

Determinants of the strategic effectiveness of MNC investing in emerging markets

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Abstract

Purpose of the article On the bases of specific aspects of emerging markets, to provide leads to managers concerning development of effective strategies of MNC on those markets.

Methodology/methods An exploratory study is used within a qualitative methodology, using five case study of small and medium companies (HQ and FDI) within industry of manufactures of the machines for coal mines. Research procedure was designed on the base of methodology proposed by Dul and Hak (2008) which is concerned with specifying the relation between known concept, on the bases of theory-building research.

Scientific aim First, to identify relationships between processes at the organizational unit level (in the structural and strategic context of the strategy) with processes of adjustment to the market environment (avoidance, adaptation, integration) and processes that are fundamental to economic performance (innovation and replication). Second, to define how this relationships influence strategic effectiveness of MNC on emerging market.

Findings As regards the configuration of the processes taking place in the three areas of analysis (strategy, internal and external environment), it is possible to identify patterns that contribute to strategic effectiveness. Effective strategies combine replication in basic processes with adaptation to the external market environment or innovation with integration. What is more, strategies which combined replication with avoidance and innovation with adaptation did not meet expectations. Another interesting conclusion of the research is that patterns that are successfully used by larger companies, with more market power, have the opposite effect for small and medium-sized enterprises.

Conclusions The study is limited by small sample size. While no single international business theory adequately explains identified strategic patterns, there are interesting perspectives of interpretation that reveals complexity theory.

Keywords: MNC, strategy, emerging markets

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