

https://dspace.org/

Entrepreneurial orientation and internationalisation of multinational enterprises : a focus on firm performance in emerging markets.

De Haaff, Dean Nicholas

2012-10-17
http://hdl.handle.net/10539/12129

Downloaded from a DSpace repository. https://dspace.org/

Entrepreneurial Orientation and Internationalisation of Multinational Enterprises: a focus on firm performance in Emerging Markets

Dean Nicholas de Haaff

A research report submitted to the Faculty of Commerce, Law and Management, University of the Witwatersrand, in partial fulfilment of the requirements for the degree of Master of Management: Entrepreneurship and New Venture Creation.

Johannesburg, 2011/2012

(FEBRUARY 2012)

ABSTRACT

This research offers an insightful view of Entrepreneurial Orientation (EO), its relation to Internationalisation and Performance of Multinational Enterprises (MNEs) in three Emerging Markets; China, Malaysia and South Africa. 21 MNEs are reviewed, seven from each emerging market, over the research timeframe of 2005 to 2010.

The issue at hand revolves around a thorough review of the internationalisation modes of the selected MNEs into various regions around the world and measuring their performance variables. The internationalisation modes were analysed against MNE EO, and the relation between their EO and their internationalisation.

The method of the data collection utilised was mixed, obtaining all results from published MNE annual reports over the period of review and utilised both qualitative and quantitative data analysis in the research. Qualitative data was thematically analysed and coded for quantitative statistical analysis, whilst the financial data was statistically analysed accordingly.

EO is highly interlinked with MNE internationalisation, as the very least on a construct level. EO strategies have shown support in correlating with MNE performance measures, but have differed between the emerging markets reviewed. It has shown that MNE focus with regard to EO strategy and internationalisation differs, with varying effects on their success.

This is an area of academic research that has received very little, if any, review prior to this research. It offers bountiful opportunities to build on, and insightful findings that may be further reviewed.

DECLARATION

I, Dean Nicholas de Haaff, declare that this research report is my own work, except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this, or any other university.

Dean N. de Haaff

Signed at ……

On the …….. day of …… 2012

DEDICATION

FOR ZULU DE HAAFF

ACKNOWLEDGEMENTS

I would like to acknowledge those who provided assistance and support in producing this research.

Thanks must go to Dr. Jose Barreira, Prof. Boris Urban, Ms. Ronelle Colyn and Mrs Merle Werbeloff. A special thanks to my Mother and Father for supporting late nights and weekends of work.

Further thanks go to the 21 Multinationals involved in this research. Your data has provided grounding for international studies that previously has not existed, and through it, opened up research questions pertaining to EO, Multinational Enterprises, their internationalisation and emerging market comparisons.

TABLE OF CONTENTS

ABSTRACT II

DECLARATION III

DEDICATION IV

ACKNOWLEDGEMENTS V

LIST OF TABLES IX

LIST OF FIGURES IX

LIST OF MODELS XI

CHAPTER 1: INTRODUCTION 1

1.1 PURPOSE OF THE STUDY 1
1.2 CONTEXT OF THE STUDY 1
1.3 PROBLEM STATEMENT 2
1.3.1 MAIN PROBLEM 2
1.3.2 SUB-PROBLEMS 3
1.4 SIGNIFICANCE OF THE STUDY 5
1.5 DELIMITATIONS OF THE STUDY 6
1.6 DEFINITION OF TERMS 7
1.7 ASSUMPTIONS 9

CHAPTER 2: LITERATURE REVIEW 11

2.1 INTRODUCTION 11
2.2 BACKGROUND DISCUSSION 16
2.2.1 ENTREPRENEURIAL ORIENTATION 16
2.2.2 INTERNATIONALISATION, EMERGING MARKETS AND MNES 21
2.2.3 KNOWLEDGE 29
2.2.4 CULTURE 32
2.2.5 NETWORKS 33
2.2.6 RESOURCES 35
2.3 CONCLUSION OF LITERATURE REVIEW 38
2.4 FIRST SUB-PROBLEM 42
2.4.1 RESEARCH QUESTION 1 42
2.4.2 RESEARCH QUESTION 2 43
2.5 SECOND SUB-PROBLEM 43
2.5.1 RESEARCH QUESTION 3 43

2.6 HYPOTHESES 44
2.6.1 HYPOTHESIS 1 44
2.6.2 HYPOTHESIS 2 44

3 CHAPTER 3: RESEARCH METHODOLOGY 45

3.1 RESEARCH METHODOLOGY / PARADIGM 45
3.2 RESEARCH DESIGN 45
3.3 POPULATION AND SAMPLE 47
3.3.1 POPULATION 47
3.3.2 SAMPLE AND SAMPLING METHOD 47
3.4 THE RESEARCH INSTRUMENT 49
3.5 PROCEDURE FOR DATA COLLECTION 53
3.6 DATA ANALYSIS AND INTERPRETATION 53
3.6.1 CODING OF QUALITATIVE DATA 53
3.7 LIMITATIONS OF THE STUDY 55
3.8 VALIDITY AND RELIABILITY 55
3.8.1 EXTERNAL VALIDITY 55
3.8.2 INTERNAL VALIDITY 56
3.8.3 RELIABILITY 56

CHAPTER 4: PRESENTATION OF RESULTS 58

4.1 INTRODUCTION 58
4.2 RESULTS PERTAINING TO HYPOTHESIS 1 59
4.2.1 CHINA 60
4.2.2 MALAYSIA 70
4.2.3 SOUTH AFRICA 80
4.2.4 CONCLUSION OF QUALITATIVE ANALYSIS RESULTS PERTAINING TO HYPOTHESIS 1 91
4.2.5 CONCLUSION OF QUANTITATIVE ANALYSIS RESULTS PERTAINING TO HYPOTHESIS 1 93
4.3 RESULTS PERTAINING TO HYPOTHESIS 2 94
4.3.1 RESEARCH QUESTION 3A 95
4.3.2 RESEARCH QUESTION 3B 100
4.3.3 RESEARCH QUESTION 3C 111
4.3.4 RESEARCH QUESTION 3D 122
4.3.5 CONCLUSION OF QUANTITATIVE ANALYSIS RESULTS PERTAINING TO HYPOTHESIS 2 124
4.4 SUMMARY OF THE RESULTS 126

CHAPTER 5: DISCUSSION OF THE RESULTS 127

5.1 INTRODUCTION 127
5.2 DEMOGRAPHIC PROFILE OF RESPONDENTS 127
5.3 DISCUSSION PERTAINING TO HYPOTHESIS 1 128
5.4 DISCUSSION PERTAINING TO HYPOTHESIS 2 134
5.4.1 RESEARCH QUESTION 3A 134
5.4.2 RESEARCH QUESTION 3B 135
5.4.3 RESEARCH QUESTION 3C 135

5.4.4 RESEARCH QUESTION 3D 137
5.5 CONCLUSION 139

CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS..... 140

6.1 INTRODUCTION 140
6.2 CONCLUSIONS OF THE STUDY 140
6.3 RECOMMENDATIONS 142
6.4 SUGGESTIONS FOR FURTHER RESEARCH 142

REFERENCES 144

APPENDIX A: RAW DATA 160

LIST OF TABLES

Table 1: Profile of respondents 48

Table 2: A thematic analysis concentrating on all the internationalisation modes used and summarise them into a table for all 21 MNEs 59

Table 3: The Kruskal-Wallis nonparametric test comparing the overall percentages of Revenue, Greater network, Internationalisation across the three markets for 2005 and 2010 99

Table 4: The Wilcoxon Matched Pairs Test comparing the overall percentages of Greater network, Internationalisation and EO by country for 2005 and 2010 99

Table 5: Correlation matrix showing EO strategies with MNE performance measures 123

LIST OF FIGURES

Figure 1 : Composition of MNEs' EO strategies (2005)..... 96

Figure 2: Composition of MNEs' EO strategies (2010)..... 97

Figure 3: Greater network implementation over the period of review for all emerging markets 101

Figure 4: Internationalisation implementation over the period of review for all emerging markets 102

Figure 5: EO implementation over the period of review for all emerging markets 103

Figure 6: Percentage of international revenue to total revenue..... 104

Figure 7: Percentage of international assets to total assets 105

Figure 8: Percentage of investment in subsidiaries to profit before tax 106

Figure 9: Percentage of investment in joint ventures to profit before tax 107

Figure 10: Percentage of investment in associates to profit before tax 108

Figure 11: Percentage of staff remuneration to total revenue 109

Figure 12: Trends in EO and the percentage of investment in associate to profit before tax – China 112

Figure 13: Trends in EO and the percentage of investment in associate to profit before tax - Malaysia 112

Figure 14: Trends in EO and the percentage of investment in associate to profit before tax – South Africa 113

Figure 15: Trends in EO and the percentage of staff remuneration as a proportion of total revenue – China 114

Figure 16: Trends in EO and the percentage of staff remuneration as a proportion of total revenue – Malaysia 114

Figure 17: Trends in EO and the percentage of staff remuneration as a proportion of total revenue – South Africa 115

Figure 18: Trends in EO and the percentage of international revenue as a proportion of total revenue - China 116

Figure 19: Trends in EO and the percentage of international revenue as a proportion of total revenue - Malaysia 116

Figure 20: Trends in EO and the percentage of international revenue as a proportion of total revenue – South Africa 117

Figure 21: Trends in Greater Network and the percentage of international revenue as a proportion of total revenue – China 118

Figure 22: Trends in Greater Network and the percentage of international revenue as a proportion of total revenue - Malaysia 118

Figure 23: Trends in Greater Network and the percentage of international revenue as a proportion of total revenue – South Africa 119

Figure 24: Trends in Internationalisation and the percentage of international revenue as a proportion of total revenue – China 120

Figure 25: Trends in Internationalisation and the percentage of international revenue as a proportion of total revenue - Malaysia 120

Figure 26: Trends in Internationalisation and the percentage of international revenue as a proportion of total revenue – South Africa 121

LIST OF MODELS

Model 1: A model of market forces influencing internationalisation speed 49

Model 2: The relationship between culture and EO as it related to entrepreneurship and global competitiveness 50

Model 3: Parent-subsidiary links and subsidiary performance 51

Model 4: A conceptual research model of EO, its makeup, links to internationalisation and MNE performance 52

CHAPTER 1: INTRODUCTION

1.1 Purpose of the study

The purpose of this research is to ascertain the entrepreneurial orientation (EO) and internationalisation of multinational enterprises (MNEs) in the emerging markets of China, Malaysia and South Africa, and the relation between EO, if any, on their globalisation into alternate markets of operation as a multinational enterprise (MNE). The study will seek to identify modes of internationalisation associated with success in MNE operations through expansion.

1.2 Context of the study

The proposed research is unique in several ways. It offers an insightful review of MNE evolution in selected emerging markets covering three regions; the Far East, Asia Pacific and Africa, whilst reviewing the relation between MNE EO and international performance. The emerging markets reviewed were China, Malaysia and South Africa; three countries that have previously received very little comparison in academic research. Each country provided seven MNEs that were founded in, and are listed on that country's security exchange, providing six years worth of annual and financial reports from 2005 to 2010. In addition, each firm chosen for the study operates as a conglomerate or in other varied industries, excluding raw mineral resource MNEs. The chosen firms have been matched against one another to provide for possible industry comparison between the selected markets in which they operate. Through the published annual reports, each MNE has been analysed by reviewing revenue, sales and a mix between domestic and foreign market income, with strategic paths being looked at in a review of the MNE globalisation modes and their EO related to their performance.

Unlike prior research on MNEs and EO processes such as that presented by Lee and Peterson (2000), this research will focus explicitly on MNEs in the three regions stated, that have previously received very little comparison. As a result,

it is the intent that this analysis yields important insights into the role of varied constructs and elements that comprise EO, notably networks, resources, knowledge and culture, along with innovativeness and proactiveness. Hopefully this study will also discover common rudiments that represent successful internationalisation of the selected emerging market/growth economies MNEs like firm culture, networks, knowledge base and resources at the MNEs disposal.

1.3 Problem statement

1.3.1 *Main problem*

The issue at hand revolves around a thorough review of the internationalisation modes of the selected MNEs into various regions around the world and measuring their performance variables, for example, profitability and international revenue as a proportion of total revenue. The internationalisation modes were analysed against MNE EO and the relation between their EO and their internationalisation. The relation between EO, internationalisation and MNE performance is represented in a conceptual model derived from academic theory on EO and internationalisation. Fundamentally, EO and internationalisation are highly interlinked, with internationalisation of the MNEs viewed as a construct of their EO. In a sense, one cannot exist without the other. The impact that EO and, subsequently, MNE internationalisation has on firm performance is then measured though a review of all strategies, constructs and variables presented in the researcher's conceptual model.

Key Terms: Entrepreneurial Orientation (EO), Multinational Enterprise (MNE), Emerging Markets, Growth Economies, Knowledge, Resources, Culture, Networks, Internationalisation, Greater Networks.

1.3.2 ***Sub-problems***

The first sub-problem is identifying MNEs in various sectors that hold a global footprint that is recognised and distinguishable from home country local day to day operations.

The second sub-problem is measuring MNE EO in relation to its internationalisation, identifying internationalisation modes and success in the foreign markets in which it enters and why it has entered the markets in question.

In assessing sub problem two, however, the relation between EO and internationalisation needs to be examined. But before this can occur, the movement of each of the variables associated with EO over the time period considered needs to be understood. The movements over time in the MNEs may be different across the three countries, and this factor also needs to be examined.

It is necessary to understand that there are several measures of MNE performance; all related to the MNE published financials. These variables need to be analysed to assess and identify which variables considered are the most predictable in relation to EO strategies and internationalisation modes.

This study makes use of three research questions that are in line with the two stated main objectives of the study, fundamentally to ascertain:

1) The EO strategies and modes of internationalisation of MNEs in the emerging markets of China, Malaysia and South Africa; and
2) The relation between their EO strategy and their successful globalisation into alternate markets of operation as an MNE.

Research Question 1 asks: “what are the EO strategies and the internationalisation modes used by the emerging market MNEs in their expansion into foreign markets and regions?” This is answered through a tabulation and graphical analysis of the qualitative data using thematic analysis

of the strategies presented by the Chairman/Chief Executive Officer (CEO)/President in the annual reports of the MNEs over the period reviewed.

Research Question 2 asks: “Is there a positive relation between the levels of MNE EO and its level of success as an MNE operating in its respective markets of operation?” This question is associated with Hypothesis 1, namely, *EO is positively correlated with the degree of internationalisation of MNEs in the selected Emerging markets, such that elevated levels of EO are more often present in MNEs with higher internationalisation than in those with lower internationalisation.*

The analysis of this required substantial data preparation before a relation could be investigated between the measures of EO strategy over time, with the measures of MNE profitability over time. Firstly, there were six measures of the dependent variable, MNE profitability, in the data collected. A choice had to be made on the measure of profitability that would be best predicted by each of the EO, greater network and internationalisation strategies over time. Secondly, the dynamics of these three EO strategies needed to be understood in terms of their relative makeup and the effect they have on the MNE modes of internationalisation.

To accommodate this level of detail, Research Question 2 was extended into Research Question 3 which was split into multiple sub-questions as follows:

a) What is the structure of the EO strategy of MNEs, i.e., what is the relative contribution of EO, Greater network and internationalisation strategies to overall EO strategy, and has this structure changed over time and across regions?
b) What are the dynamics of:

    i. the EO strategy measures from 2005 to 2010, and were the changes over time different across the regions?

    ii. the MNE profitability measures from 2005 to 2010, and was the change over time different across the regions?

c) At a regional level is MNE EO strategy related to performance?

d) Which measure(s) of MNE profitability is (are) best predicted by the three EO strategies?

Each sub-question of Research Question 3 cumulatively produced the results pertaining to Hypothesis 2, namely *EO is positively related to firm performance measured by operational size and scope of internationalisation in an emerging market context, such that elevated levels of EO are more often present in MNEs with greater size and scope of internationalisation than in other MNEs.*

1.4 Significance of the study

There has been a scarcity of research on the identification of EO strategies of networks, processes and knowledge bases, and a scarcity of research that identifies the associated internationalisation modes characteristic of the selected MNEs from the specific growth economies in question into various regions around the world. Moreover, no apparent attempt has been made to relate internationalisation modes to EO and MNE performance variables in these foreign markets, their sectors of operation and resources.

There is evidentially much research on multinational MNEs, but very little that looks to EO and comparatively, at three emerging markets of South Africa (SA), Malaysia and China. Shaw and Darroch (2004) specifically note that further research is recommended to integrate the EO of a firm to their internationalisation or compare the influence of general attitudes towards international expansion with perceptions of the barriers to internationalisation. The aim is that a part of this research will address this recommendation and fill the existing gap.

The study provides guidance to understanding internationalisation modes utilised by MNEs that operate in emerging markets and the success of their operations, pertaining to the reasons why they are indeed successful or not. Entrepreneurial Orientation has been reviewed as a correlation of multinational

success, understanding that not all firms operate in an entrepreneurial manner. Those that may benefit from this study are MNEs or Small and Medium-sized Enterprises (SMEs) looking to internationalise based on findings on what factors implemented, may or may not, pertain to successful global operations. Academics looking to seek out EO on MNEs may also find this research useful as an addition to a knowledge base that has not had the opportunity of being focused on specifically; helping to pave the way in understanding how much emphasis is placed on entrepreneurial activities by successful MNEs and methods implemented to achieve results.

1.5 Delimitations of the study

This research focused on MNEs alone that operate in multiple countries and regions in varied industries and sectors, excluding those that operate in raw materials and mineral sectors. Preferred MNEs were conglomerates due to their diverse nature, but this study is not exclusive to that and has taken into account such firms as breweries and financial corporations that directly relate to a vast populous through the products and services that they offer. MNEs need not be Fortune 500 companies, they may indeed, by revenue and turnover standards, be medium or medium to large-sized firms; however SMEs were excluded from the study. The study focuses on entrepreneurial aspects of the firms being reviewed taking into account recognised entrepreneurial orientated aspects such as firm culture (McGrath and MacMillan, 1992; Thomas and Mueller, 2000; Lee and Peterson, 2000), entry modes (Zacharakis, 1997; Oviatt and McDougall, 2005), corporate entrepreneurship (Birkinshaw, 1997; Zahra, Ireland and Hitt, 2000; Zahra and George, 2002; Oviatt and McDougall, 2005), exporting (Bilkey and Tesar, 1977; Oviatt and McDougall, 2005), knowledge management (Kuemmerle, 2002; Oviatt and McDougall, 2005), strategic and organisational innovation (Mathews, 2006), entrepreneurial innovation (Minniti and Lévesque, 2010) and networking (Oviatt and McDougall, 2005).

As previously stated, the sample that has been used was drawn from three specific regions in The Far East, Asia Pacific and Africa, with the countries being China, Malaysia and South Africa; however this is by no means a

delimitation to the study, merely a country of origin for an MNE to originate and primarily be based in. This shall be discussed in further detail.

1.6 Definition of terms

There are multiple definitions one should be aware of, not least International Entrepreneurship (IE). Oviatt and McDougal (2005) offer a new definition of IE that they believes better describes IE as it fits in today's business environment. They state that 'international entrepreneurship is the discovery, enactment, evaluation, and exploitation of opportunities—across national borders—to create future goods and services' (Oviatt and McDougal, 2005, p.539).

EO, as defined by Lee and Peterson (2000), is different from entrepreneurship itself. Although entrepreneurship encompasses an exceptionally broad range of activities being a key driver of economic development (Christensen and Bower, 1996), a firm's EO refers to the entrepreneurial process, namely *how* entrepreneurship is undertaken as well as the methods, practices, and decision-making styles used to act entrepreneurially. Lee and Peterson (2000) note that specifically, those firms that act independently (autonomy), encourage experimentation (innovativeness), take risks, take initiative (proactiveness), and aggressively compete within their markets have a strong EO, whereas those lacking some or all of these have a weaker EO.

Recognising the traditional three aspects of EO, this research has incorporated, in addition to innovation, risk taking and proactiveness; networks, resources, knowledge and culture. Further to this EO has been broken down into three EO strategies, all encompassing as indicators of EO. The three EO strategies are EO, Greater Network and Internationalisation. EO (encompasses risk, innovation, culture, knowledge, resources, network, entrepreneurship and entrepreneurial orientation); Greater Network (encompasses joint ventures, subsidiaries, association and associates); and Internationalisation (encompasses foreign market expansion / overseas expansion, foreign market operation / overseas operation and international).

The internationalisation of firms is a ‘process of increasing involvement in international operations’ (Luostarinen and Welch, 1990, p. 249), or as Mathews (2006) describes it, ’the process of a firm becoming integrated in international economic activities‘ (Mathews, 2006, p.16). Internationalisation modes, pertaining to this research, are highly interlinked with the constructs of EO. Defined, these modes are separate to, but interlinked with EO, and encompass knowledge, MNE culture, innovation, mergers and acquisitions, export, joint ventures, associations, MNE networks, branding, subsidiaries, investment and risk management. Explained: culture is the cultural fit of the MNE and its staff in their internationalisation efforts; networks include relations in foreign countries as well as associations to the MNE; branding is reflective of the international perception and recognition of the MNE and their products; investment includes equity stakes in foreign entities and other MNEs; and risk management includes hedging to counteract the threat of operating solely in a single market or region. Although many modes of internationalisation are constructs of EO, they are also methods that the MNEs use to internationalise. Hence, Hypothesis 1, those levels of EO are positively correlated with the internationalisation of MNEs. It must be emphasised that EO, as used in this research, pertains to the three EO strategies, namely, EO, Greater Network and Internationalisation.

An MNE is a firm which is operational in multiple countries, economies and or regions. It is not specific in size, but is generally a medium to large sized firm. It may be specific to one industry, or operate in multiple sectors such as conglomerates.

An emerging market, as defined by Hoskisson et al. (2000) is ’a country that satisfies two criteria: a rapid pace of economic development, and government policies favouring economic liberalization and the use of a free market system’ (Hoskisson et al., 2000, p. 249).

1.7 Assumptions

There are various assumptions that have been made in this study that may have an impact on the outcome of the study. These assumptions are:

i. the MNEs presented all have strategic growth drivers in their business and wish to capitalise opportunities in foreign markets;
ii. the secondary data that was used is accurate and unbiased; and
iii. the annual reports being surveyed reflect accurate and realistic reviews of the firm, their financials and growth forecasts including directors' reports analysing their competitive environment and present realistic growth paths to achieve their targets that may be accurately related back to EO through content analysis.

My data source is secondary, and my study longitudinal. The research utilised mixed methods incorporating both qualitative and quantitative aspects in it. Such factors that may affect the outcome of the research are the strategic overview presented by the firms' executives such as growth strategy, forecasting and reasons for success or failure. Although a bias element will not exist in the reports as the data has already been published, the interpretation of the reviews in the published annual reports will certainly present itself to ascertaining a certain outcome of the research. Although beyond the limits of this research, repetition of the thematic analysis by independent raters would provide cross validation of the researcher's categorisations and lend further credibility to the results of the study. Potentially, cross-validation could form the basis of a new validated methodology of key words for deriving EO strategy measures and modes of internationalisation from MNE secondary reports.

It is necessary to note that it is too ambitious to be looking for causal links between EO and internationalisation as the correlation between results and output does not imply causation. There are research issues to contend with, namely an issue with a third variable between EO and internationalisation. For example, internationalisation modes may be correlated with both EO strategy and MNE performance and thus be driving both. Moreover, there may be a

directionality problem too in the data that cannot be measured, for instance the possibility that internationalisation could cause elevated levels of EO through exposure to new markets and opportunities that could elevate such EO variables as innovation. Due to the nature of EO and internationalisation constructs interlinking, an attempt has been made in this research to determine whether EO precedes internationalisation in this research. This relates to the second sub-problem in measuring EO in relation to MNE internationalisation, internationalisation modes and success in the foreign markets in which they operate as well as why the MNEs have entered the foreign markets in question.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

This literature review focuses on MNEs, emerging markets and EO that has been reviewed to date. It is by no means a complete composition of all related academic journals and may also not represent exact comparisons, but will represent current literature relating to the topic at hand.

The focus of this study is to investigate the relation between the EO and internationalisation of MNEs in emerging markets, albeit three select emerging markets. Song, Wang and Parry (2010) reference Christensen and Bower, (1996) who state that entrepreneurship is a key driver of economic development, de-facto, a firms EO must play a role in their development too. Wiklund and Shepherd (2003) find that it is likely that EO has positive performance implications for firms and may assist firms in seeking out new opportunities, and therefore, may be critical in the success factor of MNEs in emerging markets that are looking to expand operations. To my knowledge and findings there has been no direct research which correlated to the proposed topic at hand, however, there is much research pertaining to specific aspects of the research such as EO, MNEs and their methods of internationalisation and a few studies that focus on region specific economies such as China and South Korea. Amongst the topics considered in existing literature reviews are internationalisation theories, as proposed by Oviatt and McDougall (1997). They review the challenges for internationalisation process theory, noting after reviewing Dunning's (1995) journal that the entrepreneurial act of starting a new firm resides within the already internationally experienced MNE. This directly relates to MNE evolution in the form of corporate venturing and accessing additional market capacity. Porter (1990) relates to this in finding that as industry internationalisation increases, the pressure on all firms in the industry to internationalise increases too, which, in turn directly relates to firms venturing to ultimately become MNEs, most notably in emerging markets where there is less market saturation and more room for MNE growth through expansion.

The topic of foreign direct investment (FDI) is extremely prevalent in literature and is a key variable of MNE evolution as a form of expansion. Milelli, Hay and Shi (2010) focus on Chinese firms, along with Indian ones, as emerging countries' FDI in Europe. Their journal looks at Chinese FDI as a way of internationalising. They find that Chinese firms are the more relevant in FDI in this market, linking these findings of the arrival of Chinese firms in Europe to home country constraints and foreign market access as the main attraction factor for this form of internationalisation. Milelli, Hay and Shi (2010) also find that the sectoral distribution of investments by Chinese companies reflects for a large part the comparative advantage of their home country. This shows a degree of EO based in FDI into foreign markets, and aiding MNE evolution. It does not, however, reflect the moderating effect of these Chinese Firms' EO in their decision to enter the European markets though FDI. Milelli, Hay and Shi (2010) do find that the rise in acquisitions by Chinese firms across Europe validates Deng's (2004, 2007) observations and Dunning's (1998, 2000) theory of asset-seeking motivation also add that this outward FDI (OFDI) is linked to home country constraints and incentives. Goldstein and Pusterla (2010) also focus in FDI noting the drivers of FDI to be 'push and pull factors', and according to them, where the latter refers to opportunities and challenges provided by the host economies, while the former refers to the home country's characteristics that stimulate companies to move abroad. FDI is also noted by Gammeltoft, Pradhan and Goldstein (2010) who state that FDI is not a new phenomenon in emerging markets, finding that OFDI flows from developing and emerging economies have increased from just $11.9 billion in 1990 to more than $340 billion in 2008, rising from 5 to 18 percent of global OFDI flows. As an alternate view in the journal presented by Gammeltoft, Pradhan and Goldstein (2010), it is found that emerging MNEs are typically not seeking to push monopolistic advantages as much as they are in search of tapping into foreign resources and devise appropriate strategies and organisational forms for doing so. Further, FDI research is found in the work of Meyer and Nguyen (2005), who also present a model for foreign investment strategies. Yiu, Lau and Bruton (2007) argue that export seeking FDI is undertaken by emerging-economy MNEs to promote their exports in the host markets and further referencing

Lecraw (1993), who found that the advantages of export-enhancing MNEs come from their FDI in export markets, where they gain access to foreign product and process technology, management expertise and distribution channels. All of these aspects contribute to the success of an MNE in a foreign market of operation. In addition to FDI, Yiu, Lau and Bruton (2007) focus on venturing strategies and necessities that directly affect an MNE and its EO.

An important aspect of any MNE is its culture, which affects EO within a firm. Lee and Peterson (2000) focus on culture, EO, and global competitiveness, possibly making their work some of the most relevant to MNE evolution in emerging markets though looking at the effect of EO. Lee and Peterson (2000) propose a cultural model of entrepreneurship to fill the need to fully explain the marked differences in entrepreneurial activity occurring in various societies around the globe. Their paper also looks to a firm approach to entrepreneurship. They find that the success of a firm in its entrepreneurial ventures depends upon the commitment of top management in taking the firm through the entrepreneurial process. Stevenson, Roberts and Grousbeck (1994) state that this process generally consists of the stages, or steps, involved in moving from identifying an opportunity to defining a business concept, assessing resource requirements and acquiring those resources, and then managing and harvesting the venture. MNE evolution into foreign markets and business sectors should look at some, if not all, of these aspects prior to expansion. Lee and Peterson (2000) also present a model depicting the relation between culture and EO as it relates to entrepreneurship and global competitiveness. The paper looks at EO from an emerging market point of view too, notably in China. In their summary, their finding states that ‘a strong EO will ultimately lead to increased entrepreneurship and global competitiveness’ (Lee and Peterson, 2000). This theory finds support in the 2010 journal presented by Minniti and Lévesque, where it is found that, through reviewing Tan (2005), the business environment in China has become more conducive to entrepreneurial activities, a factor supported by Zhou and Li (2007) and Peng (2003), who both state that ‘in the dynamic Chinese economy, many new firms are innately entrepreneurial’. This suggests that an increase in EO, generated by increased incentives have contributed to economic growth in China. Zhou and Li (2007)

further note that, because an EO promotes the renewal of existing practices and the pursuit of new opportunities, it is quite appealing to Chinese firms that aim to reject ongoing practices, rejuvenate themselves, and distinguish themselves in the highly turbulent market. Finally, the study presented by Liu, Li and Xue (2011) suggests that EO provides a foundation on which an MNE can build its interactions with dynamic foreign markets. These orientations are said to determine the firm's behaviour and international performance. Liu, Li and Xue (2011) further note that EO appears to be more prevalent in firms with high ownership concentration which may direct or encourage a CEO or Managing Director (MD) of the MNE to pursue riskier, long term ventures. They further state that 'competitive intensity and industrial regulation have been considered as key determinants of both market orientation and EO in emerging markets, and propel firms to seek fortunes abroad' (Liu, Li and Xue, 2011).

Oviatt and McDougall (2005) define what international entrepreneurship is, and provide us with a new model representing factors that affect internationalisation. They reference their findings by reviewing the work of alternate academics that provide insightful studies, most notably to this research, in the field of differing national entrepreneurial cultures, alliances, and cooperative strategies, entry modes, corporate entrepreneurship, exporting and knowledge management which They state have all helped move the field of IE forward. They also note that academic interest in international entrepreneurship is strong but make no specific reference to MNEs, their EO and the moderating effect that the latter may have on MNE evolution. Other factors noted by Oviatt and McDougall (2005) as aspects affecting IE, and therefore MNE evolution in emerging markets, are networks and knowledge accumulation, both are factors included in their model that is presented.

Mathews (2006) specifically looks at MNEs from 'formally peripheral areas' such as Asia Pacific. He argues that the innovative features that these MNEs share, such as their 'accelerated internationalization, strategic innovation and organizational innovation, fit particularly well with the characteristics of the emergent global economy as one of complex inter-firm linkages' Mathews (2006). He finds that globalisation is widely seen to be the dominant tendency of

our time, referring to the emergence of a single, global business civilization. He states that MNEs from growth economies or emerging markets are the visible manifestation of a sustained increase in OFDI from these growth economies such as the cluster of firms he labels as 'latecomer MNEs' (Mathews, 2006) from East Asia and Asia Pacific, two of the three regions this research is examining. He finds that these MNEs have pursued accelerated globalisation over the course of the past decade and acquired international reach in a fraction of the time taken by their predecessors in developed markets such as the United Kingdom, Japan, the US and Germany. Mathews' (2006) paper further looks into accelerated internationalisation of the firms based on networking and innovation, common factors recognised as aspects that clearly affect the success of an MNE and their EO by alternate journals presented in their area of academic research. Birkinshaw (1997) reviews entrepreneurship in MNEs in the form of corporate entrepreneurship. Networking is recognised as a critical factor in MNE success whist also identifying three forms of focused corporate entrepreneurship (CE), also known as corporate venturing, and 'dispersed corporate entrepreneurship or intrapreneurship' (Birkinshaw, 1997). This is excellent for guidance in a definitional capacity when attempting to establish the EO of the MNEs in this research. These three modes of CE are noted as '(1) the creation of new business activities within the existing organization; (2) the transformation or renewal of existing organizations; and (3) the enterprise changing the rules of competition in its industry' (Birkinshaw, 1997). It is, however, stated in Birkinshaw's (1997) paper that the generation of new business activities alone does not constitute entrepreneurship.

In direct relation to MNEs, findings by Goldstein and Pusterla (2010) note the geographic spread of MNE operations. Their research shows that multinationals from emerging markets have, on average, affiliates in six countries, mostly in their own region. By way of contrast, on average, the largest MNEs have affiliates in 40 foreign countries, spread across a number of regions. Although not pertinent to this research, these findings make for interesting comparison to the 21 MNEs in this research through correlation of Goldstein and Pusterla's (2010) findings to that of this research in terms of company size and number of countries and regions that the firms operate in.

2.2 Background discussion

As referred to in the introduction to the literature review, the background to the topic at hand, Entrepreneurial Orientation and Internationalisation of Multinational Enterprises: a focus on firm performance in Emerging Markets, lies in looking into the relationship between EO and internationalisation within the selected MNEs that were reviewed and the effect that their EO has on their evolution as an MNE in an Emerging Market. This research looks at the internationalisation modes of the selected MNEs into various regions around the world and measures various performance variables such as profitability and international revenue. The constructs of EO that have been considered are networks, resources, culture and knowledge that emerging market MNEs utilise to operate in foreign markets / environments successfully.

Each construct, in addition to EO, MNEs and internationalisation of the for-mentioned is looked at on an individual bases.

2.2.1 *Entrepreneurial Orientation*

Every firm has some degree of EO, and this is especially relevant to MNEs that have, though entrepreneurial endeavours, grown to such size and scope. There are, however, different degrees of EO within each MNE, as there were within each MNE that was reviewed in this research. This research context promotes elevated levels of EO within the MNEs that are used for this research. The relevant theory is broad, with much being relative to MNEs, but little of which is specific to the level of EO within an MNE in an emerging market. Lee and Peterson (2000) establish an understanding of EO, differentiating it from normal entrepreneurship. They note that ’although entrepreneurship simply refers to new entry, a firm’s EO refers to the entrepreneurial process, namely, how entrepreneurship is undertaken; the methods, practices, and decision-making styles used to act entrepreneurially‘(Lee and Peterson, 2000, p.405).

There is a growing body of evidence that suggests that an elevated EO is critical for the survival and growth of companies (Morris, 1998), including numerous studies that express the valuable influence of EO on firm

performance (Zahra, 1991; Zahra and Covin, 1995; Wiklund, 1999; Wiklund and Shepherd, 2005), finding an overall positive relation between EO and firm performance (Covin, Green and Slevin, 2006). Li, Ahlstrom and Ashkanasy (2010) look at the effect of emotions of employees and the effect that this has on their commitment to the MNE and the subsequent influence on organisational performance. Employee commitment to the MNE certainly affects their levels of EO, as a greater commitment would likely go hand in hand with an elevated level of EO within a firm due to the desire to grow and soak up market capacity at home and abroad. They do note, however, that there are only a small number of studies of how emotion impacts overall commitment to a firm by employees. They find that such a deficiency in academic literature leads to an inadequate understanding of how employee feelings in MNEs determine the subsequent employee commitment to the organisation which in turn influences organisational performance.

Shaw and Darroch's (2004) review of entrepreneurial orientation in relation to internationalisation looks at McDougall, Oviatt and Shrader (2003). McDougall, Oviatt and Shrader (2003) find that firms who internationalise whilst 'proactively and aggressively engaging in processes that emphasise opportunity creation and/or discovery, evaluation, and exploitation' can be considered entrepreneurial in orientation, although to what level is not specifically stated. In direct relation to the integration of EO and internationalisation, Shaw and Darroch (2004) state that there is much that can be done to further enhance our understanding of the internationalisation of entrepreneurial ventures. They specifically note a need for further research in integrating the EO of a firm and its internationalisation. This is a gap this research should aid in filling by specifically looking at EO and internationalisation of MNEs though firm performance in specific emerging markets. Birkinshaw (1997) adds weight in collaborating with Shaw and Darroch's (2004) findings, finding that entrepreneurship in MNE subsidiaries, a core component of what makes an MNE an MNE, especially in conglomerates, is a subject that has received limited research attention.

Hansen et al. (2011) focus on using the entrepreneurial orientation scale as proposed by Covin and Slevin (1989). As is so widely recognised, Hansen et al. (2011) use the EO scale to note the three major components that traditionally provide the makeup of EO; innovation, proactiveness and risk taking behaviours. However, in contrast to the EO scale as proposed by Covin and Slevin (1989) showcasing an EO measure that is multi-dimensional in nature, Hansen et al. (2011) find that despite wide scholarly application of the EO construct, a review of relevant literature reveals 'decidedly inconsistent approaches in specifying its dimensionality' (Hansen et al. 2011). Therefore, it is necessary to state that all firms have entrepreneurial constructs to them; the question at hand is, how entrepreneurially orientated are they? Do MNEs in emerging markets have elevated levels of EO? And what do these levels of EO incorporate in terms of the constructs that contribute to the elevated levels of their EO and the subsequent effect on the MNEs internationalisation? When reviewing the widely recognised constructs stated that make up EO, it is fundamental to understand what each of the three actually contribute to the MNE, and how they do so. Following their review of the EO Scale as proposed by Covin and Slevin (1989), Hansen et al. (2011) have found that innovative behaviours arise from a tendency for firms to enter into experimentation, supporting new idea generation, and steer away from traditionally established practices. Proactive behaviours have been found to reflect a predilection to act aggressively towards rival firms in the pursuit of more favourable business opportunities and environments. Finally, risk-taking behaviours have been found to result from a willingness of firms to make investments in projects that have uncertain outcomes or unusually high profits and losses. This also applies to the risk involved in entering foreign markets.

Multiple scholars researching and presenting findings on EO have noted that although the EO construct has been used extensively across multiple literatures, its definition and measurement have generated considerable debate. This is due to confusion or conflicting points of view as to what constructs effectively make up a firm's EO or lead to a firm's elevated levels of EO. Researchers such as Kreiser, Marino and Weaver (2002), Lumpkin and Dess (2001), Dess, Lumpkin and McGee (1999), Knight (1997) and Zahra (1993)

have all raised specific concerns over the dimensionality of the measure and the interdependence of the sub-dimensions which comprise EO; a point in EO literature most relevant to this research as this research will not look at the traditional, much reviewed, three constructs that are the primary make-up of EO that have been recognised by scholars, but rather the constructs that contribute to the three making them possible to enable EO within an MNE in an emerging market. Networks which feed into MNE proactiveness (Rauch et al., 2009), Resources (Timmons and Spinelli, 2003; Makadok, 2001) that make internationalisation and innovation possible, culture that drives MNEs to engage in EO and knowledge, a crucial construct that enables effective risk appraisal (Rauch et al., 2009)., innovation (Zhou, 2006) and proactive engagement in business opportunities (Timmons and Spinelli, 2003) and foreign environments. Thus, despite a broad conformity on the theorised effects and measurement of EO, extensive debate has continued regarding its conceptualisation and measurement (Lyon, Lumpkin and Dess, 2000). Zhou (2006), in conjunction with Pérez-Luño, Wiklund, and Cabrera (2011) find that innovation generation is fundamentally risky and unless a firm is willing to potentially face failure it will refrain from such activities. This is where knowledge comes into play as a crucial aspect of EO in appraising risks and expanding MNEs accordingly to become dominant in their markets of operation.

In reviewing core components of MNEs in their success Birkinshaw (1997) also looked at components of EO. Amongst key findings were that the ability of the large MNEs to leverage the innovative and entrepreneurial potential of its dispersed assets in the form of subsidiaries is a fundamental strategic imperative, with MNE subsidiaries defined here to be ‘any operational unit controlled by the MNE and situated outside the home country’ (Birkinshaw, 1997); a key element of MNEs being multinational. He specifically defined the MNE subsidiary as such to ensures that the false impression of a ‘single parent-subsidiary relation is avoided’ (Birkinshaw, 1997).

In relation to the EO of the Chinese firms being reviewed, the choice to use Hong Kong (HK) listed MNEs is supported by the findings of Clercq et al. (2006). Their firm analysis shows that a HK firm, in comparison to that of a

Shenzhen (SZ) firm, brings the MNE into a 'tougher and more unfamiliar regulatory context, which suggests that HK listed firms are more willing to make an international learning effort and thus send a signal of a more proactive entrepreneurial orientation to the outside world' (Clercq et al., 2006; Ding, Nowak and Zhang, 2010), whist other findings add strength and support to using HK listed MNEs over those from the mainland security exchanges such as SZ, China's entrepreneurial and innovative activity is rather limited for a country of its size (Meyer, 2008). It is for this very reason that HK has long been a very important interface between Mainland China and the international business community in which Chinese MNEs operate, thereby providing a platform. This makes HK a first choice listing for Chinese MNEs intending to access international markets (Ding, Nowak and Zhang, 2010).

Wielemaker and Gedajlovic (2011), in a review of Asian countries and their EO, suggest that Asian Countries, and thus their MNEs, differ widely in both the levels of 'economic progress that they have experienced and the trajectories undertaken to achieve such growth' (Wielemaker and Gedajlovic, 2011). These variations in economic progress reflect important differences in their entrepreneurial performance (Wong, Ho and Autio, 2005) and their entrepreneurial capabilities (Terjesen and Hessels, 2009), with both being linked to varied levels of EO. Wielemaker and Gedajlovic (2011) find that Asia represents a significant and abundant area for research regarding the differences in entrepreneurial performance, lending support to the use of Asian MNEs in this research, whilst Zhou, Yim and Tse (2005) find EO to be a significant driver of firm performance in China.

In response to reviewing how entrepreneurial Joint Ventures (JVs) are for MNEs in internationalising and expanding operations, Schildt, Maula, and Keil (2005) found that JVs are a form of external corporate venturing in which the parent sets up an institutional alliance with another firm in the form of a new legal corporate entity to pursue an opportunity that it finds hard to pursue on its own (Wielemaker and Gedajlovic, 2011). This is an important aspect contributing to entrepreneurship findings that may be seen to affect EO, as with regional and national regulations in both Asia and Africa, the two geographical locations this

research will look at for MNEs. There are state set regulatory requirements denoting how MNEs may operate in certain markets and industries, often meaning to access markets, they must enter into JV arrangements.

Zhou and Li (2007) review an important aspect in MNE success, namely strategic orientation (SO). Building on prior research by Zhou, Yim and Tse (2005); SO includes, amongst other things, EO. Relating to Chinese firms and therefore, MNEs, Zhou and Li (2007) find that because an EO promotes the renewal of existing practices and the pursuit of new opportunities, it is 'appealing to Chinese firms that aim to reject ongoing practices, rejuvenate themselves, and distinguish themselves' (Zhou and Li, 2007) in highly tumultuous markets.

In relation to EO and direct MNE enhancing characteristics, for EO to result in performance advantages it needs to be appropriately and effectively managed within the MNE (Covin, Green and Slevin, 2006). Such management would involve exploiting opportunities through the development and deployment of resources across organisational units (Kuratko et al. 2005). Therefore, understanding how MNEs can facilitate and successfully put into practice their elevated levels of EO also requires deliberation of internal organisational processes and the leveraging of firm resources such as knowledge. Covin, Green and Slevin (2006) find that the effective implementation of EO depends on not only the processes through which strategic decisions (Zhou and Li, 2007) are made in the organization but also, the social nature of the processes that link managers to one another.

2.2.2 *Internationalisation, Emerging Markets and MNEs*

The location, control, and process of internationalisation of MNEs lie at the core of the academic discussion in international business research (Eden and Lenway, 2001). The internationalisation of firms is a process of increasing involvement in international operations (Luostarinen and Welch, 1990, p. 249), or as Mathews (2006) describes it, 'the process of a firm becoming integrated in international economic activities' (Mathews, 2006, p.16). A definition of international entrepreneurship as presented by McDougall and Oviatt (2000) is

a combination of innovative, proactive, and risk seeking behaviour that crosses national borders and is intended to create value in organisations. These constructs mirror that of the core components of EO, suggesting that for MNEs to exist these core components are a necessity that the firm must have, thus, that of an elevated level of EO.

Internationalisation of firms from growth economies is on the ascent (Yang et al., 2009) with the past ten years having witnessed rapid growth of internationalisation in firms from emerging markets (Liu, Li and Xue, 2011). Because of this growth, evaluating firm performance and internationalisation of MNEs in emerging markets is a critical factor of analysis; not only by scope of operations but how the MNEs elevated levels of EO effect their international expansion, which is a major dimension of the growth of a MNE (Peng and Delios, 2006) with the domain of international entrepreneurship being rich in opportunity (Oviatt and McDougall, 1994).

Yang et al. (2009), through focusing on the internationalisation of firms, lend support to assessing the additional constructs of EO, by presenting a model of factors and constructs essential to a firm's internationalisation process. Their model includes global learning (knowledge), networks, nature of the organisation (culture), cultural distances and institutional normalities including subsidiary capabilities (resources). Oviatt, Shrader, and McDougall (2004) lend support to the model presented by Yang et al. (2009) by finding that there are two types of moderating forces that influence internationalisation; knowledge-intensity of the opportunity, coupled with the know-how to implement it, and the international network of the entrepreneur or MNE. Each factor and construct listed is deemed necessary in the internationalisation of firms in emerging market economies and it is suggested that this addresses the outcry for examining MNEs from emerging economies (Dunning, 2000; Hoskisson et al., 2000; Peng and Delios, 2006). When reviewing country specific constraints that affect internationalisation of MNEs entering foreign markets, Yang et al. (2009) further found that both the formal regulations and informal norms in host countries affect an MNEs decisions to internationalise as well as their strategies

used in gaining entrance to foreign markets (Wielemaker and Gedajlovic, 2011; Schildt, Maula, and Keil 2005).

Not all MNEs follow the same process of internationalisation. As different types of organisations follow different processes (Malhotra and Hinings, 2010), there are indeed multiple processes and methods for firms to use when gaining access to foreign markets. Although there has been much research on internationalisation of MNEs (Oviatt and McDougall, 1997; Dunning, 1995) Malhotra and Hinings (2010) find that an important element missing in current research is an understanding of how the organisational characteristics of an internationalising firm influence its internationalisation process. In an alternate study, Oviatt and McDougall (1997) find that internationalisation is an incremental process that depends on a firm's experiential knowledge (Oviatt and McDougall, 1994) of the foreign markets in which they intend to operate, whist the work of Dunning (1995) sheds light on the vital importance of MNEs and their expansion, noting that the entrepreneurial act of starting a new firm resides within the already internationally experienced MNE, a critical element of economic prosperity in emerging markets.

It is not a given fact that MNEs will succeed in entering new markets and countries based on knowledge and size alone. The current stage of the world economy is a tremendous force that significantly affects the activities of MNEs in general (Dunning, 2005).The work by Milelli, Hay and Shi (2010) reviews MNEs and argues that for multinationals to succeed in foreign markets they must possess specific advantages over the local firms in the markets that they enter into in order to make up for higher transactional costs, whilst Yiu, Lau and Bruton (2007) find that in emerging economies, ties with home country networks provide important advantages for the MNE as it internationalises. Milelli, Hay and Shi (2010), in reviewing Chinese MNEs, find that large European countries are the most favoured destinations for FDI, a form of internationalisation, due to their size and their status as China's major trading partners. In reviewing reasons for such expansion of MNEs, Milelli, Hay and Shi (2010) found that the arrival of Chinese firms in Europe is linked to home country constraints and incentives such as regulatory frameworks affecting OFDIthat entice government

commitment to support domestic companies when they embark on internationalisation through FDI. This opens up feasible roots for Chinese based firms to realistically enter and compete in more saturated markets that they may not have otherwise been able to enter into. In contrast to the findings of Milelli, Hay and Shi (2010), which looks at China specifically, Bartlett and Ghoshal (2000) stress that firms from emerging markets may seize the opportunity to expand internationally even if they do not necessarily have any firm specific advantage. These findings link back to the work by Dunning (2005) in which it is made clear that the effect of the global economic situation and the advantages that may, or may not, be presented to MNEs to arbitrage the markets in which they currently operate, or wish to operate in. Additional work by McDougall, Shane and Oviatt (1994), reviewing the product cycle theory and arguing that MNEs exist because of the cycle of product development, find that firms engage in FDI to protect markets that they originally served through exporting, but only after products mature and competition becomes cost-based. Although the internationalisation of an MNEs activities is often positively related to their firm performance, it can also cause a variety of environmental threats such as foreign exchange risk, limitations of market size, exposure to market inefficiencies, institutional obstacles, and political risks in the country of origins (Kwok and Reeb, 2000), especially in emerging markets (Luo and Tung, 2007) that are less stable that their developed western counterparts. This may be offset, to some degree, through an ‘entrepreneurial actor’ (Oviatt, Shrader and McDougall, 2004). An entrepreneurial actor may be either an individual or group of individuals that discovers or enacts on an opportunity, which, according to Oviatt, Shrader and McDougall (2004), is central to the dynamics of international exploitation. Risks and threats could very well be offset, to a feasible degree, by utilising the entrepreneurial actors’ personal characteristics encompassing international business experience (McDougall, Shane and Oviatt, 1994) and psychological traits as well as their abilities to observe and interpret the potential of the opportunities that enable MNE internationalisation, and the extent of the threat posed from their competitors (Oviatt, Shrader and McDougall, 2004).

Firm specific advantages may present themselves for MNEs in internationalisation depending on their industry. Gammeltoft, Pradhan and Goldstein (2010) find that as services became the largest sector for OFDI from growth economies, 'emerging market firms became more visible players in a wide range of sectors like financial and business activities, hotel and restaurant, telecommunications, business, and trading activities' (Gammeltoft, Pradhan and Goldstein, 2010). A review of Yiu, Lau and Bruton (2007) in conjunction with that of Cantwell and Narula (2001) and Dunning (2006) propose that MNEs typically possess some initial firm-specific advantages that they expect to exploit via the process of internationalisation. Yiu, Lau and Bruton (2007) further propose that MNEs with superior levels of technological and management capabilities should have a greater chance of success in their internationalisation efforts. With such advantages in resources and capabilities the MNE may be able to have the necessary competitive advantage over indigenous firms in the host countries in which they have chosen to enter into and operate in and, at the same time. In light of overcoming competitive disadvantages, particularly in relation to Asian MNEs, such firms may use an asset-seeking perspective to employ international expansion and offset the disadvantages of operating in a foreign country. This allows MNEs to seek out needed resources, overcoming their competitive disadvantages (Makino, Lau and Yeh, 2002; Mathews, 2002, 2006; Child and Rodrigues, 2005).

Liu, Li and Xue (2011) find that institutional factors, such as elevated levels of EO, and specific strategic orientations are the key triggers for achieving international goals in MNEs which are operational in emerging markets. Boisot and Meyer (2008) have noted that an 'open door policy' leads firms from emerging economies to enter international markets in order to obtain a competitive advantage in the global economy. It has been found that successful internationalisation requires MNEs to learn new business approaches in a global market and adopt appropriate strategic orientations (Zhou and Li, 2007; Li, Liu, and Zhao, 2006; Mathews, 2006).

In linking previous studies by authors such as Knight and Cavusgil (2004) and Luo, Sivakumar and Liu (2005) on both EO and internationalisation, it has been

suggested that EO is a major aspect of an MNE and provides the foundations on which a MNE is able to build its interactions with dynamic foreign markets and determine both the MNEs behaviour and their subsequent international performance Elevated levels of EO have been found to be a critical and crucial factor for superior performance by firms from emerging markets (Lau and Busenitz, 2001; Li, Liu and Zhao, 2006; Liu, Luo and Shi, 2003; Subramanian and Gopalakrishna, 2001), and that EO is especially helpful for achieving success in foreign markets (Yamakawa, Peng and Deeds, 2008; Zhou, 2007). It is specifically mentioned that 'until now research has not identified the role that EO plays in a firm's internationalisation, and has not explored the specific driving effects of EO on a firm's internationalisation behaviour' (Liu, Li and Xue, 2011). The purpose of this research is to ascertain the relation between EO and internationalisation firm performance in emerging markets, which will aid in filling the knowledge gap proposed by Liu, Li and Xue (2011). In consolidating their findings, they find that there is a positive effect of EO on the internationalisation of firms, which substantiates the entrepreneurial nature of younger international firms in the context of emerging markets, such as MNEs from emerging markets.

It is suggested that fundamentally, MNEs are international because 'they find an advantage in transferring certain moveable resources, such as knowledge, across a national border to be combined with an immobile, or less mobile, resource or opportunity' (Oviatt and McDougall, 2005). When expanding internationally, firms from emerging markets need to develop a position that is innovative, visionary, and proactive to pursue such opportunities and respond rapidly when they do arise (Yamakawa, Peng and Deeds, 2008). It has also been suggested that firms are international in relation to their industry in which they operate. As industry internationalisation increases, there is increased pressure on all firms in the industry to internationalise as well or be left behind competitively (Porter, 1990).

Because the field of internationalisation is broad, there are many research questions to be explored with regard to MNEs in emerging markets, and many existing theories may be beneficially employed (Oviatt and McDougall, 1994). In

emerging markets, EO is a particularly critical force for pushing firms to enter foreign markets (Yamakawa, Peng and Deeds, 2008; Zhou, 2007; Liu, Li and Xue, 2011). Yang et al. (2009) promote the outcry for examining MNEs from emerging economies (Dunning, 2000; Hoskisson et al., 2000; Peng and Delios, 2006).

Emerging market MNEs are a relatively new defining feature of the global investment landscape (Goldstein, 2007). Firms in emerging markets face rapid institutional changes, concurrent with their rapidly changing economic climate including changes in levels of government involvement, ownership patterns, and enforcement of business laws (Wright et al., 2005; Yamakawa, Peng and Deeds, 2008). This provides an understanding for Dunning's (2000) findings that the competitive advantages of MNEs are related to their home country legislations and national institutions.

Mathews (2006) stated that MNEs from emerging markets 'are the visible manifestation of a sustained increase in OFDI from developing countries' (Mathews, 2006, p.7). Such OFDI from developing economies has reached a record high, both in absolute terms and as a share of the global total. The strength of these economies, the dynamism of their MNEs and their growing aspiration to compete in new markets, drove up their OFDI flows to $377 billion in 2010, and for the first time developing economies absorbed close to half of global FDI inflows (UNCTAD, 2011).

Mathews (2006) found that the MNE is seen widely as the principal vehicle through which the multiple processes that are associated with internationalisation and globalisation, such as the creation of global markets and the rise of global industries, have been mobilised. Mathews proposes pull factors for an increase in emerging markets, or Asia Pacific MNEs, over push factors (Goldstein and Pusterla, 2010; Mathews, 2006) that had previously forced stand alone MNEs to seek out foreign opportunities to survive. Location spread of MNEs allows for business functions to be distributed around the world following such pull factors in emerging markets as decreased labour costs and considerations of knowledge and resources, for example, having research and development operations in place in knowledge-intensive regions (Zander,

1999). Concluding in his findings, Mathews (2006) states that internationalisation of MNEs needs to be reconceived as being predominantly a pull process (Goldstein and Pusterla, 2010; Mathews 2006), but also involving push factors. Further, he finds that it is the multiple connections of the global economy which draw MNEs into involvement ‘across national borders, through contracting, licensing or other transacting relations’ (Mathews, 2006).

Within emerging markets, a critical starting point for growth and expansion of MNEs is that they are not focused on their own advantages, but rather on the advantages which can be acquired externally, such as the resources gained through entering foreign markets. It is due to this that a global orientation of a MNE becomes a source of a competitive advantage, since ‘the opportunities through which a firm can expand are likely to be found in the global market rather than in its domestic environment’ (Mathews, 2006).

Goldstein and Pusterla (2010) focus on China, the main corporate players and what the main characteristics and drivers of their OFDI are. It is not new knowledge that the globalisation of operations and complex business strategies has increased the complexity of defining the international operations of a MNE (Goldstein and Pusterla, 2010). Findings from Goldstein and Pusterla (2010) reviewing the geographic spread of MNE operations, show that multinationals from developing countries have, on average, affiliates in six countries, mostly in their own region. By way of contrast, on average, the largest MNEs have affiliates in 40 foreign countries, spread across a number of regions. Buckley and Casson (2009) found that MNEs did not invest in all countries, rather investing much more in some countries than in others. Goldstein and Pusterla (2010) further find that emerging market MNEs normally need to internationalise to create competitive advantages, differentiating themselves in their production activity as a form of risk reduction, especially when their domestic socio-economic environment is not stable.

Selecting the 21 MNEs that are reviewed was not random, but it does not need to be. Eisenhardt (1989) notes that ’random selection is neither necessary nor even preferable‘ (Eisenhardt, 1989 p.537) when one is extending theory. The purpose of this research is to extend the theory on the positive relations

between levels of EO and internationalisation and the impact that this has on MNEs in selected emerging markets.

2.2.3 ***Knowledge***

Knowledge is a most crucial factor and construct in MNE expansion and success in foreign markets in which they operate. MNEs gain country and region specific knowledge in order to surmount the problem of appearing too 'unfamiliar, foreign or untried' (Hymer, 1976) in the markets in which they enter. Without such knowledge MNE performance could be poor from a lack of perspective of the markets that they operate in. Knowledge needn't just be country specific; Malhotra and Hinings (2010) find that general internationalisation knowledge is also important in addition to market specific knowledge for MNEs as that knowledge gained reduces the uncertainty that MNEs perceive in subsequent expansion in the host country.

An important aspect of growth is in understanding the parameters of such MNE knowledge and the effect that this has in their expansion and internationalisation. There are multiple forms of knowledge accumulation and learning that hasten the process of MNE internationalisation. Forsgren (2002) provides a wonderful conception of learning, and as a result knowledge accumulation. Derived from the Uppsala internationalisation model, Forsgren (2002) finds that there are forms of learning, other than experiential learning, where knowledge is attained though trial-and-error. These include forms of learning through acquisitions of other local business units in the foreign market, learning through imitation of other businesses, and searching for viable new alternatives to business operation rather than just attaining knowledge about current resolve that is implemented in the market of operation. These forms of learning and knowledge generation hasten the process of MNE internationalisation (Forsgren, 2002). In addition to knowledge about the specific foreign market in which they choose to operate, an MNE should have knowledge of operating affiliate networks, experiential knowledge related to a specific mode of operation, knowledge of foreign market entry in general, knowledge of local business counterparts, and knowledge of the local

institutional environment which affects their modus operandi through having to comply with certain laws and regulations (Delios and Henisz, 2003; Eriksson et al., 1997; Johanson and Vahlne, 1990; Malhotra and Hinings, 2010; Padmanabhan and Cho, 1996; Petersen, Pedersen, and Sharma, 2002; Sapienza et al., 2006). Johanson and Vahlne (2009), furthering their 1990 work, have endorsed support to MNEs having multiple forms of knowledge by acknowledging that more general internationalisation knowledge is also important in addition to market specific knowledge. Malhotra and Hinings (2010) found that if market uncertainty is high the firm will start with exports or licensing, gradually and progressively moving to partnering arrangements or JVs, and at a later stage, once its market knowledge increases, consider switching to a higher control form such as a wholly owned venture.

Oviatt and McDougall (2005) grouped both market knowledge and intensity of that knowledge in an MNEs product or services as simply knowledge. The need to acquire foreign market knowledge and the importance of organisational learning for entering or expanding in the international marketplace has been recognised by numerous scholars like Luo (1997), Zahra, Ireland and Hitt (2000), Oviatt and McDougall (2005), and Johanson and Vahlne (2009). Oviatt and McDougall (2005) have noted that knowledge, as they described it, moderates the speed at which a perceived opportunity is exploited internationally by a MNE. Zhou and Li (2007) find that firms with superior knowledge can coordinate and use their existing resources and capabilities in new and distinctive ways that aid international expansion and firm growth. However, in saying this, it is notable that not all MNEs have the same propensity for knowledge generation and retention when operating internationally, a fact that is supported by a firm's performance in their international operations. The expansion of a firm's knowledge depends on their absorptive capacity, which is 'largely a function of the firm's level of prior related knowledge' (Cohen and Levinthal, 1990, p. 128). In acknowledging findings by the likes of Luo (1997), Zahra, Ireland and Hitt. (2000), Oviatt and McDougall (2005), Johanson and Vahlne (2009), and Cohen and Levinthal (1990) it may be said that a MNE's ability to learn about a new host country moderates the speed at which it internationalises to exploit an entrepreneurial opportunity. For

MNEs with elevated levels of EO, that are more entrepreneurial in nature, and actively competing in international markets, their knowledge acquisition and generation is critical in helping them overcome their liabilities of foreignness (Hymer, 1976), as much of this liability relates to the foreign MNEs lack of local market knowledge.

Knowledge alone is not simply for the MNE to generate. Elevated levels of EO should drive the firm to tap into the knowledge that is embedded in the individuals in their employ, creating further opportunity. Such knowledge may even actively be sought though the employment market, hiring like minded individuals with prior experiences that add value in the MNEs expansion internationally. Zeng and Williamson (2007), in reviewing Chinese MNEs competing globally reviewed the world's largest piano manufacturer, Pearl River Piano. In expanding internationally, Pearl River was able to obtain the knowledge it needed by employing 'more than ten world-class consultants to assist in improving every aspect of piano making, from design to production to final finish' (Zeng and Williamson, 2007, p.52). Hennart (2009) provides an alternative for knowledge generation. Acknowledging that tacit knowledge that resides in employees or in firm routines is hard to separate from the firm in which it has been developed, He suggest that 'if such knowledge is difficult to obtain through technical assistance agreements, an alternative is to take over the firm that owns it or to joint-venture with it' (Hennart, 2009, p.1438).

Knowledge is essential in aiding the foreign MNE in deciding where and how to set up their operations. In relating to the varied forms of attainable knowledge, the strategic decisions made by the MNE executives have to accommodate institutional conditions that vary between both their home countries and host economy (Wright et al., 2005). As such, MNEs must adapt their strategies to formal and informal institutions that affect their operations in the foreign locations of operation, especially when entering emerging markets (Meyer and Nguyen, 2005).

2.2.4 ***Culture***

There has been much research on firm culture, although in a limited capacity when relating to the impact of culture on EO and internationalisation of MNEs from emerging markets in relation to their performance. It is highly evident that cultural distances, norms and values are informal institutions that affect the development of a MNE (Hofstede, 2007). Culture is embedded in every firm, their orientation and propensity and appetite for risk seeking behaviours and desire to expand internationally. It has been noted that as entrepreneurship depends upon a unique blend of cultural factors 'i.e. values, attitudes, behaviours' (Lee and Peterson, 2000, p.406) that together combine to determine the level of a firm's EO, it is culture that gives rise to entrepreneurial potential within a firm, which, in turn, affects their level of EO. Thus, culture is a vital, but not always measurable construct in analysing EO and the subsequent influence on a MNEs internationalisation. Lee and Peterson (2000) also note that since culture is based on that of their country of operation, a national culture that supports and encourages entrepreneurial activity is needed for a business to have elevated levels of EO instilled in their own sub-culture. This is a necessity as cultural values and norms will either converge or conflict with an MNEs ability to develop a strong EO (Lee and Peterson, 2000). Lee and Peterson (2000) continue to relate culture to EO, directly noting that, the 'dimensions of EO as they apply at the cultural-level' (Lee and Peterson, 2000, p.406) are autonomy, innovativeness, risk taking, competitive aggressiveness and proactivness. The relation between an MNEs culture and their EO is such that when these conditions are favourable a strong EO will develop within the MNE and amongst their employees. However, when conditions are unfavourable, a weaker EO will result. It is suggested that 'cultures with a strong EO will experience more entrepreneurship, hence assisting their global competitiveness' (Lee and Peterson, 2000, p.409), factor supported by Lumpkin and Dess (1996) who recognised the strong role of a culture's EO as a success factor in a firm's performance.

As organisational culture is embedded in national culture (Pothokuchi et al., 2002) the Chinese culture would initially seem to be one that does not support

entrepreneurship (Kwong, 1996), especially in light of implemented government regulations limiting ownership, partnerships and operational boundaries, including restricting the activities of MNEs investing in China. Although China is indeed entrepreneurial and is supporting firms with elevated levels of EO more and more, as evidenced by Tan (2005), who found that, comparing 2002 to 1990, the business environment in China has become more conducive to entrepreneurial activities, tight regulations have meant that HK is an exceptionally important business environment for Chinese MNEs looking to expand, as well as for other MNEs looking to invest in, and form JVs with Chinese firms. HK is a special administrative sector for China as it allows for greater freedom by having their business regulations regulated under supervision of the Hong Kong Chamber of Commerce, and therefore does not inhibit expansion of MNEs listed and registered in HK like those that are solely listed on the mainland. The level of EO in a MNE is what serves as a moderator of the connection between national culture and the entrepreneurship within the MNE itself (Lee and Peterson, 2000).

2.2.5 ***Networks***

Simply stated, networks are necessary for the survival of a MNE, and indeed all firms (Oviatt and McDougall, 1997). As a powerful tool for the entrepreneur (Dubini and Aldrich, 1991), it is a necessary and critical resource component for elevated levels of EO within a MNE. Oviatt and McDougall (1995) identified strong international business networks as one of the seven most important characteristics of successful MNEs (Oviatt and McDougall, 2005), whilst Birkinshaw (1997) finds networking to be recognised as a critical factor in MNE success.

The emphasis placed on the necessity of MNEs having effective international networks is expressed in the work of Coviello and Munro (1995), who, when reviewing the understanding of the internationalisation process of firms with elevated levels of EO, address the impact of a firm's role and position within a network. It is proposed that 'foreign market selection and entry initiatives emanate from opportunities created through network contacts, rather than

solely from the strategic decisions of managers in the firm' (Zhou and Li, 2007). Such 'activities can be linked to opportunities emerging from a network of relations (Coviello and Munro, 1995, p.58). This theory finds support through Oviatt and McDougall (2005), who view networks as enabling the identification of international opportunities, establish credibility, and often lead to strategic alliances and other cooperative strategies such as JVs. It is in the same work by Oviatt and McDougall (2005) that three key aspects of networks that influence internationalisation are identified. These factors they deemed most critical are (one) the strength of network ties between actors; (two) the size of the network; and (three) the overall density of the network relating to the MNE. Aldrich (1999) identified two types of ties between actors in a network structure, namely, strong ties and weak ties. Strong ties are durable and involve emotional investment, trust, reliability, and a desire to negotiate about differences in order to preserve the tie. Because building and sustaining strong ties require significant investment and maintenance, the number of strong ties between businesses and individuals rarely exceeds 20 (Oviatt and McDougall, 2005). Because of this relatively small number and the investment required, which may not be monetary but time, Oviatt and McDougall (2005) believe strong ties are not the most important type in networks that are imperative to the internationalisation process. They believe that weak ties are the most important as these are relationships with MNE customers, suppliers, and the likes of that are friendly and professional. Weak ties are far more numerous than strong ties because they require less outlay in investment from the MNE to sustain them. In contrast to Oviatt and McDougall (2005), Zhou and Li (2007), in inferring to their own research findings, suggest that to face the challenges of the modern business environment, companies should turn to network-based strategies based on managerial ties. This would suggest that a mixture of strong and weak network ties are needed for a MNE to function at a more optimum level internationally.

Meyer and Nguyen (2005) have found that in Asia Pacific emerging markets 'local institutions moderate both the importance of business networks and the ease of access to complementary resources' (Meyer and Nguyen, 2005 p. 70). This is supported by Peng (2003) and Meyer (2001) who find that institutions

moderate transaction costs in markets in which MNEs operate and the importance of gaining access to local networks. The importance of networks as a resource in emerging markets is further emphasised by Khanna and Palepu (2000) who note that because competition is 'often distorted by licensing regimes, industrial regulation and tariff structures that implicitly favour local firms to foreign MNEs, such fundamental resources include access to local authorities and business networks' (Khanna and Palepu, 2000; Meyer and Nguyen, 2005). Furthering the research on the necessity of MNE networks within emerging markets and the call from Wright et al. (2005), who emphasised the need to understand the role played networks in the strategies of firms from emerging economies, Yiu, Lau and Bruton (2007) note that within emerging economies, ties with home country networks provide significant advantages for the MNE as it pursues internationalisation. Wright et al. (2005) note a need for networks with entities or people within the host country or with entities and people in the MNEs home country. Meyer and Nguyen (2005) find that in addition to business networks ties, institutional network ties, which refer to connections and associations with various domestic institutions such as government officials and agencies, banks and other financial institutions, universities and trade associations, also provide critical advantages for firms in emerging economies. Furthering this, networks may compensate for the institutional underdevelopment in emerging markets, reducing the doubts in operational costs and rivalry, and the viscosity of capital flows (Narayanan and Fahey, 2005).

2.2.6 ***Resources***

The importance placed on resources for MNE success is not a new phenomenon. Resources are vital for foreign operations that MNEs engage in during their internationalisation. For MNEs to operate in a foreign country, they need to utilise their resources to overcome inherent disadvantages that they may encounter though operating in a new environment (Hymer, 1976). A major reason for MNE expansion, apart from accessing new markets and consumer bases, is to gain access to new resources. This is made evident by Kang and Ke (2005) who reported that 79% of Chinese MNEs' operations abroad were

JVs with the remainder, 21%, being wholly owned subsidiaries of the MNEs reviewed. According to Yang et al. (2009) JVs allowed Chinese MNEs to exploit necessary assets through their JV partners requiring a significantly smaller commitment of resources initially to establish themselves in a foreign market (Malhotra and Hinings, 2010). Yang et al. (2009) found that Chinese MNEs were not alone in utilising internationalisation for resource acquisition. They established that resource-seeking motives are evident in both Chinese and Japanese MNEs internationalisation. Meyer and Nguyen (2005), reviewing interactions of MNEs with local institutions, ascertained that such interaction between MNEs and local firms may facilitate access to needed resources, and even networks. They also established that in emerging markets where local institutional frameworks are less market oriented, MNEs are more likely to use JV partners to access needed local resources.

Two important forms of resources for a MNE are strategic resources and relational resources (Tsai and Ghoshal, 1998). Strategic resources, such as high technology and managerial know-how, take many years to develop (Dierickx and Cool, 1989), and are frequently in short supply in emerging markets (Hobday, 1995). Both relate to networks but specifically relational resources. Whilst in well developed institutional environments strategic resources can be acquired through long term contracts (Li, Poppo and Zhou, 2010), relational resources can only be accessed through brokered relationships such as links with resource gatekeepers, politicians, and public officials (Luo and Junkunc, 2008). The products of utilising networks to access relational resources include generating opportunities such as access to untendered government contracts, licenses, soft loans, and inside information about the availability of lucrative business ventures.

In reviewing the aptly termed ‘Dragon Multinationals’ (Mathews, 2006), Mathews (2006) reviews MNEs from the Asia Pacific region. It is argued that emerging markets MNEs internationalise with the goal of accessing the resources of foreign MNEs and host economies. Gammeltoft, Pradhan and Goldstein (2010) support this by finding that large scale overseas acquisitions by MNEs from emerging markets establish themselves as important players in

global markets. Such foreign affiliates and resources were found to make an increasingly important contribution to these emerging market MNEs in terms of overall sales, assets and innovation capacity. Such expansion in innovation capacity may not be necessary, however, as it has been found that countries such as China have shown that significant rates of growth are possible with virtually no research and development expenditure (Hsiao and Shen, 2003; Mah, 2005; Minniti and Lévesque, 2010). Further adding support to MNE internationalisation with resources in mind, Sethi, Judge and Sun (2011) suggest that MNEs look at potential FDI locations that could offer an advantage though superior natural and man-made attributes. They acknowledge past research on geographical resources such as proximities to local ports, terrain, climate, infrastructure, skilled personnel, work force and wages, as well as, natural resources as FDI determinants but further include market size, economic and political stability and tax breaks amongst others (Sethi, Judge and Sun, 2011). Butkiewicz and Yanikkaya (2008) find that, particularly in emerging market economies the relative importance of FDI determinants such as resource consideration, must be incorporated into international expansion decisions, as MNEs select FDI locations that have good infrastructure (Sethi, Judge and Sun, 2011) and other attributes that best match the MNEs strategy. However, governments often enhance the attractiveness of remote areas by offering more lucrative investment incentives (Mudamabi and Navarra, 2002) in terms of resources that should be considered.

In analysis of emerging market MNEs accessing resources in developed economy markets, Yiu, Lau and Bruton. (2007) found that because MNEs from emerging economies are often latecomers in competing globally, the possession of firm-specific ownership advantages in their home countries may still be insufficient for them to have a competitive advantage over the domestic firms that they wish to compete against as they internationalise into foreign markets. In light of these findings Yiu, Lau and Bruton (2007) concluded that MNEs from emerging markets enter developed markets for reasons other than asset and resource exploitation. It may then be said that MNEs from emerging markets are no different to their developed market counterparts, and normally

need unique, non-replicable assets in order to gain access to new resources in the developed markets (Thomas, Eden and Hitt, 2002).

2.3 Conclusion of Literature Review

An elevated EO is recognised as affecting the success of MNEs as well as being a critical element in the development of emerging market firms such as those in China, one of the three MNE countries being reviewed. In addition there are also numerous studies that express the valuable influence of EO on a firm's performance. There are academics that note a need for further development of EO moderation in MNEs that may present reasons for the success or failure of emerging economy MNEs. It is evident that these firms globalise at an increased rate to those of their predecessors in developed economies, through utilising variables such as networks, innovative techniques and accumulated knowledge bases of international markets, business developments and needs. Very little published academic research has been done specifically on MNE evolution within the noted emerging markets being reviewed in terms of the relation of their EO as well as their internationalisation modes and strategic outlooks with their internationalisation performance, hence the purpose of this research. It is also evident that theory relevant to EO is broad in demeanour with much relating to MNEs but very little in relation to EO within an MNE in an emerging market, and what does exist is predominantly based on BRIC (Brazil, Russia, India and China) countries. An EO make-up is not standardised beyond the recognised key factors and constructs that fundamentally comprise it with inconsistent approaches in specifying the dimensionality of EO. It is recognised by academics that the definition and measurement of EO have generated considerable debate with specific concerns over the dimensionality of the measure and the interdependence of the sub-dimensions which comprise EO being brought into question. Further, EO constructs that feed into the three main constructs have been highlighted as networks, resources, culture and knowledge. It is made clear in literature that a firm's EO refers to the entrepreneurial process, namely, how entrepreneurship is undertaken within a firm; the methods, practices, and decision-making styles that a MNE uses to act entrepreneurially and promote growth, not the act of

entrepreneurship itself. Thus, the EO of a MNE is recognised as extending beyond its traditional make-up of innovation, proactiveness and risk taking, with literature extending to encompass such aspects that affect a firm's EO, even extending to employee emotions and their subsequent commitment to the MNE which influences organisational performance. EO is also recognised as being a sub factor of other aspects that affect MNE performance such as strategic orientation (SO).

Findings have been made suggesting that there is a deficiency in literature on entrepreneurship in MNE subsidiaries, a core component of conglomerates such as those that were reviewed in this research. Support has been found in literature on the benefits of reviewing HK listed MNEs as opposed to their mainland counterparts, with many HK listed firms holding duel listings in HK and mainland China. There have also been findings presented on the differing levels of entrepreneurial performance between Asian Countries linking these to the level of EO instilled in MNEs from different origins. The benefits of JVs have been made clear as an option for accessing necessary resources and the reasons why they are beneficial in MNE expansion and their EO.

There has been much academic review on the internationalisation of MNEs and prospective MNEs alike, although the vast majority has been in the review of MNEs from BRIC related countries, with very little on African emerging markets such as South Africa, one of the three countries being analysed as an origin on the MNEs being reviewed. It has been made clear that there is much that can be done to further enhance our understanding of the internationalisation of entrepreneurial ventures with a need to further research the integration of the EO of a MNE and its internationalisation. It is found that the internationalisation of firms from growth economies is on the ascent with rapid growth of internationalisation in firms from emerging markets.

The constructs that affect a firm's EO, networks, knowledge, culture and resources are also deemed necessary in the internationalisation of firms in emerging market economies with a noted need for examining MNEs from emerging economies. The factors that affect an MNE's decision to internationalise into foreign markets have also been reviewed with the

acceptance that not all MNEs follow the same process of internationalisation. It has further been established that an important missing element in current research is an understanding of how the organisational characteristics of an internationalising firm influence its internationalisation process. What is understood are reasons as to why MNEs internationalise, with much research citing home country constraints, access to foreign resources and incentives that are deemed attractive reasons for MNEs to engage in internationalisation. Environmental threats that MNEs may encounter in their globalisation strategies are also reviewed. Further analysis of why MNEs internationalise, leading to findings that note the parameters of the geographic spread of MNEs from emerging markets, showing that, on average, MNEs from developing countries have affiliates in six countries, mostly within their own region with the largest of them having, on average, affiliates in up to 40 foreign countries spread across a number of regions. It was also found that MNEs did not invest equally in all countries, rather investing much more in some countries than in others.

Concluding the literature on knowledge, culture, networks and resources, it is evident that there has been vastly varying degrees of research conducted into the effects of each on both an MNE's EO and internationalisation. It is blatant that each construct is a most crucial factor in MNE expansion and success in foreign markets in which they operate, with each affecting the level of EO in an MNE.

A review of knowledge surmounted to ascertaining that firms gain country and region specific knowledge in order to overcome problems encountered in entering foreign markets. It was also made evident that knowledge need just be country specific with findings that general internationalisation knowledge is also important in addition to market specific knowledge for MNEs in reducing uncertainty that they perceive in international operations and expansion. MNEs should have multiple forms of knowledge, which has been noted as knowledge of operating affiliate networks, experiential knowledge related to a specific mode of operation, knowledge of foreign market entry in general, knowledge of local business counterparts, and knowledge of the local institutional environment which affects their modus operandi through having to comply with certain laws

and regulations. It has been recognised that knowledge should also be derived from multiple sources, both externally and within an MNE that has elevated levels of EO.

There is a limited amount of literature relating to the impact of culture on EO and internationalisation of MNEs from emerging markets in relation to their firm performance. Culture affects a firm's propensity for risk appetite and their desire to expand internationally. It is suggested that although culture is vital, it is not always a measurable construct in analysing EO and the subsequent influence on an MNE's internationalisation. It is made clear that findings from prior research imply that an MNE's culture is based on that of their country of operation and that a national culture that supports and encourages entrepreneurial activity is needed for a business to have elevated levels of EO instilled in their own sub-culture. This implicitly implies that organisational culture is embedded in national culture. Relating to this literature, Chinese culture has been given some attention in analysing the relation between the entrepreneurial traits of Chinese MNEs and Chinese policies that restrict a firm's activities.

Vast amounts of literature exist on networks. It has been accepted that networks are necessary for the survival of a MNE being both necessary and critical as a resource component for elevated levels of EO within a MNE. Literature advocates that networks not only influence foreign market selection and entry initiatives but that they emanate from opportunities created through networks. Three key aspects of networks that influence internationalisation are identified as well as two types of ties between network actors and those which are most crucial to MNEs. Home country network ties have also received analysis within emerging markets, with findings suggesting that such ties provide significant advantages for the MNE as it pursues internationalisation.

Considerable attention has been given to resources as being vital for foreign operations that MNEs engage in during their internationalisation. Much literature on resources is coupled with knowledge and networks and it is implied that a great deal of international expansion by emerging market MNEs occurs in the pursuit of accessing additional resources that are necessary for improving and

expanding operations. In addition to accessing resources, JVs are reviewed as viable options for MNEs to use as a way to enter into foreign markets. Different types of resources have been identified as affecting MNE performance and internationalisation in emerging markets, but none that affect an MNE's EO. It was however found to indirectly impact EO as foreign resources relating to a MNE make important contributions to emerging market MNE's innovation and risk taking propensity.

In conclusion, emerging market MNEs are a moderately new facet of the global investment landscape (Goldstein, 2007). Internationalisation and globalisation has been made easier for emerging market MNEs through the worldwide integration of financial systems, lower barriers to entry that have seen deregulation and trade liberalisation, in addition to global cultural and economic homogeneity (Mathews, 2006). It is, however, notable that there is consistent emphasis in the literature that has been placed on the many constructs that affect MNE performance and aid in internationalisation. Global integration alone does not contribute to MNE success, and the gap that this research aims to contribute in filling is how EO and its constructs affect internationalisation and firm performance of emerging market MNEs.

In assessing the literature on emerging market MNEs, their EO, internationalisation and relevant constructs that contribute to both EO and internationalisation and firm performance, the following three research questions and two hypotheses are able to be posed.

2.4 First sub-problem

The first sub-problem is identifying MNEs in various sectors that hold a global footprint that is recognised and distinguishable from home country local day to day operations.

2.4.1 ***Research Question 1***

What are the internationalisation modes used by the emerging market MNEs in their expansion into foreign markets and regions?

2.4.2 ***Research Question 2***

Is there a positive relation between the levels of MNE EO and their level of success as a MNE operating in their respective markets of operation?

2.5 Second sub-problem

The second sub-problem measures MNE EO in relation to their internationalisation, identifying internationalisation modes and success in the foreign markets in which they enter, and why they have entered the markets in question.

In assessing sub problem two the relation between EO and internationalisation needs to be examined. But before this can occur, a more detailed level of analysis is required, namely, examining the trend of each of the variables associated with EO over the time period considered. The movements over time in the MNEs may be different across the three countries, and this factor also needs to be examined. Furthermore, this researcher has utilised six measures of MNE performance; all related to the MNE published financials. These variables had to be analysed to assess and identify which of them is the most predictable in relation to EO strategies and internationalisation modes. As such, Research Question 2 had been extended into Research Question 3 which asks four sub-questions to assess these detailed aspects pertaining to possible relations between levels of EO and their level of success as a MNE operating in their respective markets of operation.

2.5.1 ***Research Question 3***

Accordingly, Research Question 3 is split into four sub questions:

a) What is the structure of the EO strategy of MNEs, i.e., what is the relative contribution of EO, greater network and internationalisation strategies to overall EO strategy, and did this structure vary over time and across regions?

b) What are the dynamics of:

   i. the EO strategy measures from 2005 to 2010, and were the changes over time different across the regions?

   ii. the MNE profitability measures from 2005 to 2010, and was the change over time different across the regions?

c) At a regional level is MNE EO strategy related to performance?

d) Which measure(s) of MNE profitability is (are) best predicted by the three EO strategies?

2.6 Hypotheses

In analysis of Research Questions 1 to 3, the two hypotheses were formulated.

2.6.1 ***Hypothesis 1***

EO is positively correlated with the degree of internationalisation of MNEs in the selected emerging markets, such that elevated levels of EO are more often present in MNEs with higher internationalisation than in those with lower internationalisation.

2.6.2 ***Hypothesis 2***

EO is positively related to firm performance measured by operational size and scope of internationalisation in an emerging market context, such that elevated levels of EO are more often present in MNEs with greater size and scope of internationalisation than in other MNEs***.***

3 CHAPTER 3: RESEARCH METHODOLOGY

3.1 Research methodology / paradigm

The proposed research utilised mixed methods, incorporating both quantitative MNE financials over the period of review, as well as coded qualitative data derived though content analysis of executive reports of 21 MNE's strategies and annual reviews. The coded data was analysed statistically to investigate possible relations with MNE financial internationalisation performance.

The research is non-experimental, utilising secondary data that creates an element of non-bias. It should be noted though, that the content analysis undertaken is subjective by nature, whereas the performance data is objective. It is also a longitudinal study that makes use of six years of presented financial data and annual reports between 2005 and 2010. It equates to 126 data sets in total to review, consolidate and analyse quantitatively and qualitatively.

Each MNE examined contributed 6 years of data, with 21 firms in total being reviewed, seven from each of the emerging markets. The type of research being conducted is a mixture of reporting, descriptive and aspects of explanatory research. There are three control variables in the data. These variables are age of the firm, industry type and size.

3.2 Research Design

This research made use of 126 sets of secondary data over a period of six years between 2005 and 2010. The study is a longitudinal survey of 21 listed MNEs in three emerging markets, with each MNE being operational on a regional or global scale.

The researcher has sought to consolidate and analyse the data utilised in two stages:

Stage 1: Collect the data (both financial and executive reports) from each MNE's annual report for each year in question. This was done by attaining the

Annual Reports directly from each firm being surveyed, and tabulating the data. Each strategic report and annual review by the MNE's Chairman/CEO/President was treated as an interview, adding to the survey in a qualitative capacity.

Stage 2: The qualitative analyses of each Chairman/CEO/President report were content analysed and tabulated thematically in line with the first research question and EO strategies and modes of internationalisation. Statistical analysis was conducted on the measures across countries and over time, and relations examined between EO variables and financial measures, with all analyses supported using appropriate graphics. The results of the 21 MNEs were assessed against the theory and hypotheses.

While there are advantages to research though utilising secondary data, there are obvious disadvantages. The main advantage is the complete elimination of bias on financial data due to the results being published prior to the research. The MNEs being listed means that there is ease of access to their firm's data. The main disadvantage of this method of survey research may occur is the content of the annual reports which may not be standardised, namely, the content of the Chairman/CEO/President reports may differ wildly in content covered. This could make comparison difficult.

The conceptual model of the research examined the link between EO strategy and profitability. It is posited that EO strategy underlies modes of internationalisation that are in turn related to MNE profitability through internationalisation. MNE EO was operationalised by measures of EO, internationalisation and greater network and these three measures formed independent variables of the research. The EO strategies were examined further to discern their internationalisation modes. Finally the relation between the EO strategies and MNE profitability and between the internationalisation modes and MNE profitability were examined. The longitudinal nature of the design is incorporated by examining changes over the time period considered, and regional differences are examined when examining the relations between EO strategies, internationalisation modes and MNE profitability.

The qualitative data was coded. The coding of the qualitative data allowed for the data to be analysed quantitatively. This was done through thematic analysis and/or protocol analysis which are both forms of content analysis.

Although the methodology for coding data was consistent, it may be viewed as subjective, which may introduce validity as a criterion. To eliminate this as a concern, the analysis techniques utilised in the coding of the qualitative data were carefully reviewed though past analysis techniques of secondary data that utilised coding within the field of management or entrepreneurship. Ultimately each report was subject to the same stringent analysis that made use of electronic word searches that were tallied after their context was analysed.

3.3 Population and sample

3.3.1 *Population*

The target population is 21 MNEs from three emerging markets countries that are listed in global stock exchanges in China, Malaysia and South Africa, with each emerging market providing seven MNEs for review. These MNEs were required to have a base of operation in their country of origin with additional international operations. Each firm has been listed on their respective exchange since at least 2005 so as to gain access to their strategic and financial information via their published annual reports. The MNEs operate in different sectors of the economy with the exception of primarily operating in raw materials such as mining operations.

3.3.2 *Sample and sampling method*

The sampling method makes use of secondary data in the form of annual reports for each of the 21 MNEs for a five year period between 2005 and 2010. This, as stated previously, is appropriate due to a lack of bias that may otherwise be introduced. Eisenhardt (1989) notes that ’random selection is neither necessary nor even preferable‘ (Eisenhardt, 1989 p.537) when one is extending theory. The purpose of this research is to extend the theory on the

impact of elevated levels of EO and internationalisation on MNEs in selected emerging markets. To that degree, this sampling may be described as a form of non-probability purposive sampling.

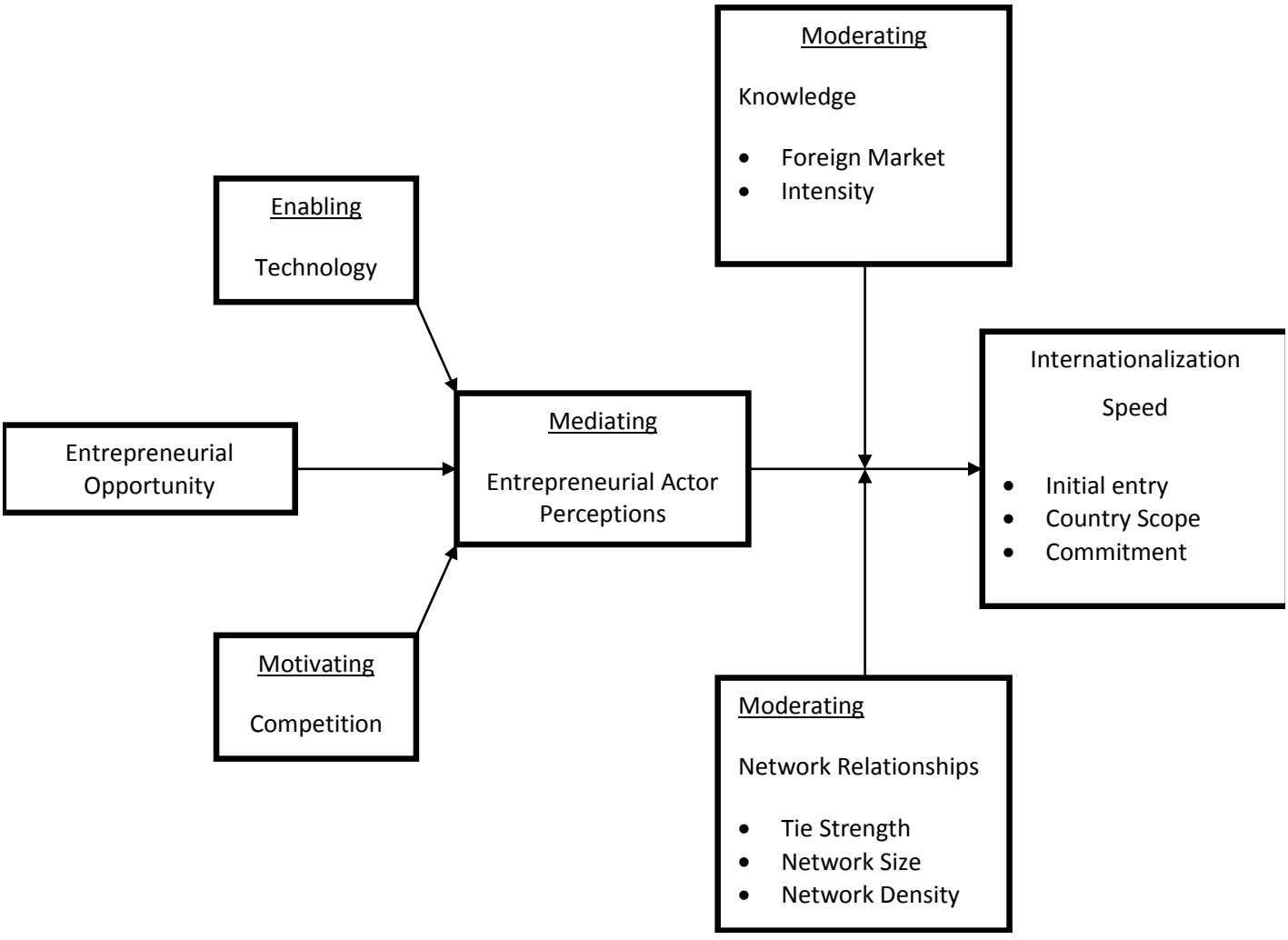
Table 1 reviews the profile of the 21 MNEs reviewed in the research. They have been separated into their respective emerging markets and their security exchange where their equity is listed. As security exchanges have reporting standards for all publically owned firms, by selecting the sample from uniform stock exchanges there is conformity with financials that are reported on.

Table 1: Profile of respondents

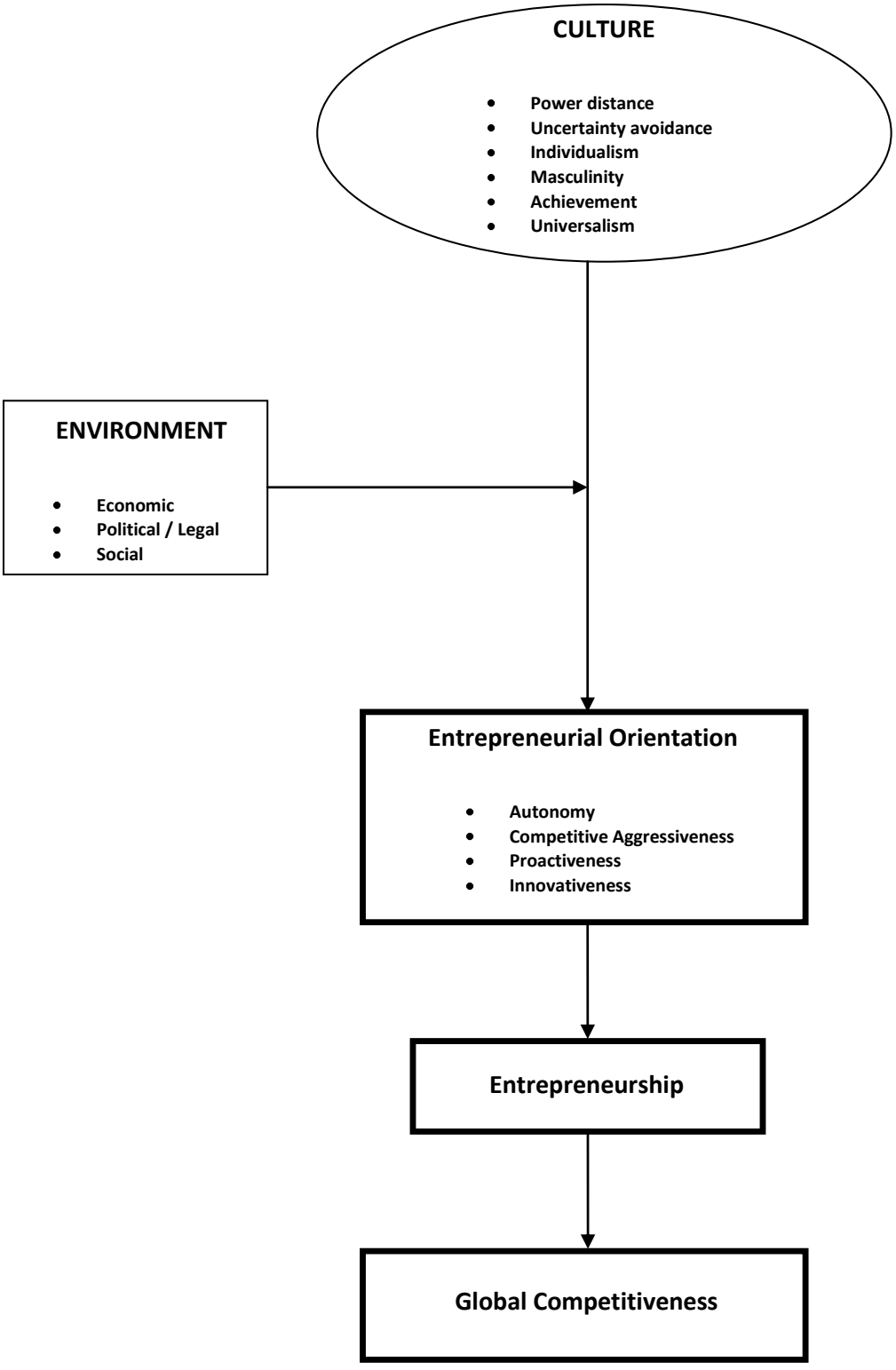
MNE	Country of Origin	Exchange Listed On
China Construction Bank (CCB)	China	Hong Kong Stock Exchange
China Taiping Insurance Holdings (CTIH)	China	Hong Kong Stock Exchange
HKR International (HKRI)	China	Hong Kong Stock Exchange
Hutchison Whampoa Limited (Hutchison Whampoa)	China	Hong Kong Stock Exchange
Ping An Insurance (Ping An)	China	Hong Kong Stock Exchange
Shangri-La Hotels (Shangri-La)	China	Hong Kong Stock Exchange
Tsingtao Brewery (Tsingtao)	China	Hong Kong Stock Exchange
Genting Group (Genting)	Malaysia	Bursa Malaysia Exchange
Ranhill Berhad (Ranhill)	Malaysia	Bursa Malaysia Exchange
Malayan United Industries Berhad (MUI)	Malaysia	Bursa Malaysia Exchange
IOI Corporation (IOI)	Malaysia	Bursa Malaysia Exchange
Gamuda Berhad (Gamuda)	Malaysia	Bursa Malaysia Exchange
Berjaya Corporation (Berjaya)	Malaysia	Bursa Malaysia Exchange
Bonia Group (Bonia)	Malaysia	Bursa Malaysia Exchange
SAB Miller	South Africa	Johannesburg Stock Exchange
MTN	South Africa	Johannesburg Stock Exchange
Bidvest	South Africa	Johannesburg Stock Exchange
Standard Bank	South Africa	Johannesburg Stock Exchange
Compagnie Financière Richemont S.A (Richemont)	South Africa	Johannesburg Stock Exchange
Shoprite Holdings (Shoprite)	South Africa	Johannesburg Stock Exchange
Murray and Roberts Holdings (Murray and Roberts)	South Africa	Johannesburg Stock Exchange

3.4 The research instrument

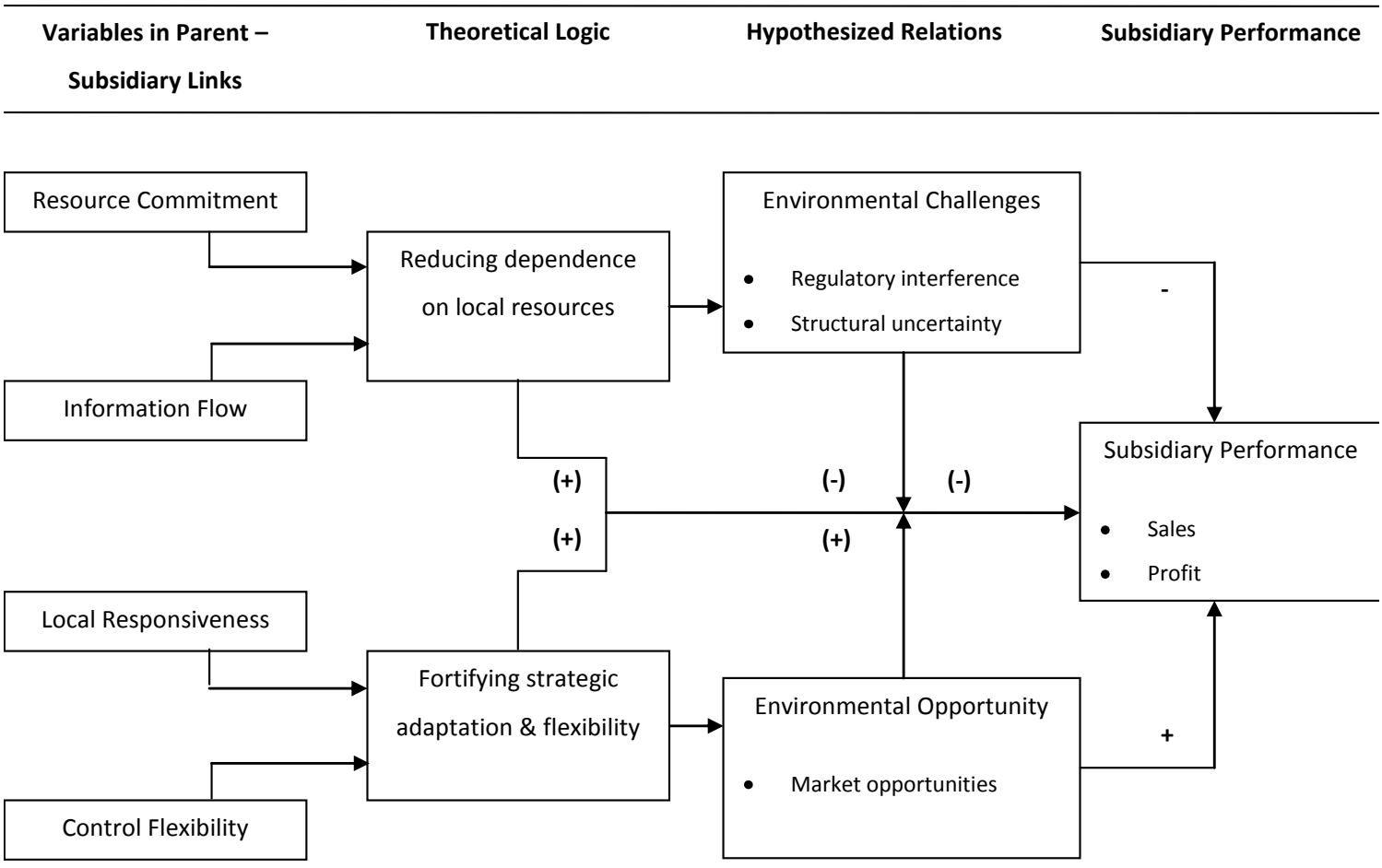
As this is a longitudinal study utilising secondary data there is no need for a research instrument. It does, however, utilise models based on culture, knowledge, resources and networks. The models indicated as Models 1 to 3 represent elements contributing to MNE success and EO within their relative markets of operations. These models have been adapted accordingly to formulate a single model which shall be utilised for this research represented by Model 4.



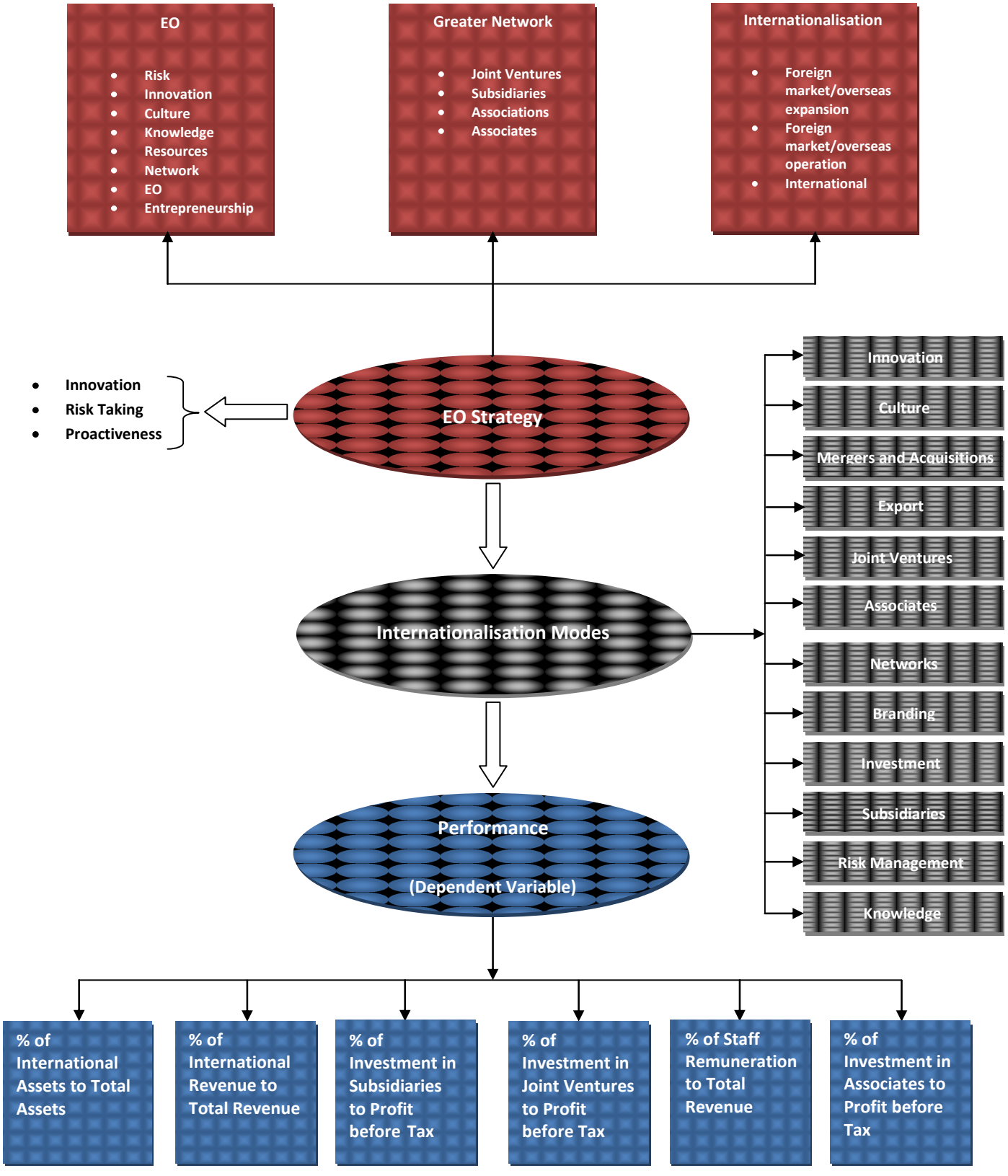
Model 1: A model of market forces influencing internationalisation speed (Oviatt and McDougall, 2005)



Model 2: The relationship between culture and EO as it related to entrepreneurship and global competitiveness (Lee and Peterson, 2000)



Model 3: Parent-subsidiary links and subsidiary performance (Luo, 2003)



Model 4: A conceptual research model of EO, its makeup, links to internationalisation and MNE performance (Self, 2012)

3.5 Procedure for data collection

The data was collected from MNE annual reports, both qualitatively and quantitatively.

The annual reports were attained directly from the MNEs in question, as all of the firms being reviewed are listed entities on their respective securities exchanges, and are therefore subject to stringent reporting requirements.

Qualitative data was coded, tabulated and graphed whilst the quantitative data was taken from the MNEs annual financial reports and analysed accordingly. Sections of the qualitative data interpreted were summarised and findings noted.

3.6 Data analysis and interpretation

Both the qualitative and quantitative data was analysed and interpreted methodically. Whilst all of the quantitative results undergo statistical analysis, part of the qualitative data was systematically coded using frequency content analysis of various phrases, and graphed for comparison for firm to firm and country to country. Final results were assessed from an overall stand point and compared to the academic literature on the topic at hand, with findings being noted accordingly.

3.6.1 *Coding of Qualitative Data*

As mentioned, the qualitative data in this report was coded. The data was reviewed, utilising a thorough word search pertaining to the MNE and their internationalisation process with regard to their EO. A count of key phrases was tallied, and placed into three categories. These three categories are Greater Network (encompassing joint ventures, subsidiaries, association and associates); Internationalisation (encompassing foreign market expansion / overseas expansion, foreign market operation / overseas operation and international); and EO (encompassing risk, innovation, culture, knowledge, resources, network, entrepreneurship and entrepreneurial orientation). The

results were converted into a percentage of the total words reviewed in the MNEs' annual reports year on year, as well as, a total over the reviewed period. It must be noted that this method, utilising a coding method in percentage form related only to the first stage of quantitative analysis in which the composition of each MNEs internationalisation process is looked at, noting whether this composition has changed from 2005 to 2010.

The remainder of the analyses utilised the actual numbers that arose from the count that looked at the internationalisation process prior to converting them into a percentage format. Compound annual growth rates (CAGR) were calculated to assess the year on year growth rate of the MNE's internationalisation efforts over the period of review. The CAGR is calculated by 'taking the "n^{th}" root of the total percentage growth rate, where n is the number of years in the period being considered'(Investopedia, 2011). These growth rates in EO strategies were later used as predictors of MNE performance.

Commonly, when analysing counts in terms of percentages, the arcsine transformation which is often used as the distribution assumption of normality does not apply to the noted percentages as the data values are constrained between 0 and 100. Thereafter, parametric tests are applied for comparisons on the transformed data. However, in the case of smaller data sets (n=7), the non-parametric Kruskal-Wallis Analysis of Variance was the preferred method of analysis and applied to the ranked percentages, as this analysis makes no assumptions of normality of the distributions.

It is necessary to note that due to the nature of this research, correlations cannot be calculated from this data as they usually would due to auto-correlation in the data itself. Time series analysis was also not possible although the research is longitudinal, effectively reviewing six years of data for each firm, there are only six sets of data produced over the period for each firm, which made the data series too short to utilise time series analysis.

Ideally, Research Question 3 would be answered based on cross correlations of pairs of variables in a time series analysis, having first removed cycles, trends, autocorrelation and other patterns in the data. However, time series analysis

was not possible as the data series were too short, being limited to six years with a single data point per year for each series. Instead, the CAGR from 2005 to 2010 for each of the various measures of profitability were calculated for each MNE from 2005 to 2010, reducing the six numbers in each series to a single number and thus avoiding the challenges of auto-correlation and time series. The CAGR was also calculated for the three measures of EO strategy. Thereafter, a correlation matrix among the pairs of potential predictor-criterion measures was computed and evaluated on the 21 MNEs.

3.7 Limitations of the study

The principle limitation of the study may be the number of MNEs surveyed from each country. Results may prove that a greater variety of firms should be surveyed and over a longer period of time to utilise time series analysis of the data being reviewed, but access to necessary information limits the study to publically available information for unbiased comparisons.

3.8 Validity and reliability

As this research makes use of published, secondary data, it eliminates the element of bias in the survey of the annual reports. This creates a reliability factor that is unquestionable in the financial data that is used for quantitative analysis. There may be some subjectivity in the thematic analysis pertaining to the Chairman/CEO/President reports that were reviewed in a qualitative capacity through content analysis as the data was coded. However, standardising the method of coding has created uniformity in how the data has been analysed.

3.8.1 *External validity*

If external validity is used to determine the applicability of the research results to other domains (Wohlin et al., 2000) then a possible aspect of external validity that this research may not meet is industry related. Although the MNEs that are reviewed are exceptionally diverse in industry, they may not accurately

represent MNE evolution in emerging markets though their specific EO in relation to MNEs in all industries in varied emerging markets.

3.8.2 *Internal validity*

According to Berander (2007), as well as Damm (2007), the validity, which mentions that a research design should allow the researcher to draw conclusions from the causes and effects, is referred to as internal validity. According to Damm (2007) and Wohlin, et al. (2000) there are certain factors that can affect independent variables without the researcher's knowledge and internal validity helps researchers identify those factors.

Once again, as this data is published, secondary data there are no issues with internal validity in this research as it makes use of established MNE annual reports. It would have been ideal to look at causal relations between EO strategy and MNE profitability. As this research is non experimental and correlational in design, the internal validity cannot be strong as there can be no control over extraneous variables such as company dynamics, economic factors and the likes.

3.8.3 *Reliability*

Lewis (1999) defines reliability as the degree with which repeated measurements, or measurements taken under identical circumstances, will yield the same results. This definition assumes that the act of measuring does not affect the variable of interest. Reliability is a measure of the randomness of the measurement process itself.

As the data collected is formalised, published and does not incorporate a questionnaire, the reliability factor of the data is not of concern. However, correlations of the data collected were analysed as assessed against theory to yield results that may be interoperated in multiple ways by multiple individuals.

It is imperative that the qualitative interpretations of the same reports remained the same throughout the report. To do this coding of the qualitative data was

utilised and that allowed for the data to be analysed quantitatively. This was done through thematic analysis and/or protocol analysis which are both forms of content analysis.

CHAPTER 4: PRESENTATION OF RESULTS

4.1 Introduction

In presenting the results it ascertains to answer the three research questions, and test the relevant hypotheses.

As previously mentioned in Chapter 2, there are three research questions (Chapter 2.4 and 2.5) to answer. The first two research questions (Chapter 2.4.1 and 2.4.2) pertain to Hypothesis 1 (Chapter 2.6.1), with Research Question 3 and its sub-questions 3a to3d (Chapter 2.5.1) pertaining to Hypothesis 2 (Chapter 2.6.2).

The qualitative and quantitative results are synthesised and analysed against the relevant current literature presented as a whole picture.

In analysis of the qualitative results, it is assessed just how the findings pertain to Research Questions 1 and 2, noting the aspects of the qualitative analysis that help to answer these two questions and reject or fail to reject Hypothesis 1. Analysis of the quantitative results presented will look to answer Research Question 3, and reject or fail to reject Hypothesis 2. Following a thorough analysis and description of the results and findings, both qualitative and quantitative aspects were analysed as a whole presenting and describing the findings for the larger picture assessing the EO and internationalisation of the MNEs, reviewing their relation with firm performance in their respective emerging markets.

4.2 Results pertaining to Hypothesis 1

				Internationalisation Mode											
MNE		**Sector**	**Internationalisation Success**	**Knowledge**	**Export**	**Joint Venture**	**Culture**	**Innovation**	**Mergers & Acquisitions**	**Associations**	**Networks**	**Branding**	**Subsidiaries**	**Investment**	**Risk Management**
CCB	**China**	Finance	High	x		x	x	x	x	x	x	x	x		x
CTIH		Finance	Medium								x		x	x	x
HKRI		Property / Conglomerate	Medium					x	x		x	x		x	
Hutchison Whampoa		Conglomerate	High	x				x	x		x	x	x	x	x
Ping An		Finance	High			x	x	x	x	x	x			x	x
Shangri-La		Property	High	x		x	x		x		x	x		x	
Tsingtao		Brewery	High		x	x	x	x	x	x	x	x			
Genting	**Malaysia**	Conglomerate	High			x		x	x			x	x	x	
Ranhill		Engineering	Medium	x				x				x			x
MUI		Conglomerate	High	x		x			x		x	x	x	x	x
IOI		Conglomerate	High	x	x		x		x		x				x
Gamuda		Engineering	Medium	x				x	x			x		x	x
Berjaya		Conglomerate	High	x		x	x	x	x	x	x	x	x	x	
Bonia		Retail	Medium		x				x		x	x	x		
SAB Miller	**South Africa**	Brewery	High	x	x	x	x	x	x	x	x	x	x	x	x
MTN		Telecommunications	High	x		x	x	x	x		x	x	x		x
Bidvest		Conglomerate	High	x		x	x	x	x		x	x	x	x	x
Standard Bank		Finance	High	x				x	x	x	x	x		x	x
Richemont		Retail	High		x		x		x		x	x		x	
Shoprite		Retail	High	x			x	x		x	x	x	x	x	x
Murray and Roberts		Engineering	High	x		x	x	x	x			x	x	x	x
Total				14	5	11	12	15	18	7	17	18	12	15	14
MNEs with Medium Internationalisation utilising mode				2	1	0	0	3	3	0	3	4	2	3	3
MNEs with High Internationalisation utilising mode				12	4	11	12	12	15	7	14	14	10	12	11

Table 2: A thematic analysis concentrating on all the internationalisation modes used and summarise them into a table for all 21 MNEs

Table 2 shows a summary of all MNEs and the internationalisation modes utilised. The table summarises the qualitative analysis of the Chairman/CEO/President reports year on year over the period of review and assessing the internationalisation modes utilised. It reviews the number of internationalisation modes utilised by each MNE reviewed, their internationalisation success and allows for comparison between the two.

In reviewing all Chairman's, CEO and President's reports from 2005 to 2010, a summary of the internationalisation initiatives for each MNE over the period of review are as follows for three countries incorporated in the study and the MNEs examined in each country.

4.2.1 *China*

Here follows the findings of each MNE examined in China:

- **China Construction Bank**

China Construction Bank (CCB) is ranked as China's second largest, as well as and the second largest bank in the world by market capitalisation. The bank has approximately 13,600 domestic branches. In addition, it maintains overseas branches in Frankfurt, Hong Kong, Johannesburg, New York, Seoul, Singapore, Tokyo, and Sydney, and a wholly owned subsidiary in London.

CCB wished to develop into a modern and internationally competitive financial institution. They did so though successful listings and expansion internationally and locally and through establishing their vision, developing their business and market positioning strategy, which enabled CCB to achieve a long term steady and sustainable growth.

CCB has expanded internationally through a customer-focused and market-oriented culture in the bank to increase the quality of and innovation in CCB products. Their aim of providing better services and tailor-made products, has aided in increasing brand awareness and market share. This has been coupled with the establishment of research and development centres that have aided the innovation process further.

Key acquisitions such as that of acquiring a 100% interest in Bank of America (Asia) Limited and its subsidiaries, as well as in AIG Finance (Hong Kong) Limited and controlling stakes such as that of Xingtai Trust Company Limited, in addition to strategic relationships with Bank of America, Temasek, and Banco Santander, have provided a diversified operating platform for expanding into overseas markets, and effectively doubling the size of their international operations overnight. A social aspect to their development included brand marketing through the sponsorship of such events as the 2007 Special Olympics World Summer Games, and building CCB Hope Primary Schools via the CCB Caring Foundation. This has aided penetration into market segments that may have otherwise not been reached through international brand exposure.

CCB risk is highly controlled with stringent group wide cost control measures, which have enabled them to weather the storms such as the 2008 financial crisis very well. CCB attribute much growth to favourable market opportunities and enhanced brand penetration which they have made use of. Consistent branch and subsidiary expansion both locally and abroad through the construction of a branch and international office and subsidiary network has further aided growth and brand awareness to attract customers and clientele both locally and abroad.

CCB has also targeted SME segments in enterprise development when financing operations. The growth of these firms has enabled the bank to grow considerably in conjunction with the SMEs and further increase its international exposure.

CCB have placed heavy emphasis on their employee well-being. They have continually and actively revamped their human resources management by pursuing further improvement and innovation in the remuneration management system, thereby increasing the cohesion of employees.

Through international branches and subsidiaries, CCB is able to participate in 24-hour market transactions around the world. This has further aided them in establishing an agency relationship with more than 1,300 banks in nearly 130

countries and regions, expanding the CCB brand globally. CCB note that with these agencies' network, it notably raised their global customer service capability.

As at the end of 2010, CCB had 12 overseas branches and wholly-owned subsidiaries, with over 60 operating entities.

- **China Taiping Insurance Holdings**

China Taiping Insurance Holdings Company Limited (CTIH) is an insurance conglomerate incorporated and headquartered in Hong Kong. CTIH is publicly listed on The Main Board of The Hong Kong Stock Exchange. The principal activity of CTIH is investment holding and its major businesses are reinsurance, life insurance, property and casualty insurance, asset management, reinsurance brokerage and pension management. Its parent company is China Taiping Insurance Group Company.

The Group's reinsurance business, Taiping Reinsurance Company Limited (TPRe), which is a Hong Kong incorporated company and wholly-owned by the Group, is CTIH's global arm of the business. It is mainly engaged in the underwriting of all classes of reinsurance business globally. TPRe's key markets being Hong Kong, Macau China, Japan, other Asian countries or territories, Europe and other parts of the world. With the nature of global reinsurance, major catastrophes affect the international operations of the firm, and subsequently their expansion.

Local expansion has occurred though the establishment of provincial branches for their Peoples Republic of China (PRC) operations with their ultimate objective of having business operations all over the PRC. Taiping Life Insurance Company Limited (TPL), the PRC branch of operations for CTIH, strongly believes that its enlarged branch network will contribute significantly to shareholder value and profitability.

CTIH global business through TPRe's is highly interlinked with the world-wide macroeconomic environment. Expansion of their business is affected by market turmoil and economic uncertainties. With such uncertainty CTIH have aided their global footprint though investment in global equities markets. To control risk exposure and aid international and domestic growth TPRe strictly adheres to its conservative, yet progressive, underwriting strategy.

Expansions of reinsurance operations into Mainland China from Hong Kong have strongly aided future international development of CTIH as a business. In pursuing international opportunities, however, TPRe focuses on its risk management principles and strictly adheres to its long established conservative underwriting policies in controlling its risks and exposures. Conservative policies have allowed for a wide spectrum of offerings that have allowed CTIH to gain the benefits of wider diversification across different geographies and different lines of insurance.

CTIH have consolidated all of their holdings though a major strategic initiative that have unified their various insurance operations through the single, core name of 'Taiping'. Internationally this helps with exposure and expansion though increased visibility of the core functions and offerings of CTIH.

- **Ping An**

Ping An Insurance (Group) Company of China, Limited (Ping An) is a holding company whose subsidiaries mainly deal with insurance and financial services.

Ping An Insurance Group is the holding company of Ping An Life Insurance Company of China, Limited and Ping An Property and Casualty Insurance Company of China, Limited. It also controls China Ping An Insurance Overseas (Holdings) Limited and Ping An Trust and Investment Company, Limited. Ping An Insurance Overseas, located in Hong Kong, is a second holding company for subsidiary companies located outside of Mainland China.

Ping An began as only a casualty insurance company. Since the mid 1990s Ping An has been diversifying into financial services from its core business of insurance and began taking investments from overseas firms.

Through holding 48.22% of H shares (the shares of companies incorporated in mainland China that are traded on the Hong Kong Stock Exchange) by means of different Hong Kong and Shanghai Banking Corporation Limited (HSBC) subsidiaries, HSBC holds 16.8% of total shares of Ping An, making itself the biggest shareholder in Ping An. Ping An holds a duel listing on both the Hong Kong Stock Exchange and the Shanghai Stock Exchange.

Ping An has operations across all of the People's Republic of China, and in Hong Kong and Macau through Ping An Insurance Overseas. Ping An has branches or a representative agent in 150 countries.

Ping An have embarked on their internationalisation through encouraging financial innovation, promoting trials of integrated financial services. A robust resource sharing platform has enabled assets to be coordinated for maximum use and efficiencies. Business innovation as well as leveraging on the positive domestic and foreign market trends, Ping An has enhanced their integrated financial services and global investment platform and fully capitalised on the favourable economic environment resulting in the healthy development of its entire business segment internationally.

Key acquisitions and partnerships globally such as their investment in Discovery Health Limited (South Africa) and Fortis (Europe) aided their global footprint and helped in hedging their risk exposure to mitigate geographic concentration risk certain markets in which they operate. Additional operating segments and expansion into such industries as banking have significantly aided network expansion and international exposure.

Ping An has established the development of promoting efforts in supporting their staff and propelling mutual development between staff and the company. Their corporate culture has allowed for cohesion, expertise and dedication of highly loyal staff that Ping An attribute to aiding in the endurance of the

challenges brought about by the financial crisis. Ping An's culture of innovation, cross-selling and centralisation has enabled the Group to maximise its potential from their base in a national economy that continues to grow and use it as a springboard to expand internationally.

- **Tsingtao Brewery**

Tsingtao Brewery is one of the largest breweries in China. The business scope of the company is the production and sales of beer and other beer related business. In terms of market size and share, Tsingtao is the leading domestic brewery with 53 breweries in 19 provinces, cities and regions all over china. Tsingtao beer is widely known internationally and is distributed in more than 70 countries and regions throughout the world.

Tsingtao has embarked on their internationalisation through mergers and acquisitions both domestically and internationally as well as a huge branding and advertising campaign over the years. As the largest brewery with the highest market share in the domestic brewery industry in PRC, Tsingtao Brewery has obtained steady growth in operational results, and kept its leading position in the industry in terms of domestic beer output, sales revenue, profit, foreign exchanges generated from exports and international sales in addition to innovative marketing.

With increased recognition both domestically and internationally, Tsingtao further strengthened their brand reputation by being successfully chosen as sponsor of the Beijing 2008 Olympic Games. Expansion into foreign PRC influenced territories, such as Taiwan, has enabled a larger platform for international growth.

Branding has been a huge factor in the internationalisation process of Tsingtao having been ranked as number one of the 'Top 500 most valuable brands in China' multiple times over the course of the reviewed period amongst the beer brands. Such exposure has aided brand awareness and growth incrementally year on year to become the dominant domestic brewery in the PRC and viewed as a high end beer internationally.

A corporate culture that encourages innovation has aided such developments and application of brewing technology with high efficiency and low energy use to increase output and aid in meeting international demands through export.

Additional branding has led to the sponsorship of the National Basketball Association (NBA) in the United States of America amongst other sporting activities globally. Further strategic partnerships, such as that established with Asahi Breweries in Japan, further aid international growth and efficiencies.

Tsingtao has also undertaken an entrepreneurial philosophy in expansion, encouraging innovation and installing an entrepreneurial culture that permeates into their system management. To date, due to numerous strategic mergers and acquisitions, purchases of insolvent companies, reorganisation, and JV partnerships the company now has 53 beer production sites and two malt houses in 19 provinces, municipalities and autonomous regions in the PRC, excluding their international JVs.

- **Hong Kong Resort International Limited**

Hong Kong Resort International Limited (HKR International Limited), commonly referred to as HKRI, is a corporate conglomerate; active in land development, hotel and other investments in Hong Kong, the People's Republic of China and the rest of the Asia Pacific.

Over the years, the Group has evolved from a single asset, Hong Kong-based property developer to an international conglomerate engaging principally in innovative real estate development and investment, hospitality management and healthcare services across Southeast Asia. HKRI currently constitutes over 79 subsidiary companies that are operational under the parent.

HKRI have embarked on their internationalisation through actively exploring potential land acquisition and real estate development opportunities to enhance its land bank and property portfolio in Hong Kong, China, Singapore and

Thailand in order to benefit from on the region's surging demand for up-market residential and commercial properties.

HKRI has utilised synergistic business models that complement and benefit one another for solid growth and sustainable development in the long run. Noting visionary foresight, strategic planning, strong leadership and effective management as their four pillars for success, HKRI have enhanced their property portfolio and land banks in Asia Pacific to allow for the realization of profits with growing demand in the region.

Strategic partnerships, such as the one with the international conglomerate Swire and Swire Properties Limited has aided their international expansion within the region into markets with good potential. Diversified operations into healthcare business have meant HKRI is well-positioned to take advantage of on the growing demand for private healthcare services and the increase of the ageing population in the region.

Brand equity has also played a major part in HKRI's international expansion in conjunction with leveraging on its strong footholds in various business sectors, experience and expertise to explore and capture new opportunities to grow its businesses. HKRI have looked for new land banks in high growth areas to expand their portfolio and have done so to strengthen and expand their business territory on the Mainland PRC and across Asia.

HKRI international expansion has been further driven by the low interest rates, abundant liquidity, improved job market, limited supply of residential flats and solid demand for housing and hospitality across Asia.

- **Hutchison Whampoa Limited**

Hutchison Whampoa Limited (HWL) is a Fortune 500 company and one of the largest companies listed on the Hong Kong Stock Exchange. HWL is an international corporation with a diverse array of holdings which includes the world's biggest port and telecommunication operations in 14 countries and run

under their 3 brand (a brand name under which several UMTS-based mobile phone networks and broadband internet providers are operated). Its business also includes retail, property development and infrastructure.

HWL currently operates in 54 countries and employs around 230,000 staff worldwide. The company has five core businesses:

a) Ports and Related Services
b) Property and Hotels
c) Retail
d) Energy, Infrastructure, Investments and Others
e) Telecommunications

HWL has embarked on their internationalisation through exploiting their massive global footprint in diverse industries by supplying demand in the sectors in which they operate as core business. The group has expand its existing facilities and to invest in new opportunities internationally to meet global demand. Due to diverse holdings they have implied varied internationalisation strategies that have been influenced by varied factors.

The property and hotels division has focused on actively seeking development opportunities, primarily in the Mainland PRC where it has substantial land bank interests, but also globally.

The retail division has actively sought out internationalisation strategies though growing their retail brands and store concepts organically through store additions, cautious expansion into new markets and also through selective strategic acquisitions.

Mergers and acquisitions are a large factor in continuing to establish their global footprint. HWL's size has allowed them to, over the period of review, make large acquisitions of other corporations that are already established globally themselves. This is either done on a 100% basis, or as a majority held subsidiary. Key markets have been targeted for expansion, such as Asia Pacific, India and Eastern Europe.

Hutchison Whampoa Port Terminals have been expanded at strategic locations around the world aiding further international growth in shipping. Construction of new facilities has aided the demand for improved facilities to enhance global trade in emerging market economies in Latin America and Asia Pacific regions.

Telecommunications are a major aspect of the group's businesses. HWL owns the 3 Group, which has major operations and client bases throughout Western Europe. The development of Hutchison Asia Telecommunications expanded rapidly into the Asia Pacific region, registering a customer base of 25.7 million people, and positioning them for further international expansion in the region in time to come. Such developments are both innovative and entrepreneurial, using their own established business to expand and create new global entities.

Due to variance in industry and in growth among the group's operations in 52 countries, their internationalisation strategy varies greatly. Fundamentally, however, acquisitions are a prominent factor to their international success in addition to the use of already established enterprises and the knowledge therein, to create new business operations in regions where they see room for growth and expanding such operations to create value and further expand internationally.

- **Shangri-La Asia**

Shangri-La Asia Limited is one of three Shangri-La Hotel Group listed entities. As of 2010, Shangri-La Asia had 70 operating hotels in the group, with an additional 28 hotels planned for expansion over the period of 2011 to 2014.

As a hospitality and leisure organisation, operating hotels and resorts, Shangri-La has embarked on their internationalisation through establishing a luxury and premier brand reputation internationally, both owning and operating and JV operations of their resorts globally.

Brand reputation has been the key factor in the group's international expansion. However property ownership and development in key locations all over the

world has also been a critical factor. This has been predominantly driven by an increased demand for luxury accommodation internationally. Around Asia, Mainland China's economic fundamentals have continued to see the progressive relaxation of travel restrictions, and, coupled with rising urban incomes; this has helped to create a boom in domestic and international travel, increasing the demand for premier hotels.

With a view to further diversifying their portfolio and risk exposure, improving the global awareness of the group's brand name and improving returns to shareholders, the group is has expanding into South and South East Asia, the Middle East, Europe and North America.

Expansion has predominantly occurred though operating lease agreements like that in Tokyo, acquiring equity interests in such hotels as the Novotel Century Harbourview, Hong Kong, development projects of their own globally and management opportunities and contracts in locations which it considers to be of long-term strategic interest for the group.

Further internationalisation strategies are supported by the Shangri-La Asia groups' plan to aggressively increasing the range and depth of its training programmes to nurture and promote talent from within to service its growth plans. This supports their goal of maintaining its dominance in the luxury hotel segment in Asia and around the world through establishing a presence in key high profile, gateway locations around the globe which are of strategic business interest.

4.2.2 ***Malaysia***

Here follows the findings for each MNE examined in Malaysia:

- **Berjaya Corporation Berhad**

Berjaya Corporation Berhad is one of the most diversified conglomerates in Malaysia. The group's main activities include Property Investment and

Development; Gaming and Lottery Management and Vacation Time-Share; Travel; Hotels and Resorts Development and Management.

The Berjaya group is engaged in a variety of core activities. These include property and construction, vacation, hotels and resorts, education, insurance, investment holdings, food and beverages and industrial businesses.

As a massively diversified conglomerate, Berjaya has embarked on their internationalisation through multiple means, namely branding and strategic purchases and investments. The group focuses on conceptual innovation and branding as a whole in addition to looking to expand into established locations, especially landed properties with reasonable pricing and utilising innovative designs.

Berjaya sees international expansion as essential to having going concern in light of limited capacity to have sustainable expansion in Malaysia, and build on the back of existing enterprises under the parent to achieve this growth. They make use of their own established brands with good reputation and their large membership base and wide distribution network in Malaysia and abroad in their internationalisation process. Aggressive marketing plans and expansion of sales centres in already established major shopping complexes overseas are used for promotional purposes in globalisation.

Growth economies such as those of Vietnam, China, Thailand and South Korea are entered into in their international expansion to realise the long term gains of establishing their brands in markets with large emerging middle classes with disposable income to make use of their facilities. Land is bought and facilities established on the back of their existing businesses and reputation.

Further internationalisation has occurred though the acquisition of expertise in the areas of property development in the countries of operation. Capitalising on this expertise allows for the establishment of long term goals and gains within the group’s business sectors.

Berjaya has additionally purchased internationally established franchising rights to such brands as Starbucks, allowing for the application of established

business models that are well known to be implemented from the start of their operations. Additionally another Berjaya owned food and beverage brand, Roasters Asia Pacific (Cayman) Limited, had acquired the worldwide rights to develop the upside potential of the group's Kenny Rogers Roasters (KRR) brand globally. The KRR, brand which currently operates over 300 restaurants worldwide, is using this established platform to further aid expansion in the Asia Pacific region and other parts of the world.

JVs such as that of the group's resort-type residential and commercial complex in Jeju self-governing Province on Jeju Island, South Korea, has allowed for access into developing markets with limited risk.

Acquisitions and development of new businesses within the group are also used in international expansion, adding to the group's business prospects and growth in areas that will meet growing demands in the future such as the establishment of a Berjaya University College of Hospitality, that will directly act as a feeder into their established businesses.

- **Bonia Group**

Bonia Group is a high-end fashion retailer based in Malaysia which has more than 700 sales outlets and 70 boutiques across Asia. It markets footwear, high-fashion leatherwear and accessories. It is also involved in manufacturing activities.

Bonia has embarked on their internationalisation through multiple means such as distributorship agreements, subsidiaries and boutiques.

Distribution agreements allow the group to market Bonia products in markets that already have established distribution networks in place. Agreements are made to market and sell Bonia products. Subsidiaries of the business add different dimensions to international expansion of the fashion house. Additions of subsidiaries such as Banyan Sutera Sdn Bhd, have been incorporated for the

specific purpose of marketing and distribution of Bonia products globally, further establishing the Bonia brand internationally.

To garner a stronger foothold in the international arena, the group has been aggressively building its international marketing and branding network throughout the Asia Pacific region. In addition, new brands have been launched over the period in question in the group's efforts to reinforce their position in the market and increase their international and domestic market share. The group's marketing strategies to aid internationalisation have occurred through marketing strategies which include brand and image building for house brands via advertising campaigns and fashion shows locally and overseas.

Group owned stores have been added in the region, including China, where the market is deemed most promising for luxury brand expansion. Further to that, internationalisation has occurred through opening strategically positioned boutique stores at key international airports such as in Hong Kong, Singapore, Thailand and Malaysia.

Wholly-owned group subsidiaries in Singapore, have further aided internationalisation by acquiring foreign entities such as Guangzhou Jia Li Bao Leather Fashion Company Limited in the People's Republic of China and another wholly owned-subsidiary, Kin Sheng Group Limited, in Hong Kong.

To further enhance their international market penetration, the group has acquired license brands for international fashion houses and opened exclusive boutiques in the region to market and distributes these products in conjunction with Bonia. The group has selected international markets for operational expansion with a growing population, increased employment and income levels, coupled with better education, noting that the resulting growth in the middle and upper middle class segment are their prime income generating markets, offering a large market potential for the fashion retail industry.

- **Ranhill Berhad**

Ranhill Berhad is one of Malaysia's largest companies. Having started out in 1973 as engineering consultants, it expanded, first into engineering, procurement and project management, then into turnkey construction, facility management, development and ownership of projects. Today, Ranhill is a premier engineering corporation, focusing on the industrial sectors essential to nation-building such as oil and gas, power, water and infrastructure.

Ranhill has embarked on their internationalisation through establishing operations and contracts around the world that are both innovative and sustainable, even going so far as to establish full regional headquarters in areas of prosperous expansion. Their internationalisation is heavily supported in a human capital element, where Ranhill commits extensively to manpower development at all levels of the organisation, in order to prepare employees with the relevant soft and hard skills required to carry out their responsibilities professionally and ethically, in an international environment. To achieve this they have sought to employ diverse and talented world-class performers while retaining their pool of skilled and talented workforce.

Further to their human element, and continuing with a skilled workforce of diverse individuals, Ranhill have sought internationalisation of their business though providing a comprehensive spectrum of services and capabilities, establishing themselves as a provider of the best solutions available for all processes of turnkey services; start to finish encompassing developing, engineering and constructing, as well as ownership and operations of facilities and assets in the energy and infrastructure industries.

To mitigate the risk of their internationalisation process, Ranhill have sought to spread across many regions, from South East Asia, Australasia, Europe, China, India, the Middle East to Africa, as well as the Caspian region, and across all the sectors they serve in each region and country.

In internationalising emerging markets were entered into to provide the group with diverse income streams while reducing their dependence on a particular

market. These include countries with a growing demand for infrastructure, power generation, water and waste water projects. By establishing a presence in these markets, Ranhill are strategically poised to capture a share of these fast growing markets, further aiding their globalisation process and further strengthen their brand name as an international player.

- **IOI Corporation**

IOI Corporation (IOI) is one of Malaysia's biggest conglomerates that started off as an industrial gas manufacturer. It ventured into property development in 1982, followed by oil palm plantations in 1985. Currently the IOI group employs more than 30,000 personnel of more than 23 different nationalities in 15 countries.

IOI has embarked on their internationalisation over the period being reviewed through the group's human resource strategy focusing on two interdependent objectives; human resource capacity building and talent retention. This was achieved through external recruitment of specialised skill sets needed for internationalisation, in addition to internal upgrading and promotions, as well as developing a cadre of young graduates to fill field supervisory positions and operative/functional posts at various operating units under the group ensuring succession planning and international going concern.

In expansion, focus has been placed on firm culture ensuring that this culture permeates across the whole organisation to enhance teamwork, communication and to further incentivise performances, promoting the mindset of IOI being a global firm.

Internationalisation of IOI has been further driven by new markets that make use of their current produce, so the expansion of operations is a natural progression. IOI global growth was sought through export brought on by strong growth from the leading emerging economies, notably, India and China, and increased demand from European economies for their produce. This has driven export operations internationally for the group to more than 60 countries

worldwide; mainly to Europe, Japan and China and customers include some of the world's largest multinational corporations. This has further allowed for expansion though the acquisition of properties globally to meet demand. New refineries have been invested in strategic locations to further supply the demand for produce in these areas, including opening manufacturing operations in the Netherlands, USA, Malaysia, and Canada, and sales offices in eight other countries to meet the demands of more than 85 countries worldwide.

In line with risk mitigation and creating neutral hedges, IOI exploit risks that are necessarily associated with creating added economic value and always ensuring a worthwhile risk-reward ratio within the group, many of these found internationally.

- **Genting Group**

Genting Group is an Asian conglomerate. It comprises four listed entities, namely the group holding company Genting Berhad and its member companies Genting Malaysia Berhad, Genting Plantations Berhad, Genting Singapore Plc and Genting Hong Kong Limited.

The Genting Group has over 26 years of experience in developing, operating and marketing casinos and integrated resorts in different parts of the world, including the Americas, Australia, Malaysia, the Philippines, Singapore and the United Kingdom (UK). It has been voted Malaysia's leading corporation and one of Asia's best managed multinationals.

From its initial leisure and hospitality activities, the Genting Group has expanded and diversified into other activities including plantations, properties, power generation, oil and gas, e-commerce, information technology and biotechnology. The Genting Group is the founder of Star Cruises, the third largest cruise liner company in the world and largest cruise liner in Asia. Star Cruises, which was renamed Genting Hong Kong in 2009, is listed on both the Singapore and Hong Kong Stock Exchange. The Genting Group currently owns about 19.9% of Genting Hong Kong.

Genting has embarked on their internationalisation over the period being reviewed through property acquisitions and diversified operations that are pursued on a global scale. Brand marketing has also played a large part in their internationalisation through such activities as sporting franchise sponsorship in the English football Premier League in the (UK).

Activities as the development in the leisure, entertainment and gaming industries globally as well as in the power, plantation and oil and gas industries have presented international growth opportunities which have been pursued. This has been done through JVs, acquisitions of subsidiaries and active development of the Genting International brand.

The group's major subsidiaries have undergone a renaming exercise over the period in question in order to incorporate Genting in their corporate names and reflect the direct relationship with the Group, leveraging the immense strength and value of the Genting brand. This has allowed for the Group to develop and implement innovative strategies to increase business globally and grow their brand internationally.

Further internationalisation has been driven by demand to meet certain needs within the region and globally, such as expansion into China, India and domestically in Malaysia through operating power stations to meet growing demands for electricity in certain regions. In addition to these operations, further exploration in the region for natural oil and gasses has driven internationalisation in Asia Pacific.

- **Malayan United Industries Berhad**

Malayan United Industries Berhad (MUI) is another one of Malaysia's largest conglomerates. The main businesses of the group include retailing; hotels; food and confectionery; financial services; property; travel and tourism. The group has business presence in the United Kingdom, Continental Europe, the United

States of America, Canada, Malaysia, Thailand, Australia, Hong Kong, the People's Republic of China and Singapore.

MUI has embarked on their internationalisation over the period being reviewed through mergers and acquisitions, JVs and supplying demand based on brand reputation and leveraging current knowledge and experience within the markets in which the group operates.

MUI's international operations span the United Kingdom, Continental Europe, the United States, China and the Asia Pacific region. The group has primarily internationalised through its subsidiary firms that are based and operate in foreign countries. Through ownership of subsidiaries which are franchised and licensed, MUI has achieved internationalisation on a large scale, being exposed to multiple global regions.

MUI has large stakes in internationally listed associated entities that are multinational in their own right, providing an effective foothold in varied regions around the world. Laura Ashley Group, one of these associated entities, alone owns and operates 223 stores in the United Kingdom, Ireland and France and franchises another 240 stores in 29 countries.

Further internationalisation has been sought through developing and operating hotels though the UK-based Corus brand in the United Kingdom and Malaysia. This is in addition to the groups owned food and confectionery business which is undertaken by its MUI's listed subsidiary, Pan Malaysia Corporation Berhad, which owns Network Foods International Limited (NFIL), based in Singapore. NFIL, in turn, has four subsidiaries operating in Malaysia, Singapore and Hong Kong.

In addition to retail, confectionery and hospitality, MUI operates a securities company which has expanded their international operations through trading in foreign markets.

- **Gamuda Berhad**

Gamuda Berhad is a Malaysian conglomerate focusing on engineering, property and infrastructure. The group's main projects range from the construction of highways, airport runways, railways, tunnels, water treatment plants and dams, to infrastructure privatisation and the development of new townships. The group has a regional presence in Qatar, Bahrain, India, Laos, Vietnam, Malaysia and Taiwan.

Gamuda has embarked on their internationalisation over the period being reviewed through a long term international strategy that has seen the engineering conglomerate enter multiple international markets through undertaking engineering and construction projects around the world. Gamuda's internationalisation has been driven by a global demand for expansion and development.

Gamuda has sought to increase their global presence though leveraging on their reputation as an established international contractor of good reputation, supplying the international construction market due to global economic growth. Property acquisition has been a diversification strategy for their internationalisation to support the growth of the group in time to come, by acquiring land banks and investing in international property projects in growth economies where there is increased demand with good long term growth potential.

Much like other firms reviewed, Gamuda has invested in their staff internationally ensuring their development is in line with the group's continually expanding international operations. This has allowed Gamuda to develop innovative infrastructure solutions, allowing for effective transfer of operations and skills on a global scale.

4.2.3 *South Africa*

Here follows the findings of each MNE examined in South Africa:

- **Bidvest**

Bidvest is a South African-based distribution services and trading conglomerate and the largest food service business outside North America. The group is active in freight management, outsourced services, industrial and commercial products and services, printing, packaging closures, stationery, office products, corporate travel and automotive retailing. Bidvest has over 100,000 employees on four continents spanning Africa, Europe, Asia and Australasia.

Bidvest has embarked on their internationalisation over the period being reviewed by being highly entrepreneurial and implementing a decentralised structure. Bidvest has utilised its size to incorporate multiple businesses, predominantly through acquisitions under one core brand, whilst taking advantage of developments in their own industries and markets.

Bidvest, a company built on an entrepreneurial model, applauds all efforts to foster the spirit of entrepreneurship and offer official initiatives to spur the growth of SMEs and the development of enterprises under the Bidvest Group Brand that add value. This model is applied to their international businesses to positioning the group for further expansion, both through organic growth and by strategic acquisitions on a global scale.

Operating as a decentralised structure drives each business that Bidvest owns as a subsidiary to explore new international opportunities whilst integrating foreign operations into their global brand and thus increasing their market exposure.

In addition to acquisitions, Bidvest places heavy emphasis on the development and commitment to their staff. In operations across the group, younger managers are sought to move into positions of real responsibility, adding impetus to business transformation on a global scale. They benefit from substantially increased training investment and a consistent strategy of early

identification and incubation of managerial talent. Training academies have been developed to aid staff in their own development and encourage them to build the business and expand internationally, linking success to incentives whilst supporting the growth of the business at the same time.

International strategic opportunities are sought after and integrated into the group should they provide a platform for growth, but also to mitigate any one area of exposure to risk. Innovation is placed on a pedestal when looking to unlock growth opportunities wherever they occur by meeting demands and assisting in up scaling businesses brought into the group internationally.

In their internationalisation, Bidvest acknowledge that some of their divisions are bigger than many listed companies, thus each is run by a chief executive who is given wide powers. Each chief executive is made fully accountable for results, which spur their divisional growth in their operational markets and aid in their expansion though incentive seeking employees.

Acquisitions are made strategically, and when seeking out international operations, they are sought to fill a need in the business pipeline to aid the group as a whole, both regionally and globally.

- **Murray and Roberts**

Murray and Roberts Holdings, Limited is a South African based construction contractor. Murray and Roberts is South Africa's leading engineering, contracting and construction services company, with a primary focus on the resources driven construction markets in industry and mining, oil and gas and power and energy in Africa, the Middle East, Southeast Asia, Australasia and North and South America. The company offers civil, mechanical, electrical, mining and process engineering; general building and construction; materials supply and services to the construction industry; and management of concession operations.

With international activity in Botswana, the Democratic Republic of Congo, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia, Zimbabwe, Bahrain, Qatar, Saudi Arabia, United Arab Emirates, Australia, Indonesia, Malaysia, Philippines, Singapore, Thailand, Benin, Canada, Egypt, Ghana, India, Mexico, Nigeria, Pakistan, Peru, China and many countries in Asia, Murray and Roberts has embarked on their internationalisation over the period being reviewed through meeting global demands for construction and engineering, utilising their knowledge and experience in the fields in which they operate.

Their global strategy is to identify key future growth markets as the construction economies of Southern Africa, the Middle East and Southeast Asia and the specialist mining and energy natural resource markets of South Africa, Australia and Canada, and also spurred innovation and acquisition of key resources and expertise including JVs and subsidiary operations.

As a large South African based construction conglomerate, internationalisation has been further sought to comply with Murray and Roberts's enterprise risk management process. The process is applied in all areas of potential exposure to risk, including acquisitions, projects, health, safety and environment management, and brand integrity, as well as meeting international needs for their specialised expertise in all areas of their operations.

Acquisitions of foreign entities have strengthened the group's competitiveness in an environment in which increased opportunity has driven a world-wide trend of consolidation and globalisation in the construction and engineering sectors. Using such acquisitions and specialized expertise internationalisation has been an organic process. The group serves the construction economies of the southern hemisphere and other developing markets, leveraging its South African competitiveness. The acquisition and development of a cementation process division in South Africa and Canada has formed the world's leading underground mining services group with a strong presence in the key mining markets of Africa, Australasia and North America.

A further driver of the group's internationalisation is their innovation across their operations. Investment in their staff has allowed for smooth transition between their businesses and countries of operation, building on their brand and reputation as a choice contractor around the globe. In addition, aiding their internationalisation in an ever mindful business environment on the effect of their operations on their surroundings, innovation has led to the group implementing a zero harm structure to the business, employees, partners and the societies within which they operate. A drive to reduce the group's carbon and energy footprint across all operations has enabled them to access global contracts that require certain green credentials. This includes ongoing initiatives to upgrade equipment with more energy efficient technologies and investigating the feasibility of alternative and renewable sources of energy.

- **MTN**

MTN Group is a South Africa-based multinational mobile telecommunications company, operating in many African and Middle Eastern countries. MTN is active in over 21 countries throughout these regions.

MTN has embarked on their internationalisation over the period being reviewed through meeting global demands for communication technology, primarily on the African continent and the Middle East. Internationalisation has occurred through identifying and exploring growth in opportunities in JVs and subsidiaries as well as full acquisitions. Obtaining licensing agreements across Africa and the Middle East have allowed MTN to consolidate their position as the leading provider of telecommunication services in developing markets.

Innovation is deemed a critical factor in progressing forward as a market leader in the group's internationalisation process, whilst appreciating the individual capacities of the 21 countries in which they operate and servicing their clientele base of some 120 million users. Development of technology has aided MTN's internationalisation process through advancements that allow for accelerated broadband speeds making the provision of many converged services possible. This has also been sought via infrastructure investment focused on upgrading

and expanding networks with new site builds; investment in software and hardware; the ongoing introduction of New Generation Networks; as well as the roll out of third generation (3G) data services across regions that currently do not have such services.

Branding has been a huge part of the group's international recognition and international expansion. Expressive and expansive branding campaigns have made the MTN Group a recognisable brand of choice across the African continent.

Acquisitions of smaller, localised telecommunication firms have aided the group's internationalisation process, through effectively acquiring and upgrading existing networks and consumer bases, assisting in consolidating the telecommunications markets in the emerging markets sector. This aids the group's strategy on building on their long term goal of consolidation and diversification, leveraging their footprint and intellectual capacity and convergence and operational evolution. Strategic partnerships have also been entered into on the Asian sub-continent, in order to develop a foothold and understanding of market conditions before fully committing their resources into an environment they do not understand. This effectively mitigates their risk exposure whilst investing in their own staff to build needed experience and expertise that will drive the group forward, furthering their internationalisation process.

- **Shoprite Holdings**

Shoprite is a South African based retail and fast food company. It operates over 1,200 corporate and 270 franchise outlets in 16 countries across Africa and the Indian Ocean Islands.

The company has more than 1,200 corporate outlets under various operational names including Shoprite, Checkers, Checkers Hyper, Usave, OK Furniture, House and Home, OK Power Express and Hungry Lion. Shoprite also owns franchising brands though their OK Franchise Division under the names OK

Foods, OK Grocer, Megasave, OK Minimark, OK Value and Sentra, totalling 274 stores in South Africa, Namibia, Botswana, Swaziland and Lesotho.

Shoprite has embarked on their internationalisation over the period being reviewed through what they describe, as at times, with more enthusiasm than knowledge. However, their expansion into international markets arose from supplying the needs of African, American and Asian consumers and strategic mergers and acquisitions over the years in question.

Further internationalisation for Shoprite has occurred through property development and acquisitions throughout their areas of operation having invested on a large scale in buildings and infrastructure.

Innovation has also driven their globalisation process. Having to seek ways to overcome distances and enable the group to deal effectively over multiple countries and regions, both in supplying and sourcing produce, Shoprite developed highly sophisticated programmes utilising satellite technology that enable them, within minutes, to track if, for instance, a can of beans or a bag of potatoes is being sold in Kampala or Cairo.

In building a sustainable business and creating a global brand, Shoprite expanded their operations through diversification based on their knowledge of market wants and needs utilising already existing facilities controlled by the group. Such an example is, after extensive research into existing models, particularly in the United States of America, the group deciding to enter the health-care sector, opening pharmacies, all located within existing supermarkets controlled by the group. This has aided their internationalisation process through innovation and diversification.

Employee wellbeing and development have played a large role in shaping the culture of the group, and facilitating their internationalisation through meeting demands for products and services in countries and areas lacking such facilities. The group employs an ongoing recruitment drive to employ graduates and promote succession planning. Further to that, the group provides staff

members with additional training to upgrade skills, especially in the area of service delivery.

An entrepreneurial aspect of enabling more members of management to own equity in the business has further driven the internationalisation process as risk and reward are interlinked when looking to grow the business. Human resources are developed to source and retain the services of experienced senior managers who are considered attractive targets by international retail groups. Their knowledge, skills and experience are specifically sourced to enable international growth and facilitate the understanding of the international markets in which they operate.

Based on their own needs, the group has created subsidiaries that supply their own needs globally and that of others, for instance their supply chain logistics division. Such developments have created new international operations that aid in Shoprite's internationalisation process.

- **Richemont**

Compagnie Financière Richemont Société Anonyme (S.A.) (referred to as Richemont) is a Swiss luxury goods holding company founded in 1988 by the South African businessman Johann Rupert. Richemont categorises its businesses into four areas: jewellery, watch making, writing instruments and other, which encompasses clothing and firearms. The company holds a duel listing on the Johannesburg Stock Exchange (JSE) and on the SIX Swiss Exchange. Richemont is the third largest luxury goods company in the world by turnover, behind Louis Vuitton Moët Hennessy (LVMH) S.A. and PPR S.A., its two main competitors in the luxury goods market.

Richemont has embarked on their internationalisation over the period being reviewed through building on the demand for luxury goods in emerging markets, in line with increasing populations with high levels of disposable income.

Already, having an established international base to build on, the group relies strongly on their brand power, which is vigorously promoted to encourage

demand for their goods. Mergers and acquisitions into the group have also expanded international operations, providing a foothold in certain markets with an already established consumer base. Further acquisitions of component manufacturing businesses bolster in-house component sourcing capabilities, allowing for the group to increase production capacity to meet the demands that international expansion places on the business.

Through consolidation, and recognising core business competencies, such brands as Alfred Dunhill, has moved quickly to take direct control over the distribution of its products in mainland China, for example, and has bought 30 stores from its franchise partners in key locations such as Beijing and Shanghai. Such acquisitions and consolidation of processes has enabled rapid expansion into new international markets based on the strength of their brand and investment by the group.

The group encourages a greater exchange of views and more vigorous debate between the individual centres, regional teams and brand management. Their management teams within the Maisons (brand houses) are continually driven to innovate and foster creative talent to deliver products that seduce their customers and meet demands for certain products based on cultural wants and norms.

Effective global networks have aided the group's internationalisation process further through establishing a global distribution and after-sales service network designed to meet their partners' and customers' expectations in addition to multiple brand stores offering varied products of the group. This has effectively seen brand expansion of Maisons within the group into regions of the world they had previously not existed in. The investments in the distribution networks encompass boutique openings in growth economies, and with improvements to supply chain processes and information technology (IT) systems the group's core global operations have been expanded into regions that may have been previously too expensive to maintain.

- **SABMiller**

SABMiller public limited company (plc) (referred to as SAB) is a global brewing and bottling company. It is the world's second-largest brewing company and is also a major bottler of Coca-Cola. SAB has operations in 75 countries across Africa, Asia, Australasia, Europe, North America and South America.

SABMiller holds duel listings on the London Stock Exchange and the Johannesburg Stock Exchange. The origins of SAB date back to the foundation of South African Breweries, the namesake of SAB, in 1895 in South Africa. For many decades the operations of South African Breweries were mainly limited to Southern Africa, where it had established a dominant position in the market, until 1990 when it began investing in Europe.

SABMiller has grown from its original South African base into a global company with operations in both developed markets and in emerging economies such as Eastern Europe, China and India. It is one of the world's largest brewers, with brewing interests and distribution agreements across six continents.

South Africa is the group's most established market to date. Local subsidiary, SAB Limited's, soft drink division is also the country's largest producer of products for the Coca-Cola Company.

SABMiller's brewing operations in Africa span 31 countries. In China, the group's national brand in that country, Snow, is produced in partnership with China Resources Enterprise Limited, and is the leading brand by volume in China. SABMiller is the second largest brewer in India and has JVs in Vietnam and Australia.

SABMiller's European operations are mostly centred in the fast developing consumer markets in Central and Eastern Europe (Hungary, Romania, Poland, Czech Republic and Russia), although there are operations in Italy, France, the UK, Spain and Germany, where it imports its international brands.

SABMiller have operations in six Latin American countries, including Colombia, El Salvador, Ecuador, Panama and Peru. They also have substantial holdings in North America in the form of a JV known as MillerCoors.

SABMiller has embarked on their internationalisation over the period being reviewed through large scale mergers and acquisitions primarily, relying on their size and market consolidations to expand their international footprint through such strategic acquisitions, subsidiaries, JVs, where necessary, and international knowledge and experience.

Operating in 75 countries on six continents has seen growing consumer demands for beer and has driven capacity to be increased in markets that have increasing populations and disposable income. Branding has been a critical factor in such markets, with core brands being promoted to increase sales and expand them into regions that they had previously not existed in.

Acquisition of breweries into the group has been the predominant diving factor of the group's internationalisation, but their investment in the development and infrastructure of these breweries has been another. With increasing demands for beer and select brands in regions around the world, much emphasis has been placed on property purchase and development of such breweries to supply the demand of the region in which they operate.

Additional expansion into facilitating and managing processes of other companies has also aided SABMiller's internationalisation. The group has an agreement to bottle Coca-Cola products and distribute them under license.

Whilst not as innovative as other MNEs reviewed, SABMiller place a large emphasis on staff development and the culture of their organisation. Investment in staff has led to the creation of a balanced and attractive global spread of businesses; the development of strong, relevant brand portfolios in each local market; improvements in the performance of local businesses and leveraging the group's global scale in seeking out relevant and strategic acquisitions. Investment in staff has led to improved efficiencies and increased quality of their products, which in turn has driven sales and expansion further. In addition, an

entrepreneurial attitude toward risk has allowed the group to pioneer the buying of emerging market businesses and as a result has been able to build global market leading positions.

- **Standard Bank**

The Standard Bank of South Africa Limited (Standard Bank) is one of South Africa's largest financial services groups. It operates in 34 countries around the world, including 18 in Africa and 16 outside of Africa.

Standard Bank has embarked on their internationalisation over the period being reviewed through the consolidation and diversification of their core business to meet the needs of an ever increasing internationalised customer base. The group has sought to expand internationally acquisitively, and through establishing operations in international markets of relevance to their core business operations.

Experience and expertise in the group is regarded in high esteem and has actively been sought after on a managerial level to aid in the group's internationalisation process. The experience acquired by the group has allowed for the effective identification and pursuit of new growth opportunities domestically and abroad.

Building on a strong local brand has been a large contributing factor to the group's globalisation process. Advertising and sponsorship have driven the brand awareness of the business internationally through the sponsorship of major sporting events and charitable causes.

As is the case with all financial institutions, not least the larger MNEs, risk exposure is a large issue for firm stability. Standard Bank has made acquisitions to offset their country specific exposure through purchasing financial institutions and investment in diversified organisations globally.

High levels of innovation have driven the development of products that have been attractive to their investors and customers alike. With an increasing

internationalised customer and investor base, the bank has been able to expand with the businesses they support by investing in operations and regions globally. Such a footprint had also made Standard Bank an attractive purchase prospect and a large holding of the Bank's shares were bought by the Industrial and Commercial Bank of China (ICBC), the largest bank in the world by market capital at the time of purchase. With such a strategic partnership, the internationalisation process of the group expanded rapidly into the Asian region.

4.2.4 *Conclusion of qualitative analysis results pertaining to Hypothesis 1*

In reviewing the findings, summarised in Table 2, it is apparent that there is not one method of internationalisation utilised by the 21 MNEs being reviewed. The results pertaining to Research Question 1 are made evident through utilising a thorough analysis of the strategies and reports. Internationalisation modes noted as used, but not limited to knowledge, exporting of goods and services, JVs, culture and cultural fit, innovation, mergers and acquisitions, associations, networks, branding and brand recognition, subsidiaries, investments and effective hedging of risk and risk management. It must be understood that all of the MNEs exist by supplying a demand by consumers for their goods or services. Many of those reviewed have internationalised out of necessity to access markets and sustain their growth in addition to hedging their exposure to a single volatile market or region, mitigating the risk of incurring undesirable losses. Each foreign market entered into, by each MNE being reviewed has additionally being carefully assessed and selected through knowledge acquisition and network establishment to access the opportunities that the new markets present.

The results pertaining to Research Question 2 are further made evident when relating the number of internationalisation modes utilised to the MNE's scale of foreign operations. As stated, EO and internationalisation are highly interlinked with many of the same constructs and, as such, one cannot exist without the other. Of the twelve internationalisation modes mentioned most frequently in the

analysis of the 21 MNEs, many pertain to elevated levels of EO, specifically relating to those EO contributors as presented in Model 4, knowledge, culture, resources and networks including JVs, subsidiaries and associates in addition to proactiveness, innovation and risk taking and risk management, were prevalent. Utilising a simple count of the MNEs methods of internationalisation it is clear that in 18 of the 21 firms being reviewed noted mergers and / or acquisitions as a means of gaining access to international markets. This relates to resources in Model 4. Branding featured highly as a method of internationalising, focusing on firm affiliation and establishing an identity synonymous with quality. It is notable that 18 of the 21 firms cited branding as an internationalisation method. Branding is interlinked with firm culture, representing 12 of the 21 MNE's internationalisation modes, as it is embedded in their core business of who they are and what they represent. Both knowledge and networks, having been noted by 14, and 17 of the 21 MNEs respectively as a mode of internationalisation, ranked prominently in the overall picture of MNE expansion. When specifically analysing proactiveness, innovation and risk taking, the traditionally recognised three factors that comprise EO, the results were unsurprising, innovation was sighted by 15 of the 21 MNEs as necessary to their internationalisation, in addition to 14 of the 21 MNEs who sites effective risk management and diversification though expansion as a reason to pursue internationalisation, whilst active investment, seen as proactiveness of the MNE, was given as an internationalisation mode by 15 of the 21 MNEs.

With this assessment it is evident that having an elevated level of EO is considered important for, at least, these MNE's internationalisation. But to answer the research question, noting on whether there is a positive relation between levels of EO and the success of the MNE operating internationally is analysed by how many of the reviewed internationalisation modes each MNE noted as important to their internationalisation efforts. Of the 21 MNEs reviewed, 16 have had a relatively higher degree of success internationally. Of the 12 internationalisation modes, 16 MNEs noted between 6 and 12 modes as important to their internationalisation efforts. In contrasting, the remaining six MNEs that have not had as high a degree of internationalisation and only noted between four and six modes, of internationalisation as being important to their

growth efforts. This suggests that an elevated level of EO does indeed have an impact on a MNE's international operations successes.

4.2.5 *Conclusion of quantitative analysis results pertaining to Hypothesis 1*

This hypothesis was tested statistically using the Fisher Exact Test to test for a relation between two categorical variables in a small sample when the assumptions of the chi square test for independence do not hold. The 2x2 frequency table was obtained by performing a median split on the number of internationalisation modes of more versus less successful MNEs. The median value of eight modes of internationalisation was used for the categorisation. Of the 16 more successful MNE's, 12 (75%) of them had used at least eight modes of internationalisation, whereas none of the five less successful MNE's had used at least eight modes of internationalisation. The one-tailed Fisher Exact Test revealed a significant relation between extent of use of internationalisation modes and internationalisation success ($p<0.01$). Thus, the null hypothesis of no relation between extent of use of internationalisation modes and internationalisation success is rejected, thus providing support for Research Hypothesis 1 that **'EO is positively correlated with the degree of internationalisation of MNEs in the selected Emerging markets, such that elevated levels of EO are more often present in MNEs with higher internationalisation than in those with lower internationalisation'**.

In conclusion, both the qualitative and quantitative analyses of the research data support the presence of a positive relation between MNEs' EO levels and their internationalisation success.

4.3 Results pertaining to Hypothesis 2

Before being able to better understand whether increases over time, in the number of each of the three aspects of the internationalisation process (IVs) for the MNEs reviewed, are related to increases in indices of financial performance within the respective firms, the internationalisation process itself needs to be understood, as well as its change over time, and similarly for the change in the indices of performance needs to be understood over time.

Research Questions 3a to 3d provide a comparison of the composition of the EO strategies that characterise the MNEs studied and pertain to Hypothesis 2 that ***'EO is positively related to firm performance measured by operational size and scope of internationalisation in an emerging market context, such that elevated levels of EO are more often present in MNEs with greater size and scope of internationalisation than in other MNEs'*** Restated, Research Question 3 asks:

a) What is the structure of the EO strategy of MNEs, in other words, what is the relative contribution of EO, greater network and internationalisation strategies to overall EO strategy, did this structure vary over time and across regions?

b) What are the dynamics of:

i. the EO strategy measures from 2005 to 2010, and were the changes over time different across the regions?

ii. the MNE profitability measures from 2005 to 2010, and was the change over time different across the regions?

c) At a regional level is MNE EO strategy related to performance?

d) Which measure(s) of MNE profitability is (are) best predicted by the three EO strategies?

The second hypothesis of the research is tested via a quantitative analysis of the relation between the frequencies of the three aspects of EO strategy and their relation to the internationalisation performance measures of success for the MNEs in each of the emerging markets across the six year period of the research between 2005 and 2010. The three aspects of EO strategy have been grouped as greater network (encompassing JVs, subsidiaries, association and associates), internationalisation (encompassing foreign market expansion / overseas expansion, foreign market operation / overseas operation and international), and finally EO (encompassing risk, innovation, culture, knowledge, resources, network, entrepreneurship and entrepreneurial orientation).

4.3.1 ***Research Question 3a***

In answering Research Question 3a the composition of each MNE's internationalisation process has been reviewed by their respective country or emerging market of operation. This research question was addressed using graphical analysis to show the change from 2005 to 2010 for the three EO strategy categories for each firm in each emerging market reviewed. The results are presented in the stacked bar diagrams depicted in Figure 1 and 2 for 2005 and 2010 respectively, and complemented by non-parametric statistical tests of the significance of differences among the countries and across the time period.

Composition of MNEs' EO strategies (2005)

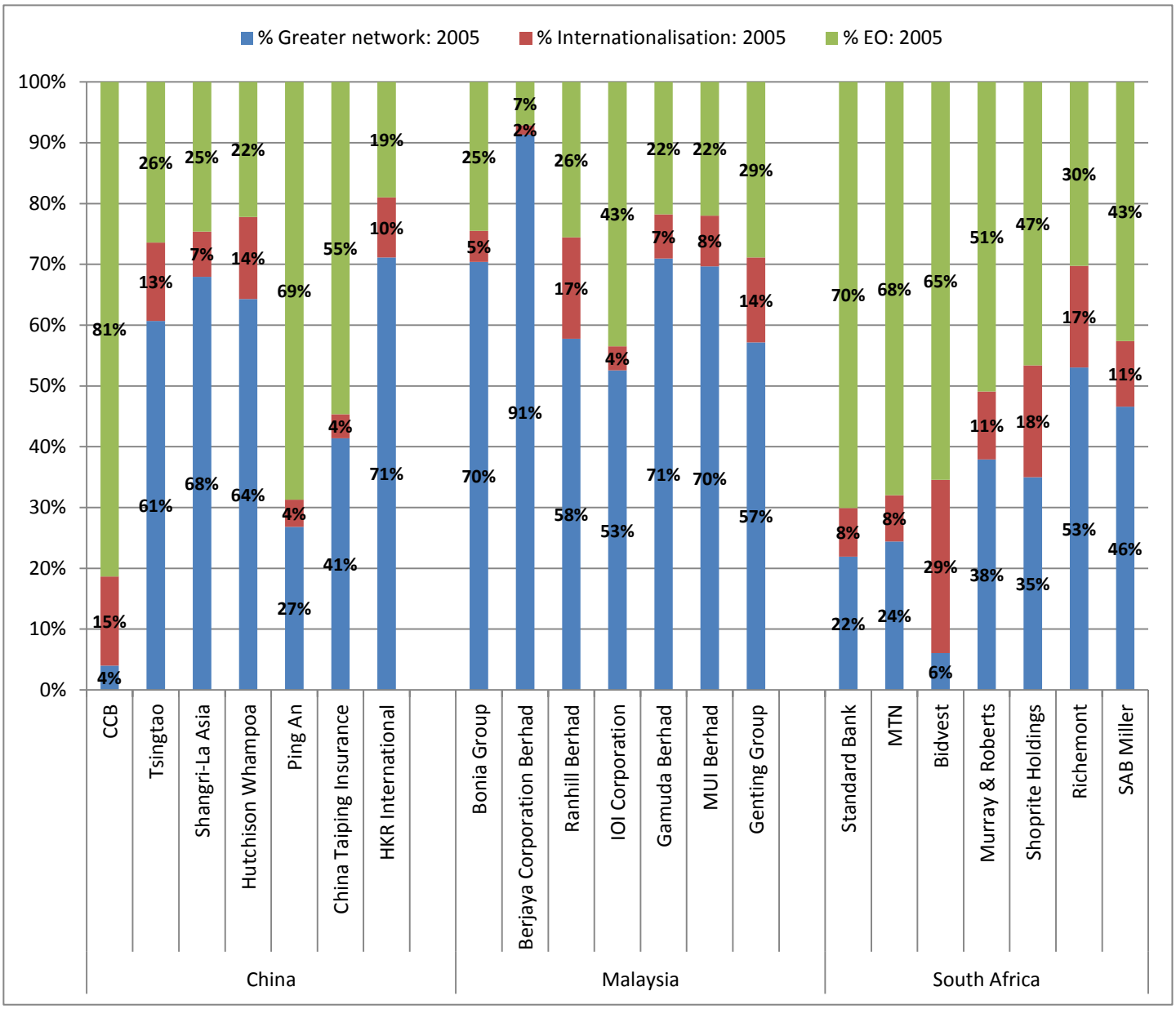


Figure 1 : Composition of MNEs' EO strategies (2005)

Composition of MNEs' EO strategies (2010)

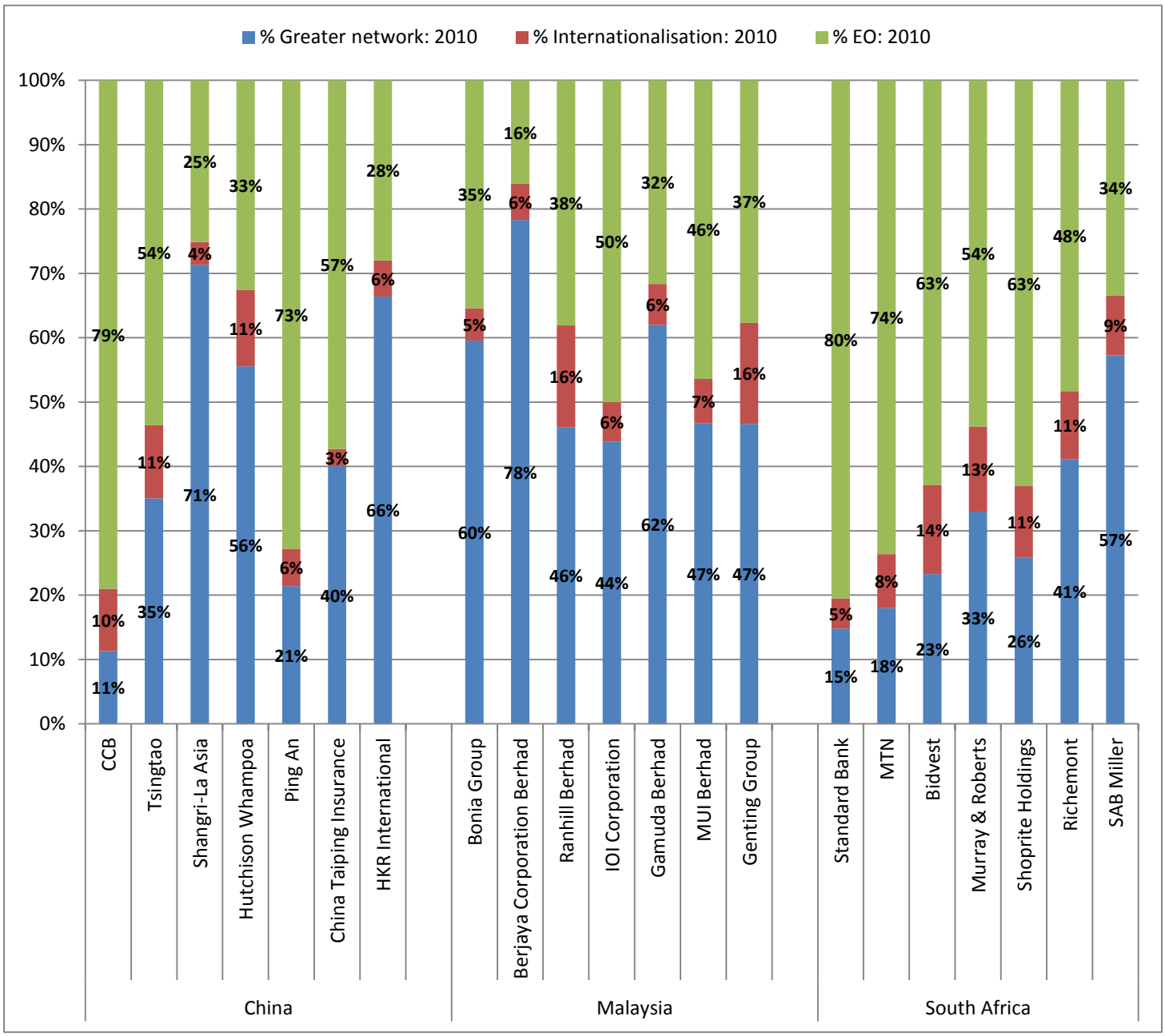


Figure 2: Composition of MNEs' EO strategies (2010)

Pertaining to both Figures 1 and 2, the graphical analysis examines the relative contributions of the three strategic aspects considered (greater Network, internationalisation and EO) to the broad annual reports of the MNEs reviewed. It enables a comparison across the three emerging markets or countries, as well as across the time period being reviewed.

The graphs for 2005 and 2010 show us that for all MNEs of all three emerging markets, the strategic aspect that featured the least was internationalisation. While in Malaysia, in both 2005 and 2010, greater network strategies were dominant over EO strategies, the reverse was true for the South African MNEs where EO strategies were dominant over greater network strategies in both years. However, there was no clear pattern of a dominant strategy in the Chinese MNEs considered in either year. These different patterns in the relative contributions of the strategic aspects are borne out by the results of the Kruskal-Wallis non-parametric test for comparison of independent groups (Table 3), which revealed overall significant differences in the representations of the strategic aspects across the emerging market MNEs using a 10% level of significance (with the exception of percentage Internationalisation in 2010).

Statistical analysis thus positively answered the question ‘Is there a significant difference between the relative contributions of the three strategic aspects considered across the three emerging markets or countries?’, that there are different patterns in the relative contributions of the strategic aspects.

Kruskal-Wallis ANOVA by Rank	Year	Kruskal-Wallis test statistic H (2, N= 21)	p	significant
% Greater network	2005	7.2469	0.0276	p<0.05
	2010	6.0334	0.0490	p<0.05
% Internationalisation	2005	5.1970	0.0744	p<0.10
	2010	1.7885	0.4089	
% EO	2005	5.7275	0.0571	p<0.10
	2010	5.2170	0.0736	p<0.10

Table 3: The Kruskal-Wallis nonparametric test comparing the overall percentages of Revenue, Greater network, Internationalisation across the three markets for 2005 and 2010

In order to compare changes over time for the seven MNEs per country, another non-parametric test, the Wilcoxon Matched Pairs Test was used, thereby answering the question 'Is there a significant difference between the relative contributions of the three strategic aspects considered from 2005 to 2010, by country?'

Table 4 contains the overall results of this analysis, taking into account all three countries and MNEs, analysing each emerging market separately.

		N	T	Z	p-value	
China	% EO: 2005 vs. 2010	7	13	0.1690	0.8658	
	% Greater network: 2005 vs2010	7	7	1.1832	0.2367	
	% Internationalisation: 2005 vs. 2010	7	2	2.0284	0.0425	p<0.05
Malaysia	% EO: 2005 vs. 2010	7	0	2.3664	0.0180	p<0.05
	% Greater network: 2005 vs. 2010	7	0	2.3664	0.0180	p<0.05
	% Internationalisation: 2005 vs.: 2010	7	10	0.6761	0.4990	
SA	% EO: 2005 vs. 2010	7	0	2.3664	0.0180	p<0.05
	% Greater network: 2005 vs. 2010	7	12	0.3381	0.7353	
	% Internationalisation: 2005 vs. 2010	7	4	1.6903	0.0910	p<0.10

Table 4: The Wilcoxon Matched Pairs Test comparing the overall percentages of Greater network, Internationalisation and EO by country for 2005 and 2010

The Wilcoxon test showed that for the Chinese MNEs there was relatively less emphasis placed on percentage internationalisation in 2010 than in 2005. For Malaysia there was relatively less emphasis on greater network and relatively more on EO in 2010 compared to 2005, and for SA there was relatively more emphasis on EO and less emphasis on internationalisation across the period (Table 4). These differences represent the difference in focus placed on the strategies over time and across regions.

While the previous sub-question was concerned with the **composition and structure** of the internationalisation process of the MNEs per emerging market and was thus based on relative frequencies, Research Questions 3b, 3c and 3d are concerned with the **rates of increase** in frequency of the strategies, and whether this change over time was related to the change in company performance ratios. Accordingly, all of the analyses that follow in answering Research Questions 3b, 3c and 3d, are based on the frequencies of occurrence or counts thereof.

4.3.2 ***Research Question 3b***

In order to answer this Research Question 3b (Chapter 4.3), repeated measures of Analysis of Variance (ANOVA) was used. The statistical results have been graphed and presented under their relevant performance index. This parametric analysis method was used on the ranked data in spite of the small sample sizes and skewed data as there was no appropriate equivalent non-parametric repeated measures ANOVA that would also incorporate the main effect of the country (emerging market). The results of these analyses must thus be viewed with caution.

EO strategy measures

Each of the three EO strategies reviewed, greater network, internationalisation and EO, are reviewed from a emerging market perspective over the period of review against one another.

- **Greater Network**

In assessing the greater network strategy by emerging market over time, the analysis revealed significant differences in the number of Greater Network entries of the MNEs over the six year period ($F(5,90) = 5.3798$, $p<0.001$), This general increase in greater network strategy from 2005 to 2010 was not significantly different for the three emerging markets ($F(10,90) = 1.2398$, $p>0.10$).

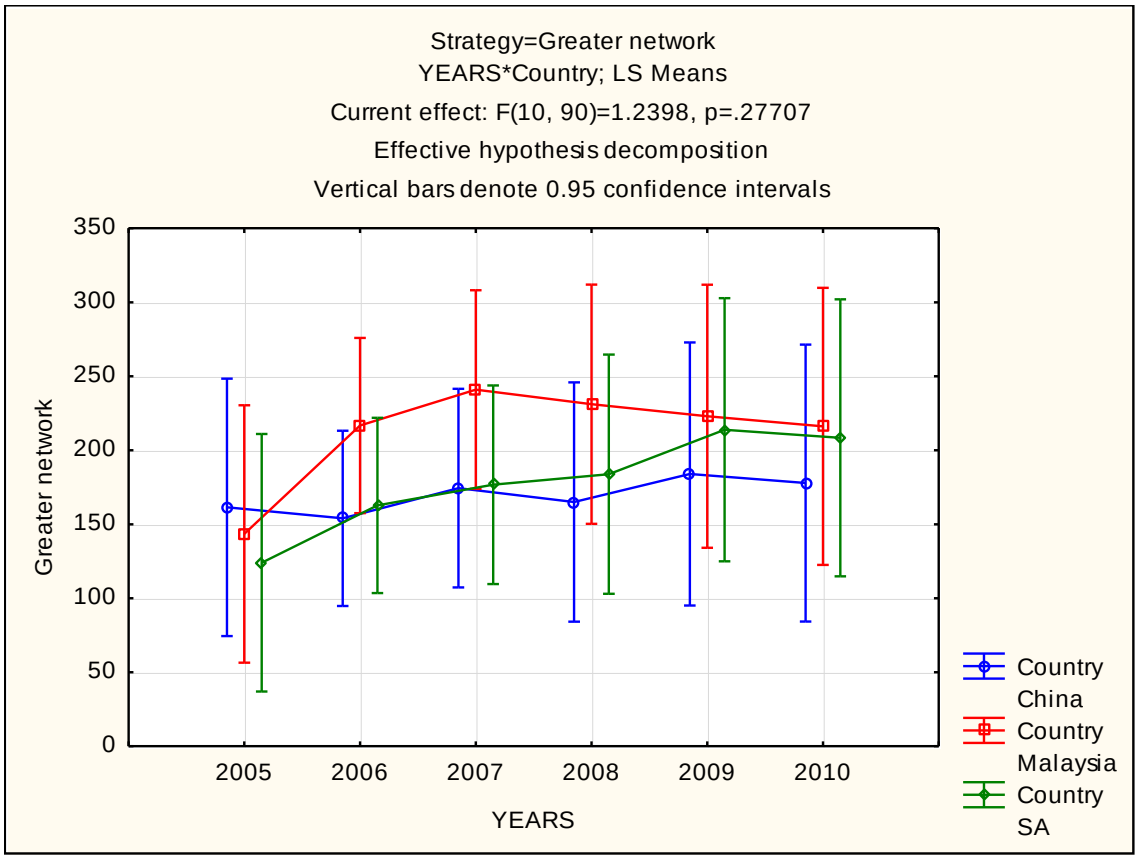


Figure 3: Greater network implementation over the period of review for all emerging markets

- **Internationalisation**

In assessing the internationalisation strategy by emerging market, there are significant differences in the number of internationalisation entries of the MNEs over the six year period ($F(2,90) = 6.8342$, $p < 0.01$), with South Africa showing higher inclination toward internationalisation strategy than both China and Malaysia. However, all emerging markets show a general increase over the period of review ($F(5,90) = 5.7360$, $p<0.001$), with no evidence of different patterns of movements over time for MNEs in the three markets ($F(10,90) = 1.4815$, $p>0.10$).

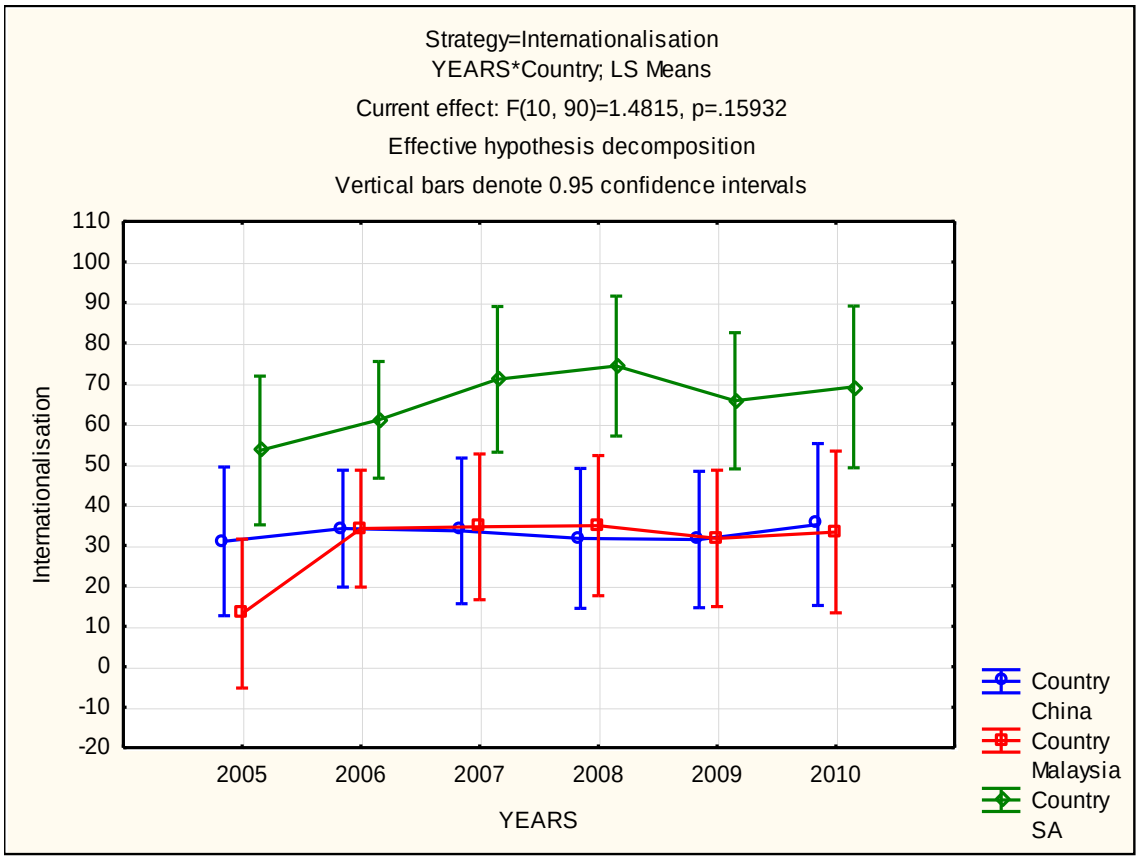


Figure 4: Internationalisation implementation over the period of review for all emerging markets

- **Entrepreneurial Orientation**

In assessing the EO strategy by emerging market, there are significant differences in the number of EO entries of the MNEs over the six year period ($F(2,90) = 2.9291$, $p < 0.10$), with South Africa showing higher inclination toward EO strategy than China, and China in turn higher than Malaysia. However, all emerging markets show a general increase over the period of review ($F(5,90) = 9.1549$, $p<0.001$), with little evidence of different patterns of movements over time for MNEs in the three markets ($F(10,90) = 1.6387$, $p>0.10$).

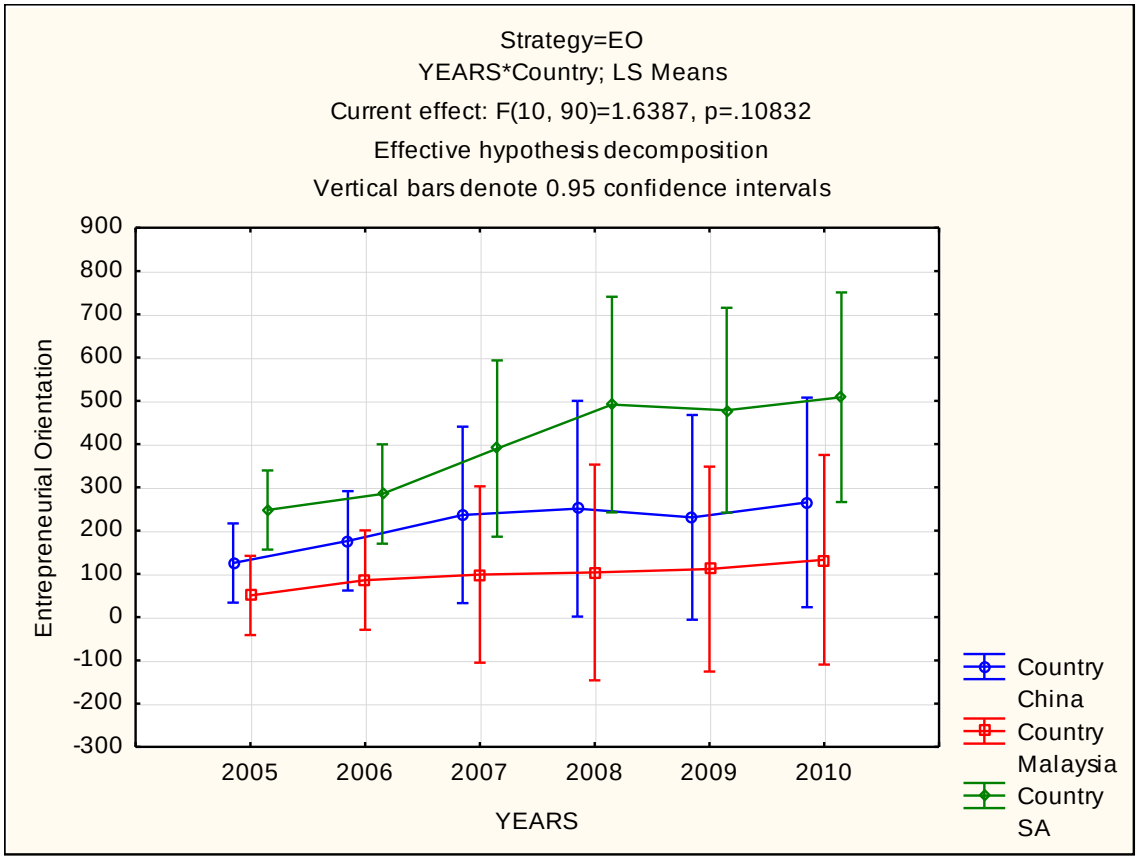


Figure 5: EO implementation over the period of review for all emerging markets

MNE profitability measures

Each of the six profitability measures reviewed is reviewed from an emerging market perspective over the period of review against one another.

- **Percentage of International Revenue to Total Revenue**

In assessing the percentage of international revenue to total revenue, there were no significant differences in the MNEs' percentage of international revenue to total revenue across countries, and no significant change in this index over time.

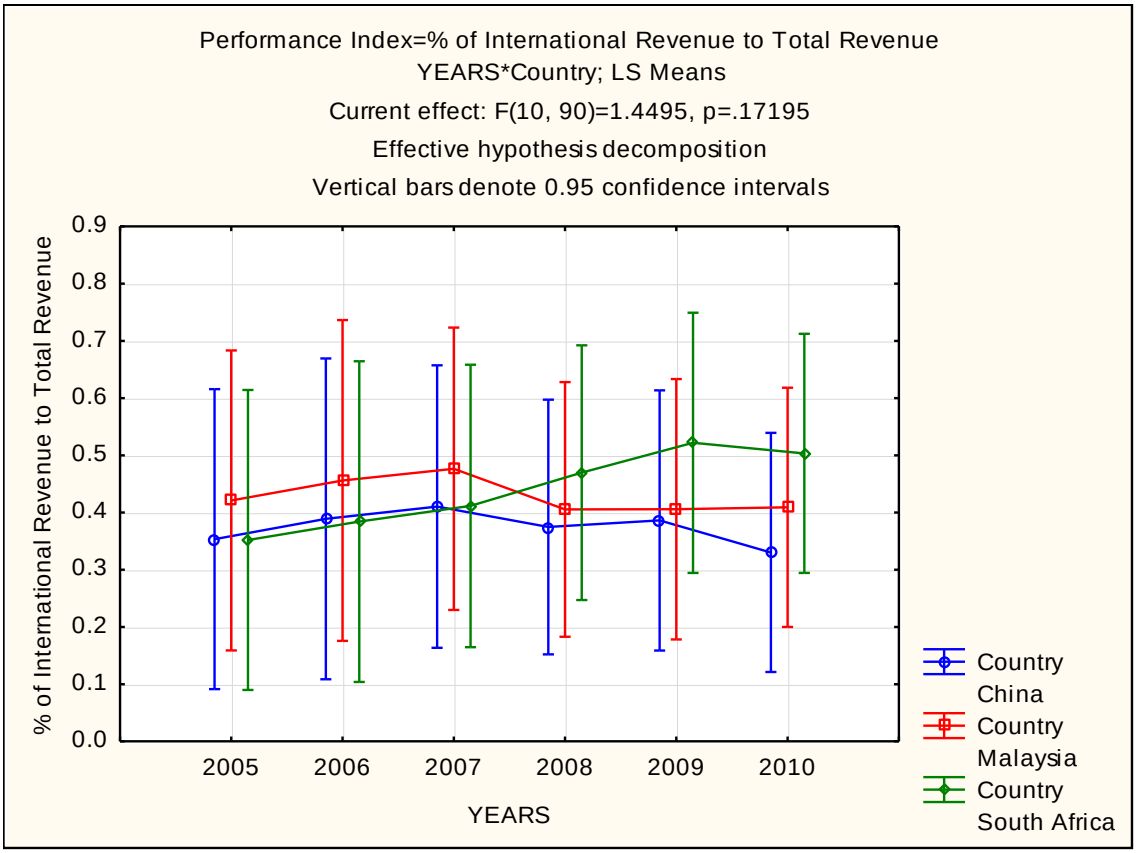


Figure 6: Percentage of international revenue to total revenue

- **Percentage of International Assets to Total Assets**

In assessing the percentage of international assets to total assets, there were no significant differences in the MNEs' percentage of international assets to total assets across countries, and no significant change in this index over time.

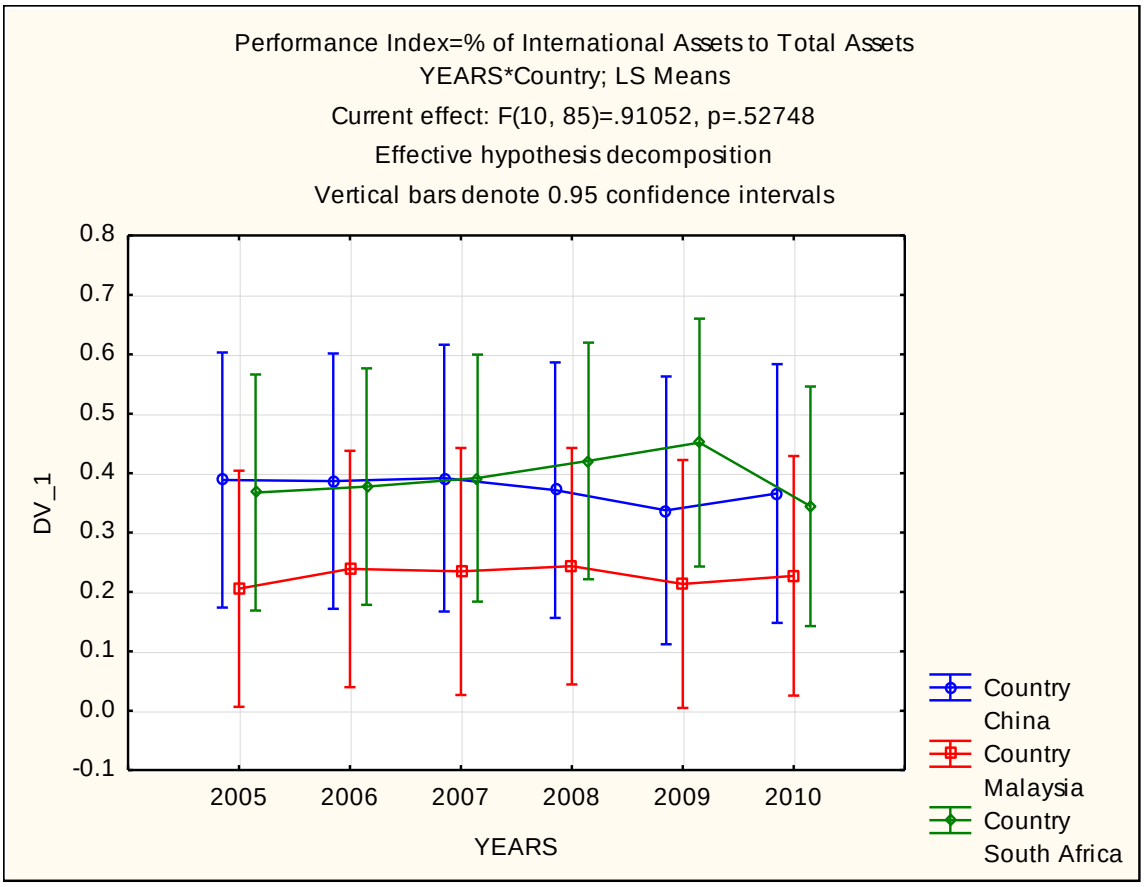


Figure 7: Percentage of international assets to total assets

- **Percentage of Investment in Subsidiaries (Sub) to Profit before Tax (PBT)**

In assessing the percentage of investment in subsidiaries to PBT, there were no significant differences in the MNEs' percentage of investment in subsidiaries to PBT across countries, and no significant change in this index over time.

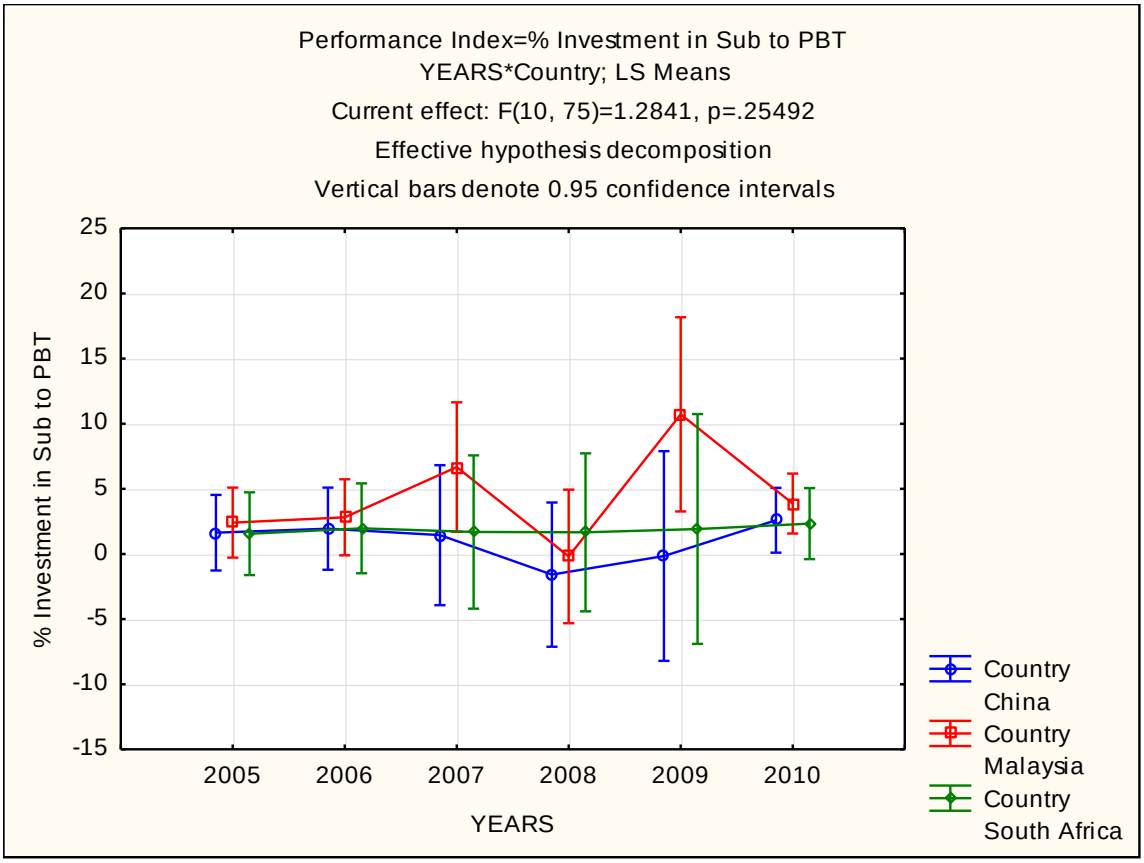


Figure 8: Percentage of investment in subsidiaries to profit before tax

- **Percentage of Investment in Joint Ventures (JV) to Profit before Tax (PBT)**

In assessing the percentage of investment in JVs to PBT there is a significant differences in the MNEs' percentage of investment in JVs to PBT over the six year period ($F(5,75) = 2.8554$, $p<0.05$), with this difference being notably higher in 2009 for Malaysia than for China and South Africa ($F(10,75) = 2.1695$, $p<0.05$). This difference appears to be an aberration in the data as the 2010 mean for Malaysian MNEs do not reflect this difference. It should be noted that the probable source of these significant differences is likely to be an abberation as Malaysia's high mean value in 2009 is not sustained in 2010.

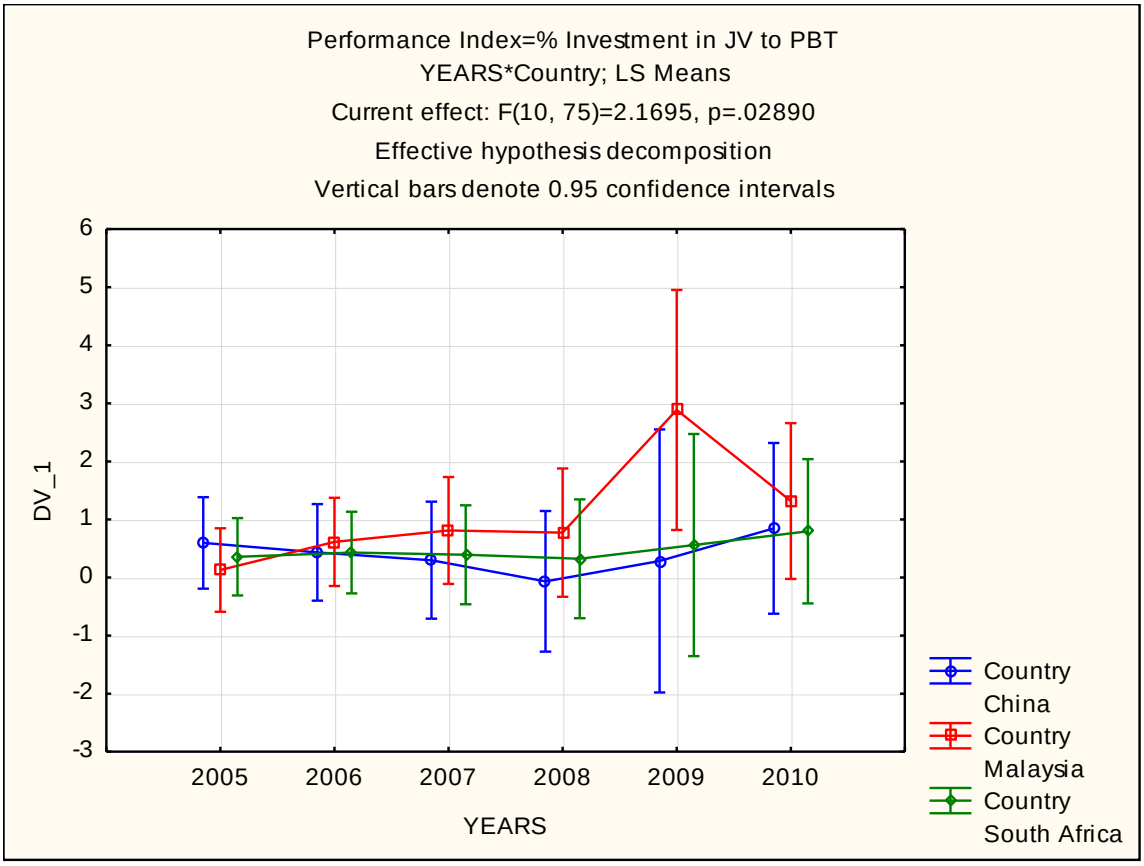


Figure 9: Percentage of investment in joint ventures to profit before tax

- **Percentage of Investment in Associates to Profit before Tax (PBT)**

In assessing the percentage of investment in associates to PBT, there were no significant differences in the MNEs' percentage of investment in associates to PBT across countries and no significant change in this index over time.

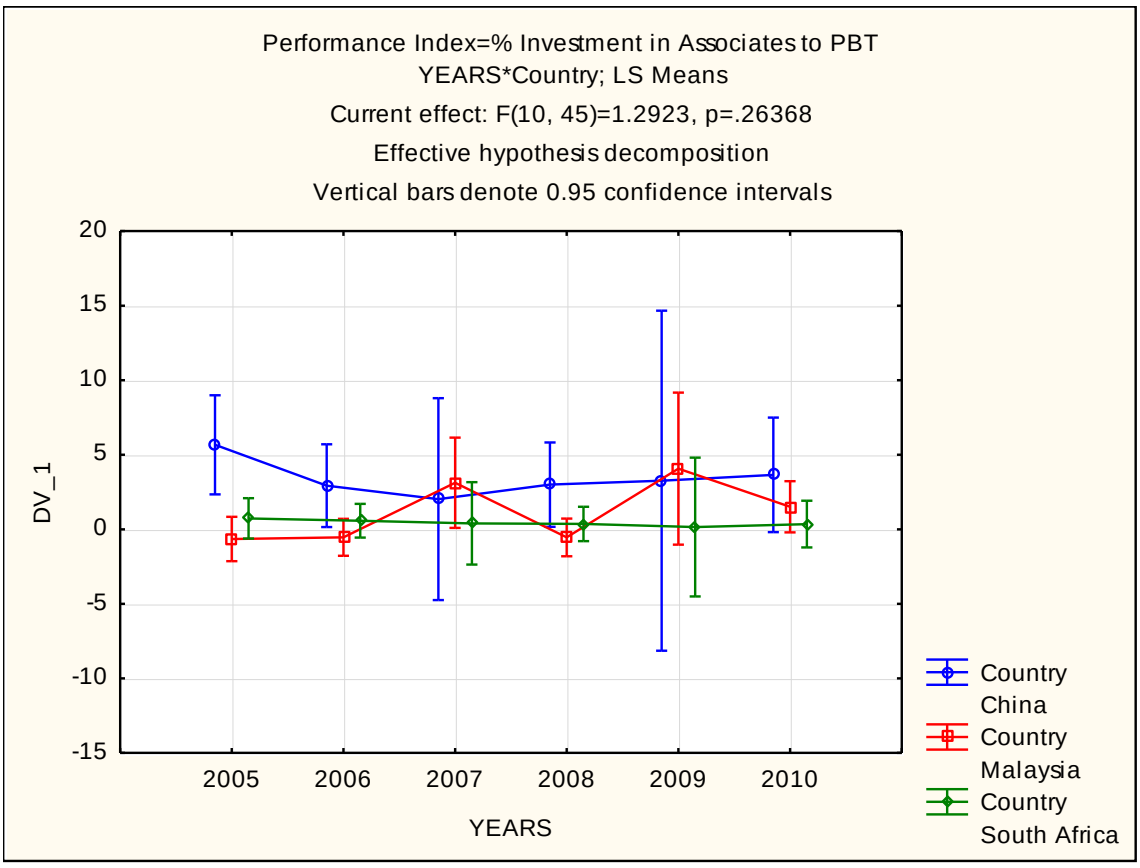


Figure 10: Percentage of investment in associates to profit before tax

- **Percentage of Staff Remuneration to Total Revenue**

In assessing the percentage of staff remuneration to total revenue, there were no significant differences in the companies' percentage of staff remuneration to total revenue across countries, and no significant change in this index over time.

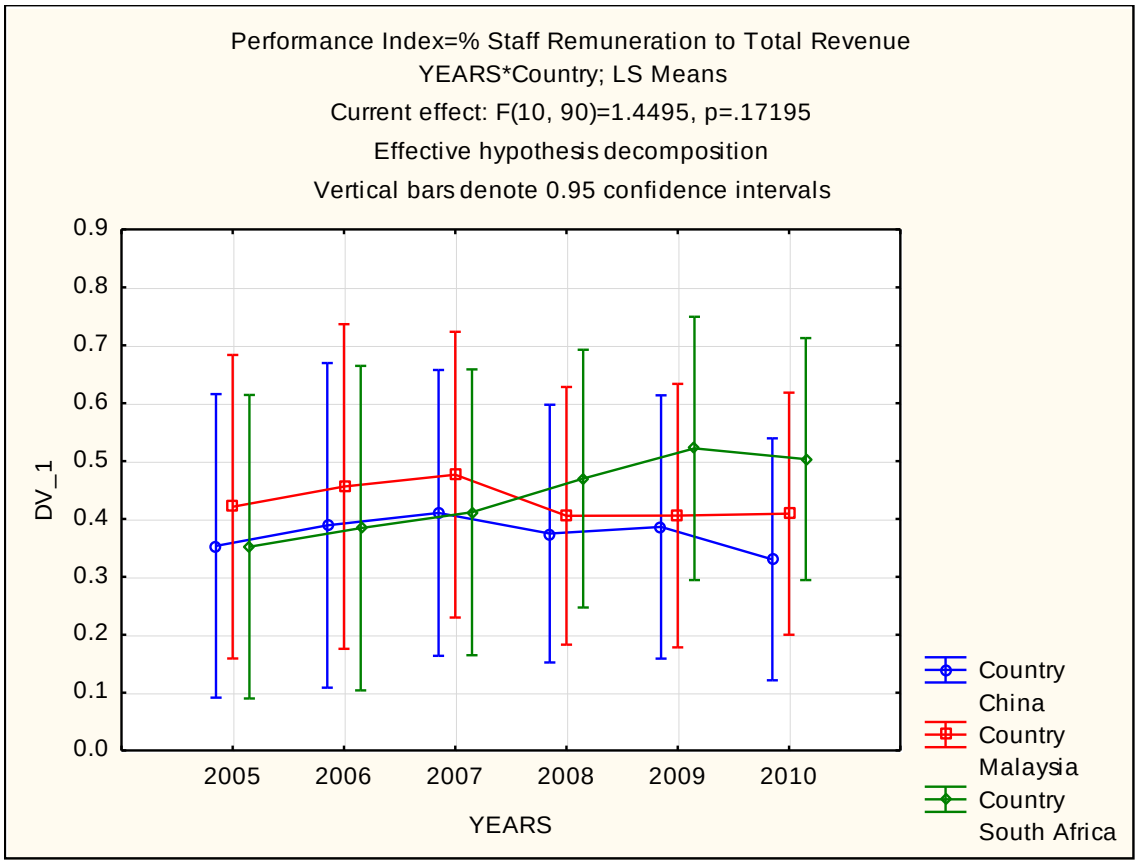


Figure 11: Percentage of staff remuneration to total revenue

In conclusion, the analysis pertaining to Research Question 3b on the measures of the independent variables of EO strategy measures shows a general increase over time in the three internationalisation strategies undertaken by MNEs in each of the merging markets over the six year period reviewed, but these upward trends in the numbers of strategies were not found to differ among the three emerging markets.

The analysis pertaining to Research Question 3b on the measures of the dependent variables shows non significant changes in the measures of MNE performance (at the 10% level of significance) between 2005 and 2010, except for the percentage of investment in JVs to PBT relating to Malaysia in 2009. However, this difference is likely due to aberration in the data values.

4.3.3 ***Research Question 3c***

Research question 3c asks whether, at a regional level, MNE EO strategy is related to performance. This research question was addressed using line graphs from 2005 to 2010 produced to show the relation, if any, at a regional level based on the median of the seven MNE values for each of the EO strategy measures and for the corresponding regional median values on international revenue as a percentage of total revenue.

For this analysis, MNE medians were used for each country year on year over the period of review to summarise each of the seven MNEs in each emerging market. The reason medians were used is that they were considered more stable than the means due to small sample sizes.

However, in answering Research Question 3, and testing Hypothesis 2, it is necessary to emphasise that although the data being analysed is quantitative and reviewed over a period from 2005 to 2010, correlations cannot be calculated as usual because of the autocorrelation - or dependency from one year to the next - in the data. Autocorrelation violates the assumptions of traditional correlations. Further to this, although longitudinal, time series analysis is not possible as the data series is too short, being limited to six years of data with each year producing only one result for each field of analysis. Thus, the autocorrelation effect could not be removed from the data, and cross correlations could not be calculated using time series analysis. Thus only simple line graphs were produced for each region separately showing trends in each of the EO and performance measures

Trends in EO and the percentage of investment in associate to profit before tax by Emerging Market

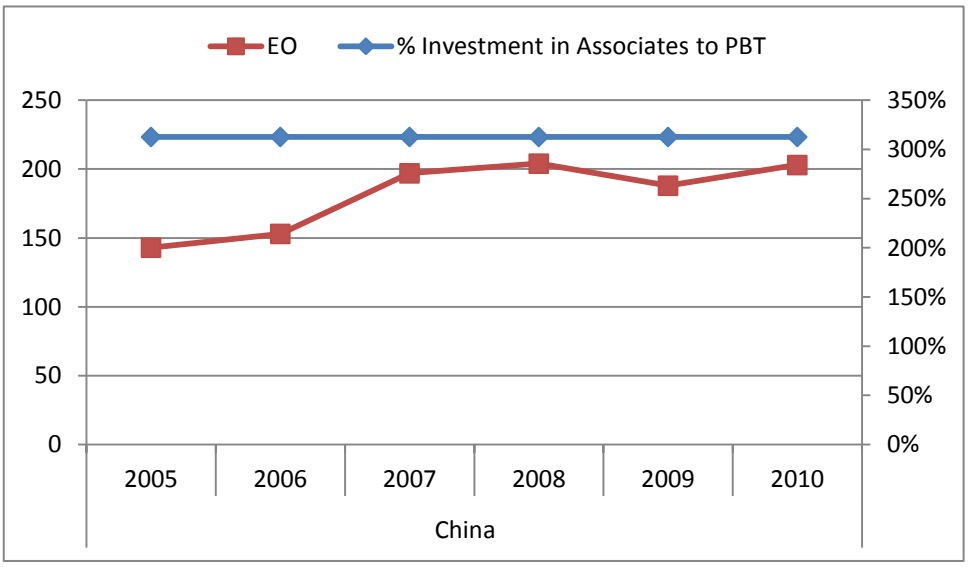


Figure 12: Trends in EO and the percentage of investment in associate to profit before tax – China

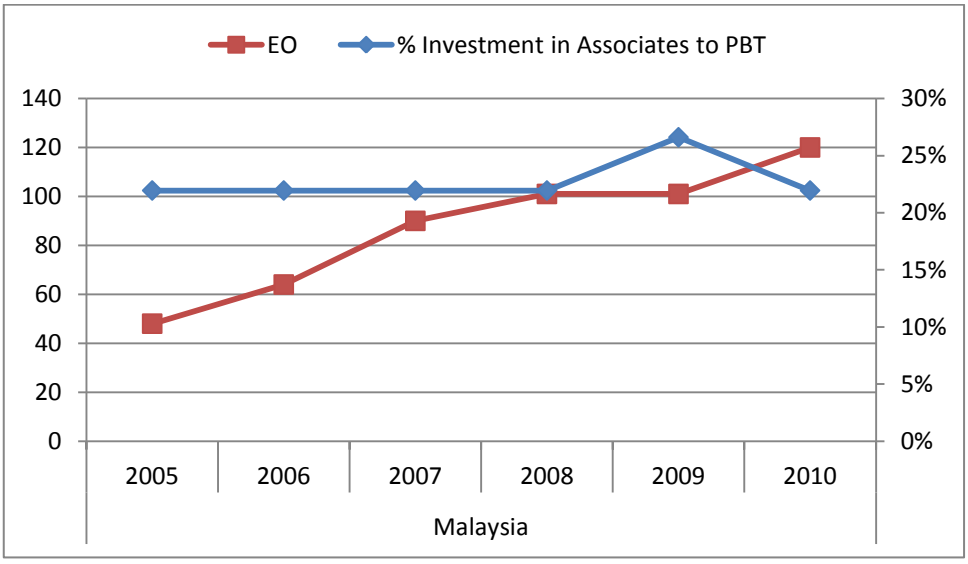


Figure 13: Trends in EO and the percentage of investment in associate to profit before tax - Malaysia

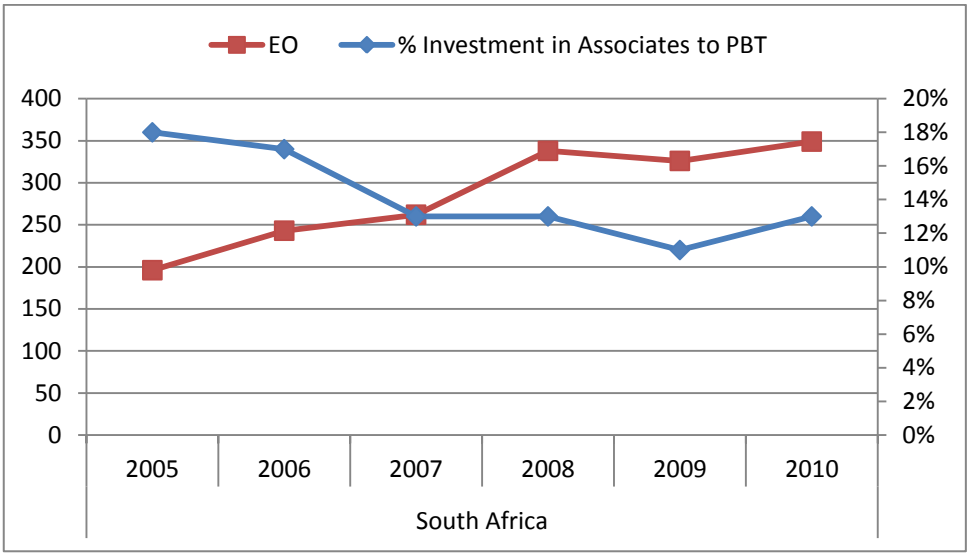


Figure 14: Trends in EO and the percentage of investment in associate to profit before tax – South Africa

In analysis of the three graphs representing the percentage of investment in associate to profit before tax to EO; comparisons between the countries show that EO has no discernable link to the investment in associates across the period of review for all of the countries. The two lines per graph show no real corresponding trends to one another, as in all three cases, EO has increased from 2005 to 2010 whilst the same cannot be said for the percentage of investment in associate to PBT.

Trends in EO and the percentage of staff remuneration as a proportion of total revenue by Emerging Market

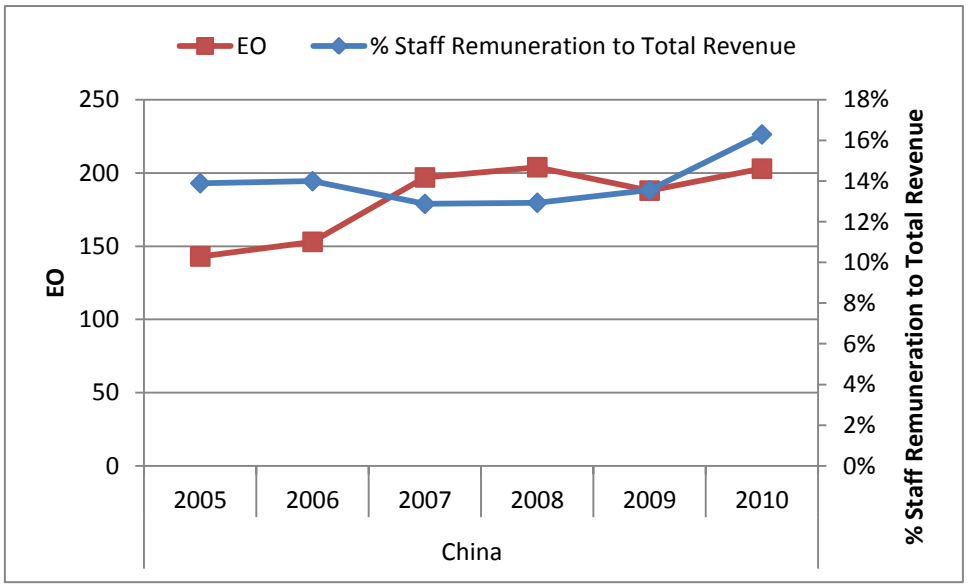


Figure 15: Trends in EO and the percentage of staff remuneration as a proportion of total revenue – China

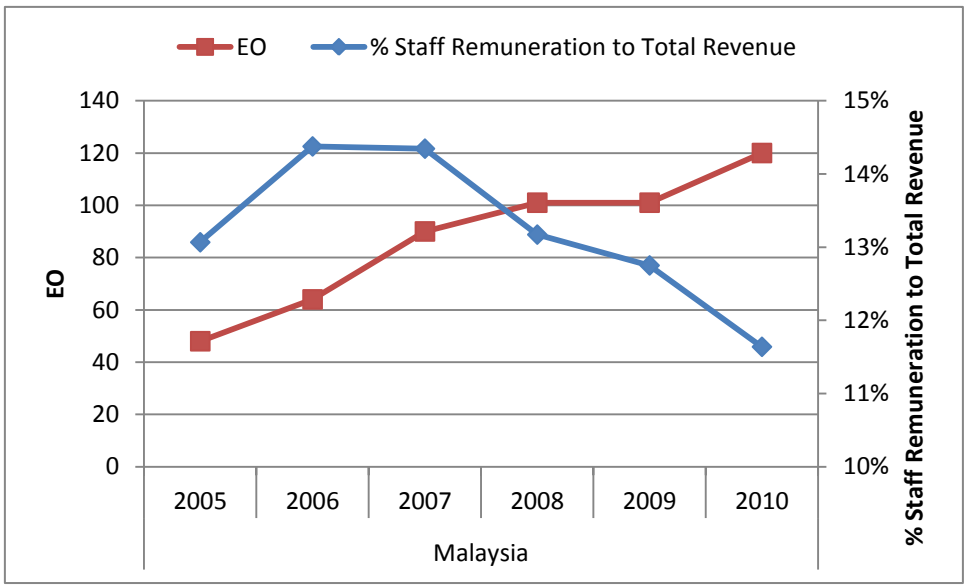


Figure 16: Trends in EO and the percentage of staff remuneration as a proportion of total revenue – Malaysia

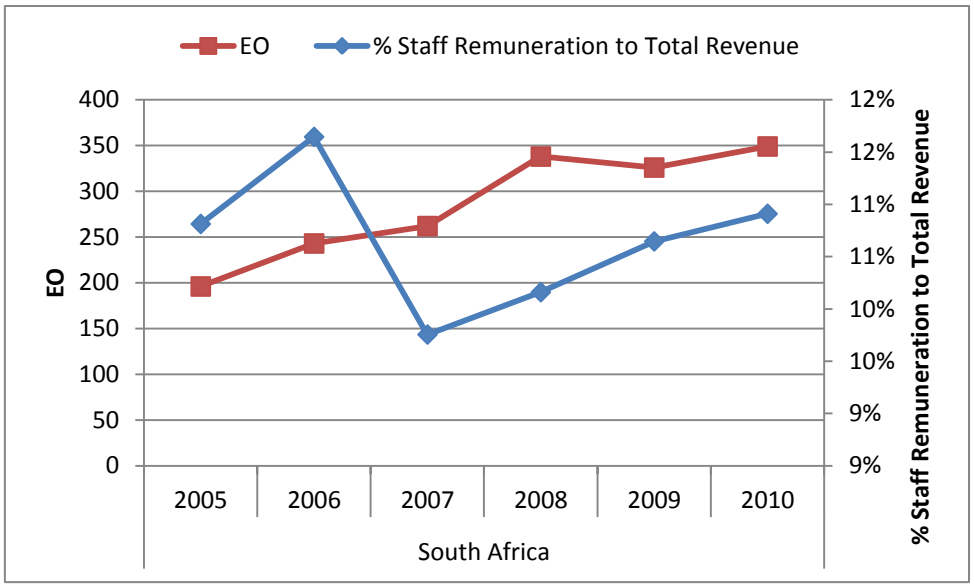


Figure 17: Trends in EO and the percentage of staff remuneration as a proportion of total revenue – South Africa

In analysis of the three graphs representing the percentage of staff remuneration as a proportion of total revenue to EO; comparisons between the countries show that EO does appear to correspond to the percentage of staff remuneration as a proportion of total revenue in two of the three emerging markets reviewed. Malaysia alone does not correspond to this trend. It would be plausible therefore to suggest that EO is interlined with staff remuneration, and that as one increases so does the other, however to assess this properly a larger pool of MNEs in the emerging markets would need to be reviewed.

Trends in EO and the percentage of international revenue as a proportion of total revenue by Emerging Market



Figure 18: Trends in EO and the percentage of international revenue as a proportion of total revenue - China

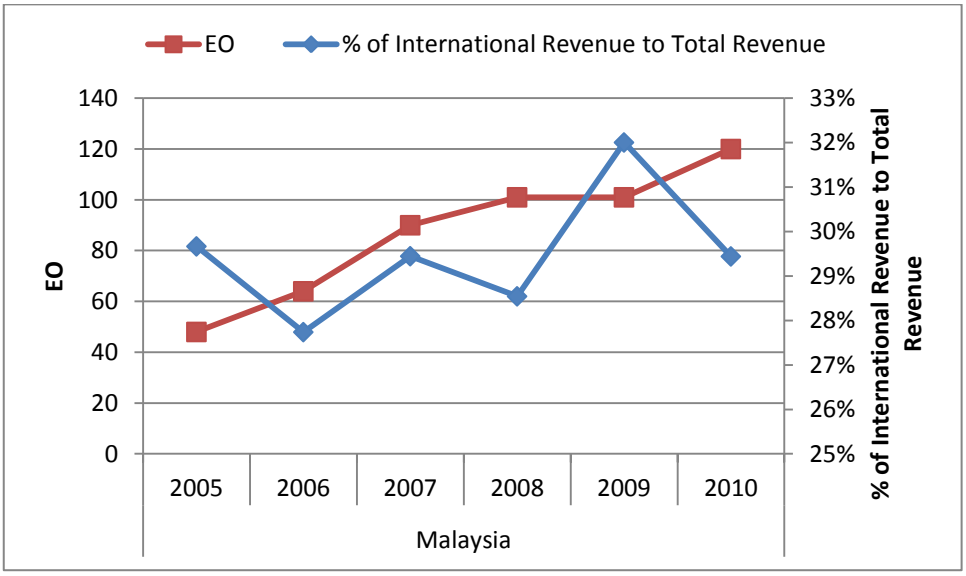


Figure 19: Trends in EO and the percentage of international revenue as a proportion of total revenue - Malaysia

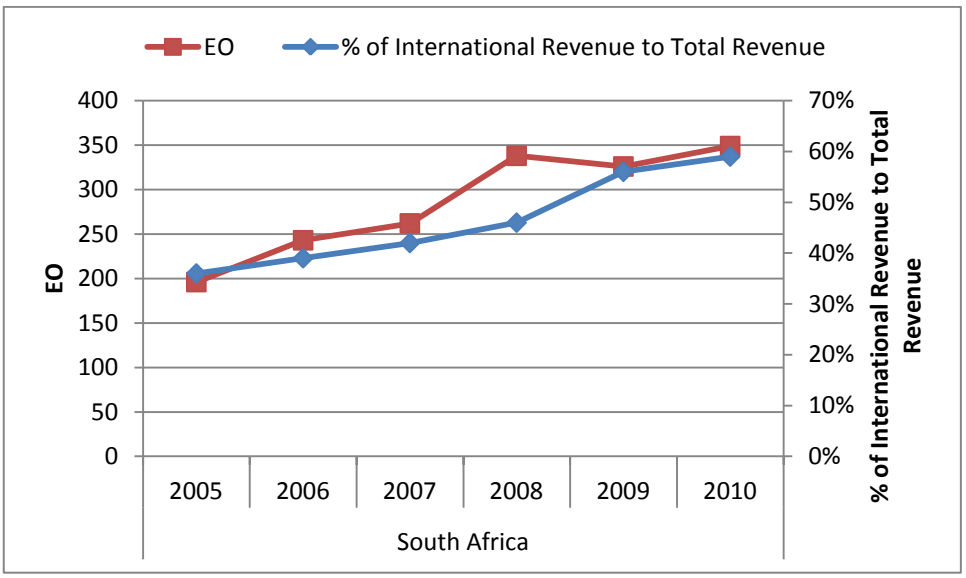


Figure 20: Trends in EO and the percentage of international revenue as a proportion of total revenue – South Africa

In analysis of the three graphs representing the percentage of of international revenue as a proportion of total to EO; comparisons between the countries show that EO does appear to correspond to the percentage of international revenue as a proportion of total in two of the three emerging markets reviewed. Malaysia alone does not correspond to this trend. Once again, it would be plausible therefore to suggest that EO is interlinked with international revenue increases, and that as one increases so does the other, however to assess this properly a larger pool of MNEs in the emerging markets would need to be reviewed.

Trends in Greater Network and the percentage of international revenue as a proportion of total revenue by Emerging Market

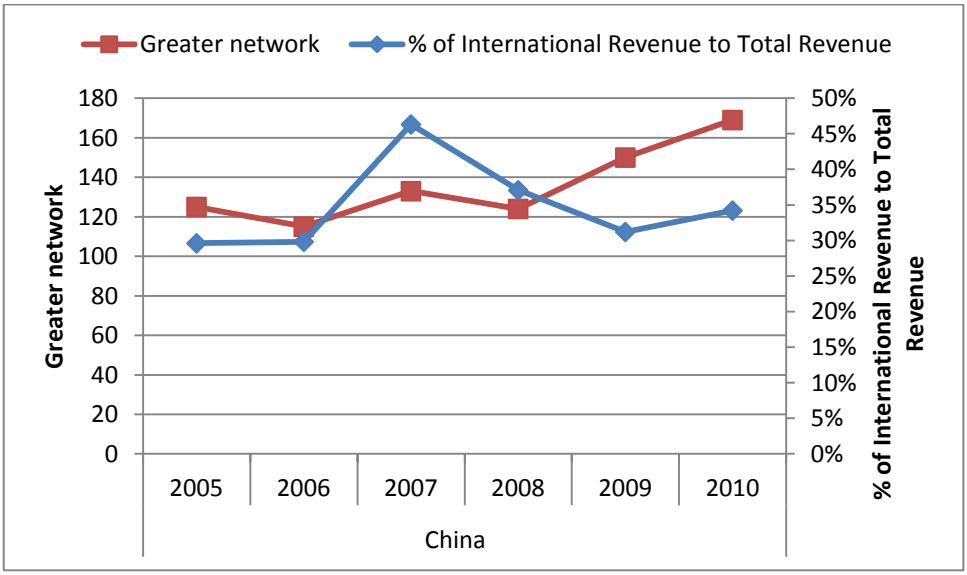


Figure 21: Trends in Greater Network and the percentage of international revenue as a proportion of total revenue – China

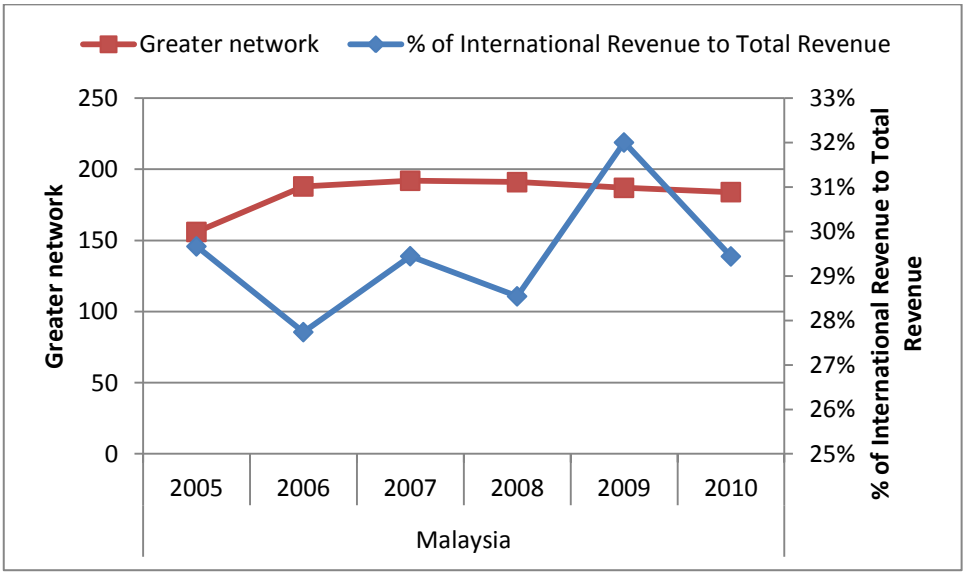


Figure 22: Trends in Greater Network and the percentage of international revenue as a proportion of total revenue - Malaysia

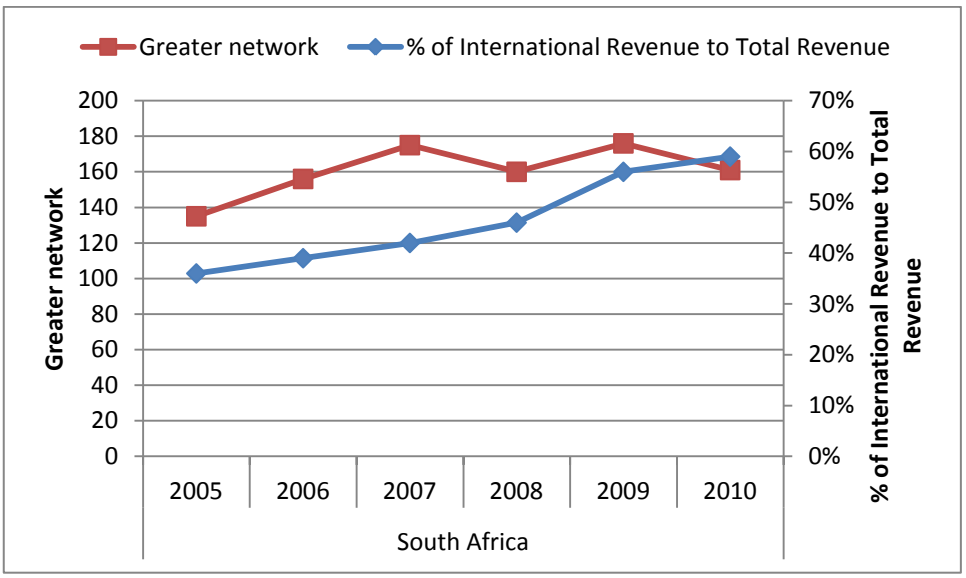


Figure 23: Trends in Greater Network and the percentage of international revenue as a proportion of total revenue – South Africa

In analysis of the three graphs representing greater network to the percentage of international revenue as a proportion of total revenue; comparisons between the countries show that a greater network may have some correlation between an increase in the percentage of international revenue as a proportion of total revenue and an increase in the greater network and those aspects that comprise it accordingly. This pattern may be seen in both China and South Africa, but not in Malaysia. It could be said tentatively that an increase in an MNEs greater network may be associated an increase in their international performance by revenue.

Trends in Internationalisation and the percentage of international revenue as a proportion of total revenue by Emerging Market

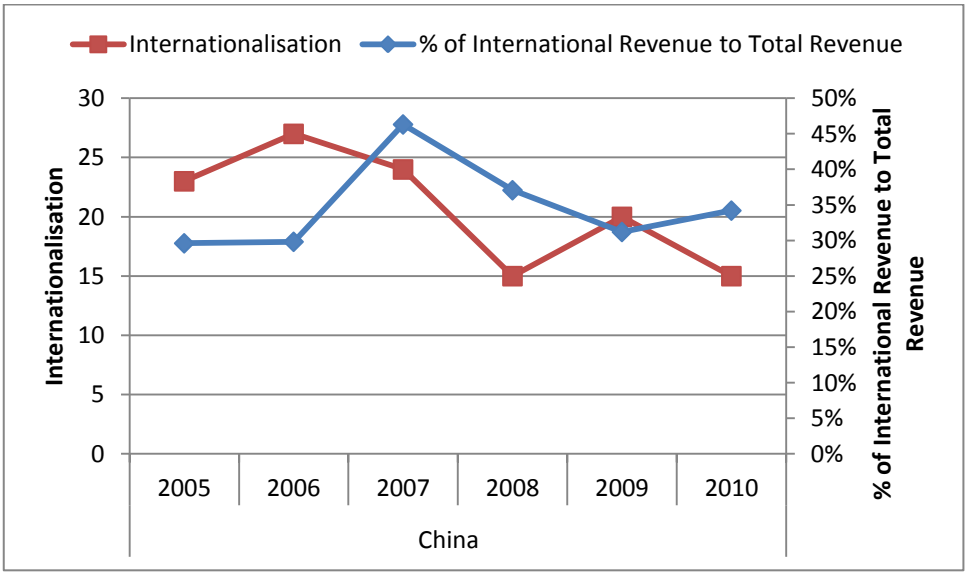


Figure 24: Trends in Internationalisation and the percentage of international revenue as a proportion of total revenue – China

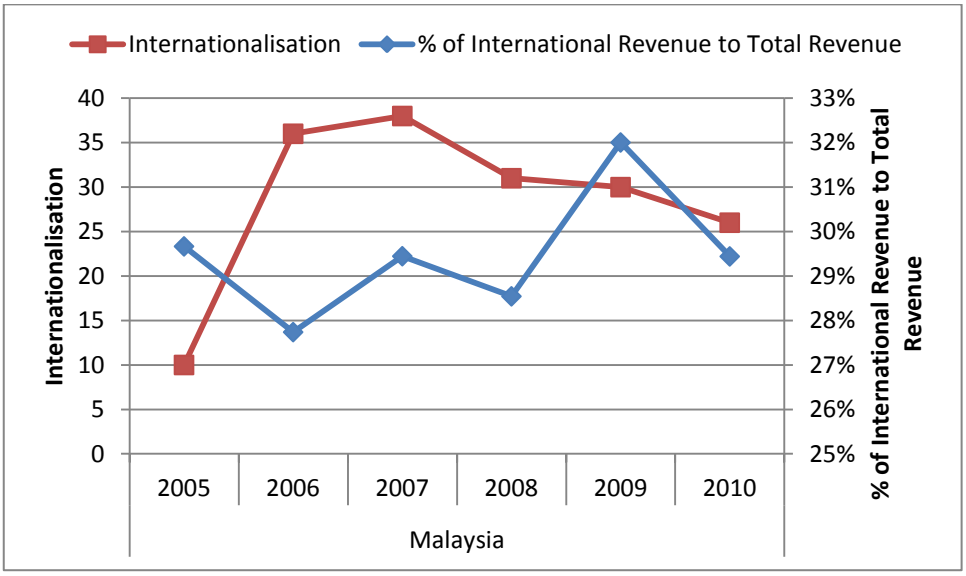


Figure 25: Trends in Internationalisation and the percentage of international revenue as a proportion of total revenue - Malaysia

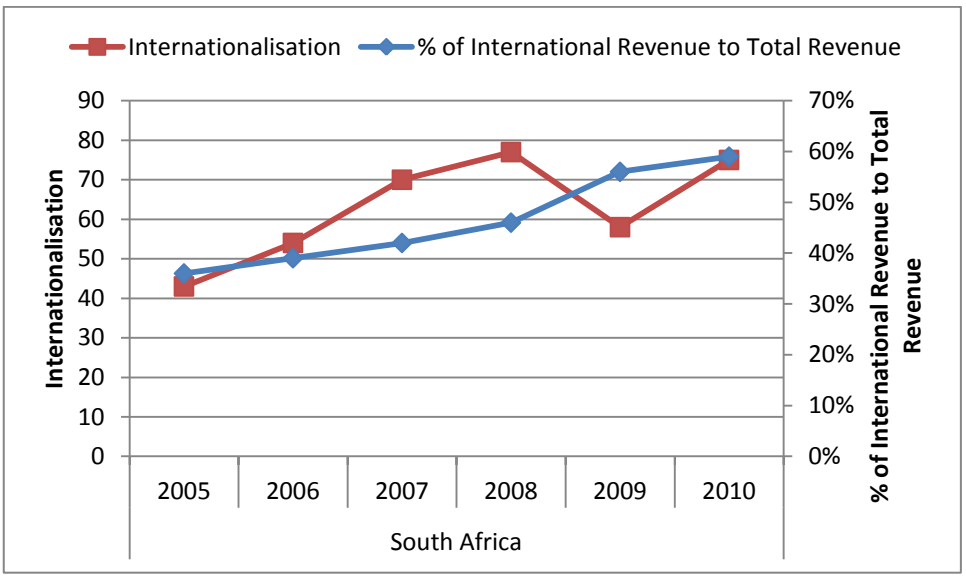


Figure 26: Trends in Internationalisation and the percentage of international revenue as a proportion of total revenue – South Africa

In analysis of the three graphs representing Internationalisation to the percentage of international revenue as a proportion of total revenue; comparisons between the countries show that changes in an Internationalisation strategy has no links or discernable correlation to an increase in the percentage of international revenue as a proportion of total revenue. The graphs for each country are erratic.

In conclusion, to the analysis pertaining to Research Question 3c, there certainly appears to be aspects that correlate better with changes in MNE performance than others. Notably, staff remuneration increases with an increase in a firm's EO as a strategy, which drives their internationalisation, whilst the same can be said for both increases in EO and greater network strategies showing correlation to increases in the international revenue as a percentage of total revenue in two of the three emerging markets reviewed.

4.3.4 ***Research Question 3d***

Finally, Research Question 3d asks which measure(s) of MNE profitability is (are) best predicted by the three EO strategies. To assess this, the CAGR was used to correlate EO, internationalisation and greater networks against the six measures of performance as mentioned in Model 4 for each of the three emerging markets.

This research question was formulated to recommend which of the multiple measures of internationalisation performance is best predicted by measures of EO. As the sample sizes of MNEs for each of the three emerging markets is small, the three samples are combined into one. This strategy is not ideal as the intercorrelations may be different within each population; however, the analysis on the combined sample may provide further insight into the predictability of internationalisation success in the emerging market population. Nevertheless, all results must be interpreted with caution as the sample of 21 cases is still small for this purpose.

Based on the Pearson product-moment correlation matrix (Table 5), results were attained. The predictors used in the correlation analysis were the number of EO strategies counted per firm in 2005 and 2010 as well as the CAGR of the number of EO strategies and performance variables. These three measures were also used for the number of greater network and internationalisation strategies. The 12 measures of internationalisation performance listed below were considered.

1) The percentage of international revenue as a proportion of total revenue
2) CAGR of the percentage of international revenue as a proportion of total revenue
3) The percentage of international assets as a proportion of total assets
4) CAGR of the percentage of international assets as a proportion of total assets
5) The percentage of investment in subsidiaries to PBT
6) CAGR of the percentage of investment in subsidiaries to PBT
7) The percentage of investment in JVs to PBT

8) CAGR of the percentage of investment in JVs to PBT
9) The percentage of investment in associates to PBT
10) CAGR of the percentage of investment in associates to PBT
11) The percentage of staff remuneration as a proportion of total revenue
12) CAGR of the percentage of staff remuneration as a proportion of total revenue

Of these 12 criterion measures, the CAGR for international revenue as a percentage of total revenue was best predicted by the three EO strategy measures, with correlations on this variable ranging between 0.41 – 0.76.

Correlation Matrix

	Marked correlations are significant at p < .10000											
	International Revenue % of Total Revenue: 2010	CAGR International Revenue % of Total Revenue	% International Assets to Total Assets: 2010	CAGR % International Assets to Total Assets	% Investment in Sub to PBT: 2010	CAGR % Investment in Sub to PBT	% Investment in JV to PBT: 2010	CAGR % Investment in JV to PBT	% Investment Associates to PBT: 2010	CAGR % Investment of Associates to PBT	% of Staff Remuneration to Total Revenue: 2010	CAGR % of Staff Remuneration to Total Revenue: 2010
Total # EO: 2005	0.36	0.76	0.49	0.18	0.11	0.18	0.2	0.16	-0.36	0.17	-0.03	0.07
Total # EO: 2010	0.19	0.59	0.32	0.21	-0.11	0.14	0.12	0.21	-0.4	0.2	-0.14	-0.12
CAGR Total # EO	-0.44	0.22	-0.35	0.08	-0.18	0.12	-0.29	0.03	-0.17	0.07	0.1	-0.05
Total # Greater network: 2005	0.41	-0.32	0.32	0.23	0.71	0.17	0.55	0.17	0.59	0.35	0.09	0.04
Total # Greater network: 2010	0.4	0.02	0.48	0.28	0.57	0.29	0.61	0.37	0.39	0.32	0.05	0.1
CAGR Total # Greater network	-0.21	0.51	0.03	0.18	-0.07	0.06	-0.1	0.23	-0.2	0.25	-0.03	0
Total # Internationalisation: 2005	0.4	0.41	0.29	0.11	0.14	0.1	0.14	-0.46	-0.26	-0.43	0.34	0.05
Total # Internationalisation: 2010	0.19	0.63	0.21	0.4	0.01	0.04	0.11	-0.18	-0.32	-0.13	0.17	-0.07
CAGR Total # Internationalisation	-0.13	0.44	0	0.51	-0.15	-0.14	0.17	0.54	0.03	0.37	-0.24	-0.21

Table 5: Correlation matrix showing EO strategies with MNE performance measures

4.3.5 *Conclusion of quantitative analysis results pertaining to Hypothesis 2*

For further validation to support or reject Research Hypothesis H_2, Research Questions 3a to 3d need to be analysed in depth, assessing how each of the findings positively or negatively contributes to the overall decision. Results pertaining to Research Question 3a (Chapter 4.3), ‘ show that both greater network and EO make up the predominant amount of each MNE’s internationalisation strategy process, with a shift toward a greater focus on EO from 2005 to 2010 accordingly, irrespective of emerging market. These strategies comprise focusing on JVs, subsidiaries, association and associates for greater network and on risk, innovation, culture, knowledge, resources, network, entrepreneurship and entrepreneurial orientation for an EO strategy. There has been an observable shift to an increasing focus on the EO aspect of the MNEs over the period of review. To assess if these strategies and MNE focus is correlated with MNE internationalisation and performance, Research Questions 3b to 3d were analysed.

The findings concluding the analysis pertaining to Research Question 3b showed that there were no changes that were statistically significant between 2005 and 2010 in the measures of MNE performance, except for the seemingly unreliable measure of percentage of investment in JVs to PBT relating to Malaysia in 2009.

Research Question 3c, asks whether, at a regional level, MNE EO strategy is related to performance. After reviewing the analysis, the results showed support for certain performance measures being related to EO strategies, namely EO and the percentage of staff remuneration as a proportion of total revenue for China and South Africa, but not Malaysia and EO and the percentage of international revenue as a proportion of total revenue for China and South Africa, with Malaysia showing erratic trends over the period of review.

There may also be support for greater network strategy being related to the percentage of international revenue as a proportion of total revenue. Comparisons between the countries show that a greater network may have

some correlation between an increase in the percentage of international revenue as a proportion of total revenue and an increase in the greater network and those aspects that comprise it accordingly, specifically in relation to China and South Africa, but not so in Malaysia.

These results did show that there were differences in EO strategies undertaken between the emerging markets reviewed, with varying effects between the strategy employed and the performance measures in each market.

These results from Research Question 3c may be linked to Research Question 3d. Reviewing the combined results of the two research questions has shown that that there appear to be aspects of EO strategy that correlate better with changes in MNE performance than others. Notably, from the line graphs presented for the examination of Research Question 3c, staff remuneration may increase with an increase in a firms EO as a strategy, which may drive their internationalisation, whilst the same may be so for both increases in EO and greater network strategies showing some evidence of a positive correlation to international revenue as a percentage of total revenue in two of the three emerging markets reviewed. There appears to be some evidence that increases in EO and greater networks are associated with increases in international revenue. When linked to South Africa and China's levels of EO and greater networks comparatively, it could be concluded that increased focus on and elevated levels of EO and greater networks may be linked to better firm performance in an emerging market context. Longer time series, data from which autocorrelation has been removed, and significant cross correlations are necessary before claims of definitive relations can be made.

There is some evidence supporting Hypothesis 2 (Chapter 4.3), although there is also analysis presented in Research Question 3c that suggests no discernable link between strategies and constructs of EO and firm performance, such as the trends in EO and the percentage of investment in associate to PBT for China, Malaysia and South Africa; trends in EO and the percentage of staff remuneration as a proportion of total revenue for Malaysia and trends in internationalisation and the percentage of international revenue as a proportion of total revenue for all three emerging markets reviewed. Therefore we

tentatively support Hypothesis 2 that EO variables are positively related to firm performance in an emerging market context.

4.4 Summary of the results

The results presented in this chapter have sought to answer Research Questions 1, 2 and 3, and relate them to Hypotheses 1 and 2. There have been multiple methods of data analysis conducted to methodically and statistically analyse the data. The results presented, both qualitative and quantitative, have reviewed EO and firm strategy in relation to the internationalisation of the 21 MNEs being reviewed in their respective emerging markets.

Each hypothesis has been looked at from an individual perspective, analysing the specific data and research questions that are related to each hypothesis. In light on the analysis based on this data set and the results produced, some support was evident for both Hypothesis 1 and Hypothesis 2, however the data sets were small with little history, and not all of the results were consistent.

CHAPTER 5: DISCUSSION OF THE RESULTS

5.1 Introduction

This chapter will seek to relate and compare the data presented and discussed in Chapter 4, pertaining to the two hypotheses, and linking the findings to the relevant academic literature presented in Chapter 2. Findings are compared and analysed by individual hypotheses and research questions. After ascertaining if there is a relation between these findings and those of other academics, this research is concluded, having noted any discrepancies and relations that are of significance.

5.2 Demographic profile of respondents

At the start of this research, there was uncertainty as to what the outcome of the research would be. Very little academic appraisal of the effect that EO has on emerging market MNEs internationalisation and performance had been done. To this degree the research was largely original with little guidance on how to approach the topic at hand. After a thorough literature review 21 MNEs from three prominent emerging markets, seven MNEs from each, that had been listed on equity exchanges in their country of origin since 2005 were chosen.

Noting that there were seven different MNEs from three very distinct emerging markets, some discrepancies between their reporting standards and presentation of results were expected. To this, it was important to standardise how the results were collected from each MNE as to eliminate any bias and data that was not comparable between all MNEs reviewed. Because international financial regulations and reporting standards for listed entities is regulated, the only differences in the analysis of each MNE arose for the MNE strategy reports. As these were not standardised they did indeed differ greatly from each emerging market as to how these reports were structured and presented in their annual reports. However, this was overcome through thorough analysis of such strategy reports over a six year period, assessing, if indeed, what they had stated was linked to their performance and expectations.

All financials adhere to a strict code of international reporting requirements. Due to this comparison between the MNEs' financials posed no issues. However, firm revenue, profits, investments and the likes were never directly compared to other MNEs, as firm structures, operations, industries and size differed greatly amongst the respondents. These results were linked to their individual levels of EO and performance, and looked at from a country perspective comparing emerging markets individually.

5.3 Discussion pertaining to Hypothesis 1

Hypothesis 1 was reviewed through Research Questions 1 and 2.

The literature reviewed relating to internationalisation modes and the effects of elevated levels of EO on MNE successes or failures found that indeed every firm has some degree of EO, being related the firm's entrepreneurial process undertaken (Lee and Peterson, 2000). Not all firms can therefore have the same level or focus on EO, which in analysing Research Question 2 was made evident. The growing body of evidence that suggests that an elevated EO is critical for the survival and growth of companies (Morris, 1998), including numerous studies that express the valuable influence of EO on firm performance (Zahra, 1991; Zahra and Covin, 1995; Wiklund, 1999; Wiklund and Shepherd, 2005), finds support from this research. Indeed, EO and elevated levels of EO appeared to be a significant factor considered by the MNEs in their growth and internationalisation. It certainly finds support in affecting firm performance, with the 16 MNEs reviewed that have a higher success in their internationalisation, having a much higher average of internationalisation modes and EO constructs than those MNEs that were not as internationally established. This research therefore also supports the findings of Covin, Green and Slevin (2006) that there is an overall positive relation between EO and firm performance, but with this research specifically looking at MNEs in emerging markets. Therefore, this research cannot claim to support a generalised positive relation between EO and firm performance, rather, only that of the MNEs in the emerging markets reviewed.

This research attempts to add to the scarcity of academic literature and theory as proposed by Shaw and Darroch (2004), who noted that there is much that can be done to further enhance our understanding of the internationalisation of entrepreneurial ventures. They specifically note a need for further research in integrating the entrepreneurial orientation of a firm and its internationalisation, which this research has done. Research Questions 1 and 2 having established, at least for this data set of 21 MNEs from the three emerging markets in question, what the internationalisation modes used by the MNEs are and the presence of a positive relation between EO and the success of a multinational. However this research has a third variable problem in addition to a directionality problem in the data that cannot be measured, for instance the possibility that internationalisation could cause elevated levels of EO through exposure to new markets and opportunities, potentially elevating such EO variables as innovation and risk taking. Such directionality problems prevented this researcher from claiming causality and it impedes one from talking about the effect of EO on the international performance of a MNE. This research has established core factors of EO as greater network (encompassing joint ventures, subsidiaries, association and associates), internationalisation (encompassing foreign market expansion / overseas expansion, foreign market operation / overseas operation and international), and EO (encompassing risk, innovation, culture, knowledge, resources, network, entrepreneurship and entrepreneurial orientation). Strategies or modes for internationalisation from the MNEs reviewed included exporting, branding, culture, knowledge, innovation, mergers and acquisitions, JVs, associates, networks, subsidiaries, investment and risk management. With recognising that the factors of EO are not limited to the traditional innovation, risk taking and proactiveness, and including multiple other factors such as resources, networks, knowledge and culture, it has satisfied researchers such as Kreiser, Marino and Weaver (2002), Lumpkin and Dess (2001), Dess, Lumpkin and McGee (1999), Knight (1997) and Zahra (1993) who have all raised specific concerns over the dimensionality of the measure and the interdependence of the sub-dimensions which comprise EO. It has done this by incorporating the constructs that contribute to the three primary EO

constructs that make it possible to enable EO within a MNE in an emerging market.

In addition, further relation to the reviewed literature on internationalisation modes used by MNEs has offered support by bolstering the work of Birkinshaw (1997). This research finds that subsidiaries of the MNEs reviewed have been a critical factor in the success of the MNEs internationalisation efforts. Contrary to the findings of Zhou (2006), in conjunction with Pérez-Luño, Wiklund and Cabrera (2011), who found that innovation generation is fundamentally risky and unless a firm is willing to potentially face failure it will refrain from such activities, this research found that innovation was a key driver of internationalisation as a construct of EO in the MNEs reviewed. 15 of the 21 MNEs specifically noted innovation as a strategy for expansion and internationalisation of their firms. In addition, innovation was a large aspect of EO pertaining to Hypothesis 2. The findings of this research further offer support to the work of Yang et al. (2009), who, through focusing on the internationalisation of firms, lend support to considering the additional constructs of EO through presenting a model of factors and constructs essential to a firms internationalisation process. Their model includes global learning (knowledge), networks, nature of the organisation (culture), cultural distances and institutional normalities including subsidiary capabilities (resources). Findings from reviewing the internationalisation modes of the 21 MNEs support this model, with emphasis being placed on the additional constructs outside of the traditional three as key factors that allow an MNE to internationalise. Each of the strategies and internationalisation modes noted by the MNEs in the review of their strategic reports is most necessary in the internationalisation efforts. The findings offer a basis to build on in addressing the outcry for examining MNEs from emerging economies (Dunning, 2000; Hoskisson et al., 2000; Peng and Delios, 2006).

The proposition from Zhou and Li (2007) that ’foreign market selection and entry initiatives emanate from opportunities created through network contacts, rather than solely from the strategic decisions of managers in the firm’ (Zhou and Li, 2007) is largely supported by a review of the 21 MNEs’ internationalisation

strategies over the period of review. Of the 21 MNEs, 17 cited networks as a key driver of their internationalisation process. These findings further support the work of Oviatt and McDougall (2005), who view networks as often leading to strategic alliances and other cooperative strategies such as JVs. Such aspects as JVs, associates, associations and subsidiaries were the makeup of greater network as a strategy affecting internationalisation of the MNEs. There was large emphasis placed on greater networks for the firms in question, which certainly had a discernable effect on their success both domestically, regionally and internationally.

Meyer and Nguyen (2005) find that in addition to business network ties, institutional network ties, which refer to connections and associations with various domestic institutions such as government officials and agencies, banks and other financial institutions, universities and trade associations also provide critical advantages for firms in emerging economies. Although this research did not find support for all of the aspects mentioned by Meyer and Nguyen (2005), possibly due to the nature of the reporting in their annual reports, there was certainly a link to the training and development of MNE staff, mainly through further education and succession planning. Such initiatives were viewed as core factors to longevity and success of the MNEs in their markets of operation.

In stark contrast to Mathews (2006) and his aptly termed ‘Dragon Multinationals’ or MNEs from the Asia Pacific region, who argued that emerging market MNEs internationalise with the goal of accessing the resources of foreign MNEs and host economies, this research did not find support for this. Instead it was made clear that the MNEs often internationalised to hedge their exposure to a single market or risk, or was simply driven to internationalise out of necessity to access markets that required their specific expertise or produce. Indeed, in support of Gammeltoft, Pradhan and Goldstein (2010) many of the reviewed MNEs looked to internationalise through their acquisition of foreign firms and assets deemed necessary or core to their business. This included franchising rights and investment in equity stakes of other multinational enterprises or sites considered strategically important in the case of those in property development and hotel management.

Malhotra and Hinings (2010) found that if market uncertainty is high the firm will start with exports or licensing, gradually and progressively moving to partnering arrangements or JVs, and at a later stage, once its market knowledge increases, consider switching to a higher control form such as a wholly owned venture. This was absolutely true in the case of Tsingtao Brewery, who have predominantly internationalised though exporting their products. As they cleverly established a strong brand association and reputation internationally, they began to progressively move into partnering arrangements and joint venture agreements in Japan and Taiwan.

This research certainly adds to the opinion of Liu, Li and Xue (2011) which specifically mentions that 'until now research has not identified the role that EO plays in a firm's internationalisation, and has not explored the specific driving effects of EO on a firm's internationalisation behaviour' (Liu, Li and Xue, 2011). The findings at hand aid in filling the knowledge gap proposed by them. It has been found through this analysis that EO plays a role in driving a firm's internationalisation efforts when considering the makeup of the EO constructs and the internationalisation modes used by MNEs in their bid to internationalise. It also examines the effects that EO has on emerging market MNEs performance and degree of internationalisation, finding that there are key elements that encompass the EO strategies that MNEs focus on in their internationalisation efforts, with measureable effects on how successful their international operations are. In consolidating their findings Liu, Li and Xue (2011) found that there is a positive effect of EO on the internationalisation of firms, which substantiates the entrepreneurial nature of younger international firms in the context of emerging markets, such as MNEs from emerging markets. Findings from this research cannot substantiate this. Even though there were younger MNEs reviewed, and their EO did appear to have a larger impact on their internationalisation, one cannot discount the scale of the much larger and more established MNEs reviewed. Their EO may be even greater than the younger MNEs, however, due to their scale; it may not affect their percentage growth as much.

In general discussions pertaining to Hypothesis 1, the findings have been very interesting over the three emerging markets reviewed and each of their seven MNEs. Both Malaysia and China are Asian countries, both, on a country basis, presenting very different strategies and internationalisation modes. Wielemaker and Gedajlovic (2011), in a review of Asian countries and their EO, suggest that Asian countries, and thus their MNEs, differ widely in both the levels of 'economic progress that they have experienced and the trajectories undertaken to achieve such growth' (Wielemaker and Gedajlovic, 2011). This is supported by the findings of this research. Their methods of internationalisation should be considered on a firm by firm basis and their methods of operation differ widely. This is also supported by Malhotra and Hinings (2010) who found that different types of organisations follow different processes, and as such there are indeed multiple processes and methods for MNEs to use when gaining access to foreign markets.

Kwok and Reeb (2000) found that although the internationalisation of a MNE's activity is often positively related to their firm performance it can also cause a variety of environmental threats such as foreign exchange risk, limitations of market size, exposure to market inefficiencies, institutional obstacles, and political risks in the country of origins. This research did not find any support for this. EO takes into account risk, networks, knowledge of foreign markets and innovation to counteract inefficiencies. The findings related to the MNEs reviewed only showed that internationalisation often took place to mitigate the risk of being exposed to a single market of operation and the hazards that were involved with the going concern of the MNE in question should there be a slump in their home countries.

In concluding, the findings of this research are well supported by the relevant academic literature. Hypothesis 1 is supported in that levels of EO are positively correlated with the internationalisation of MNEs in the selected emerging markets.

5.4 Discussion pertaining to Hypothesis 2

Hypothesis 2 was reviewed through Research Questions 3a to 3d. Due to the number of research questions needing comparison to the literature they will each be compared separately.

5.4.1 *Research Question 3a*

Reviewing Research Question 3a (Chapter 4.3), it was evident that both greater network and EO make up the predominant amount of each MNEs internationalisation strategy process, with a shift toward a greater focus on EO from 2005 to 2010 accordingly. Little, if any, cited academic literature assesses and analyses the composition of the internationalisation process of emerging market MNEs in relation to their relative representations of greater network, internationalisation and EO. This is because these three categories have been formed through the makeup of various aspects of EO to undertake this research. As mentioned in analysing Hypothesis 1, individual aspects of the makeup of each strategy mentioned have indeed been reviewed, but not as a cumulative result in this manner. In effect the method of analysis in reviewing an emerging market MNE's internationalisation process is new, with this paper providing the foundations to build the relevant academic literature and research on. What was noted in the literature were certain aspects of EO that are deemed important to MNEs in such emerging markets as China when internationalising. No one composition of the internationalisation process of MNEs in the emerging markets reviewed has been assessed in this manner before over the period that has been reviewed.

In relation to Hypothesis 2, Research Question 3a does not directly answer the hypothesis by confirming or rejecting it. What the results of Research Question 3a do show is that EO strategies and internationalisation modes are necessary in MNE expansion and globalisation. It shows that EO and greater network predominantly along with their comprising variables and constructs are viewed as necessary in the reviewed MNEs' strategies to aid in their internationalisation process, and by association suggesting a positive correlation between the EO

variables and emerging markets MNE internationalisation. When the results of Research Question 3 are linked to South Africa and China's levels of EO and greater networks comparatively it could be concluded that increased focus on and elevated levels of EO and Greater networks does indeed have a positive relation to firm performance in an emerging market context. This aspect is supported by numerous studies that express the valuable influence of EO on a firm's performance (Zahra, 1991; Zahra and Covin, 1995; Wiklund, 1999; Wiklund and Shepherd, 2005) and, that have found an overall positive relation between EO and a firm's performance (Covin, Green and Slevin, 2006).

5.4.2 ***Research Question 3b***

The findings concluding the analysis pertaining to Research Question 3b (Chapter 4.3) on the measures of the independent variables of EO strategy measures showed that there was a general increase over time in the three internationalisation strategies undertaken by MNEs in each of the merging markets over the six year period reviewed, but these upward trends in the numbers of strategies were not found to differ among the three emerging markets. The analysis pertaining to Research Question 3b on the measures of the dependent variables (profitability measures) shows non-significant changes in the measures of MNE performance (at the 10% level of significance) between 2005 and 2010, except for the percentage of investment in JVs to PBT relating to Malaysia in 2009. However, this difference is likely due to aberration in the data values. As there were no significant changes in the individual measures of MNE performance in reviewing the 21 MNEs over the six year period of review, it may be pertinent to suggest that there is seemingly a cumulative effect of all aspects of MNE performance that, when combined, produce results that may lead to increased firm performance.

5.4.3 ***Research Question 3c***

The results obtained relating to Research Question 3c (Chapter 4.3), those reviewing the individual internationalisation strategies undertaken by the MNEs in each country to the six firm performance measures, were mixed. There

certainly appear to be aspects of EO strategy that correlate better with changes in MNE performance than others. There were noticeable differences between the emerging markets reviewed though and the effect of their strategies on individual performance measures.

What was apparent is that in assessing the greater network strategy by emerging market, there are significant differences in the number of greater network entries of the MNEs over the six year period, with Malaysian MNEs having a higher inclination to utilise this internationalisation strategy over Chinese and South African MNEs. In assessing the internationalisation strategy by emerging market, there were also significant differences in the number of Internationalisation entries of the MNEs over the six year period with South African MNEs showing higher inclination toward internationalisation strategy over the period of review than both Chinese and Malaysian MNEs. However all emerging markets show a general increase over the period of review. In assessing the EO strategy by emerging market, there were also significant differences in the number of EO entries of MNEs over the six year period with South Africa placing a higher emphasis on EO than China and Malaysia, with Malaysia having the smallest focus on an EO strategy. A general increase in EO over the period of review within the emerging markets is also evident.

Whilst there is no correct method of internationalising, what is apparent is that different emerging markets place a different emphasis on EO variables when globalising. This is supported by Malhotra and Hinings (2010) who have stated that not all MNEs follow the same process of internationalisation. As different types of organisations follow different processes, there are indeed multiple processes and methods for firms to use when gaining access to foreign markets. This would most certainly relate to the emerging markets in which they operate. All internationalisation strategies and EO variables are still positively related to the firm performance measured by operational size and scope of internationalisation within the emerging markets being reviewed. The literature assessing the different methods of EO strategy and internationalisation modes undertaken by the individual emerging market MNEs is sparse, with much of it reviewing OFDI (Milelli, Hay and Shi, 2010, McDougall, Shane and Oviatt, 1994,

Mathews, 2006). Within the literature reviewed, there was not one academic who reviewed the three emerging markets that this research is based around against one another in regard to their EO and how it affects their MNE internationalisation. The academic literature that does exist on internationalisation modes and strategies is generalised and reviewed from a firm point of view, noting what comprises firm internationalisation such as the definition provided by Mathews (2006). It is noted, however, that the internationalisation of firms from growth economies is on the ascent (Yang et al., 2009); with the past ten years having witnessed rapid growth of internationalisation in firms from emerging markets (Liu, Li and Xue, 2011). It is because of this growth that evaluating the internationalisation of MNEs in emerging markets is a critical factor of analysis. This is most definitely an area for further academic review in its own right. Not directly related to the differences in the internationalisation strategy and modes undertaken by each individual emerging market, Yang et al. (2009) further found that both the formal regulations and informal norms in host countries affect an MNE's strategies used in gaining entrance to foreign markets (Wielemaker and Gedajlovic, 2011; Schildt, Maula, and Keil 2005). These formal regulations and informal norms would most certainly affect how MNEs in certain emerging markets look to internationalise. Yiu, Lau and Bruton (2007) did find that in emerging economies, ties with home country networks provide important advantages for the MNE as it internationalises. This is certainly relevant in acknowledging the importance of the greater network strategy implemented by the MNEs as a means to aid their internationalisation process.

5.4.4 ***Research Question 3d***

The results obtained relating to Research Question 3d (Chapter 4.3) showed there appear to be aspects of performance that correlate better with changes in MNE performance than others do. Notably, staff remuneration increases with an increase in a firms EO as a strategy, which drives MNE internationalisation, whilst the same can be said for both increases in EO and greater network strategies showing correlation to increases in the international revenue as a percentage of total revenue in two of the three emerging markets reviewed.

Staff remuneration correlates positively with employee happiness often, and since they are linked to firm performance it is in the employee's interest to drive MNE internationalisation through increasing their EO strategy and activity. Most certainly there has been academic insight into employees and employee emotions, reviewing the effect that this has on their individual commitment to the MNE. Li, Ahlstrom and Ashkanasy (2010) look at this effect, noting the subsequent influence on organisational performance. Employee commitment to the MNE certainly affects their levels of EO, as a greater commitment would likely go hand in hand with an elevated level of EO within a firm due to the desire to grow and soak up market capacity at home and abroad. They do note, however that there are only a small number of studies of how emotion impacts overall commitment to a firm by employees. They find that such a deficiency in academic literature leads to an inadequate understanding of how employee feelings in MNEs determine the subsequent employee commitment to the organisation which in turn influences organisational performance. Remuneration is certainly a factor that affects employee emotions toward the MNE, and subsequently has an impact on their EO and internationalisation initiatives when they are interlinked.

The second aspect of performance change that was best predicted in relation to EO strategies was international revenue as a percentage of total revenue. Increases in EO and greater network strategies showed good correlation to increases in the international revenue as a percentage of total revenue in two of the three emerging markets reviewed. This certainly suggests that elevated EO levels within a MNE have an impact on international performance of the MNEs reviewed, even in a relatively small sample. Again, with limited academic insight into the area of the impact that levels of EO and its constructs has on international performance of an MNE it is an area that requires future research. It is, however, noted that firms internationalise in order to grow (Kang and Ke, 2005). It has also been noted that not all aspects or constructs of EO are necessary in aiding a MNE's internationalisation and success (Hsiao and Shen, 2003; Mah, 2005; Minniti and Lévesque, 2010).

5.5 Conclusion

From reviewing the results pertaining to Research Questions 1 to 3, both Hypothesis 1 and Hypothesis 2 are supported. This research has largely been novel, ground breaking and original with limited prior academic research pertaining to the aspects of EO reviewed and the effect that they have on the internationalisation process of MNEs in the reviewed emerging markets.

Internationalisation itself as a strategy does not appear to be a definitive factor compared to both greater networks and EO when reviewed from a strategic aspect; it may be seen as a bi-product of growth in the other two factors.

It is most apparent that not all methods of data analysis produced discerning results that supported the hypotheses; however, they were not anti collaborative either. This research has paved the way to expand on EO as it affects MNEs internationalisation in emerging markets, as well as provided alternate research questions to be answered.

What was apparent is that in the emerging markets reviewed, EO, the strategies around it and its constructs are a particularly critical force for pushing firms to enter foreign markets (Yamakawa, Peng and Deeds, 2008; Zhou, 2007; Liu, Li and Xue, 2011).

This research has provided multiple factors and modes affecting MNE internationalisation and those that emerging market MNEs undertake to internationalise. But most importantly this research has shown that levels of EO are positively correlated with the internationalisation of MNEs in the selected emerging markets and that the EO variables reviewed through Model 4 and the data analysis pertaining to both Hypothesis 1 and Hypothesis 2 are positively related to firm performance in relation to their internationalisation in an emerging market context.

CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

Based on the findings presented in this report, this chapter concludes this research and provides recommendations for future research to be undertaken.

6.2 Conclusions of the study

As previously noted, this report provides original impetus to the research realm in the field of EO and internationalisation in relation to MNEs from emerging markets. This report has been very much original and ground breaking with very little prior academic appraisal of the effect that EO has on emerging market MNEs internationalisation and performance having been done, and thus little to no guidance on how to approach the topic at hand.

Findings have been numerous, both in looking at internationalisation modes utilised by MNEs in the emerging markets reviewed, EO, and its makeup, and the effect that MNE EO, reviewed through EO strategies and Model 4, has on firm performance.

In analysing the purpose of the research, which was to ascertain the EO and internationalisation of MNEs in the emerging markets of China, Malaysia and South Africa and the relation between EO, if any, on their globalisation into alternate markets of operation as an MNE, the research has done so. In addition, it has identified modes of internationalisation associated with success in MNE operations through their international expansion and the relation of these modes to EO constructs presented in the conceptual model (Model 4), finding that many of the EO constructs and internationalisation modes utilised by the MNEs are interdependent, being one in the same.

The research has identified MNE performance measures that were analysed against EO strategy and reviewed an association, if any, between the level of MNE EO, and the relation between MNE performances.

Findings, in relation to published academic literature on and around the topic, were largely new, as there had been very little prior academic appraisal focusing on the research at hand. However, there was support found, as presented in Chapter 5, pertaining to Hypothesis 1, which supported and was supported by published research on the topic on MNEs, EO and internationalisation. As there had previously been no identification of EO strategies, as presented in this research, these findings offer insight and new research paths to explore going forward, as well as a base for further academic research to be built from.

There were both advantages and disadvantages in performing this type of research (Secondary Analysis on Archival Data), especially relating to interval and ratio data.

The potential advantages are resource savings; the circumvention of data collection uncertainties as the data is published and readily available; a multitude of research designs are possible; usually SPSS or SAS ready; there is relative ease in data transfer, interpretation and storage; the study may be used as a pilot study as it may be seen as exploratory; samples sizes are typically much larger being national samples, and as such, newer, more powerful statistical measures can be applied to the data set; there is an availability of longitudinal data; there is an availability of international, cross-cultural data; and finally, organisations may be more open to utilising existing data versus collecting new data, which is often costly and time consuming.

The potential disadvantages are the appropriateness of the data to the research; completeness of available documentation; detecting errors and sources in the data is often extremely difficult, if not impossible; the overall quality of the data may be questionable; stagnation of theory may arise; the lure of dustbowl empiricism; unique statistical skills may be required in data analysis; there is a large illusion that the research may be quick and easy, when

this is not the case; convincing editors or thesis/dissertation advisors you are not simply duplicating existing research; and finally, the failure of students and researchers to develop skills required in planning and conducting data collection.

This research was largely constrained by time, and as such it was limited to utilising 21 MNEs and a smaller period of review than would have been ideal. This is by no means a negative aspect though, as it has paved the way for further research questions and papers in this area of review. This research did produce support for both hypotheses, clarifying performance measures that related better to EO strategies than others and concluding that EO is positively related to firm performance, in addition to finding support that EO is positively correlated with the degree of internationalisation of MNEs in the selected emerging markets, such that elevated levels of EO are more often present in MNEs with higher internationalisation than in those with lower internationalisation.

6.3 Recommendations

This area of research in the under researched field of EO is ground breaking. It adds to Shaw and Darroch's (2004) note that further research is recommended to integrate the EO of a firm to their internationalisation. There is still much to build on in this field of research however and it is recommended that further research be conducted on the relation between MNEs from multiple emerging markets, their internationalisation modes and EO constructs.

6.4 Suggestions for further research

This research has created multiple roots to explore academically. No less, each method of review and individual research question that has been utilised reviewed could be individually looked at in depth.

It was noted that cross-validation could potentially form the basis of a new validated methodology of key words for deriving EO strategy measures and

modes of internationalisation from MNE secondary reports. This is a suggestion for a future research topic.

Again, with limited academic insight into the area of the impact that levels of EO and its constructs has on international performance of a MNE it is an area that requires future research in itself.

A larger pool of MNE respondents needs to be reviewed over a longer time frame, however, if there are time constraints involved in the research this may not be possible. Additional research on the relation between the internationalisation modes utilised by MNEs and their EO, looking at the effect that this has on their expansion into foreign markets, needs to be reviewed in depth.

As EO strategies were created for the purpose of this research, it would be an excellent line of research to pursue further, utilising the methods of analysis presented in this paper and building upon them. These could then be related to MNE performance on a much larger scale.

To conclude, as this report provides original impetus to the research realm it is conducive to theory building and it should be used for such and as a baseline to draw upon for future academic research in this field of study.

REFERENCES

Aldrich, H., 1999. *Organizations evolving*. London: Sage Publications.

Anderson, E. and Gatignon, H., 1986. Modes of foreign entry: A transaction cost analysis and propositions. *Journal of International Business Studies*, 17(3), pp. 1–26.

Bartlett, C. and Ghoshal, S., 2000. Going global: lessons from late movers. *Harvard Business Review*, 78, pp. 133-42.

Berander, P., 2007. *Evolving Prioritization for Software Product Management. PhD Doctoral Dissertation*. Sweden: Blekinge Institute of Technology.

Bilkey, W.J. and Tesar, G., 1977. The export behavior of smaller-sized Wisconsin manufacturing firms. *Journal of International Business Studies*, 8, pp. 93–98.

Birkinshaw, J., 1997. Entrepreneurship in Multinational Corporations: The Characteristics of Subsidiary Initiatives. *Strategic Management Journal*, 18(3), pp. 207-229.

Boisot, M., and Meyer, M.W., 2008. Which way through the open door? Reflections on the internationalization of Chinese firms. *Management and Organization Review*, 4(3), pp. 1–17.

Buckley, P. J., and Casson, M. C., 1976. *The Future of the Multinational Enterprise*. London: Macmillan.

Buckley, P.J., and Casson, M.C., 2009. The internalisation theory of the multinational enterprise: A review of the progress of a research agenda after 30 years. *Journal of International Business Studies*, 40, pp. 1563–1580.

Butkiewicz, J. and Yanikkaya, H., 2008. Capital account openness, international trade and economic growth: A cross-country empirical examination. *Emerging Markets, Finance and Trade*, 44, pp. 15–32.

Cantwell, J. and Narula, R., 2001. The eclectic paradigm in the global economy. International. *Journal of the Economics of Business*, 8(2), pp. 155–172.

Child, J. and Rodrigues, S.B., 2005. The internationalization of Chinese firms: a case for theoretical extension? *Management and Organization Review*, 1(3), pp. 381–410.

Christensen, C.M., Bower, J.L., 1996. Customer power, strategic investment, and the failure of leading firms. *Strategic Management Journal*, 17(3), pp. 197–218.

Clercq, D.D., Sapienza, H.J., Sandberg, W.R. and Crijns, H., 2006. The role of learning in international entrepreneurship advances in entrepreneurship, firm emergence and growth. In: Wiklund, D.D.J, Katz, J.A. and Shepherd, D.A. (Eds.), *Entrepreneurship: Frameworks and Empirical Investigations from Forthcoming Leaders of European Research*, 9, JAI, pp. 311–328.

Cohen, W.M. and Levinthal, D.A., 1990. Absorptive capacity: A new perspective on learning and innovation. *Administrative Science Quarterly*, 35, pp. 128–152.

Coviello, N.E. and Munro, H.J., 1995. Growing the entrepreneurial firm: networking for international market development. *European Journal of Marketing*, 29(7), pp. 49-61.

Covin, J.G. and Slevin, D.P., 1989. Strategic management of small firms in hostile and benign environments. *Strategic Management Journal*, 10(1), pp. 75–87.

Covin, J.G. and Slevin, D.P., 1991. A conceptual model of entrepreneurship as firm behaviour. *Entrepreneurship Theory and Practice*, 16, pp. 7–25.

Covin, J.G., Green, K.M. and Slevin, D.P., 2006. Strategic process effects on the entrepreneurial orientation-sales growth rate relationship. *Entrepreneurship Theory and Practice*, 30(1), pp. 57–81.

Damm, L.O., 2007. *Early and Cost-Effective Software Fault Detection*. PhD Doctoral Dissertation. Sweden: Blekinge Institute of Technology.

Delios, A., and Henisz, W., 2003. Policy uncertainty and the sequence of entry by Japanese firms, 1980–1998. *Journal of International Business Studies*, 34(3), pp. 227–252.

Deng, P., 2004. Outward investment by Chinese MNCs: motivations and implications. *Business Horizons*, 47(3), pp. 8-16.

Deng, P., 2007. Investing for strategic resources and its rationale: the case of outward FDI from Chinese companies. *Business Horizons*, 50(1), pp. 71-81.

Dess, G.G., Lumpkin, G.T. and McGee, J.E., 1999. Linking corporate entrepreneurship to strategy, structure, and process: suggested research directions. *Entrepreneurship Theory and Practice*, 23(3), pp. 85–102.

Dierickx, I., and Cool, K., 1989. Asset stock accumulation and sustainability of competitive advantage. *Management Science*, 35, pp. 1504–1511.

Ding, Y., Nowak, E. and Zhang, H., 2010. Foreign vs. domestic listing: An entrepreneurial decision. *Journal of Business Venturing*, 25, pp. 175–191.

Dubini, P. and Aldrich, H., 1991. Personal and extended networks are central to the entrepreneurial process. *Journal of Business Venturing*, 6, pp. 305–313.

Dunning, J. H., 1995. Reappraising the Eclectic Paradigm in an Age of Alliance Capitalism. *Journal of International Business Studies*, 26(3), pp. 461-491.

Dunning, J.H., 1998. Globalization and the new geography of foreign direct investment. *Oxford Development Studies*, 26(1), pp. 47–69.

Dunning, J. H., 2000. The eclectic paradigm as an envelope for economic and business theories of MNE activity. *International Business Review*, 9, pp. 163–190.

Dunning, J.H., 2005. *Transnational Corporations and Economic Development: From Internationalization to Globalization*. Palgrave Macmillan, Basingstoke.

Dunning, J.H., 2006. Comment on dragon multinationals: new players in 21st century globalization. *Asia Pacific Journal of Management*, 23(2), pp. 139–141.

Dunning, J.H., 2008. Space, location and distance in IB activities: a changing scenario? in Dunning, J.H. and Gugler, P. (Eds), *Foreign Direct Investment, Location and Competitiveness*. Elsevier, Oxford.

Eden, L. and Lenway, S., 2001. Multinationals: the Janus face of globalization. *Journal of International Business Studies*, 32, pp. 383–400.

Eisenhardt, K.M., 1989. Building Theories from Case Study Research. *The Academy of Management Review*, 14(4), pp. 532-550.

Eriksson, K., Johanson, J., Majkgard, A. and Sharma, D., 1997. Experiential knowledge and cost in the internationalization process. *Journal of International Business Studies*, 28(2), pp. 337–360.

Forsgren, M., 2002. The concept of learning in the Uppsala internationalization process model: A critical review. *International Business Review*, 11(3), pp. 257–278.

Gammeltoft, P. Pradhan, J.P. and Goldstein, A., 2010. Emerging multinationals: home and host country determinants and outcomes. *International Journal of Emerging Markets*, 5(3/4), pp. 254-265.

Goldstein, A., 2007. *Multinational Companies from Emerging Economies: Composition, Conceptualization and Direction in the Global Economy*. Palgrave, Basingstoke.

Goldstein, A. and Pusterla, F., 2010. Emerging economies' multinationals general features and specificities of the Brazilian and Chinese cases. *International Journal of Emerging Markets*, 5(3/4), pp. 289-306.

Hansen, J.D., Deitz, G.D., Tokman, M., Marino, L.D. and Weaver, K.M., 2011. Cross-national invariance of the entrepreneurial orientation scale. *Journal of Business Venturing*, 26, pp. 61–78.

Hennart, JF., 2009. Down with MNE-centric theories! Market entry and expansion as the bundling of MNE and local assets. *Journal of International Business Studies*, 40, pp. 1432–1454.

Hitt, M.A. and Cheng, J.L.C. (Eds), *Theories of the multinational enterprise: Diversity, complexity, and relevance*. JAI Press, Amsterdam, pp.187-220.

Hobday, M., 1995. East Asian latecomer firms: Learning the technology of electronics. *World Development*, 23, pp. 1171–1193.

Hofstede, G., 2007. Asian Management in the 21st Century. *Asian Journal of Management*, 24, pp. 411–420.

Hoskisson, R.E., Eden, L., Lau, C.M. and Wright, M., 2000. Strategising in emerging economies. *Academy of Management Journal*, 43, pp. 249–267.

Hsiao, C. and Shen, Y., 2003. Foreign direct investment and economic growth: the importance of institutions and urbanization. *Economic Development and Cultural Change*, 51(4), pp. 883–896.

Hymer, S. H., 1976. *The international operations of national firms: A study of direct foreign investment*. Cambridge, MA: MIT.

Investopedia, 2011. *Compound Annual Growth Rate*. (online) Available at: http://www.investopedia.com/terms/c/cagr.asp#axzz1ke9ay2Dd (Accessed 27 January 2012).

Johanson, J., and Vahlne, J.E., 1990. The mechanism of internationalization. *International Marketing Review*, 7(4), pp. 11–24.

Johanson, J. and Vahlne, J.E., 2009. The Uppsala internationalization process model revisited: From liability of foreignness to liability of outsidership. *Journal of International Business Studies*, 40(9), pp. 1411–1431.

Kang, R. and Ke, Y., 2005. Comparison of Internationalization in Haier and Matsushita. *Global Entrepreneur*, Beijing, 9, pp. 148–149.

Khanna, T. and Palepu, K., 2000. The future of business groups in emerging markets: long-run evidence from Chile. *Academy of Management Journal*, 43(3), pp. 268–85.

Knight, G.A., 1997. Cross-cultural reliability and validity of a scale to measure firm entrepreneurial orientation. *Journal of Business Venturing*, 12(3), pp. 213–225.

Knight, G. A. and Cavusgil, S. T., 2004. Innovation, organizational capabilities, and the born-global firm. *Journal of International Business Studies*, 35, pp.124–141.

Kreiser, P.M., Marino, L.D. and Weaver, K.M., 2002. Assessing the psychometric properties of the entrepreneurial orientation scale: a multi-country analysis. *Entrepreneurship Theory and Practice,* 26(4), pp. 71–94.

Kuemmerle, W., 2002. Home base and knowledge management in international ventures. *Journal of Business Venturing*, 17, pp. 99–122.

Kuratko, D.F., Ireland, R.D., Covin, J.G. and Hornsby, J.S., 2005. A model of middle-level managers' entrepreneurial behaviour. *Entrepreneurship Theory and Practice*, 29(5), pp. 699–716.

Kwok, C. C. Y. and Reeb, D. M., 2000. Internationalization and firm risk: An upstream-downstream hypothesis. *Journal of International Business Studies*, 31, pp. 611–629.

Kwong, P., 1996. The Chinese diaspora. *World Business*, 2(3), pp. 26–31.

Lau, C. M., and Busenitz, L. W., 2001. Entrepreneurs in a transitional economy: The People's Republic of China. *Entrepreneurship Theory and Practice*, 26(1), pp. 5–20.

Lecraw, D.J., 1993. Outward direct investment by Indonesian firms: motivation and effects. *Journal of International Business Studies*, 24(3), pp. 589–600.

Lee, S.M. and Peterson, S.J., 2000. Culture, Entrepreneurial Orientation, and Global Competitiveness. *Journal of World Business*, 35(4), pp. 401-416.

Lewis, R.J., 1999. *Reliability and Validity: Meaning and Measurement*. SAEM, Boston.

Li, J. J., Poppo, L. and Zhou, K. Z., 2010. Relational mechanisms, formal contracts, and local knowledge acquisition by international subsidiaries. *Strategic Management Journal*, 31, pp. 349–370.

Li, Y., Ahlstrom, D. and Ashkanasy N.M., 2010. A multilevel model of affect and organizational commitment. *Asia Pacific Journal of Management*, 27(2), pp. 193-213.

Li, Y., Liu, Y. and Zhao, Y. B., 2006. The role of market and entrepreneurship orientation and internal control in the new product development activities of Chinese firms. *Industrial Marketing Management*, 35, pp. 336–347.

Liu, S. S., Luo, X. M. and Shi, Y., 2003. Market-oriented organizations in an emerging economy: A study of missing links. *Journal of Business Research*, 56, pp. 481–491.

Liu, Y., Li, Y. and Xue, J., 2011. Ownership, strategic orientation and internationalization in emerging markets. *Journal of World Business*, 46, pp. 381–393.

Lumpkin, G. T. and Dess, G. G., 1996. Clarifying the entrepreneurial orientation construct and linking it to performance. *Academy of Management Review*, 21, pp. 135–172.

Lumpkin, G.T. and Dess, G.G., 2001. Linking two dimensions of entrepreneurial orientation to firm performance: the moderating role of environment and industry life cycle. *Journal of Business Venturing*, 16(5), pp. 429–451.

Luo, X., Sivakumar, K., and Liu, S., 2005. Globalization, marketing resources, and performance: Evidence from China. *Journal of the Academy of Marketing Science*, 33(1), pp. 50–65.

Luo, Y., 1997. Partner selection and venturing success: The case of joint ventures with firms in the People's Republic of China. *Organizational Science*, 8, pp. 648–662.

Luo, Y., 2003. Market-seeking MNEs in an emerging market: How parent-subsidiary links shape overseas success. *Journal of International Business Studies*, 34(3), pp. 290-309.

Luo, Y. and Junkunc, M., 2008. How private enterprises respond to government bureaucracy in emerging economies: The effects of entrepreneurial type and governance. *Strategic Entrepreneurship Journal*, 2(2), pp.133–153.

Luo, Y. D. and Tung, R. L., 2007. International expansion of emerging market enterprises: A springboard perspective. *Journal of International Business Studies*, 38, pp. 481–498.

Luostarinen, R. and Welch, L., 1990. *International business operations*. Helsinki: KY Book Store, pp. 249.

Lyon, D.W., Lumpkin, G.T. and Dess, G.G., 2000. Enhancing entrepreneurial orientation research: operationalizing and measuring a key strategic decision making process. *Journal of Management*, 26(5), pp. 1055–1085.

Mah, J.S., 2005. Export expansion, economic growth and causality in China. Applied Economics Letters, 12(2), pp. 105–107.

Makadok, R., 2001. Synthesizing resource-based and dynamic capability views. *Strategic Management Journal*, 22, pp. 387–401.

Makino, S., Lau, C.M. and Yeh, R.S., 2002. Asset-exploitation versus asset-seeking: implications for location choice of foreign direct investment from newly industrialized economies. *Journal of International Business Studies*, 33(3), pp. 403–421.

Malhotra, N. and Hinings, C.R., 2010. An organizational model for understanding internationalization processes. *Journal of International Business Studies*, 41, pp. 330–349.

Mathews, J.A., 2002. Competitive advantage of the latecomer firm: a resource-based account of industrial catch-up strategies. *Asia Pacific Journal of Management*, 19(4), pp. 467–488.

Mathews, J.A., 2006. Dragon multinationals: New players in 21st century globalization. *Asia Pacific Journal of Management*, 23, pp. 5–27.

McDougall, P.P. and Oviatt, B.M., 2000. International entrepreneurship: The intersection of two research paths. *Academy of Management Journal*, 43, pp. 902–908.

McDougall, P.P., Oviatt, B.M. and Shrader, R.C., 2003. A Comparison of International and Domestic New Ventures. *Journal of International Entrepreneurship*, 1(1), pp. 59–82.

McDougall, P.P., Shane, S. and Oviatt, B.M., 1994. Explaining the Formation of International New Ventures: The Limits of Theories from International Business Research. *Journal of Business Venturing*, 9, pp. 469-487.

McGrath, R.G. and MacMillan, I.C., 1992. Elitists, risk-takers, and rugged individualists? An exploratory analysis of cultural differences between entrepreneurs and non-entrepreneurs. *Journal of Business Venturing*, 7(2), pp.115-135.

Meyer, K. E., 2001. Institutions, transaction costs and entry mode choice. *Journal of International Business Studies*, 32(2), pp. 357–67.

Meyer, K.E. and Nguyen, H.V., 2005. Foreign Investment Strategies and Sub-national Institutions in Emerging Markets: Evidence from Vietnam. *Journal of Management Studies*, 42(1), pp 63-93.

Meyer, M., 2008. China's second economic transition: Building national markets. *Management and Organization Review*, 4, pp. 3–15.

Milelli, C., Hay, F. and Shi, Y., 2010. Chinese and Indian firms in Europe: characteristics, impacts and policy implications. *International Journal of Emerging Markets*, 5(3/4), pp. 377-397.

Minniti, M. and Lévesque, M., 2010. Entrepreneurial types and economic growth. *Journal of Business Venturing*, 25, pp. 305–314.

Morris, M. H., 1998. *Entrepreneurial intensity: Sustainable advantages for individuals, organizations, and societies*. Westport, CT: Quorum Books.

Mudambi, R., and Navarra, P., 2002. Institutions and international business: A theoretical view. *International Business Review*, 11, pp. 635–646.

Narayanan, V. K. and Fahey, L., 2005. The Relevance of the Institutional Underpinnings of Porter's Five Forces Framework to Emerging Economies: An Epistemological Analysis. *Journal of Management Studies,* 42(1), pp 207-223.

Oviatt, B.M. and McDougall, P.P., 1994. Toward a theory of international new ventures. *Journal of International Business Studies*, 25(1), pp. 45–64.

Oviatt, B.M. and McDougall, P.P., 1995. Global start-ups: Entrepreneurs on a worldwide stage. *Academy of Management Executive*, 9, pp. 30–43.

Oviatt, B.M. and McDougall, P.P., 1997. Challenges for Internationalization Process Theory: The Case of International New Ventures. *Management International Review*, 37. pp. 85-99.

Oviatt, B.M. and McDougall, P.P., 2005. Defining International Entrepreneurship and Modeling the Speed of Internationalization. *Entrepreneurship Theory and Practice*, 29(5), pp. 537-554.

Oviatt, B.M. and McDougall, P.P., 2005. Toward a theory of international new ventures. *Journal of International Business Studies*, 36(1), pp. 29–41.

Oviatt, B.M., Shrader, R.C., and McDougall, P.P., 2004. The internationalization of new ventures: A risk management model. *Advances in international management*, 16, pp.165–185.

Padmanabhan, P. and Cho, K., 1996. What role does specific experience play in foreign ownership and establishment mode strategies of multinational firms? An empirical investigation of Japanese firms. *Management International Review*, 36(1), pp. 45–66.

Peng, M. W., 2003. Institutional transitions and strategic choices. *Academy of Management Review*, 28, pp. 275–296.

Peng, M. W. and Delios, A., 2006. What determines the scope of the firm over time and around the world? An Asia Pacific perspective. *Asia Pacific Journal of Management*, 23, pp. 385–405.

Pérez-Luño, A., Wiklund, J. and Cabrera, R.V., 2011. The dual nature of innovative activity: How entrepreneurial orientation influences innovation generation and adoption. *Journal of Business Venturing*, 26, pp. 555–571.

Petersen, B., Pedersen, T. and Sharma, D., 2002. The role of knowledge in firms' internationalization process: Wherefrom and whereto? In Blomstermo, A. and Sharma, D. (Eds.), *Learning in the internationalization process of firms*. Cheltenham: Edward Elgar.

Porter, M.E., 1990. *The Competative Advantage of Nations*. New York: The Free Press.

Pothokuchi, V., Damanpour, F., Choi, J., Chen, C. and Park, S., 2002. National and organizational culture differences and international joint venture performance. *Journal of International Business Studies*, 33, pp. 243–265.

Rauch, A., Wiklund, J., Freese, M. and Lumpkin, T., 2009. Entrepreneurial orientation and business performance: cumulative empirical evidence. *Entrepreneurship Theory and Practice*, 33(3), pp. 761–779.

Sapienza, H., Autio, E., George, G. and Zahra, S., 2006. A capabilities perspective on the effects of early internationalization on firm survival and growth. *Academy of Management Review*, 31(4), pp. 914–933.

Schildt, H.A., Maula, M.V.J. and Keil, T., 2005. Explorative and exploitative learning from external corporate ventures. *Entrepreneurship Theory and Practice*, 29(4), pp. 493–515.

Sethi, D., Judge, W.Q. and Sun, Q., 2011. FDI distribution within China: An integrative conceptual framework for analyzing intra-country FDI variations. *Asia Pacific Journal of Management*, 28, pp. 325-352.

Shaw, V. and Darroch, J., 2004. Barriers to Internationalisation: A Study of Entrepreneurial New Ventures in New Zealand. *Journal of International Entrepreneurship*, 2, pp. 327–343.

Song, M., Wang, T. and Parry, M.E., 2010. Do market information processes improve new venture performance? *Journal of Business Venturing*, 25, pp. 556–568.

Stevenson, H., Roberts, M. J., and Grousbeck, H. I., 1994. *New business ventures and the Entrepreneur, 4th Ed*. Burr Ridge, IL: Irwin.

Subramanian, R. and Gopalakrishna, P., 2001. The market orientation-performance relationship in the context of a developing country: An empirical analysis. *Journal of Business Research*, 53, pp. 1–13.

Tan, J., 2005. Venturing in turbulent water: a historical perspective of economic reform and entrepreneurial transformation. *Journal of Business Venturing*, 20(5), pp. 689–704.

Terjesen, S. and Hessels, J., 2009. Varieties of export-oriented entrepreneurship in Asia. *Asia Pacific Journal of Management*, 26(3), pp. 537–561.

Thomas, A.S. and Mueller, S.L., 2000. A Case for Comparative Entrepreneurship: Assessing the Relevance of Culture. *Journal of International Business Studies*, 31(2), pp. 287-301.

Thomas, D.E., Eden, L. and Hitt, M.A., 2002. Who Goes Abroad? International Diversification by Emerging Market Firms into Developed Markets. Paper presented at the Academy of Management Annual Meeting in Denver, CO. In: Yan, D., Hong, J. and Ren, B., 2010. Determinants of outward foreign direct investment by Chinese enterprises: An empirical study from institutional perspective. *Nankai Business Review International*, 1(3), pp. 237-253.

Timmons, J. and Spinelli, S., 2003. *New venture creation: Entrepreneurship for the 21st century, 6th ed*. New York: McGraw Hill Higher Education.

Tsai, W., and Ghoshal, S., 1998. Social capital and value creation: The role of intrafirm networks. *Academy of Management Journal*, 41(4), pp. 464–476.

UNCTAD, 2011. *World investment report 2011: Non-Equity Modes of International Production and Development*. Geneva: United Nations Conference on Trade and Development.

van Essen, M., Hans van Oosterhout, J. and Carney, M., 2011. Corporate boards and the performance of Asian firms: A meta-analysis. *Asia Pacific Journal of Management*, Septmber 2011 Online.

Wielemaker, M. and Gedajlovic, E., 2011. Governance and capabilities: Asia's entrepreneurial performance and stock of venture forms. *Asia Pacific Journal of Management*, 28, pp. 157-185.

Wiklund, J., 1999. The sustainability of the entrepreneurial orientation–performance relationship. *Entrepreneurship Theory and Practice*, 24(1), pp. 37–48.

Wiklund, J. and Shepherd, D., 2003. Research notes and commentaries: knowledge-based resources, entrepreneurial orientation, and the performance of small and medium-sized businesses. *Strategic Management Journal*, 24, pp. 1307–1314.

Wiklund, J. and Shepherd, D., 2005. Entrepreneurial orientation and small business performance: a configurational approach. *Journal of Business Venturing*, 20, pp. 71–91.

Wohlin, C., Runeson, P., Host. M., Ohlsson, M., Regnell, B. and Wesslen, A., 2000. *Experimentation in Software Engineering: An Introduction*. Kluwer Academic Publishers, London.

Wong, P. K., Ho, Y. P., and Autio, E., 2005. Entrepreneurship, innovation and economic growth: Evidence from GEM data. *Small Business Economics*, 24, pp. 335–350.

Wright, M., Filatotchev, I., Hoskisson, R., and Peng, M. W., 2005. Strategy research in emerging economies: Challenging the conventional wisdom. *Journal of Management Studies*, 42(1), pp. 1–33, Special Issue on 'Strategy Research in Emerging Economies'.

Yamakawa, Y., Peng, M. W., and Deeds, D. L., 2008. What drives new ventures to internationalize from emerging to developed economies? *Entrepreneurship Theory and Practice*, 32(1), pp. 59–82.

Yang, X., Jiang, Y., Kang, R. and Ke, Y., 2009. A comparative analysis of the internationalization of Chinese and Japanese firms. *Asia Pacific Journal of Management*, 26, pp. 141-162.

Yan Li, Y., Ahlstrom, D. and Ashkanasy, N.M., 2010. A multilevel model of affect and organizational commitment. *Asia Pacific Journal of Management*, 27, pp. 193-213.

Yip, G. S., 1992. *Total global strategy: Managing for worldwide competitive advantage*. Englewood Cliffs, NJ: Prentice Hall.

Yiu, D., Bruton, G.D. and Lu, Y., 2005. Understanding Business Group Performance in an Emerging Economy: Acquiring Resources and Capabilities in Order to Prosper. *Journal of Management Studies*, 42(1), pp. 183-206.

Yiu, D.W., Lau, CM. and Bruton, G.D., 2007. International venturing by emerging economy firms: the effects of firm capabilities, home country networks, and corporate entrepreneurship. *Journal of International Business Studies*, 38, pp. 519–540.

Zacharakis, A.L., 1997. Entrepreneurial entry into foreign markets: A transaction cost perspective. *Entrepreneurship Theory and Practice*, 21, pp. 23–39.

Zahra, S.A., 1991. Predictors and financial outcomes of corporate entrepreneurship: an explorative study. *Journal of Business Venturing*, 6, pp. 259–285.

Zahra, S.A., 1993. Environment, corporate entrepreneurship, and financial performance: a taxonomic approach. *Journal of Business Venturing*, 8(4), pp. 319–340.

Zahra, S.A. and Covin, J., 1995. Contextual influence on the corporate entrepreneurship–performance relationship: a longitudinal analysis. *Journal of Business Venturing*, 10, pp. 43–58.

Zahra, S.A. and George, G., 2002. International entrepreneurship: The current status of the field and future research agenda. In: Hitt, M.A., Ireland, R.D., Camp, S.M. and Sexton, D.L. (Eds), *Strategic entrepreneurship: Creating a new mindset*, pp. 255–288. Oxford, UK: Blackwell Publishers.

Zahra, S.A., Ireland, R.D., and Hitt, M.A., 2000. International expansion by new venture firms: International diversity, mode of market entry, technological learning and performance. *Academy of Management Journal*, 43, pp. 925–950.

Zander, I., 1999. Whereto the multinational? The evolution of technological capabilities in the multinational network, *International Business Review*, 8, pp. 261–291.

Zeng, M. and Williamson, P., 2007. *Dragons at your door: How Chinese cost innovation is disrupting global competition*. Boston, MA: Harvard Business School Press.

Zhou, K. Z., Yim, B. C., and Tse, D. K., 2005. The effects of strategic orientations on technology- and market-based breakthrough innovations. *Journal of Marketing*, 69(2), pp. 42–60.

Zhou, K.Z., 2006. Innovation, imitation, and new product performance: the case of China. *Industrial Marketing Management*, 35, pp. 394–402.

Zhou, K.Z. and Li, C.B., 2007. How does strategic orientation matter in Chinese firms? *Asia Pacific Journal of Management*, 24, pp. 447-466.

Zhou, L. X., 2007. The effects of entrepreneurial proclivity and foreign market knowledge on early internationalization. *Journal of World Business*, 42, pp. 281–293.

APPENDIX A: RAW DATA

The attached disk contains all raw data pertaining to the results of this research.