

Understanding the Internationalization of Latin American Enterprises

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This paper purpose is to advance the understanding of Latin American multinationals internationalization. Using disaggregated data and differentiating the behavior between private-owned and state-owned multinational enterprises from nine Latin American countries, we analyze this matter at firm, industry and country level. We find that Latin American firms prefer to invest in the same region, nevertheless, the US appears like the most frequent country where these MNEs allocate its subsidiaries. We show that the research and development intensity level of the largest enterprises from Latin America is not high, that most of them are privately-owned and they are performing in a wide variety of industries.

INTRODUCTION

In the last decade, scholarly interest on the study of the internationalization of domestic enterprises from emerging economies has been on the rise and research has focused on large emerging economies (Amighini, Rabellotti, & Sanfilippo, 2013; Chen, Zhai, Wang, & Zhong, 2015; Dong, Meng, Firth, & Hou, 2014; Hu & Cui, 2014; X. Liang, Lu, & Wang, 2012; X. Lin, 2010; Ramasamy, Yeung, & Laforet, 2012). These studies consider the special and different conditions that state-owned enterprises (SOEs) have in comparison with private-owned enterprises (POEs) and the consequences of these conditions in the decision making process on these multinational enterprises (Song, Yang, & Zhang, 2011; Stan, Peng, & Bruton, 2014). Yet the global expansion of SOEs enterprises from emerging economies has been rarely studied (Cuervo-Cazurra, Inkpen, Musacchio, & Ramaswamy, 2014). Furthermore, there is a recent growing interest on the particular context of multinational SOEs (Chen et al., 2015; Choudhury & Khanna, 2014; Gao, Liu, & Lioliou, 2015; Hong, Wang, & Kafouros, 2015; Wang, Hong, Kafouros, & Wright, 2012). Whereas these documents focus on China, only one public study of state-owned multinational enterprises in Latin America has been published. It addresses one particular enterprise in Brazil (Cahen, 2015).

As previously mentioned, most of the SOEs studies are centered in China, which intrinsically represents a constraint when seeking an explanation about the corporation's behavior from other emerging economies. This liability attends to the fact that most of the multinational enterprises in China are state-owned. In fact, in 2012, 90.5% of the overall OFDI from China were conducted by SOEs (The Economist, 2013). Adding to this limitation, the institutional environment of the Chinese context restricts

the extrapolation of explanations. The active participation of the home government in the promotion of domestic enterprises' internationalization is a particular condition that the Chinese environment embraces in comparison with the Latin American context.

This study considers a conceptual paper that aims to address the highlighted neglected areas: (1) most of the literature has been concentrated in a specific context like China; (2) research regarding multinational enterprises needs to be conducted with disaggregated data that includes the differentiation between private and state-owned enterprises; and (3) the so far 'scarce' research regarding the international involvement of SOEs from distinct emerging economies. The research will focus on the study of multinational enterprises from Latin American countries, highlighting the use of disaggregated data due to the differences at firm, industry and country level that make firms follow distinct trends in their internationalization path. The above will allow to expand the IB field through the understanding of Latin American multinational enterprises.

THEORETICAL REVIEW

The world has experienced a significant growth of enterprises from developing countries in the global market recently. Some of these firms have become world leaders competing with other firms from developed countries. This new trend has motivated scholars to study the Outward Foreign Direct Investment (OFDI) from developing countries and not only FDI coming from developed countries, where theoretical attention has been historically focused (Rasiah, Gammeltoft, & Jiang, 2010). The above suggests that OFDI from developing countries could be depicting different behaviors if compared to the OFDI from developed countries (Kolstad & Wiig, 2012). Some attempts to fill this knowledge gap have been produced (Child & Rodrigues, 2005; Luo & Tung, 2007; Ramamurti, 2012), but there seems to be a lack of research in all regions of the world. These differences raise some questions about whether the mainstream IB theory properly explains the internationalization process of emerging market firms (Boisot & Meyer, 2008). In fact, the need to extend the theory developed so far has been clearly stated (Gammeltoft, Pradhan, & Goldstein, 2010). The special conditions on emerging market firms demand the need to understand how domestic enterprises are reaching the internationalization process (Hong et al., 2015).

Internationalization of Emerging Market Enterprises

Emerging market enterprises have different motives when entering foreign countries through direct investments abroad. These motives could range from domestic characteristics to the features of the host country that encourage such internationalization effort. The behavior of emerging market multinational enterprises could be different between countries because of their own characteristics, conditions, and environments, among others. From this viewpoint, it makes sense that researchers' outcomes and findings of emerging market multinational enterprises may not explain the internationalization process in other emerging economies (Chen et al., 2015). Some other scholars suggest that it might be possible to consider these findings for the understanding of domestic firms internationalization from different emerging countries (Hong et al., 2015). This difference could be explained if countries and firms under study have similar conditions.

As a classical view in the IB literature states, enterprises need specific benefits in order to expand overseas, internationalize their activities, and exploit abroad their competitive advantages (Dunning, 2001). Yet, there is a different stream of thought that states that enterprises from developing economies don't have strong resources and advantages for internationalization, which is causing several questions since enterprises from these regions have been increasing their participation in the global market (Bhaumik, Driffield, & Pal, 2010). This expansion could be attending to the fact that enterprises are internationalizing their productive activities to overcome the lacks that they have (Luo & Tung, 2007; Yiu, Lau, & Bruton, 2007). For instance, the not so well established institutional conditions at home, could be a factor to understand the internationalization of emerging market firms (X. Liang et al., 2012) since

they are trying to overcome national constraints. Thus, in some extent, the internationalization of emerging market enterprises rely on home country features (Kolstad & Wiig, 2012).

Home government institutions are responsible to develop measures and programs that offset the deficiencies and disadvantages (which are inherent conditions for latecomers), promoting the national enterprises' internationalization (Rasiah et al., 2010). Thus, emerging market governments frequently and directly participate in the decision making process of home enterprises, considering among these decisions the internationalization. This strong intervention has to do with the fact that, in high extent, the local government owns domestic enterprises, and on the other hand, are trying to compensate the lacks and failures that the home country has (Hong et al., 2015). Nevertheless, the response or the influence that an enterprise is going to have on institutional programs is contingent to its own firm resources and the extent of state-ownership (Cheng & Lei, 2015; Cuervo-Cazurra et al., 2014; Wang, Hong, Kafouros, & Wright, 2012). The differences on the level of ownership also are going to have some impact on the objectives that the enterprise will follow or more specifically, the motives for internationalization. In this sense, the higher the state ownership the more likely to be influenced by home government decisions, and to be driven by non-market objectives (Cuervo-Cazurra et al., 2014).

From other perspective, the decision of emerging market enterprises to expand their activities overseas could be influenced because they want to exploit their own specific advantages abroad but also because they are trying to get more advantages (Yang, Yang, Chen, & Allen, 2014). However, these enterprises are less involved in efficiency seeking since they already have production factors with better conditions than those in developed economies.

In order to adequately comprehend the behavior of emerging multinational enterprises (EMNEs), including those from Latin American countries not only own firms' characteristics need to be considered, but also, it is required to check on home and host institutional environments performing simultaneously (Gammeltoft et al., 2010). Furthermore, the relationship and stimulus that EMNEs have from home and host institutions needs to be documented (Goldszmidt, Brito, & de Vasconcelos, 2011; Lu, Liu, Wright, & Filatotchev, 2014). Research needs to recognize that it is important to focus on home or host countries as individual entities (Kostova, Roth, & Dacin, 2008) without neglecting the active relationship between all participants. As a result, it is highly relevant and necessary that the study of the internationalization of emerging markets firms considers several factors all together (Hitt, Beamish, Jackson, & Mathieu, 2007). In fact, the cross-border direct investment activity from emerging market enterprises could be considered a process involving three different levels: firm, industry, and country (Wang, Hong, Kafouros, & Boateng, 2012; Zhou, Witteloostuijn, & Zhang, 2014).

Thus, it is important to have in mind and to consider that enterprises from emerging countries are following different trends and patterns attending to different drivers regarding OFDI. It is possible that these different set of factors influencing the expansion abroad of emerging markets enterprises are hindering the complete understanding of the phenomenon (Wang, Hong, Kafouros, & Wright, 2012), which has not been broadly studied (Kumar, 2007).

State-owned and private-owned multinational enterprises from emerging countries

Private and state-owned enterprises, both have recently grown in terms of global participation. Particularly the state-owned enterprises (SOEs), in terms of internationalization, have not been broadly studied (Hu & Cui, 2014). In the study of multinational enterprises, it is necessary to differentiate between SOEs and POEs. These two types of enterprises cannot be considered the same way because their differences make them follow distinct trends in the internationalization path. The differentiation among private-owned from state-owned multinational enterprises is needed to move forward in the IB literature (X. Lin, 2010).

State-owned multinational enterprises and private-owned emerging multinational enterprises differentiate in factors such as objectives, resource access, and administrative strategies (Meyer, Ding, Li, & Zhang, 2014). Another difference frequently found in the literature is the one related with the firms' efficiency. A classical standpoint considers that because of their own nature SOEs are less efficient and less profitable than private-owned enterprises (Cuervo-Cazurra et al., 2014; X. Lin, 2010). And findings

suggest that global participation of SOEs is also contradicting the mainstream IB theory (H. Liang, Ren, & Sun, 2015).

As a consequence of these differences, each kind of enterprise is going to show different strategies for global participation (Meyer et al., 2014). In this regard, SOEs could be moved for different reasons in comparison with POEs, since the former could have national interests rather than profit maximization (Buckley et al., 2007; X. Liang et al., 2012). Actually, SOEs in general are not always following economic goals (Hu & Cui, 2014), they are attending or responding to home government interests and priorities as well (Li, Cui, & Lu, 2014). Furthermore, SOEs are not only embedded to the domestic institutional system (Cui & Jiang, 2012) but also they belong to the country (Cui & Jiang, 2012; Gao et al., 2015).

Regarding private firms, these enterprises are following more traditional trends and market concerns (Ramamany et al., 2012), and attempt to overcome home liabilities impeding a proper entrepreneurial environment (Luo & Tung, 2007; Luo, Xue, & Han, 2010). It is clear that SOEs and POEs are embedded in different conditions on their domestic environment and this could also have effects on the internationalization of home enterprises (Amighini et al., 2013).

These differences can emerge when home governments have especial interests and have developed programs and measures explicitly to promote the internationalization of home enterprises. Thereby, the chances to shape the behavior of domestic enterprises is higher for SOEs than POEs (Liu, Xiao, & Huang, 2008). The state intervention is such that also in some cases, the government decides which are the enterprises that are going to be boosted for internationalization (L.-W. Lin & Milhaupt, 2013). As a consequence of government intervention, there has been a growing concern that state-supported enterprises could threaten national security by directing their FDI toward political rather than commercial goals (Aharoni, 2014).

SOEs can have access to preferential conditions offered by the home government such as loans and credits at lower rates than the market (Ning & Sutherland, 2012), which allow enterprises to conduct investments where risk levels are higher (Pan et al., 2014). The opposite could occur when POEs try to expand their activities to other countries through OFDI; these firms won't have such considerations and will struggle for external funds, and in general, with institutional conditions (Cheng & Lei, 2015).

The ownership structure could also cause some kind of tension mainly due to different interests (Doh, Teegen, & Mudambi, 2004; Li et al., 2014). SOEs could have tougher restrictions in host economies than POEs stemmed from a perception of threat against national security (Cui & Jiang, 2012), and this behavior is more likely to present itself in host countries with high level of institutional development (Meyer et al., 2014). Such conflicts can be diminished if there are strong and direct relationships between home and host governments, like commercial (Duanmu, 2014) and diplomatic activities.

The internationalization of SOEs enterprises could be understood by market imperfections or by government priorities, and a mix of these two situations (Cuervo-Cazurra et al., 2014). In this regard, neither the POEs nor the SOEs should be considered as opposite extremes. That is, SOEs are not always driven by government interests and POEs not always will attend to market conditions or profit maximization, actually they have to be seen as interlinked group of factors ranging from economic to institutional and own firm conditions (X. Lin, 2010). Then, not all the SOEs from emerging markets are going to have the same trends and behaviors when going abroad through OFDI (Li et al., 2014), neither are POEs.

LATIN AMERICAN MNES' INTERNATIONALIZATION

As previously mentioned, in order to conduct a proper analysis for the Latin American MNEs' internationalization, information at aggregated as well as at disaggregated levels is analyzed. Table 1 exhibits information for the countries classified in the World Investment Report, issued by UNCTAD, as those from Latin America; eight countries from Central America (Belize, Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua and Panama), and eleven countries from South America (Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Guyana, Paraguay, Peru, Uruguay and

Venezuela). Here, it is possible to observe that Brazil and Mexico, the countries with the biggest GDP and population are responsible for about 68% of the total OFDI issued by the region. On the other hand, smaller economies like Guatemala, Uruguay and Costa Rica and even smallest like Paraguay, Nicaragua or Belize, have quite small participation in terms of OFDI. This behavior is easily understandable, nevertheless Chile and Panama are a couple of peculiar cases. Neither the OFDI nor the OFDIpc from these countries are congruent with their own sizes, and this could be happening, in one situation, because of the Panama papers and on the other, because the limited home market.

More information, regarding the internationalization of Latin American countries and also mentioned in the literature review, is related with domestic governments. Government institutions develop incentives to trade as part of their responsibility to facilitate trade. Table 1 shows a number of trade agreements and treaties that have been signed by the nations studied here; we gathered this data from the Organization of American States (OAS). As seen on the table, Chile has the highest number of Free Trade Agreements (FTAs) with twenty-one, while interestingly Ecuador has none. Preferential Trade Agreements are also shown on the table with Venezuela having the highest number (11). On the other hand, Argentina tops the amount of Bilateral Investment Treaties with fifty-three. While these treaties and agreements can indirectly promote OFDI among countries, there are other government methods to directly boost the OFDI from domestic firms; these are known as Home Country Measures (HCMs). In table 1 can be seen that only three countries from all the region are implementing these kind of measures. The Brazilian government is the one that has implemented more strongly, during the last decade, institutional measures to encourage the OFDI from domestic firms. The same table, among other data, includes information about the number of MNEs that each country holds based on the 100 largest MNEs from Latin America, and also the firms are split by type of ownership in private and state-owned.

Table 1 Main indicators from Latin American countries in 2014

Country	GDP (md)	GDPpc (dollars)	Population (thousands)	OFDI stock (md)	OFDIpc stock (dollars)	OFDI* (%)	OFDI* (cumulative %)	IFDI (md)	Imports (md)	Exports (md)	Trade Balance (md)	Free Trade Agreements (Q)	Preferential Trade Agreements	Bilateral Investment Treaties	HCMs	MNEs private	MNEs state
Brazil	2,199,538	10,887	206,078	316,339	1,566	48.14	48.14	754,769	239,152	225,101	-14,052	4	9	0	✓	31	1
Mexico	1,279,305	10,334	125,386	131,246	1,060	19.97	68.12	337,974	411,581	397,129	-14,453	13	6	29	✓	25	0
Venezuela	562,201	18,223	30,694	27,349	886	4.16	72.28	30,139	43,170	74,714	31,544	1	11	17	x	0	1
Argentina	533,020	12,751	42,980	35,938	860	5.47	77.75	114,076	65,229	68,335	3,106	4	9	53	x	6	2
Colombia	384,308	7,854	47,791	43,082	880	6.56	84.31	141,667	64,029	54,795	-9,234	8	6	6	x	7	2
Chile	258,358	14,537	17,763	89,733	5,049	13.66	97.96	207,678	72,159	75,675	3,516	21	5	36	✓	17	1
Peru	201,251	6,541	30,973	4,205	137	0.64	98.60	79,429	42,346	39,533	-2,813	15	0	28	x	5	0
Ecuador	100,909	6,314	15,903	697	44	0.11	98.71	14,591	27,726	25,724	-2,002	0	4	16	x	0	0
Guatemala	59,718	3,765	16,015	503	32	0.08	98.79	12,102	18,276	10,834	-7,442	8	3	14	x	1	0
Uruguay	55,134	16,127	3,420	428	125	0.07	98.85	22,318	11,485	9,133	-2,351	5	6	29	x	0	0
Costa Rica	49,838	10,093	4,758	2,049	415	0.31	99.16	24,309	17,186	11,252	-5,934	12	2	12	x	0	0
Panama	43,998	11,207	3,868	4,246	1,081	0.65	99.81	35,917	21,200	13,184	-8,016	10	3	22	x	1	0
Bolivia	34,208	3,154	10,562	52	5	0.01	99.82	11,206	10,519	12,266	1,747	2	1	19	x	0	0
Paraguay	30,849	4,459	6,553	379	55	0.06	99.87	5,381	12,169	9,636	-2,533	4	6	22	x	0	0
El Salvador	25,353	3,972	6,108	3	0	0.00	99.87	8,504	10,513	5,273	-5,240	8	1	19	x	0	0
Honduras	19,567	2,369	7,962	393	48	0.06	99.93	11,228	11,070	8,072	-2,997	9	1	9	x	0	0
Nicaragua	12,176	1,974	6,014	375	61	0.06	99.99	8,040	6,946	5,126	-1,820	7	2	14	x	0	0
Guyana	3,116	3,878	764	2	3	0.00	99.99	1,960	1,791	1,167	-624	3	4	3	x	0	0
Belize	1,686	4,963	352	54	160	0.01	100.00	1,765	1,004	589	-415	2	3	3	x	0	0

Source: own elaboration. GDP, GDPpc, Population, OFDI, OFDIpc, Imports, Exports and Trade Balance are based on UNCTAD stats and correspond to 2014. The data for Free Trade Agreements, Preferential Trade Agreements and Bilateral Trade Agreements was gathered from de Organization of American States during 2016. Home Country Measures (HCMs) was obtained from the governments' websites during 2016. Private-owned and state-owned MNEs are based on the ranking of 100 Largest Multinationals in 2015 issued by América Economía. *Own calculation.

As a core part of this research, we studied the largest multinational enterprises from Latin America. For this purpose, we used the *Multilatinas Ranking, 2015*, which embraces the 100 largest MNEs from Latin America and developed by the agency *América Economía* (see Table 2). This agency was useful at firm level information, however for this article, also was collected information from financial and annual reports, directly from the own firms' websites and through the ISI Emerging Markets data base. Former studies trying to identify the domestic firms' internationalization are focused in one country (the home country), its enterprises, and the host allocations. In this case, the research runs the same process but with nine different home countries (Argentina, Brazil, Chile, Colombia, Guatemala, Mexico, Panama, Peru and Venezuela), which makes the gathering data process a more complex venture; this process has been carefully conducted trying to avoid any biases, especially with information at firm level since is harder to identify and requires much more effort and attention. Basically, these countries have been selected because MNE's considered for the ranking used in this research belong to that countries. Besides, these are the biggest countries in Latin America in terms of size (measured by the GDP and Population) and income (measured by GDPpc). Furthermore, the nine countries account for about the 99% of the overall OFDI from Latin America.

At firm level, the first fact to point out is that most enterprises in Latin America are privately-owned, with 93 MNE's out of 100 in the ranking falling in this category. From the remaining seven firms, four are wholly owned by the state: Venezuela's, PDVSA; Colombia's, Grupo EPM; Argentina's, Aerolíneas Argentinas; and Chile's, ENAP. In the other three firms, home governments hold the majority share of the ownership: the Colombian government owns about 53% of ISA, the Brazilian government owns approximately 28% of PETROBRAS, and the Argentinian government owns 51% of YPF. Four firms are performing in the natural resources industry, particularly in the oil extraction, one in the airline industries, another one in the transmission of electric energy and one more in diverse fields (multisector EPM) but related with the provision of electric energy, potable water, sanitation and gas.

In terms of main industry sectors, the distribution of the top 100 multinationals in Latin America by SOEs and POEs is as follows. The top seven SOEs in Latin America participate in the secondary and tertiary sectors with four MNEs in the secondary category and three belonging to the tertiary sector. Colombia's ISA (electric energy) and Grupo EPM (multisector) and Argentina's airline Aerolíneas Argentinas add up in the tertiary sector. The oil & gas extraction from PETROBRAS (Brazil), PDVSA (Venezuela), ENAP (Chile) and YPF (Argentina) make up for the secondary sector. In the case of POEs economic sector participation is mostly composed by firms performing in the secondary and tertiary sectors. A wider variety of industries appear on the list: Food, beverage, liquor, steel, airline, forestry, cellulose, manufacturing, cement, construction, retail, entertainment, mining, oil & gas, automotive, bioenergy, petro-chemistry, chemical, pharmaceutical, financial, technology, telecommunications, aerospace, electronics, electricity, logistics, media and health. Seven enterprises are classified as multisector and some others even when are not categorized as multisector, they are performing in more than one sector, for instance, those firms conducting activities related with forestry and cellulose.

Pairing the main sectors on which the 100 multinational firms are performing with the International Standard Industrial Classification of All Economic Activities (ISIC) (UN, 2008), and doing the same with the OECD Taxonomy of Economic Activities Based on R&D Intensity (Galindo-Rueda & Verger, 2016), it was possible to identify and classify the firms under study regarding the OECD Taxonomy suggested. The latter document identifies five different levels in function of the industries research and development (R&D) intensity (high, medium-high, medium, medium-low and low). Thus, three firms pertain to the high level intensity, ten to the medium-high, thirty-six to the medium-low, sixteen to the medium and thirty-five to the low level intensity.

Table 2 100 Largest MNEs from Latin America										
Rank 2015	Firm	Country	Industry	R&D intensity	Sales 2013, (US \$)	Sales abroad, %	Employees abroad, %	Countries	Regions	Ownership
1	Mexichem	MEX	Chemicals	Medium-high	5,580.2	80.0	70.0	34	6	P
2	Cemex	MEX	Cement	Medium	14,247.1	77.7	77.7	37	6	P
3	Latam	CHI/BRA	Airlines	Low	12,471.0	87.3	77.0	16	4	P
4	Grupo JBS	BRA	Food	Medium-low	44,834.0	78.3	44.0	20	6	P
5	Aje Group	PER	Beverages	Medium-low	1,850.0	81.0	79.8	20	6	P
6	Tenaris	ARG	Steel	Medium	10,338.0	75.6	74.0	14	5	P
7	Gruma	MEX	Food	Medium-low	3,381.1	69.7	64.8	18	5	P
8	Ternium	ARG	Steel	Medium	8,726.1	73.8	70.0	18	4	P
9	Avianca-taca	CO/ES	Airlines	Low	4,702.0	79.0	65.0	22	4	P
10	Gerdau	BRA	Steel	Medium	15,833.9	61.4	55.0	20	5	P
11	Nemak	MEX	Automotive	Medium-high	4,623.0	62.6	61.7	15	4	P
12	Sonda	CHI	Technology	Medium-high	1,449.5	65.1	83.7	9	3	P
13	Arcos dorados	ARG	Entertainment	Low	3,504.3	84.3	80.0	14	3	P
14	América móvil	MEX	Telecom	Medium-low	57,542.8	68.5	56.3	18	3	P
15	Marfrig	BRA	Food	Medium-low	7,842.6	60.0	60.4	11	4	P
16	Copa Airlines	PAN	Airlines	Low	2,705.1	80.3	30.0	45	6	P
17	Arauco	CHI	Paper and Pulp	Low	2,882.3	38.7	15.0	14	4	P
18	Sigma	MEX	Food	Medium-low	4,847.9	47.7	67.6	18	4	P
19	Masisa	CHI	Paper and Pulp	Low	1,544.6	77.3	62.7	11	2	P
20	Grupo Bimbo	MEX	Food	Medium-low	12,665.4	63.7	37.5	22	5	P
21	Grupo Alfa	MEX	Multisector	Medium-low	15,520.9	63.1	36.2	18	5	P
22	Embotelladora Andina	CHI	Beverages	Medium-low	2,965.4	73.0	75.4	4	1	P
23	Cencosud	CHI	Retail	Low	17,673.2	63.7	59.8	5	1	P
24	Grupo Sura	COL	Finance	Low	5,519.4	30.2	64.0	8	3	P
25	Ambev	BRA	Beverages	Medium-low	14,356.2	36.0	34.5	13	3	P
26	ISA	COL	Energy	Low	1,628.0	54.6	64.5	7	2	S
27	Coca-Cola Femsa	MEX	Beverages	Medium-low	9,949.8	43.9	48.0	10	4	P
28	Odebrecht	BRA	Engineering and construction	Low	2,582.1	44.0	32.0	23	6	P
29	Vina Concha y Toro	CHI	Beverages	Medium-low	962.5	81.3	24.5	14	4	P
30	Impsa	ARG	Energy	Low	446.8	32.1	49.9	30	6	P
31	CMPC	CHI	Paper and Pulp	Medium-low	4,846.2	77.0	42.0	8	2	P
32	Vale	BRA	Mining	Medium	33,233.4	18.1	23.0	28	6	P
33	Embraer	BRA	Aerospace	High	6,288.8	79.0	10.8	11	4	P

Table 2 (Continued)

Rank 2015	Firm	Country	Industry	R&D intensity	Sales 2013, (US \$)	Sales abroad, %	Employees abroad, %	Countries	Regions	Ownership*
34	Sigdo Koppers	CHI	Engineering and construction	Low	2,499.6	73.0	20.0	14	4	P
35	Falabella	CHI	Retail	Low	12,478.6	39.8	51.0	4	1	P
36	Grupo Belcorp	PER	Chemicals	High	1,407.0	25.0	70.0	15	3	P
37	Pollo Campero	GUA	Food	Low	469.6	75.0	47.1	12	5	P
38	Tech Paek	CHI	Manufacturing	Medium	372.4	72.0	75.0	4	1	P
39	Terpel	COL	Oil and gas	Low	6,232.5	15.3	72.4	6	3	P
40	Marcopolo	BRA	Manufacturing	Medium-high	1,280.1	51.0	11.2	26	6	P
41	WEG	BRA	Manufacturing	Medium-high	2,951.9	45.1	24.0	11	5	P
42	Grupo Argos	COL	Cement	Medium	3,728.2	42.4	47.1	7	3	P
43	Copersucar	BRA	Bioenergy	Medium-low	8,616.7	77.4	N.D.	7	6	P
44	Grupo Nutresa	COL	Food	Medium-low	3,216.5	34.7	31.9	14	4	P
45	Votorantim Cimentos	BRA	Cement	Medium	4,794.7	27.3	36.7	15	5	P
46	Pluspetrol	ARG	Oil and gas	Medium-low	1,609.8	N.D.	88.8	6	2	P
47	Empresas Copec	CHI	Multisector	Medium-low	23,840.7	41.2	26.6	12	3	P
48	Alicorp	PER	Food	Medium-low	2,058.4	38.8	46.7	8	2	P
49	Banco Itaú	BRA	Finance	Low	33,434.9	7.8	7.5	18	4	P
50	Femsa	MEX	Beverages	Medium	17,838.1	32.9	21.5	9	3	P
51	Andrade Gutierrez	BRA	Multisector	Low	2,882.3	38.7	15.0	35	6	P
52	Arcor	ARG	Food	Medium-low	2,815.7	15.0	38.1	14	4	P
53	Fibria	BRA	Paper and pulp	Medium-low	7,842.6	56.0	7.0	5	4	P
54	BRF Foods	BRA	Food	Medium-low	10,795.2	46.8	3.7	8	3	P
55	Metalfrío	BRA	Manufacturing	Medium-high	328.0	44.7	41.5	7	4	P
56	AeroMEXico	MEX	Airlines	Low	2,911.6	45.5	15.0	18	5	P
57	Petrobras	BRA	Oil and gas	Medium-low	126,970.9	24.3	8.6	19	5	S
58	Grupo Simec	MEX	Steel	Medium	1,820.0	43.4	47.5	3	1	P
59	Softtek	MEX	Technology	Medium-high	567.0	72.0	39.6	9	3	P
60	Braskem	BRA	Chemicals	Medium-high	17,130.9	17.2	18.0	12	4	P
61	SQM	CHI	Mining	Medium-high	2,014.2	44.0	4.0	18	5	P
62	PDVSA	VEN	Oil and gas	Medium-low	105,271.0	42.5	6.0	6	4	S
63	Bancolombia	COL	Finance	Low	5,432.2	24.1	25.6	10	2	P
64	Grupo Elektra	MEX	Retail	Low	5,016.1	25.6	23.4	7	3	P
65	Grupo EPM	COL	Multisector	Low	4,862.7	33.5	12.6	8	3	S
66	Xignux	MEX	Steel	Medium	2,497.8	52.0	24.0	6	2	P
67	Alpargatas	BRA	Manufacturing	Medium-low	1,397.2	30.9	22.1	9	3	P

Table 2 (Continued)

Rank 2015	Firm	Country	Industry	R&D intensity	Sales 2013, (US \$)	Sales abroad, %	Employees abroad, %	Countries	Regions	Ownership*
68	Minerva	BRA	Food	Medium-low	2,976.2	70.0	16.5	4	1	P
69	Molymet	CHI	Steel	Medium	1,103.5	41.5	20.7	9	4	P
70	Construções e Comércio Camargo Corrêa	BRA	Multisector	Medium-low	1,702.2	18.0	20.0	20	5	P
71	Indústrias CH	MEX	Steel	Medium	2,098.3	43.0	34.6	4	2	P
72	Airlines Argentinas	ARG	Airlines	Low	1,308.8	45.3	6.0	17	4	S
73	InterCement	BRA	Cement	Medium	2,053.5	44.2	N.D.	8	3	P
74	Aalsea	MEX	Food	Low	1,545.8	31.5	29.3	6	2	P
75	ENAP	CHI	Oil and gas	Medium-low	9,836.6	40.3	11.6	4	2	S
76	Colombina	COL	Food	Medium-low	726.0	33.5	17.7	12	3	P
77	Grupo Modelo	MEX	Beverages	Medium-low	4,162.7	28.4	7.0	12	6	P
78	Suzano	BRA	Paper and pulp	Medium-low	2,735.0	52.4	3.4	8	4	P
79	Ripley	CHI	Retail	Low	2,538.4	34.9	36.1	3	1	P
80	Ultrapar Participações	BRA	Oil and gas	Low	25,501.2	18.8	N.D.	8	4	P
81	Cinépolis	MEX	Entertainment	Low	1,021.0	15.0	27.0	12	4	P
82	Banmédica	CHI	Health	Low	1,327.5	31.8	23.0	3	1	P
83	Natura	BRA	Chemicals	High	2,757.1	15.5	19.7	5	1	P
84	CCU	CHI	Beverages	Medium-low	2,141.6	23.1	23.7	5	1	P
85	Grupo Carso	MEX	Multisector	Low	5,588.9	16.5	N.D.	14	3	P
86	Grupo MEXico	MEX	Mining	Medium-low	9,319.9	N.D.	24.8	3	2	P
87	Grupo Gloria	PER	Food	Medium-low	1,123.3	18.0	25.0	7	2	P
88	Grupo Televisa	MEX	Media	Low	5,434.9	17.0	10.0	4	3	P
89	Empresas ICA	MEX	Engineering and construction	Low	2,493.5	31.5	N.D.	10	5	P
90	Tigre	BRA	Engineering and construction	Low	1,000.0	30.0	N.D.	10	2	P
91	Arca Continental	MEX	Beverages	Low	4,202.9	N.D.	18.0	4	2	P
92	Cia. Siderurgica Nacional	BRA	Steel	medium	6,071.2	13.8	10.0	4	3	P
93	Randon Part	BRA	Automotive	Medium-high	1,406.3	N.D.	N.D.	12	5	P
94	Ferreycorp	PER	Multisector	Low	1,718.0	10.8	13.0	6	2	P
95	YPF	ARG	Oil and gas	Medium-low	16,572.3	30.1	N.D.	3	1	S
96	Cosan	BRA	Bioenergy	Medium-low	28,247.1	N.D.	N.D.	4	1	P
97	Localiza	BRA	Logistics	Low	3,746.2	N.D.	6.6	8	1	P
98	Telemar OI	BRA	Telecom	Medium-low	1,690.0	3.3	N.D.	3	3	P
99	Gol	BRA	Airlines	Low	3,746.2	9.1	2.3	8	3	P
100	Vitro	MEX	Manufacturing	Medium	1,690.0	3.0	5.2	7	3	P

* P: private-owned; S: state-owned
Source: América Economía

As table 2 shows, there is information about how many subsidiaries each firm has abroad. This information is quite useful, however, the agency *América Economía* does not have available data on the countries where the firms have subsidiaries nor the number of firms on each foreign country. To overcome this lack of information, a deep look at every single firm was needed to identify where subsidiaries exist; the amount of subsidiaries on each foreign country was not possible to identify since an important number of firms do not have this data available. The hard data collection process was conducted during 2016. Given that the table 2 depicts the ranking for 2014, and was built with information from 2013, the number of subsidiaries abroad by each firm of the ranking identified for the table 3 and figure 1, is not necessarily going to coincide.

Thereby, table 3 captures the distribution of firms from the largest Latin American MNEs, made by country of origin (Argentina, Brazil, Chile, Colombia, Guatemala, Mexico, Panama, Peru and Venezuela) at regional level. As depicted in the table, the majority of these investments are going towards developing economies, specifically to Latin America and the Caribbean markets. In particular, South America is the region receiving the bigger amount of MNEs from the nine countries. Looking at these numbers, it appears that the largest MNEs in the region are devoting a large percentage of their FDI to stay in the region. Among developed economies, Europe is the region with more MNEs from Latin America, followed by North America.

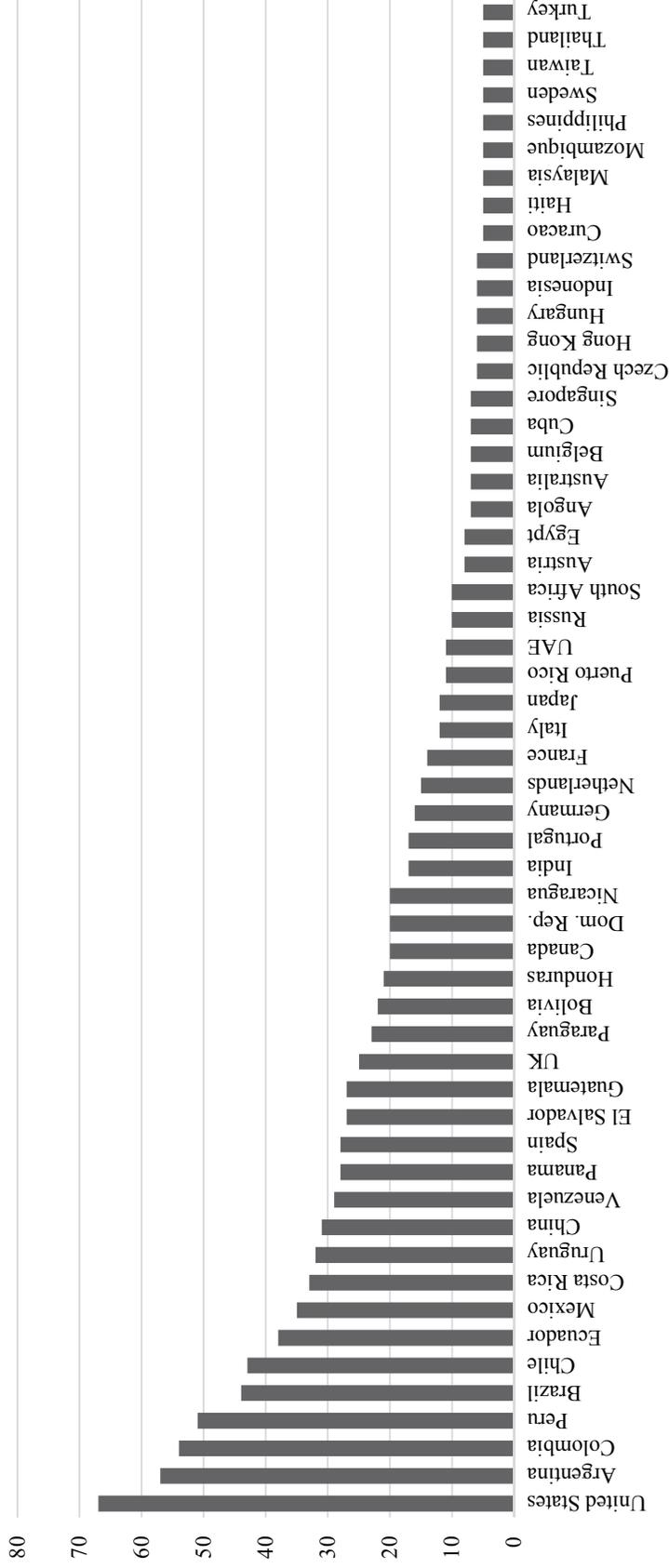
Table 3 Distribution of Firms Investing in World Regions by Geographical Destination (2016)

Region/Economy	Argentina		Brazil		Chile		Colombia		Guatemala		Mexico		Panama		Peru		Venezuela	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
World	110	100	396	100	132	100	98	100	12	100	321	100	24	100	52	100	17	100
Developed economies	26	23.64	109	27.53	31	23.48	9	9.18	3	25.00	109	33.96	2	8.33	3	5.77	7	41.18
Europe	15	13.64	70	17.68	15	11.36	3	3.06	2	16.67	77	23.99	-	0.00	2	3.85	6	35.29
North America	8	7.27	29	7.32	11	8.33	6	6.12	1	8.33	28	8.72	2	8.33	1	1.92	1	5.88
Other developed countries	3	2.73	10	2.53	5	3.79	-	0.00	-	0.00	4	1.25	-	0.00	-	0.00	-	0.00
Developing economies	83	75.45	281	70.96	101	76.52	89	90.82	9	75.00	206	64.17	22	91.67	49	94.23	10	58.82
Africa	4	3.64	47	11.87	5	3.79	-	0.00	-	0.00	2	0.62	-	0.00	3	5.77	-	0.00
Asia	11	10.00	64	16.16	10	7.58	2	2.04	3	25.00	25	7.79	-	0.00	4	7.69	1	5.88
Latin America &Carib	68	61.82	169	42.68	86	65.15	87	88.78	6	50.00	179	55.76	22	91.67	42	80.77	9	52.94
South America	44	40.00	122	30.81	72	54.55	34	34.69	1	8.33	94	29.28	9	37.50	22	42.31	5	29.41
Central America	15	13.64	24	6.06	13	9.85	43	43.88	5	41.67	70	21.81	5	20.83	16	30.77	1	5.88
Caribbean	9	8.18	23	5.81	1	0.76	10	10.20	-	0.00	15	4.67	8	33.33	4	7.69	3	17.65
Oceania	-	0.00	1	0.25	-	0.00	-	0.00	-	0.00	-	0.00	-	0.00	-	0.00	-	0.00
Transition economies	1	0.91	6	1.52	-	0.00	-	0.00	-	0.00	6	1.87	-	0.00	-	0.00	-	0.00

Source: own elaboration based on firms' information

To complement the information seen in table 3, the largest 100 Latin American MNEs FDI destination was more thoroughly analyzed with figure 1. This figure captures the frequency of investments by destination countries. In other words, what countries are hosting the subsidiaries from the 100 largest MNEs from Latin America. Results show that the top pick is the US economy followed by Argentina, Colombia, Peru, Brazil, Chile, Ecuador, Mexico, Costa Rica, Uruguay, China, Venezuela, Panama, Spain, El Salvador, Guatemala, UK, Paraguay and Bolivia closing the first 20 destinations. Again, and contrary to expectations by some analysts, the top MNEs in Latin America are heavily investing in the region with 16 out of the top 20 countries being from South and Central America; mostly concentrated on countries from South America.

Figure 1: Frequency of investments by destination country



Source: own elaboration based on firms' information. There are other countries receiving firms from Latin American countries, however the frequency is too low, so are not included in the figure.

Regarding country level OFDI flows there are several facts to highlight (see table 4). For instance, Brazil is locating about 36% of its investments in Caribbean countries; Bahamas, British Virgin Islands, and Cayman Islands, which are broadly known as tax heavens; a higher investment than that made on developed countries. In the case of Chile, it is mainly investing in other developing countries, approximately 73% and 55% goes to South America. Colombia and Mexico locating about 40% of their own investments in developed countries, Europe and the US mainly. Mexico unlike Colombia and the rest of the countries is the one with the highest investments in the US accounting for 38% of its total. In the case of Brazil, it has been strongly divesting during the last three years of the period under study. Investments from Mexico and Colombia to Latin American countries are about 60% and 57%, respectively, however, in the case of Colombia, this percentage is divided between South America (22%) and Central America (26%), and in the case of Mexico the investment is concentrated in South America (46%).

Another interesting trend is that the main investors in South American countries (Argentina, Brazil, Chile and Colombia), have located an important part of its capitals in other countries from the region. For instance, Chile is investing as much as 55% in neighboring countries like Argentina, Brazil, Uruguay, Peru and Colombia. In the case of Panama, the economic and commercial characteristics of the country are not consistent with its OFDI flows, may be due, at least to some extent, and as mentioned before, to the Panama Papers and the fact that this country is considered as a tax heaven. Data in table 2 does not show, for any country, relevant flows of FDI addressed to Asian or African countries.

In general terms, investments made by the nine Latin American countries listed above, which accounts for about the 99% of the total OFDI, are locating 30% of the investment in developed countries, approximately 20% in the European Union, and 14.5% in North America, mainly in the US. Most of the investments have been addressed to other developing economies, particularly those in Latin America and the Caribbean, 63.2%, where South American countries own 40.3% of the investment and the Caribbean countries 13.6%. Finally, this information, which is based on UNCTAD's Bilateral FDI Statistics (available from 2001 to 2012 for all the countries, except for Brazil -2006 to 2012-), is showing similar trends in comparison with the frequency of subsidiaries in foreign countries from the 100 largest Latin American MNEs.

Table 4 FDI Flows abroad by geographical destination (2001-2012)

Region / economy	Argentina		Brazil*		Chile		Colombia		Guatemala		Mexico		Panama		Peru		Venezuela		Total		
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	
World	7738	100	60710	100	62502	100	29353	100	1077	100	37748	100	29990	100	1806	100	2178	100	231024	100	
Developed economies	-4	-0.06	19543	32.17	13098	20.97	12532	42.69	395	36.67	15315	40.57	10607	35.37	-181	-10.01	-139	-6.36	71297	30.86	
Europe	295	3.81	17123	28.19	11195	17.90	5591	19.05	79	7.33	8648	22.91	811	2.71	265	14.69	1949	89.49	44097	19.09	
European Union	295	3.81	18886	31.09	11706	18.73	5189	17.68	79	7.33	8648	22.91	811	2.71	265	14.69	1949	89.49	45969	19.90	
Other developed Europe	-	-	-1763	-2.90	-511	-0.82	401	1.37	-	-	-	-	-	-	-	-	-	-	-1873	-0.81	
North America	-368	-4.76	232	0.38	4031	6.50	5985	20.39	316	29.34	14396	38.14	9517	31.73	4.46	-24.70	-	2088	-95.86	33567	14.53
Other developed countries	69	0.89	2188	3.60	-2128	-3.43	956	3.26	-	-	-7730	-20.48	278	0.93	-	-	-	-	-6367	-2.76	
Developing economies	7742	100.06	34552	56.91	45606	73.12	16776	57.15	682	63.33	22434	59.43	19383	64.63	1987	110.01	2317	106.36	149269	64.61	
Africa	-	-	105	0.17	71	0.12	-	0.04	-	-	-	-	-1598	-5.33	-	-0.01	-	-	-1422	-0.62	
Asia	11	0.14	54	0.09	3219	5.19	13	-	-	-	65	0.17	1139	3.80	-	-	1	0.04	4501	1.95	
Latin America & Carib.	7732	99.92	34393	56.65	42315	67.80	16764	57.11	682	63.33	22369	59.26	19842	66.16	1987	110.02	2316	106.32	146190	63.28	
South America	7007	90.55	9500	15.65	34573	55.31	6452	21.98	-6	-0.54	17508	46.38	16311	54.39	1686	93.33	1363	62.57	93093	40.30	
Central America	725	9.37	2945	4.85	2757	4.45	7736	26.35	688	63.87	3378	8.95	3085	10.29	301	16.68	632	29.00	21646	9.37	
Caribbean	-	-	21948	36.15	4985	8.04	2575	8.77	-	-	1483	3.93	446	1.49	-	-	321	14.75	31451	13.61	
Unspecified	-	-	6616	10.90	3798	6.12	45	-	-	-	-	-	-	-	-	-	-	-	10459	4.53	

Source: own elaboration, based on UNCTAD's Bilateral FDI Statistics

* Data available from 2006-2012

DISCUSSION

As stated in the introductory section, the vast majority of academic research covering OFDI in emerging markets has studied China (Ramasamy et al., 2012). Extant literature has been developed to address this country and the internationalization of its enterprises. Yet due to disaggregated data, it has been identified that official data bases mostly capture information related to SOEs (Voss, Buckley, & Cross, 2010). Situation by itself essential since an important reason why there is not enough understanding of the OFDI from China and Chinese enterprises is that much research has been done with aggregated data, which intrinsically implies and brings some issues to the analysis and the interpretation of the information (Buckley et al., 2007). This study aims to analyze the Latin American context and contribute to the understanding of OFDI in a group of emerging nations not broadly examined before.

The type of data, aggregated and/or disaggregated, is directly related to the distinction between SOEs and POEs. However, since the understanding of these enterprises is not only based on ownership but in much more detail, disaggregated data is preferred and could illustrate more accurately their behavior (Kolstad & Wiig, 2012). A particular reason on the importance for the disaggregated data in the study of domestic emerging market enterprises internationalization and whether this behavior is explained by the traditional IB theory, is because the ownership features could have different effects on the internationalization paths of MNEs (Wang, Hong, Kafouros, & Boateng, 2012), and this could be a reflection of the national institutional environment. Thus, enterprises from different countries, with different characteristics, could have different behaviors.

In fact, this is an important difference to highlight between Chinese firms and firms from Latin America. While most of the multinational firms, in China, are SOEs, in the case of Latin America the majority of MNEs in this region are POEs. Based on the above, it implies that firms from both regions cannot be equally treated. Another difference that in some extent is related as well is the fact that Chinese firms have a wide variety of supports that the home government has to boost the domestic firms' expansion abroad, and this is also following the government priorities. For the Latin American MNEs the situation is the opposite, only three countries from the region offer these kind of measures, and only the Brazilian government offers a well established framework. Actually, Brazil has declared on its industrial policy the interest and necessity to support the expansion and global integration of its domestic firms. Perhaps, this (among other factors) has something to do with the fact that, in the region, Brazil is the one with most MNEs. Also, it is important to note that the Brazilian national development bank (BNDES) is supporting national MNEs not only to go abroad but to improve local conditions, which indirectly could be favoring the firms' acquisition of needed advantages to go abroad or to explode them abroad.

In spite of the major differences, there is a similarity regarding the POEs. In the case of Chinese enterprises, by using disaggregated data, it has been identified that the OFDI by POEs frequently use a third party company in an attempt to hide the final allocation, and that often the OFDI from these enterprises is addressed to financial centers like Hong Kong or to tax heavens (Ning & Sutherland, 2012; Ramasamy et al., 2012). As available information suggests, it is also occurring, in particular, with the case of Brazilian OFDI looking for Caribbean countries, and in general with the FDI issued by Panama. The latter case is important to mention it given that the Panama's OFDI behavior does not match with the overall characteristics of the country. But more important is that among the 100 largest MNEs from Latin America, Panama is only contributing with one MNE.

At industry level, Chinese firms invest in several industries (Cheng & Lei, 2015; Yang et al., 2014), including products and services (Cuervo-Cazurra et al., 2014). Other authors suggest that this is not the case for other regions, like Latin America, where the emphasis is on natural resources (Kowalski, Büge, Sztajerowska, & Egeland, 2013). Definitely, it is true that there are important MNEs from Latin America related with natural resources, for instance, VALE, Grupo México, Petrobras, ENAP, YPF, Arauco and Masisa, to name a few. Nevertheless, MNEs from this region are performing in a wide range of industry sectors going from forestry or mining and oil extraction to technology assistance and technology creation. Which also means that MNEs from Latin America are having activities in all the

economic sectors. Furthermore, and opposed to what is expected for developing economies, even there are firms with a high R&D intensity.

One more relevant point to highlight is the following. By and large, the allocation of MNEs from Latin America are in line, at least in some extent, with the mainstream IB theory since most of the firms are looking for countries from the region to establish its productive activities. It implies that enterprises have main preference for near countries in terms of geographical as well as cultural distance. This is also in line with the previous literature that suggests that Latin American MNEs have growth, in first instance, inside the region and afterwards to more distant countries. However, in this order of ideas, what draws the attention is that the US appears like the most popular country for the 100 largest MNEs from Latin America to allocate their subsidiaries. Other developed countries among the top 20 most frequent destinations are Spain and the UK. The only country that is not from the region and it is not a developed economy, but also represents a frequent option for investments from Latin American MNEs is China.

The expansion abroad of domestic firms through OFDI is definitively contingent of a variety of factors. The differences between home country conditions, or similarities, could play a determinant role in the internationalization path of firms from distinct nations. Also, such behavior could be contingent of the own firms' particular conditions. One significant difference is the enterprise's ownership structure. POEs, unlike SOEs, seem to follow more traditional trends and market concerns trying to overcome domestic liabilities. Under this assumption, the fact that MNEs from some countries are behaving in a different manner than what the mainstream IB theory dictates is, perhaps not because the nationality but to the firms' ownership structure. In other words, private-owned firms from China are more likely to be explained by the IB theory in comparison to the state-owned firms from the same country. In this order of ideas, like the evidence suggests, POEs from China are showing a similar behavior regarding the POEs from Latin America. Thus, this could be another reason why Latin American MNEs internationalization, to an important extent, are following the guidelines that mainstream IB theory states.

CONCLUSIONS

During last decades the expansion of MNEs and the consequently increase of OFDI from emerging economies has been a growing phenomenon. In the same direction, the academic interest for the understanding and comprehension about what is going on with domestic MNEs and its behavior in the global arena, has increased as well. China is the emerging economy that has received most of the attention by scholars in the study of its MNEs. The evidence and conclusions reached through that studies are the starting point of this research. First of all, at international level, Chinese firms' features and context are quite peculiar and cannot be easily replicated to other countries (Yang et al., 2014). And second of all, not all previous findings can be extended to all enterprises in China, since not all firms are state-owned large enterprises (X. Lin, 2010), which is that by and large what the official data does not show.

Consequently, in order to understand the internationalization of Latin American MNEs, this paper analyze, with the use of disaggregated data, the information at country, industry, and firm level. With this in mind, we can observe that the OFDI official data for Latin American countries is mostly showing the behavior that private-owned multinational firms from the region have. This situation is different in relation to China since the official data for this country represents the trends of MNEs that the home government owns. In terms of the number of MNEs the behavior remains, in Latin America the biggest part of MNEs are private-owned while in China are state-owned. Other difference between Chinese and Latin American MNEs is the home government support that the firms receive, while China has a complete and specific policy to improve the expansion abroad of domestic firms, in Latin America only Brazil has a structured framework for this aim.

The general investment trends identified for MNEs from Latin America, based on the data gathered and analyzed for this research are the following: (1) Most of the firms and investment from the region have been addressed to other countries in the region, in particular to South American countries and (2) Less investment goes to African and Asian countries. Interestingly, even when Asian countries are not the preferred ones for Latin American MNEs, China appears among the top 20 favorite countries where firms

from the region establish its subsidiaries. Also remarkable that while Latin American countries are the preferred destinations by firms from the same region, the country most frequently chosen by the firms under study has been the US.

These firms are performing in several sectors and not only on activities related with natural resources. Some firms appear on sectors related with the extraction of oil and gas, mining but also manufacture of food products, air transport and even manufacture of pharmaceutical products and aerospace transportation. These last two areas, pharmaceutical and aerospace, according to the OCDE's Taxonomy used for this research, are classified as industries with high intensity of R&D. Nevertheless, only three MNEs from the ranking belong to this category and most of them (71) are classified in the medium-low and low intensity levels of R&D, thirty-six and thirty-five, respectively.

Regarding IB theory, it seems that firms from the region under study are following, at least, some general guidelines that this mainstream suggests in terms of geographical and cultural distance as well as home country similarities like governmental and institutional, among others. But more importantly, the fact that IB theory seems to fit as a better explanation and understanding of POEs than SOEs. The internationalization process might not depend on the country's level of development but on the characteristics that the own firms hold. This is probably because private-owned firms, generally speaking, are following more traditional trends than state-owned firms.

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