

Internationalisation and entrepreneurial orientation of multi-national organisations in emerging markets

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ABSTRACT

Objectives: This article investigates the prevalence of entrepreneurial orientation and its role in the internationalization of MNEs in the emerging markets of China, Malaysia and South Africa.

Prior Work: Understanding of emerging markets is rather fragmented with existing entrepreneurship research focusing almost exclusively on North American and European contexts.

Approach: The study is based on a longitudinal mixed methods approach and correlational analyses.

Results: Results from 21 listed MNEs indicates EO prevalence is linked to success, while firms are engaged in several modes of internationalization and confirms that EO enablers such as networks, knowledge, resources, branding and culture are found to be important in terms of internationalization success across emerging economies and across time.

Implications: This study has potential academic, practitioner and policy implications as it assists in understanding how much emphasis is placed on entrepreneurial activities by successful MNEs in emerging markets and what methods are best implemented to achieve increased performance.

Value: This study will offers fresh insights and open new research paths on EO enablers and internationalization modes of MNEs in emerging markets.

INTRODUCTION

Internationalisation and globalisation has allowed for increased multinational enterprise (MNE) participation in emerging markets primarily through the worldwide integration of financial systems, lower barriers to entry, deregulation and trade liberalisation, and the emergence of a global cultural and economic homogeneity (Chang 2012).

The past decade has witnessed a rapid growth of internationalisation in firms from emerging markets (Liu, Li & Xue, 2011). Research recognises that emerging markets are a moderately new facet of the global investment landscape (Goldstein, 2007), where the internationalisation of MNEs is viewed as a process of increasing involvement in international operations, and where factors such as the institutional environment and investments are important for international strategy (Ge & Deng, 2011).

Several topics have been considered in the literature on the internationalisation process (Buckley & Casson, 2009; Oviatt & McDougall, 2005), where earlier research noted 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. This venturing is most notable in emerging markets where there is less market saturation and more room for MNE growth through expansion, especially export market orientated growth (Miocevic & Crnjak-Karanovic, 2012). The notion of expansion directly relates to MNE evolution in the form of corporate venturing, accessing additional market capacity and seeking out new opportunities (Ge & Deng, 2011; Wiklund & Shepherd, 2003).

Recognising the importance of new opportunities to MNEs in emerging markets, this study aims to add empirically grounded theoretical insights to the discourse on internationalisation and venturing. Song, Wang and Parry (2010) consider entrepreneurship as a key driver of economic development, where a firm's entrepreneurial orientation (EO) plays an important role. EO has positive performance implications for firms and may assist firms in seeking out new opportunities, and is therefore critical for MNEs in emerging markets that are looking to expand operations (Wiklund & Shepherd, 2003). International entrepreneurship (IE) has been defined as the 'discovery, enactment, evaluation, and exploitation of opportunities—across national borders—to create future goods and services' (Oviatt & McDougal, 2005, p. 539).

A firm's EO denotes the entrepreneurial process in a firm, where entrepreneurship is undertaken and relates to the methods, practices, and decision-making styles used to act entrepreneurially. Lee and Peterson (2000) note that firms exhibiting EO act independently (autonomy), encourage experimentation (innovativeness), take risks, take initiative (proactiveness), and aggressively compete within their markets. The business environment in emerging economies, such as in China has become more conducive to entrepreneurial activity where many new firms are innately entrepreneurial (Peng, 2003). Liu, Li and Xue (2011) suggest that a firm EO provides a foundation on which an MNE can build its interactions with dynamic foreign markets.

This article responds to direct calls for further research, which recommends that firms integrate entrepreneurship in their internationalisation process (Shaw & Darroch, 2004). The research problem emerges from past research which finds, when reviewing the geographic spread of MNE operations, that MNEs from developing countries have, on average, affiliates in six countries, mostly in their own region (Goldstein, 2007). By way of contrast, on average, the largest MNEs have affiliates in 40 foreign countries, spread across a number of regions. This suggests that emerging market MNEs need to internationalise to create competitive advantages, and to differentiate themselves by adopting an entrepreneurial orientation. The research problem is furthermore motivated by considering that even though emerging economies provide a unique, quasi-experimental setting for testing existing theories, too often these emerging economies are treated as a set uniform bloc. Although emerging economies may share many similarities, they also have distinctive characteristics. Clearly, there is a need to develop an understanding of these differences and their impacts (Bruton, Ahlstrom & Obloj, 2008).

The research problem stems from the fact that emerging markets in general, but specifically the countries selected for this study have received very little attention in academic research (Parnell et al., 2011). Although there has been academic research on the internationalisation of MNEs, the vast majority of studies tend to review MNEs from BRIC related countries, with very little on African emerging countries such as South Africa. Understanding of emerging markets is rather fragmented with existing entrepreneurship research focusing almost exclusively on North American and European contexts. In fact, a systematic review of seven top international entrepreneurship journals reveals that less than half of 1% of the articles from 1990 to 2006 addressed entrepreneurship in emerging markets (Bruton et al., 2008).

This article fills this gap by investigating levels of firm EO, EO enablers and their role in the internationalisation of MNEs in the three emerging markets of China, Malaysia and South Africa. Three specific regions incorporating the Far East, Asia Pacific and Africa, were selected so as to specifically identify MNEs from *formally peripheral areas* such as East Asia, Asia Pacific and Africa. 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).

This study builds on existing entrepreneurial aspects of EO and EO antecedents and enablers, such as: firm culture (Lee & Peterson, 2000; Thomas & Mueller, 2000), entry modes (Oviatt & McDougall, 2005), corporate entrepreneurship (Oviatt & McDougall, 2005; Zahra, Ireland & Hitt, 2000), exporting (Oviatt & McDougall, 2005), knowledge management (Kuemmerle, 2002), strategic and organisational innovation (Mathews, 2006), and networking (Oviatt & McDougall, 2005). Additionally, the study investigates modes of internationalisation, which may be associated with MNE internationalisation success.

The study contributes to the discourse on internationalisation in two ways: First, it applies the theoretical lens of internationalisation to the empirical setting of the corporate entrepreneurship context. Second, it formally tests hypotheses that link EO to MNE success.

This article starts by the reviewing the constructs under study and their potential links to MNE internationalisation and success. This is followed by formulating hypotheses in terms of the overall research question: "Is there a positive relationship between higher levels of EO in MNEs and higher levels of internationalisation success, for three emerging economies over the 2005 to 2010 trading period?"

LITERATURE REVIEW

Firms in emerging markets face rapid institutional changes, reflecting their rapidly changing economic climate and changes in levels of government involvement, ownership patterns, and enforcement of business laws (Yamakawa, Peng & Deeds, 2008). An emerging market is defined by Hoskisson et al. (2000, p. 249) as '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'.

In emerging economies such as South Africa, one of the primary goals of a firm is growth and this can be achieved by continuously innovating in the face of growing global challenges (Urban & Oosthuizen, 2009). Recent studies note that levels of EO in MNEs in Asian countries differ widely in both the levels of economic progress that they have experienced and the trajectories undertaken to achieve such growth (Wielemaker & Gedajlovic, 2011). These variations in economic progress reflect important differences in how MNEs adopt entrepreneurial practices, and reflect their entrepreneurial capabilities (Terjesen & Hessels, 2009). Such entrepreneurial practices resonate with the definition of international entrepreneurship as presented by McDougall and Oviatt (2000), which has been conceptualised as a combination of innovative, proactive, and risk seeking behaviour that crosses national borders and is intended to create value in organisations.

EO is conceptualized as organizational-level processes, practices and decision-making methods applied by business leaders in pursuit of proactiveness, innovativeness and risk-taking propensity (Green & Slevin, 2006). EO is one of the prerequisites for organisational success, where researchers point out that any organisation with high levels of EO tends to be innovative and encourages creative initiatives in new products and service development, particularly in the space of advancement of new technologies and novel ideas (Dees, Lumpkin & McGee, 1999). EO incorporates firm-level processes, practices and decision-making styles where entrepreneurial behavioural patterns are recurring. The theoretical basis of the EO construct lies in the assumption that all firms have an EO, even if levels of EO are very low (Covin, Green & Slevin, 2006).

Extensive research confirms that EO has three dimensions: innovativeness, risk taking, and proactiveness (Covin et al., 2006; Lumpkin & Dess, 2001). These dimensions have been extensively documented, and according to Lumpkin and Dess (2001), all the dimensions are central to understanding the entrepreneurial process, although they may occur in different combinations, depending on type of entrepreneurial opportunity the firm pursues. EO provides a foundation on which an MNE can build its interactions with dynamic foreign markets. This orientation may determine the firm's behaviour and international performance (Liu, Li & Xue, 2011). 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. Both competitive intensity and industrial regulation are considered as key determinants of both market orientation and EO in emerging markets, such as China, which propel firms to seek fortunes abroad (Liu, Li & Xue, 2011).

Several studies have empirically tested the influence of EO on company performance and sustainability (Zahra & Covin, 1995). For instance, Wiklund (1999) finds that the impact of EO on company performance is a stronger over time, which means that EO is effective within the organisation over a certain period. Similarly Zahra and George (2002) report that EO is positively associated with company performance, where the EO dimension of innovation has a more positive relationship with company performance, especially if it is an MNE. Moreover, EO has been identified as an important predictor of company growth in the South African context (Urban and Oosthuizen, 2009). Higher growth also tends to be associated with firms that support entrepreneurial behaviour and display an entrepreneurial culture (Milelli, Hay & Shi, 2010). Drawing on past research and findings the first hypothesis is formulated to reflect the expected relationship between EO and internationalisation of MNEs, where:

Hypothesis 1: EO is positively associated with internationalisation of MNEs in emerging markets, such that elevated levels of EO are prevalent in MNEs with higher levels of internationalisation success across markets and time

MNEs from emerging markets are considered the visible manifestation of a sustained increase in foreign direct investment (FDI) (Mathews, 2006), where the outward FDI (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).

The subject of FDI is prevalent in literature and is a key variable of MNE evolution as a form of expansion. Milelli, Hay and Shi (2010) report that the sectoral distribution of investments by Chinese companies reflects, for a large part, the comparative advantage of that country. The importance of FDI is also noted by Gammeltoft, Pradhan and Goldstein (2010) who note that FDI is not a new phenomenon in emerging markets, but 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% of global OFDI flows.

Gammeltoft, Pradhan and Goldstein (2010) suggest that MNEs from emerging economies are typically not seeking to push monopolistic advantages as much as they are in search of tapping into foreign resources and devising appropriate strategies and organisational forms for doing so. Similarly, 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 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. Moreover, MNEs that enter foreign markets must bundle firm-specific advantages with local complementary assets, which influences entry mode and allows assets to be matched. All of these aspects contribute to the success of an MNE in a foreign market of operation.

Apart from the EO construct, there has been much attention given to organizational antecedents that contribute to and enable EO. For instance, networks tend to feed into MNE proactiveness (Rauch et al., 2009), while resources often make internationalization and innovation possible. Similarly, culture and knowledge are crucial constructs that enable effective risk appraisal (Rauch et al., 2009), and innovation, both dimensions of EO (Pérez-Luño, Wiklund & Cabrera, 2011). Understanding how MNEs can facilitate and successfully put into practice EO therefore requires deliberation of internal organizational processes and the leveraging of firm resources such as knowledge and culture. Covin, Green and Slevin (2006) find that the effective implementation of EO depends not only the processes through which strategic decisions are made in the organization but also the social nature of the processes that link managers to one another.

Recognizing these antecedents and processes that act as EO enablers, a brief discussion of past research on each enabler follows.

Research finds that the accelerated internationalisation of MNEs is often based on networking and innovation, common factors recognised as aspects that clearly affect the success of an MNE and its levels of EO (Buckley & Casson, 2009). Indeed, networking is recognised as a critical factor in MNE success when considering corporate entrepreneurship (CE), corporate venturing, and intrapreneurship (Buckley & Casson, 2009). All of these firm entrepreneurial activities revolve around: (1) the creation of new business activities within the existing organization; (2) the transformation or renewal of existing organizations; and (3) the firm changing the rules of competition in its industry. It is widely accepted that networks are necessary for the survival of a MNE, and also being both necessary and critical as a resource component for elevated levels of EO within a MNE. Literature suggests that networks not only influence foreign market selection and entry initiatives but that they emanate from opportunities created through these networks. Home country network ties researched in

emerging market contexts, suggest that such ties provide significant advantages for the MNE as it pursues internationalisation (Yiu, Lau & Bruton, 2007).

Another important aspect of any MNE is its culture, which may affect levels of EO within a firm. Prior research indicates that an MNE's culture is based on the national culture of the country of operation. This implies that organisational culture is embedded in national culture. Lee and Peterson (2000) provide a cultural model of entrepreneurship that explains the marked differences in entrepreneurial activity occurring in various countries around the globe. Organisational culture affects a firm's propensity for risk-taking and their desire to expand internationally. Culture is an important controlling instrument for EO practices, because it provides a space for taking risks and a certain degree of immunity from failure (Thomas & Mueller, 2000).

Furthermore, MNEs employ multiple forms of knowledge when internationalising. These include 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 also been recognised that knowledge is best derived from multiple sources, both externally and within an MNE that has elevated levels of EO (Yiu et al., 2007).

Considerable attention has also been given to resources as being vital for MNEs engaged in internationalisation efforts (Lu et al., 2005). Resources of institutional capital and managerial ties are important in internationalisation, as their effects on international performance are channelled through each firm's adaptive capability. Moreover, resources tend to indirectly impact EO as foreign resources relating to MNEs make important contributions to innovation and risk taking propensity. Literature on resources is often coupled with knowledge and networks where 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 (Yiu et al., 2007).

Recognising the various modes of MNE internationalisation (Oviatt & McDougall, 2005), and the role of EO enablers, it is proposed in the second hypothesis that:

Hypothesis 2: EO enablers such as networks, culture, branding, knowledge, and the use of internationalisation modes by MNEs are positively associated with higher levels of internationalisation success in emerging markets.

METHODOLOGY

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. A mixed methods approach was used and incorporates quantitative MNE financial data based on 126 data sets covering a period from 2005 to 2010. Coded qualitative data is also generated through content analysis of executive reports of 21 MNE's strategies and annual reviews. The coded data was then analysed statistically to test the hypotheses.

The data was consolidated and analysed 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. Since coding is crucial in content analysis (Bryman & Bell, 2007), a coding schedule and coding manual were designed that reflect the constructs reviewed in the literature and variables under study. This involved moving iteratively between the data and existing theory in order to organize the data into meaningful conceptual categories (Eisenhardt, 1989).

Stage 2: Each MNEs report was content analysed by way of a word search on the studies main constructs, where a count of key phrases was tallied, placed into three categories and tabulated thematically in terms of the constructs under study. These constructs were EO dimensions (innovation, risk-taking and pro-activeness), EO enablers (knowledge, culture, networks, and branding), modes of internationalization (export, joint ventures, mergers and acquisitions, associations, and subsidiaries), and internationalization success. For the quantitative analysis, the data were converted into a percentage of the total words reviewed in the MNEs' reports year on year, as well as, a total over the reviewed period. Due to small data sets ($n = 7$), non-parametric were used as the preferred method of analysis and applied to the ranked percentages.

The target population was 21 MNEs from three emerging countries that are listed in global stock exchanges of China, Malaysia and South Africa. The selection criteria required the MNEs to have a base of operation in their country of origin with additional international operations. Each firm must have been listed on their respective exchange since at least 2005, in order to gain access to their strategic and financial information via their published annual reports. Each MNE selected for the study operates as a conglomerate or in varied industries, excluding raw mineral resources. The firms were 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 was analysed by reviewing revenue and a mix between domestic and foreign market income. Table 1 provides a list of the MNEs sampled in this study, which are separated into their respective emerging markets and their security exchange where their equity is listed.

Insert Table 1 here.

The annual reports were obtained directly from the MNEs in question, all of which as a result of being listed on their respective securities exchanges are subject to stringent reporting requirements. All financial reports adhere to a strict code of international reporting requirements, which allowed for a fair comparison between the MNEs' financial indicators.

The data 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 examined, noting whether this composition has changed from 2005 to 2010.

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 percentages as the data values are constrained between 0 and 100. Thereafter, parametric tests were 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 selected as the preferred method of analysis and applied to the ranked percentages.

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. These growth rates in EO were later used as predictors of MNE internationalisation success.

RESULTS

Based on the above categorisation and coding procedure, data was analysed using thematic analysis and protocol analysis, which are both forms of content analysis, and the results are displayed in Table 2. The columns in Table 2 indicate the level of internationalization success, EO dimensions, types of internationalization modes and the EO enablers used by each MNE.

Insert Table 2 here.

Based on the results in Table 2, it is apparent that several different modes of internationalization are used by the MNEs, which include exporting of goods and services, JVs, mergers and acquisitions, associations, and subsidiaries. The results further indicate prevalence of EO in terms of the innovation, risk-taking and proactiveness dimensions, as well as several EO enablers, knowledge, branding, networks and culture.

In terms of overall sample results, (see Table 2 horizontal line indicating 'Total = 21') EO is ranked relatively high as denoted by its three dimensions (indicated separately in Table 2 as column headings), innovation (15/21), risk taking (14/21), and proactiveness (15/21).

MNE internationalization success was categorized as high or medium depending on the number of internationalization modes (see columns in Table 2), and the number of EO enablers used by each MNE (a median value of eight was used as a split for this categorization). Based on this categorization, the majority of MNEs (16/21) (added all 'high' indicators in column titled 'internationalisation success' in Table 2) reported high levels of internationalization success, utilizing between 4 and 12 internationalization modes and EO enablers (see Table 2 last line). The remaining five MNEs reported medium levels of internationalization utilizing between 0 and 4 internationalization modes and EO enablers (see Table 2 – second last line).

Based on a simple count of the MNEs modes of internationalization it is clear that the majority of firms (18/21) (refer to Table 2 – read as ‘Total = 21’ line and column intersection) noted mergers and / or acquisitions as a means of gaining access to international markets. Additionally, branding featured highly as an EO enabler, focusing on firm affiliation and establishing an identity synonymous with quality. Branding is interlinked with firm culture, which also featured high (12/21) as EO enabler. Similarly, both knowledge (14/21) and networks (17/21) ranked prominently in the overall picture of MNE internationalization.

To test hypothesis 1 and determine the prevalence of EO by MNE in each country, repeated measures of Analysis of Variance (ANOVA) were used. The statistical results were graphed and presented under their relevant measure (EO), see Figure 1. This parametric analysis method was used on the ranked data in spite of the small sample sizes since no appropriate equivalent non-parametric repeated measures can incorporate the main effect of the country. Results in Figure 1 indicate a non-significant effect: $F(10, 90) = 1.6387$ ($p = .10832$). South Africa shows a higher inclination towards EO than China, and China in turn higher than Malaysia. However, all MNEs in all three emerging economies show a general increase over the period of review. In conclusion, both the qualitative and quantitative analyses of empirical data support hypothesis 1 in terms of a positive relationship between the MNEs’ levels of EO and their level of internationalisation success.

Insert Figure 1 here.

To test hypothesis 2 and establish associations between internationalization modes and MNE internationalization success, the Fisher Exact Test was used to test for links between these two categorical variables. The 2 x 2 frequency table (not shown) was calculated by performing a median split on the number of internationalization modes on high versus medium levels of internationalization success. Based on the number of highly successful MNE’s, 12 (75% of the group) have used at least eight modes of internationalization, whereas none of the medium successful MNE’s have used the same number of internationalization modes. The one-tailed Fisher Exact Test revealed a significant association between extent of use of internationalization modes and internationalization success ($p < 0.01$).

In order to compare changes over time for the seven MNEs per country, a non-parametric test, the Wilcoxon Matched Pairs Test, see Table 3 for results, was used to test for any significant differences between the relative contributions of internationalization modes, EO, and EO enablers. By taking into account all three countries and MNEs, and analysing each emerging market separately, several significant p-values are detected in Table 3. The Wilcoxon test indicates that for the Chinese MNEs, emphasis is placed on the item ‘% internationalisation in 2005 vs. 2010’, where a significant Z score of 2.028 ($p \square 0.5$) was observed, as well as for the item ‘% EO: 2005 vs. 2010’ ($Z = 2.366$; $p \square 0.5$). For Malaysia there was emphasis placed on the item ‘% EO enablers: 2005 vs. 2010’ ($Z = 2.366$; $p \square 0.5$), and for SA more emphasis was placed ‘% EO: 2005 vs. 2010’ ($Z = 2.366$; $p \square 0.5$), as well as on the item ‘%internationalisation: 2005 vs. 2010’ ($Z = 1.690$; $p \square 0.10$). These differences represent the emphasis placed on the internationalisation modes over time per country analysed.

Insert Table 3 here.

Correlations could not be calculated from the data set due to preliminary evidence of 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. Instead, the CAGR from 2005 to 2010 for each of the various measures of success were calculated for each MNE, reducing the six numbers in each series to a single number and thus avoiding the challenges of auto-correlation and time series. Thereafter, a correlation matrix among the pairs of potential predictor-criterion measures was computed and evaluated for the 21 MNEs. See Table 4, for the Pearson product-moment correlation matrix. The 12 measures, used in Table 4, as indicators of internationalisation success were used to establish links with EO and EO enablers, are all listed below.

- 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 profit before tax (PBT);
- 6) CAGR of the percentage of investment in subsidiaries to PBT;
- 7) The percentage of investment in joint ventures (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.

Insert Table 4 here.

In interpreting Table 4, results are generally mixed. Staff remuneration was positively related to increased levels of EO. Similarly, EO and EO enablers were positively related to international revenue as a percentage of total revenue at both Chinese and Malaysian firms. This is a clear indication that elevated levels of EO influence international performance of MNEs. The results provide preliminary and partial support for performance measures associated with internationalisation success. Moreover, in terms of time period analysed, EO is linked to the percentage of staff remuneration as a proportion of total revenue for China and South Africa, but not for Malaysia. Additionally, EO is associated with 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.

DISCUSSION

In line with existing literature relating to internationalisation modes and the effects of elevated levels of EO on MNE success, the empirical evidence emanating from this study confirms that MNEs in emerging markets display some degree of EO, even though not all EO dimensions and enablers are related to internationalisation success. There is growing body of evidence that suggests that EO is critical for the survival and growth of firms (Wiklund & Shepherd, 2003), which is supported in terms of this study's results. In this study the majority of firms reported show higher levels of EO and success in internationalisation.

The study further established that several EO enablers such as networks and resources are also associated with internationalisation success. By focusing on additional constructs supporting EO, the results coincide with researchers such as Yiu et al. (2007), who include global learning (knowledge), networks, culture, and institutional normalities including subsidiary capabilities (resources), all of which are considered essential to the MNEs internationalisation success.

It seems that this sample of MNEs placed a large emphasis on networks, which had a discernible effect on their success both domestically, regionally and internationally. This finding affirms that in addition to business network ties, institutional network ties, including connections and associations with various domestic institutions such as government officials and agencies, banks and other financial institutions, universities and trade associations all provide critical advantages for MNEs in emerging economies (Song et al., 2010).

Contrary to research emanating from the Asia Pacific region, where MNEs are posited to internationalise with the goal of accessing resources of foreign MNEs and host economies (Mathews, 2006), the present study did not find similar support for this notion. Instead it seems that MNEs internationalised to hedge their exposure to a single market or risk, or simply to internationalise as a result of necessity to access markets that required their specific expertise or produce. Similar to recent findings by Gammeltoft, Pradhan and Goldstein (2010) many of this study's MNEs engage in internationalisation through acquisitions of foreign firms and assets that are deemed necessary or core to their businesses. These acquisitions 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. Both Malaysian and Chinese MNEs differed widely in their methods of internationalisation and used multiple processes and methods to gain access to foreign markets.

Conclusions

The study has paved the way to expand on the EO construct as it influences MNEs internationalization in emerging markets. It is anticipated that this study will offer fresh insights and open new research paths on EO enablers and internationalization modes of MNEs in the emerging markets of China, Malaysia and South Africa.

This study has potential academic, practitioner and policy implications as it assists in understanding how much emphasis is placed on entrepreneurial activities by successful MNEs in emerging markets and what methods are best implemented to achieve increased performance. In terms of academic research, it has been shown in other domains, such as strategy, that researchers should not assume that findings in a developed economy will be equally applicable to an emerging economy (Burton et al., 2008). Policy implications relate to grants and subsidies, which should be more widely available in areas that could potentially increase internationalisation of MNEs in emerging countries.

Policy makers would benefit by recognising the need for specific and targeted interventions aimed at each internationalisation mode and EO practice.

Limitations and future research

The study has limitations, which include the appropriateness of the data used, which relates to the completeness of data and where the access to necessary data is limited due to use of only publically available information. Although beyond the limits of this research, repetition of the thematic analysis by independent raters could provide cross-validation of the categorizations developed and lend further credibility to the constructs and results of this study. Potentially, cross-validation could form the basis of a new validated methodology of key words from MNE secondary reports for deriving at EO, EO enablers and modes of internationalization. Most emerging economies research on foreign entries deals with firms from developed economies entering emerging markets (Yamakawa et al., 2008), consequently venturing from emerging economies to developed economies is 'the other way around', which presents potential further research into the identification of EO in MNEs in emerging economies.

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Table 1: Names of MNEs, country of origin and stock exchange listed on

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 (Bonnia)	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

Table 2: A thematic analysis of EO, EO enablers, modes of entry and success for the MNEs (*dimensions of EO)

MNE	Sector	Internationalisation Success	Internationalisation Mode											
			Knowledge	Export	Joint Venture	Culture	Innovation*	Mergers & Acquisitions	Associations	Networks	Branding	Subsidiaries	Pro-activeness*	Risk-taking*
CCB	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-	Property	High	x		x	x		x		x	x		x	
Tsingtao	Brewery	High		x	x	x	x	x	x	x	x			
Genting	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	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	Engineering	High	x		x	x	x	x			x	x	x	x
Total = 21			14	5	11	12	15	18	7	17	18	12	15	14
MNEs with Medium Internationalization			2	1	0	0	3	3	0	3	4	2	3	3
MNEs with High Internationalization			12	4	11	12	12	15	7	14	14	10	12	11

Table 3: The Wilcoxon Matched Pairs Test comparing the overall percentages of EO Enablers, Internationalisation and EO by country for 2005 and 2010

		N	T	Z	p-value	
China	% EO: 2005 vs. 2010	7	13	0.1690	0.8658	
	% EO enablers: 2005 vs. 2010	7	7	1.1832	0.2367	
	% Internationalization: 2005 vs. 2010	7	2	2.0284	0.0425	p<0.5
Malaysia	% EO: 2005 vs. 2010	7	0	2.3664	0.0180	p<0.5
	% EO enablers: 2005 vs. 2010	7	0	2.3664	0.0180	p<0.5
South Africa	% Internationalization: 2005 vs. 2010	7	10	0.6761	0.4990	
	% EO: 2005 vs. 2010	7	0	2.3664	0.0180	p<0.5
	% EO enablers: 2005 vs. 2010	7	12	0.3381	0.7353	
	% Internationalization: 2005 vs. 2010	7	4	1.6903	0.0910	p<0.10

Table 4: Correlation matrix showing EO strategies with MNE performance Measures

	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 # EO Enabler: 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 # EO Enabler: 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 # EO Enablers	-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

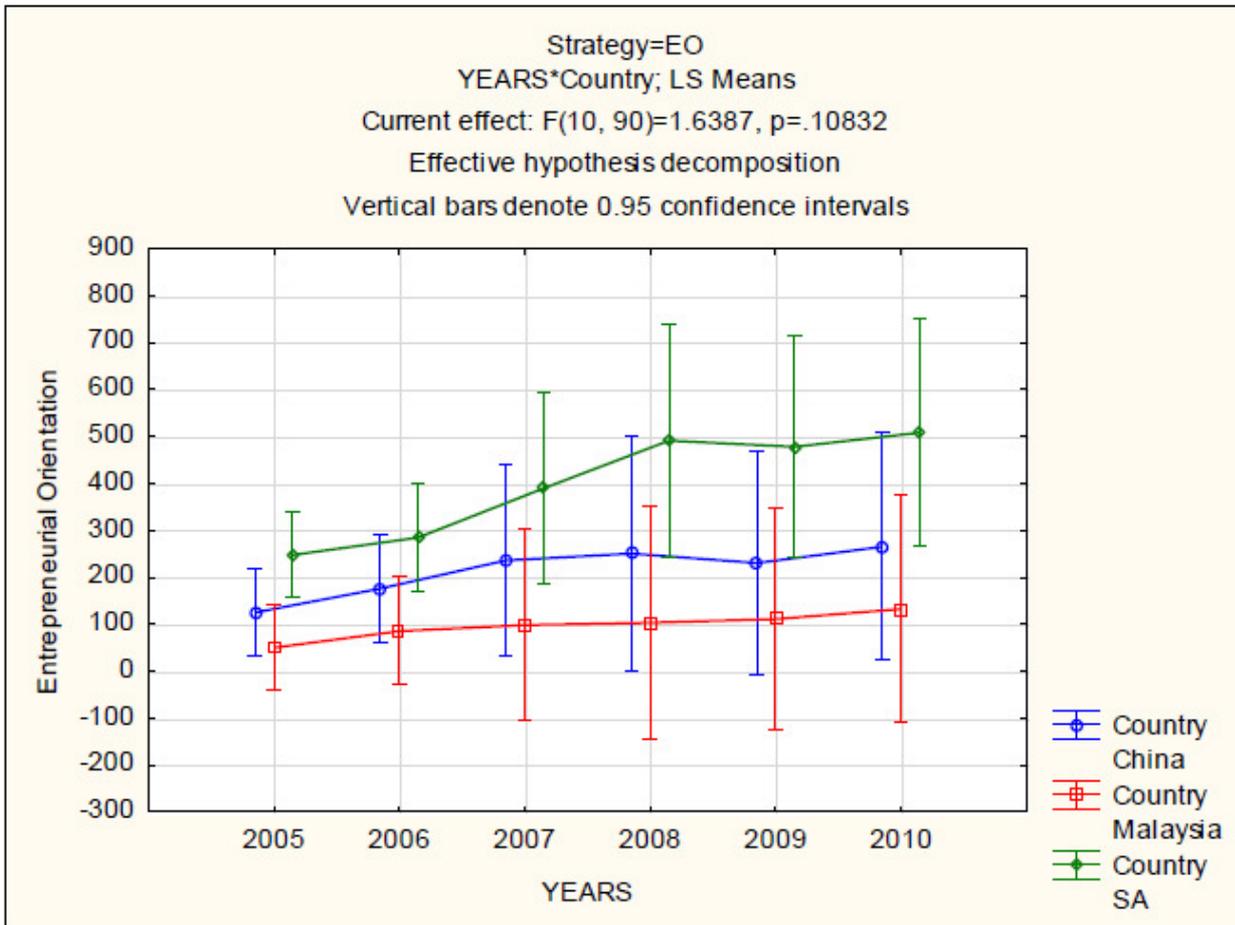


Figure 1: EO implementation over the period of review for all emerging markets