

The Entry Strategies of Asian Emerging Market Multinationals

Takeshi FUJISAWA*

I. Introduction

According to Fortune Global 500 (top 500 of largest total sales revenue), the number of companies from emerging markets accounted for 2 percent in 1995. Forecasts claim that their share will approach 50 percent by 2025. This rapid increase from emerging markets has already developed a significant presence that is catching up with multinationals from advanced countries or overtaking them (Cuervo-Cazurra, Newburry, and Park, 2016, p.xi). Several giant companies from the US, EU and Japan are threatened by these emerging market multinationals.

Among them, Asian emerging market multinationals (AEMM) became conspicuously outstanding in size and growth of revenue, profit, asset, and market share and thus corporate value. Since the latter half of the 2000s the fierce rivalry between AEMM and multinationals from advanced countries regarding both products and services has received much attention not only from managers of big companies but also from researchers.

This paper clarifies the determinants of foreign direct investment (FDI) made by AEMM in terms of data analysis and event study in addition to employing a few analytical frameworks for demonstrating advantageous and weak factors unique to AEMM's entry strategies.

Therefore, this paper plays a role in highlighting key characteristics of FDI including an acquisition. Concretely, it aims to supplement a new perspective for analyzing the best selection of entry strategies for AEMM from the viewpoint of combining macro analysis such as home nation competitiveness with micro competitiveness with regard to firm-specific advantage.

* Professor, Ph.D. Management and Commerce, School of Business Administration, Kwansei Gakuin University

II. Literature Survey

From the 1980s to the first half of the 2000s, research focused on multinational enterprises (MNEs) from developed countries moving toward less developed (Buckley and Clegg, 1991) or developing countries.

In this research context, Buckley and Casson (1991, pp.31-32) criticized the conventional economic theory working with traditional cross-section regressions, in which total factor productivity approach for such a theory is employed, owing to only limited success in explaining international differences in material economic performance (as measured by per capita GNP). The authors advocated the importance of factors such as entrepreneurial culture from technical and moral aspects in the development of a nation and thus paid attention to differences in education and training among countries that are commonly cited as useful explanative factors. This comprehensive view seems to be consistent with the long run economic success of a nation.

Since the latter half of the 2000s, researchers have tackled the new field of the market entry strategies of MNEs from emerging countries or markets toward developed countries (Agtmael, 2007; Dunning, Kim, and Park, 2008; Ramamurti, and Singh, 2009). This new research direction seems to be divided into two parts.

The first part of this direction focuses on the competitive advantages and weakness of MNEs from emerging countries like China and India, etc., while taking their home country backgrounds into consideration (Ramamurti, and Singh, 2009; Cuervo-Cazurra, Newburry, and Park, 2016).

The other part is to weigh the institutional approach so as to characterize a home nation's advantages and government policies to each nation's multinationals as well as a few lacking factors related with each home country's environment (Nölke, 2014).

For example, Grätz (2014) stresses the role of Russian government policies toward Russian multinational companies (MNCs) in explaining the emergence of Russian MNCs. Grätz clarifies that the Russian government neither formulated formal policies to support MNCs nor developed appropriate government agencies tasked with assisting foreign direct investment abroad. This tendency corresponds with the general institutional weakness of the Russian state. More obviously speaking, the government's financial support for Russian companies venturing abroad has been selective and accessible only to well-connected firms (Grätz, J., pp.93-95).

Let us observe the phenomena common to BRICs (Brazil, Russia, India, and China). The first is that these four countries have large domestic markets. Owing to their size, such emerging market governments have a good negotiation position

toward foreign investors and governments. Therefore, no “sellout” is necessary. That is, state actors do not have to give in to the demands of foreign multinationals, but may impose upon the latter to make them transfer innovative technologies to domestic manufacturing. Moreover, the size of consumer demand in large domestic markets allows for a certain isolation of companies from fluctuations on global markets and also enables growth strategies based first and foremost on production for domestic markets, and later for international expansion (Lu, Liu, and Wang, 2010, p.241).

Throughout this explanation about the role of market size in emerging market countries like BRICs, either inward direct investment or outward direct investment for the same countries is likely to be influenced by their domestic market sizes. At the earlier stage of product life cycle, inward direct investment (IDI) from other countries should be preferable to FDI from emerging countries, which leads to setting a hypothesis in the next section.

When addressing why giant MNEs have easily arisen from BRICs, the best solution to this challenging question is as follows: The size of an emerging domestic market is based on a number of very specific institutional factors and complementarities. For MNEs stemming from BRICs, these factors include long term stability with regard to corporate governance and corporate finance, both of which are necessary in order to pursue “catchup strategies” starting from a pursuing home advantage strategy accompanied with low labor costs and an abundant supply of workers, to finally a system of innovation transfer that is based on reverse engineering (Nölke, 2014, pp.80-81).

As the countries whose domestic market is very large like BRICs seem to be so attractive for MNEs from developed countries, however, that many MNEs want to set up their subsidiaries inside these countries. As the density of MNEs from developed countries increases in a host country, local firms face the potential loss of their domestic market opportunities.

Nevertheless, BRICs share upper four biggest rank in the weight of both total number of giant class MNEs and their total sales volume by the source countries for emerging MNEs. The reasons for such phenomena can be explained by the importance of domestic market size which enables local manufacturers to introduce a mass production way which sharply reduces an average production cost in their domestic facility. Thus, they can respond to any cheap offer price required by foreign marketers and not only expand their market share in the world but also their company name and product brand name becomes familiar to manufacturers, distributors and consumers in the world. This market access right retained by some BRICs companies results in a short way for them to become MNEs.

On the other hand, there is an opposite opinion that a large domestic market

attracts MNEs from many countries into the market country and sooner or later hinders local companies from manufacturing and selling goods as well as developing new technology. That is why host governments in emerging countries often impose several kinds of regulations on MNEs from other countries, and in particular from advanced countries. In some cases, this kind of government-based disadvantage of foreignness may arise from concerns about national security (Cuervo-Cazurra, Newburry, and Park, 2016, pp.96-97).

Most politicians in a host country will not support MNE strategies that prevent domestic firms from taking advantage of their growth opportunities and tend to perceive foreign firms as a threat to national sovereignty. In this way, emerging market country governments tend to regulate MNE business activities for the sake of domestic firms. Such institutional regulations toward foreign-owned subsidiaries often leave them strictly controlled by the host government, while domestic firms have the opportunity to become an MNE itself under the government's strong support. Government favoritism includes practices such as export subsidy and tax exemption for R&D inside the home country. For the most part of AEMM, without this regulation and a variety of promotion policies, they might have not become giant MNEs in the first place. In this context, the host government's discriminative policies toward MNEs and home country firms are surely supportive fundamentals that bring forth MNEs from the home country. This starting point for AEMM should not be ignored.

As a result of discussions pro and con regarding inward direct investment (IDI), the Chinese and Indian governments in particular could attain close to perfect levels in favor of home companies, viewing their past ownership control policy and taxation system in addition to location policy targeting at foreign companies.

In this meaning, the attractiveness of domestic market size and the government policy toward IDI and its control over subsidiaries located at China and India. That is why in this paper, Chinese MNEs and Indian MNEs are chosen as representatives of AEMM.

Throughout the main literature review, we noticed that an institutional approach is so meaningful as to make us understand why home nation advantages which foster multinationals from emerging countries can be easily comparable and thus the analytical framework for exploring the determinants of entry strategies for these MNEs can be set up in addition to test several hypotheses.

In particular, this paper pays attention to the introduction of two kinds of competitive advantages, that is, the two helpful concepts of firm-specific advantage and country-specific advantage (Rugman, 1981) in order to explain why AEMM can set up subsidiaries abroad.

III. Macro Analysis of the Determinants of FDI by AEMM

As the introduction in this paper shows, Buckley and Casson (1991) contribute to grasping the systematic dynamism for promoting home country firms to become MNEs in line with a comprehensive approach contrasted with a simple economic model, in which an explanative power appears to be further augmented, while they throw a skeptical view on cross section regressions analysis centered on inputting only economic factors which are strong compositions of GDP.

In this section we contradict their view and employ a multiple regression analysis judging from the speediest economic growth in their home countries to find out what home economic factors directly relate with GDP and influence on the size of FDI originated by AEMM.

Derived from the literature review etc., several hypotheses concerning the relationships between several home country specific advantages of Asian emerging market countries and FDI from such countries were derived from the literature review, and are presented below.

The bigger size of domestic consumption volume favors IDI over FDI from Asian emerging market countries (AEMCs). Thus, the below relationship appears.

H 1: High home country consumption volume inhibits FDI from AEMCs.

The export volume of goods from AEMCs directly demonstrates not only their home country competitiveness but also their firm specific advantage. In sum, the below hypothesis is rational.

H 2: High export volumes of goods from AEMCs is positively combined with FDI from AEMCs.

Let the import surplus for AEMCs be a sign of weakness not only in foreign trade competitiveness as a nation but also in its country firms' international competitiveness. Consequently, the below relationship is plausible.

H 3: High import volumes of goods for AEMCs compared to exports is negatively combined with FDI from AEMCs.

As the literature survey illustrates, more aggressive government expenditure contributes to actively supporting FDI from AEMCs as a result of filling up lacking investment funds with subsidies paid by its government to AEMCs. Inferring from these causes and effects, the below relationship is assumed to be established.

H 4: Government expenditure has a positive relationship with FDI from its nation.

The stock of FDI from AEMCs is taken solely as a dependent variable. The

stock base of FDI is more useful than the flow base of FDI for the former actually combines with real production volume abroad outside its home nation.

Independent variables are Domestic Consumption, Government Expenditure, Export of goods, and Import of goods, which are usable to each of the four hypotheses.

Multiple regression analysis can be employed as it is most effective for testing the four hypotheses since most independent variables are also jointly GDP composite variables.

Table 1 The Influencing Powers on the Stock of FDI from Asian Emerging Countries: Results of Multiple Regression Analysis

model Independent variables	Non-standardization coefficient		Std coe.	t-value	Significant probability
	β	Error of std deviation	β		
(constant)	1056.879	1016.943		1.039	.300
Annual saving	-.007	.025	-.045	-.268	.789
Domestic consumption	-.071	.016	-.830	-4.425	.000
Government expend.	.251	.043	.812	5.811	.000
Export of goods	.065	.023	.627	2.797	.006
Import of goods	-.124	.028	-.981	-4.361	.000
Export of service	-22.225	117.267	-.026	-.190	.850
Import Service	164.699	95.612	.205	1.723	.087
Stock of Inward DI	.086	.033	.282	2.560	.011
Flow of FDI	2.175	.165	.661	13.153	.000
Flow of Inward DI	.363	.133	.326	2.721	.007

Data source: Euromonitor Passport, IMD World Competitiveness Rank. Objective countries: China, India, Thailand, Malaysia, Indonesia, Philippines. Survey years: 200~2014.

Note: This statistical analysis is done by T. Fujisawa utilizing SPSS.

In Table 1, the results of the statistical analyses are summarized. The results of testing the four hypotheses are shown as below.

Hypothesis 1 is supported to have a strongly negative relationship between home country consumption volume and FDI from AEMCs at less than 0.1% significance level.

Hypothesis 2 is supported as export volume of goods from AEMCs is positively combined with FDI from AEMCs at less than 1% significance level.

Hypothesis 3 is supported by a strongly negative impact of import volume of goods for AEMCs on FDI from AEMCs at less than 0.1% significance level.

Hypothesis 4 is supported by the most overwhelmingly positive relationship between government expenditure and FDI from its nation.

Shown on the above, all hypotheses can be meaningfully established following the theoretical background.

Each of AEMCs has similar characteristics as a result of the multiple regression analysis. First, such an independent factor as domestic consumption volume is relatively small compared to GDP. Second, each government expenditure tends to be comparatively large for GDP size. Third, the export volume of goods is large on the whole, although the import volume of goods is apt to be small relative to exports.

These four factors influencing the FDI stock can be combined with each other. Both the flow and stock of FDI tend to be increased by export competitiveness, shown by (export volume—import volume), and also by the expansion of government expenditure that leads to the growth of the domestic economy. In conclusion from this regression analysis, the possibility of AEMC growth depends on each home national government's fiscal supportive policy toward home companies in the first place and the strong export competitiveness of each home nation in the second, except for the flow of FDI, as this flow directly accumulates FDI stock.

These empirical fact findings are explained by theoretical meanings derived from macro-economics. That is why the view presented by Buckley and Casson (1991) might be in part ignored so far as the appearance of AEMCs is concerned.

Table 2 The Distinction of High FDI stock by Nation Competitiveness Rank based on Fisher Linear Distinction Function

Coefficient of Functions Classified	Competitiveness Rank 1	Competitiveness Rank 2
Domestic Consumption volume	-1.874 E-5	-1.713 E-6
Export Volume of Goods	7.596 E-6	-5.913 E-5
Import Volume of Goods	-2.296 E-5	4.821 E-5
Export Volume of Service	0.12	0.211
Stock of Inward Direct Investment	9.066 E-5	1.527 E-5
Constant	-3.914	-8.726

Source) Data collection and statistical analysis were performed by T. Fujisawa.

Next, Table 2 shows the effect of dividing countries into higher competitiveness countries (labelled as Rank 1) and lower ones (Rank 2) as derived from National Competitiveness Rank Data. Rank 1 countries coincide with rich FDI stock, while Rank 2 ones are true for less FDI stock.

In order to refine the results from Table 1, let us introduce Fisher's linear distinction function. Rank 1 countries have extraordinarily both a higher export and a lower import orientation of goods than their Rank 2 counterparts. This tendency supports the result of Table 1 and should stress the great role that exporting goods

for an emerging country has combined with setting subsidiaries abroad. For the most part, transferring managerial resources, including capital, might be a key element for AEMCs.

Here there may be doubts regarding the level of managerial resources required by AEMCs when transferring them to the foreign subsidiaries involved in host countries.

Therefore, we need to turn our focus to a micro-level analysis.

IV. Micro Analysis on Chinese MNEs

Rugman, A. builds a persuasive framework for explaining the existence of Chinese MNEs (Rugman, 2009, p.59). This framework originated with his first matrix framework comprised of firm-specific advantage (FSA) and country-specific advantage (CSA) in explaining why internalization is preferred to externalization for multinationals. FSA holds true for FDI, and the CSA true for licensing (Rugman, 1981).

Based on the two-dimension matrix presented by Rugman (2009), four types entry modes are shown for AEMM including Chinese MNEs.

1. The First quadrant: The combination of Strong FSA and Strong CSA(home)
2. The Second quadrant: The combination of Strong FSA and Weak CSA (home)
3. The Third quadrant: The combination of Weak FSA and Strong CSA(home)
4. The Fourth quadrant: The combination of Weak FSA and Weak CSA(home)

Following the suggestions as a result of Rugman's consideration into his framework (Rugman, 2009, pp.50-53), let us see what entry mode is optimal for Chinese MNEs by quadrant. A big group company which satisfies the strength in both of FSA and CSA may be suitable to select this strategic option.

In the first quadrant, a variety of global strategies such as diversification and conglomerate can be deployed by Chinese MNEs leveraged by both strong FSA and CSA. The best production site may be China where various goods are manufactured at large volume and exported around the world.

In the second quadrant, as Chinese MNEs hold strengths in marketing know-how and customization methods, they tend to adopt a sort of differentiation strategy even though CSA derived from their home country (China) is rather weak, which has no relation to compete with their rivals in the world market. They had better search for production sites outside China.

In the third quadrant, Chinese MNEs exert cost leadership. By fully taking this

advantage, the commodity type of products whose product life cycle stage coincides with mature phase (later phase) are manufactured a lot and sold at cheaper prices for worldwide market. In this case, international production is promising and thus China is one of the candidates as a production site.

In the fourth quadrant, they had better make a decision on divestment as soon as possible because they do not have any chance for globalization.

Next, we turn to the possibility of Chinese MNEs and their decision-making regarding M&A abroad. On the whole, they tend to lack sophisticated technology, marketing skill and systematic management according to Rugman. On the other hand, they typically have strong firm-specific advantages such as rich financial resources along with home country specific advantages such as cheap, abundant labor power for a relatively excellent capacity, assembly and open modular parts adequate to mass production way combined with simplified product technology. Leveraging their strong financial resources, Chinese MNEs can move to acquire MNEs from advanced countries and then transfer home specific advantages to their subsidiaries. Through M&A, Chinese MNEs can obtain and absorb high technology, excellent marketing skills and management know-how so as to cover their weak points. In this way, Chinese MNEs can accumulate learning effects and thus show high performance after the M&A because the outside resources bought by M&A are useful for Chinese MNEs to enter into other developed markets in terms of exporting and FDI including M&A. Nowadays, extending a marketing channel in the world and world-widely famous brand with long history since founded can be often seen for the case of Chinese M&A.

In this meaning Rugman's unique analytical framework lends itself to explain the determinants of overseas M&A developed by Chinese MNEs, mainly in developed countries.

About ten years have passed since Rugman proposed this line of research. Previously, Chinese MNEs enlarged their share in world commodity product markets at the mature stage of international product life cycles in terms of home production and overseas subsidiaries' production. To keep pursuing cost leadership strategies, Chinese MNEs had to gradually shift from home production to their subsidiaries located at lower production sites in other developing countries due to sharply increasing labor cost and location cost in China.

For example, we can look at the entry strategy of Haier, as it is a typical case adequate to Rugman's analytical framework.

In this case, most Chinese subsidiaries strengthened their cost leadership derived from open module product specification combined with mass production assembly lines which could be easily transferred from their home country.

In addition to this phenomenon, and even more noteworthy, are aggressive M&

A strategies that have been continuously realized by Chinese MNEs targeting well known developed country MNEs. As already described, in taking advantage of acquiring the marketing skill and management know-how from developed country MNEs, some Chinese MNEs have succeeded in unfolding a differentiation strategy overlapped with customization. One common example is Lenovo, which ranks in the top three in the world market share of personal computer (PC) after purchasing the PC division of IBM for US\$1.75 billion in December 2004 as part of its global expansion plan (Cuervo-Cazurra, Newbury, and Park, 2016, p.84). Another is Huawei Technology, which ranks third by world market share of mobile phone in terms of international strategic alliances combined with internal R&D development.

In addition to these two giant MNEs, Haier is also noteworthy for completing the acquisition of Sanyo's white goods operations located in Japan in March 2012. Prior to this acquisition, Haier had preferred keeping strategic alliance relationships with Sanyo over acquiring Sanyo's business divisions. By discerning several strategic alliance entry modes, such as original equipment manufacturing (OEM), joint R&D agreements, joint sales agreements and joint ventures (co-production) as well as by Haier's strategic motives and business objectives before absorbing Sanyo's white goods operations, Haier came to perfectly understand Sanyo's existing managerial resources and dynamic capabilities. When the stock price of Sanyo plummeted due to a financial crisis based on Sanyo's total debts (liabilities) overshooting its capital, Haier made the decision to acquire Sanyo's white goods operations (a lot of information on the decision is derived from Nikkei Newspapers). Since then, Haier has kept first place by world market share in the white home appliances. The most successful factor for Haier results from adapting its portfolio of offerings to its target markets. For example, Haier targeted a niche in the US market, enabling the company to learn about the market and develop relationships with major retailers (Khanna and Palepu, 2010, p.178).

The experience of TCL's acquisition of Thomson of France is well known as one of the most high-profile early emerging giant acquisitions of a developed market-based firm. Consumer electronics firm TCL's early globalization journey was very similar to that of Haier (Khanna and Palepu, 2010, p.196). Comparing both companies' entry mode selections toward being giant MNEs is worthwhile in the context of this study.

Both Haier and TCL expanded their target markets by applying a step-by-step approach. In order to deeply satisfy the needs of existing and promising consumers in the world and in terms of internal development, the first move has been the selection of entry modes for reaching the target market. In the second phase, both companies are used to concluding strategic alliance agreements. Recently, acquisition has been selected as one of growth strategies.

But now, all of the above four Chinese MNEs seem to be facing changes on the part of foreign market entry strategies in response to fiercer world market competition and the increasing commodity phenomena of the products sold. Whether M&A is the best entry strategy should be examined.

V. Micro Analysis on Indian MNE — Acquisition cases by Tata Steel Industry —

Tata Group is very well-known as India's No. 1 conglomerate in the world of business. Since the 20th century, Tata Group has challenged many M&A strategies and has favored M&A as a global growth strategy in expanding its market share inside developed countries.

For example, Tata Motors bought Daewoo Commercial Vehicle whose headquarters was located in South Korea. British historical brands Jaguar and Land Rover were also bought by Tata Motors. The aim of a series of acquisitions was to expand the scope of the company and its subsidiary network to include a broader range of car brand levels (Cuervo-Cazurra, Newburry, and Park, 2016, p.163).

Tata Chemicals acquired Brunner Mond, UK. Tata Tea absorbed Tetley, UK. Tata Steel Industry (TSI) acquired Anglo-Dutch Corus Steel. Among others, the last case is one of the biggest deals.

In this way Tata group appears to be good at acquiring manufacturers stemming from the UK. Looking at the long history between the two countries in trade affairs and the interexchange of human capital, M&A phenomena such as the reverse relationship compared with the past history between the two countries might be astonishing. In effect the phenomena should be fully convinced taking Tata Group's powerful managerial resources except for brand name into consideration.

According to Ramamurti and Singh (2009), Indian companies are inclined to start with M&A from inside India, and then change the acquisition target to companies from less developed countries. In the third stage, they move to focus on acquiring companies from advanced countries as they have accumulated experience of M&A. Such experiences cannot be neglected as learning outcomes result from these experiences and such learning can be usefully deployed by the company concerned in its pursuit of internationalization (Prashantham, 2015, p.54).

In the fourth stage, they come to have an orientation toward integrated M&A whose targets are companies from developing and developed countries. In this way, Indian MNEs prefer risk aversion to risk taking in doing M&A.

TSI is one case illustrating the above stage concept of M&A. Applying event study to judging one of the successful cases for TSI after following the historical process and finally testing the effects and causes of such an acquisition.

The year 2007 is one of the most important milestones in the history of the company, for three main reasons. The first is that August 2007 marked one hundred years of its existence. The highest turnover and profits were seen in 2006-07, which was a continuance of the trend of the past four years. Last but not the least, TSI enhanced its presence on the international steel scene with the acquisition of the U. K. based company, Corus Group pic. (hereafter, Corus).

Its strategic motive for acquisition was clear and its total business and financial performances were very well, which might make TSI enough to embark lots of money in the scheme of acquiring such a giant company as Corus.

In keeping with its vision of becoming a truly global player and creating a 50 million ton steel capacity company by 2015, TSI had been examining various opportunities. The process started with the acquisition of Nat Steel Asia Pte. Ltd. (Singapore) in 2005, and Tata Steel (Thailand) Public Co. Ltd. (erstwhile Millennium Steel) in 2006, the planned brownfield expansion in Jamshedpur, and the long-term greenfield projects in Orissa, Chhattisgarh, and Jharkhand.

Why did TSI prefer acquisition to greenfield when aiming to enter the European market?

Its abundant cash on hand and the enhancement of its own company name in terms of acquiring worldwide manufacturers as well as its past successful history of M&A should be kept in mind as the main reasons.

In October 2006, TSI submitted a bid to acquire Corus. The acquisition was completed on 2nd April, 2007, at a price of 608 pence per ordinary share in cash for a net consideration of US\$ 12.9 billion. Corus is a leading steel company with an annual crude steel production of 18.3 million tones and revenues of USD 19.2 billion in 2006. Corus operations are organized into three principal divisions; ① Strip Products, ② Long Products and ③ Distribution and Building Systems, with manufacturing facilities located in the UK and the Netherlands. It holds strong positions in the automotive, construction and packaging sectors in Europe.

The resulting Tata Steel Europe is Europe's second largest steel producer. It supplies steel and related services to the construction, automotive, packaging, engineering and other sectors worldwide. It has major integrated steel plants in the UK and the Netherlands, as well as a mini-mill operation in Rotherham. In the UK, numerous downstream facilities, including rolling mills, tube mills and processing and distribution centers are still operated still as well.

The series of three big international acquisitions realized by TSI within in only two years fit "Integration type of M&A", the fourth and final M&A stage for Indian MNEs' defined by Ramamurti and Singh (2009).

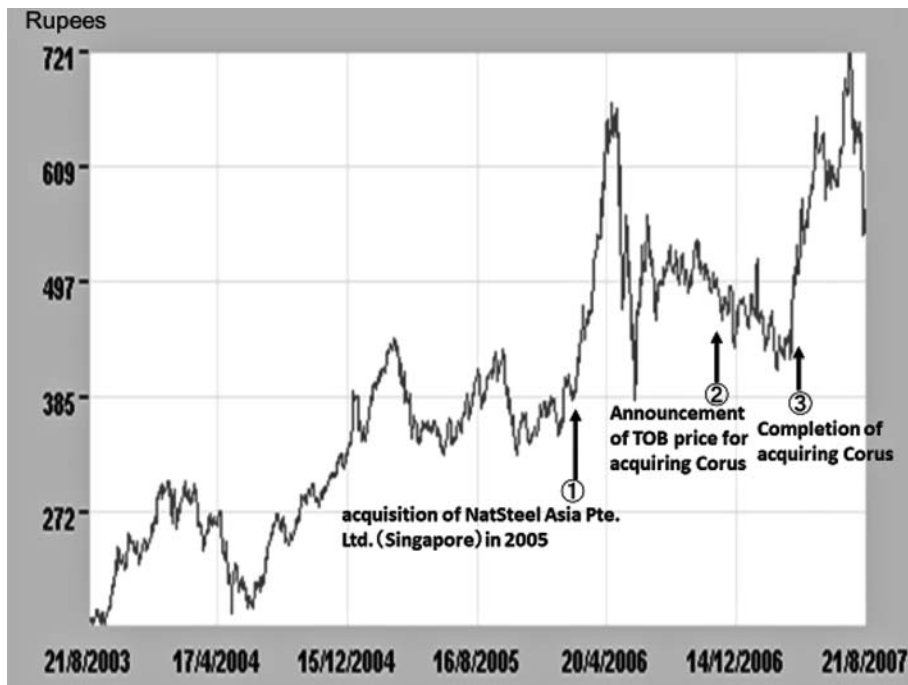


Figure 1 Share price chart of Tata Steel Industry for event study

Source: from HP of TSI; Access date: 15 Sept. 2008.

Whether this acquisition was successful depends on the movement of TSI's stock price.

Before acquiring Corus, TSI absorbed Nat Steel Asia Pte. Ltd. (Singapore) in 2005 as described above. As Figure 1 shows, as soon as TSI completed the acquisition of Nat Steel Asia Pte. Ltd., the stock price of TSI responded with a sharp rise at once, thus demonstrating investor sentiment toward the large expansion of its market share of all Asian steel and iron products. This acquisition is very successful in that it increased the corporate value of TSI, accompanied with the rise of its stock price in addition to extending the sales area in the Asian market.

In the second phase shown in Figure 1, the news that the total cost of US\$ 12.9 billion for obtaining Corus would have been paid by TSI's take-over-bid (TOB) was publicly reported. As soon as this kind of information permeated into the public, the TSI stock price fell sharply because a variety of stockholders released TSI shares out of fear that TSI's financial conditions would deteriorate because of the spending of a vast sum of its own money and long term debt, as is often seen in M&A cases.

In the third phase in Figure 1, the stock price of TSI outstandingly rose to new highs after completing the Corus purchase based on the general high expectations of stockholders regarding the business performance of its post-merger integration (PMI)

in Europe's overall market.

This is an example of how event studies help us evaluate any result in the aspects of both before and after a giant acquisition.

In reality the financial performance of TSI has been improving step by step since PMI.

Nowadays, TSI is well-known as one of the world's top class steel & iron manufacturers, utilizing its firm's own resources and taking advantage of outside resources absorbed by M&A in a distinguished way.

Table 3 illustrates TSI's financial performance from the third quarter in 2013 to September in 2014 (concluding TSI's financial statement).

2 April 2007 is the day on which TSI completed its acquisition and started PMI, in which the integration of both businesses in the first and then their organizational integration became recurrently an important task for TSI for the sake of task force like PMI performed by TSI in a good manner,

Whether M&A has been successful for TSI is something to be evaluated in five to ten years after the acquisition was completed.

Table 3 Financial Performance Analysis

9M FY'14	9M FY'13	HIGHLIGHT	Q3 FT'14	Q2 FY'14	Q3 FY'13
18.94	17.57	Steel Deliveries (million tons)	6.38	6.48	5.83
1,06,186	1,00,061	Turnover	36,736	36,645	32,107
11,460	8,286	EBITDA	3,921	3,784	2,252
4,369	4,106	Depreciation	1,522	1,444	1,463
2,856	2,604	Net Finance Charges	1,001	976	964
4,286	1,443	PBT	1,395	1,398	-220
2,559	-529	Profit after Taxes Minority Interest and Share of Associates	503	917	-763
24.99	-6.84	Basic and Diluted Earnings per Share (Rs.)	4.73	8.98	-8.32

Note: Consolidated financial results summary (under Indian GAAP) for the nine months and third quarter ended 31 December 2013. All figures in Rupees Crore, unless specified.

Source: Press release of Tata Steel in Tata home page.

By this criterion, September 2014 is the seven and a half year-mark for TSI after finalizing the purchase of Corus, which is equal to an average time period, which may be best timing for measuring and evaluating the effects of the acquisition. In particular, TSI finished all of its depreciation of the goodwill fee accrued within seven years, September 2014 is a good season for TSI, which is shown by high business performance in Table 3.

VI. Conclusions and Further Prospective

This paper intends to clarify the principle of strategic market entry mode selections formulated by AEMM as their competitive positions opposed to MNEs stemming from advanced countries became so upgrade that many American, European and Japanese giant companies feel much fear that they must be compelled to lose world market share. As a result of this in effect, many MNEs from developed countries and their business divisions have been acquired by AEMM.

Against the background of the rivalry between these groups of companies, this paper tried to perform a macro analysis on the determinants of FDI from AEMCs. All four hypotheses are supported after testing them in terms of multiple regression analysis. It is worth noting that export competitiveness is comprised of both national strength and the firm's, and this competitiveness is the necessary condition not only for AEMCs but also for AEMM to continue increasing the stock of FDI. On the other hand, domestic government expenditure is the sufficient condition for keeping the above phenomenon. These results follow theoretical suggestions.

Turning to a micro analysis on the important factors which result in the success of FDI including M&A, an analytical framework presented by Ruguman (2009, p.51) is employed. The typical tendency for foreign direct investment inclusive of M &A performed by Chinese MNEs is demonstrated. It becomes obvious that Chinese MNEs attend to corporate weaknesses by gaining foreign companies' strong management and marketing know-how. This results in the success of M&A as one of the most reliable market entry modes, because Chinese firms have rich financial resources as a -specific advantage unique to them can be vastly invested into the M &A target. So long as we observe why Chinese manufacturers purchase the divisions of overseas counterparts, most of these cases seem to follow the conceptual and theoretical framework proposed by Rugman (2009).

When examining TSI's acquisition of Corus, the event study shows a tendency for TSI's share price to shift as the market judged whether the series of TSI's acquisitions were proper and forecast to which direction TSI should turn its acquired business. The financial report publicly announced by TSI was also appropriate to the occasion for showing whether TSI's PMI can succeed in expanding the existing business fields and finding new customers as a result of acquiring Corus, in addition to surveying if its TOB price was valid.

Specifically examining a few specific but salient acquisition cases decided upon and executed by TSI was illustrative. In particular, the case of TSI' Corus purchase is specific as a successful case in terms of the strategic objectives defined by TSI and its financial performance after its post-merger integration (PMI). TSI's abundant managerial resources including overseas M&A experiences accumulated by the past

series of acquisitions might have effectively been helpful with supportive leveraging effects on acquiring Corus. In this meaning, the stage approach, i.e. an incremental approach for decision-making the target direction of M&A, which is developed by Ramamurti and Singh (2009), can be applied to the acquisitions of Corus. That is why TSI follows the suggestion derived from the above analytical framework.

In this manner, the theoretical suggestions are very useful for AEMM to take a decision-making on FDI including M&A. This results in making managers understood easily that each present and forthcoming business performance depends on the appropriateness of a decision-making on M&A.

In the near future Asian MNEs except for Japan's may surpass MNEs from the US, EU and Japan. If then so, the former have a possibility of developing strong firm-specific advantages such as innovative technology appropriate for novel product development and more innovative production process which are difficult for the latter to imitate. Depending on the possibility that these conditions come true, the explanative power of the transaction cost approach (Rugman, 1981; Fujisawa, 2017) will be expected to be revived although its power for explaining the determinants of FDI has been vanishing since the beginning of the 21st century, because of augmenting strategic alliances as well as the appearance of emerging MNEs.

As Casson (2018, p.25) implies, the contribution of *The Future* was not to create a special theory of the MNE but rather to embed the MNE within a general theory that would explain other things as well. And based on this thinking, internalization which is mutually related with transaction costs is best understood as a general organizing principle within a global economic system. Taking Casson's ideal toward the theoretical building of MNE into consideration, we have to address the acquisition of a MNE from an advanced country by an emerging market country-based MNE as substantial internalization vs. externalization from the theoretical perspective and meaning as a future research agenda.

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