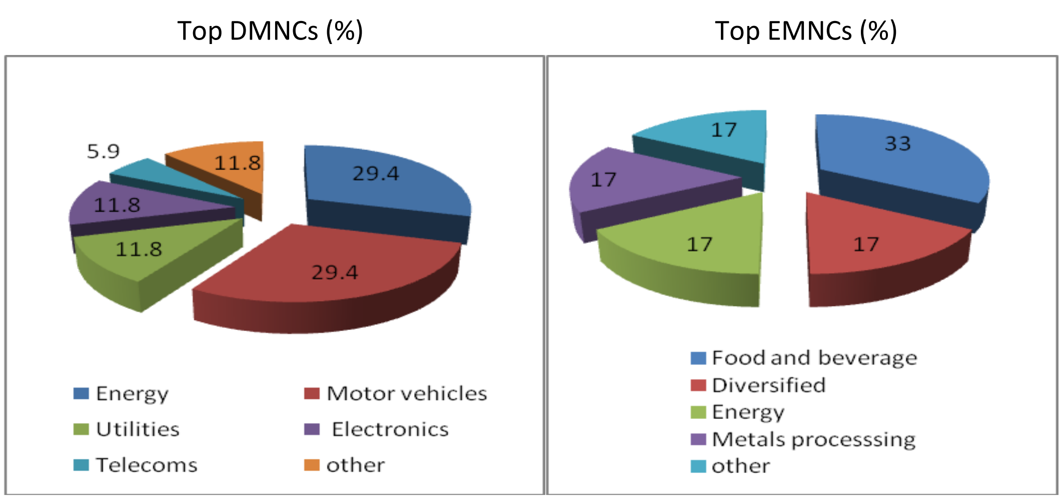
Figure 2.12
Foreign assets, sales, and employment as percentage of total respective indicators of top EAMNCs and their Transnationality Index from 1995 to 2011 (%)*



Source: Author's own calculation based on UNCTAD statistics

* TNI is calculated as a simple average of three variables, namely foreign sales abroad relative to total sales, foreign assets relative to total assets and foreign employment relative to total employment.

Figure 2.13
Industry structure of top EMNCs versus top DMNCs in 2011



Source: Author's own calculation based on UNCTAD statistics.