

Not all Multinationals are National: The Ambiguity of an EMM's origin

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We start by asking where is the origin of a firm's superior performance (aka competitive advantage) of firms operating internationally. Stated otherwise, where do the factors of competitive advantage come from and where was the locus for the new combination of resources? We'll present two polar cases as ideal types: the "*national*" firm (Porter, 1990) and the "*metanational*" firm (Doz, Santos, Williamson, 2001). Drawing on selected case studies of Brazilian and Israeli firms that grew to become leading firms in their industries, we will argue that they are "metanational" rather than the traditional nationally-based multinationals that has been the dominant form in the developed economies. We will also argue that such new emerging market multinationals (EMM) exhibit a different nature and organisational capabilities relative to traditional multinationals from developed economies (DMM) – and that such differentiated attributes are required more often than not if a firm from an emerging economy intends to attain a top level of global performance in its industry.

One of the interesting implications of this finding is that some notable EMMs from emerging economies are not traditional "national champions". But that is not obvious, even for their managers. If managers, analysts, politicians, and so on, local or foreign, believe that such EMMs are great because they represent their country's techno-economic development, they should think again. Such EMMs represent the dynamic quality of their management, not the quality of their national origin.

Is this a phenomenon that reflects an EMM's uncommon place or the uncommon time? Or both? Will national governments be able to discern between the "national" and the "not-national"? If so, will they favour the "national" model or, for example, support a local company that performs R&D and new market development abroad? And will managers of traditional DMMs recognize that not all the EMMs are similar among themselves and, more importantly, that a particular EM competitor may look similar and be very different from their own DMM? Will such ambiguity add to the sustainability of the EMM?