The overviews of internationalization and emerging economies economics essay

Economics

Introduction

Overviews of Internationalization and emerging economies

Internationalization can be defined as the growing tendency of the corporation or different firms for operate their business transaction across their domestic countries or national boundaries by the designing their products and services in such a way that the products can be easily adoptable by different cultures and different languages of overseas market without the need for any redesign of those products. http://www. businessdictionary. com/definition/internationalization. htmlEmerging economies refers to the nation's economy which are in the process of rapid growth of industrialization and progressing towards the advanced developed economy as measure by presence liquidity of the local debt and availability of the equity market and the presence of different forms of market exchange and regulatory body in those nations. http://www. investopedia. com/terms/e/emergingmarketeconomy. asp#axzz2MrtTcD3EEmerging markets refers to those country markets which are restructured their economies along with the changing market demand, availability of the resources and thus succeeded in contribution of a riches of opportunities towards trade, technology and foreign direct investment. China, India, Brazil, Russia and Indonesia are considered as the five biggest emerging markets according to world bank survey. These countries succeeded in making themselves in a significant change from a developing countries to an emerging market economy. Each of the country are highly succeeded in terms their individual market and internationalization and their combined effect of those country will make a noticeably change in the world economy market and politics. http://ebook. law. uiowa. edu/ebook/faqs/what-are-emerging-marketsThe internationalization activity of the emerging economies firms or emerging market attracted the attention of the researchers long time back in the seventh century. The theories of internationalization process of merging economies started with the development of multinational cooperation or MNCs from the developed countries and with the development of TMNCs that is third world multinational corporation. Third world multinational corporation are those organization that are developed by the merging of the multinational corporation from the third world countries for their economic status which acts as a source of raw material for them, in which low earnings, low skilled workers can produced goods for the richer nations or for other developing countries. The third world multinationals corporation (TMNc) mainly explains about the different mode of overseas investment of the firms from the emerging country. This is mainly gives the reasons behind the internationatiolzation of the emerging firms through the foreign investment branches, joint ventures, overseas sales subsidiaries rather than through the process of simply export of the goods to the international market or enter through overseas licensing arrangement. http://mitpress. mit. edu/books/third-world-multinationalsIn 1983 Lall and Well were the first person who gave an analytical view of the emergence of third world multinational corporation. They explained in their theory that the emerging firms which are operating in the developing countries can create a proprietary advantage for their internatiolzation of the firms through foreign direct investment. According to them the other factors that are contributed towards the proprietary advantage of the intaernationalization of the firms are less expensive management and marketing skill adopted by the TMNc, low input cost by the firms and advantage that are associated with the corporation ownership of the firms. The third world multinational corporation can expand their internatiolzation of the firms to the similar or less developed countries with the help of these advantage. http://www. freepatentsonline. com/article/Indian-Journal-Industrial-Relations/210171562. html

Motives for internationalization of the emerging firms

The emerging firms are going international with different motives to expand their business transaction across the national borders. According to Dunning (1993) there are mainly four important motives behind the firm internationalization. These are, resource seeking motives, efficiency seeking motives, strategic resource seeking motives and market seeking motives of the emerging firms. Resource seeking motives-Resource seeing motives and market seeking motives of the firms are the most recognized motives of the firms described by dunning in 1993. During the internationalization of the firms different companies have different motives. The companies which are investing overseas in aim to getting resources are called as the resource seeking companies. (Dunning 1993). The lack of availability of resources in home country and getting comparative lower cost resources in the overseas nations than that of home country may be the reason behind the companies seeking for resources while investing abroad. There are several types of resources which the companies are seeking while investing abroad. These are mainly physical resources such as minerals which includes zinc, oil and copper, Agricultural resources that is tobacco, sugar , rubber which are either not available at all in the home country or there availability is very low in the home country. The other resources can be cheap labor or skilled and capabilities of the workforce in the overseas nations. Efficiency seeking motives- This is another motives behind the internationalization of the firms. The reason behind this motive is to gain from the common governance of the overseas maket economy by reducing the structure of the investment. Thus efficiency seeking motive can be termed as the gaining from the difference of factor endowments, economic system of the overseas country, culture and institutional set up of the overseas firms. There are various advantage the company can get by the seeking these motive. By gaining from the difference of endowments factor the domestic firm can get the idea about what to invest and where to invest, as the firms will get a clear framework about the availability and cost factor in developed and developing companies. The other factor helps the firms in differentiating between the developed and developing countries, the know about the availability of the scope and economy of the scale difference in the similar countries. Strategic resource seeking motives- The intangible resources which are dealing with the technology or core competencies of the company is called as the strategic resources .(Dunning , 1993). The strategic resources of a company mainly includes the skill of the employee, knowledge, patent of the company and the strategic contribute which are essential for developing comparative advantage for the company. The company seeking this motive for internationalization in order set the long term strategic goal by maintaining the competitive position of the company or by weakening the position of the competitors. Market seeking Motives-This is another important motives of the emerging economies firms internationalization. Market seekers refers to those companies which are invest for their business transaction in a particular country or region with the purpose to supply goods or services to those foreign countries. There are various reason of why companies seeking for this motives during internationalization of their firms. The main reasons of market seeking motives is to promote and exploit new market in the overseas market , to make adopted of the home country product in terms of needs, trends, tests on a particular foreign market, to make the home country company as a part of the global production and marketing strategy . The other reasons behind this motives includes the limitation of the firms home country market to give the required amount of revenue for the company. This happens due to limited saturated market, presence of too much competitive market or lack of sufficient customers in the home country market. Therefore many companies are going into the other market including the overseas market for dong their business transaction with a market seeking motives in order to successful internationalization of their firms (Diva portal,)www. uu. diva-portal. org/smash/get/diva2: 131423/FULLTEXT01

The internationalization of Indian and Chinese emerging firms

It has been noticeably that from the last two decades there have been a significant growth of the internationalization of the firms from the emerging countries by the greater involvement of these emerging firms in cross border mergers and acquisition activity, international trading system, and foreign direct investment. Among these there has been a significant growth in the outward flow of FDI from these emerging firm economies. As per the world investment report 2008 the outward flow of FDI from 1989 to 1991 in emerging economic firms has been raised from $6 billion which is nearly about 2. 7% global outflow, to $253 billion which is about 13% of global outflow for the year 2007. The same report also verify that from 1990 to 2007 the stock of outward FDI from emerging country rise from $145 billion to $2288 billion. This shows the significant growth of the participation of emerging firm economies in the internationalization process. This trend of growing outward and inward flow of FDI in the process of internationalization of the firms is mainly prominent in two first growing emerging economy India and China. From last three decades the main feature of doing overseas transaction for the Chinese economy is export of goods and services , which helps the growth of the Chinese economy as well they made a visible contribution to the growth of Indian economy. The flow of out ward FDI from China and India has been grown rapidly from last two decades and firm from these countries mainly involved in overseas merger and acquisition for the foreign business transaction. The firms from emerging economies like India and China have been involved in the process of merging and acquisition overseas for the international expansion of their business. In has been observed that the cross border purchased of India and China firms over the period of 2005 to 2007 was $ 1. 5 billion per annum and $3. 5 billion per annum respectively. The merging and acquisition activity of these two firms for internationalization has been regulated by the finance get from the international market or from the host country economy which is not useful in regulate and record the outward FDI for these countries. http://icc. oxfordjournals. org/content/early/2009/02/24/icc. dtp007. full

The factor behind successful internationalization of the emerging firms

The process of internatiolization for the emerging firm including India and China can not be achieved without developed a action plan or strategy for achieving the organization goal. The strategy formulation is one of the most important factor to be consider for a successful internationalization which includes making decision about when should the firms go for internatiolization , how to internationalize or by which process the internationalization should be done , and the decision regarding choice of the entry modes into the various overseas market, The firms can enter the foreign market by several method which includes through export, joint ventures, franchise etc (Masum, & Fernandez, 2008, p. 8). For the successful process of internationalization for any emerging firms including China and India is required to overcome the risk and uncertainties by developing a good a strategy and by making a good selection of entry into the foreign market. Gaining knowledge about the market in which the firms enter for the business is one of the key factor for the effective internationalization. Other factor that are required for the successful internationalization in the overseas market are knowledge about the culture of the foreign market, network of the business which will help the firm for the seeking of the required resources, the management skill of the and role of the owner of the emerging business firms including the the government agencies of those nations, and lastly the dimension , previous internatiolization experience and the capability of the entrepreneur of the emerging firm that wants to internationalize are consider as the major key factors for a successful internationalization of those firms (Masum, & Fernandez 2008, p. 8).

Aim and Objective

The main objective of choosing this research project is to increase knowledge a about the Internationilzation process of emerging economic firms or MNCs for the successful international business tranaction. This thesis primarily focused on the process of Internatiolization, strategic to entry into the foreign market, theories of internatiolization, motives of internationalization and how , when, where to internationalize by the emerging economic firms. For the more clear understanding about the Internatiilization of the firms, the research project continue by analyzing the internationalization of the two emerging economies firms India and China, the process they followed, objectives, motives, and strategy , and benefits those country gets from the internationalization of their firms. In addition for the more improved knowledge about internatiolization I m trying to examine the difference between the International strategy of the emerging country and that of developed countries firms. The analysis continue both in case of Indian and Chinese emerging firms. The whole dissertation aims in study, analyze, evaluate, interpret the detailed about the internatiolization process, concept, theories, motives, strategy, transforming problem during Internationalization, and the benefits the emerging economic firms are getting while internationalize their firms.

Literature review:

Introduction

This research project reviews the several literatures that have been written regarding to the internationalization in emerging markets. The review mainly explains the various theories of internationalization , motives for internationalization in emerging markets , the strategy that are used by the emerging firms , and the process and benefits that the emerging economies firms gain from having internationalization. Lastly the chapter ends with the conceptual framework of the firms internationalization process from the emerging economies of India and China.

Concept of Internationalization

Internationalization is the process of involving enterprises or organizations in international markets. The concept of internationalization of organization is rapidly increasing in the modern world because many organization of developed and emerging or developing countries taking up the opportunity to do their business transaction internationally. From the historical prospective internationalization of the business and firms starts with the ability of the mankind to travel and do their business across the sea or borders. There are other definitions of Internationalization purposed by many scholars and academics on many occasions using many different prospective and variables. According to Penrose's (1959) internationalization is the process by which the firm focuses on core competencies and opportunities in the foreign environment. According to Welch and Luostarinen (1998) internationalization is the process by which firms increase their involvements in international operations. Johanson and Vahlne agree with the definition purposed by Welch and Luostarinen. Later on Calof and Beamish defined internationalization as the process of adopting firms operations (strategy, structure, resource, etc) to international environment. So we can conclude that internationalization is the process of make availability of the goods and services to the market that are outside the country of origin where it manufactured or the country where these goods and services are originated. This process of transfer of goods and services from the home country company to the host country for doing business transaction can be possible through the use of effective technology and effective communication which are highly advanced now a day’s which allow the labor and technology to be more flexible and stretch across the other countries outside the home countries for doing successful business transaction (Bell, Crick, 2004, p. 35) . Company go international in the aim to compete for the resources that are limited within their country and market their products with the help of the global economy. The organization who are internationalize must be developed their position in such a way that they can compact with the rules and regulation that have been set by the foreign countries, so that they operate their business transaction successfully in addition to showing the ability to deal with the fluctuation and of the currency rate and the conflicting policies of those countries (Bell, Crick, 2004, p. 43). There are several factors need to be consider by the company while going international for the successful business transaction. The most important factors the emerging countries need to be followed as the role of government of the foreign countries that the organization need to do their business transaction and the political situation of the country including the availability of labor also need to be considered. The other three internal factors that has to consider while going international is that good entrepreneur, corporate culture, and the way of human resource management of the company who operates internationally. According to Brockhaus (1980) entrepreneur is termed as a major owner and manager of a business enterprise who has not employed anywhere. Mainly a good and successful entrepreneur characterized primarily by his innovative behavior and well employed strategic management practices in a business. So a high skilled motivated determined entrepreneur is most important for the internationalization of an emerging firm for the successful growth of its economy. Corporate culture mainly represents the value of an organization towards another company and it mainly measures by the activities and behavior of a staff within a particular company. The culture of an organization influences the internal beliefs and value obsessed or shared among the staffs in an organization. Corporate culture helps to create a common value system in an organization. So establishment of a proper and definite corporate culture among the staffs is very crucial in an organization while going international as the company will have to represents its potential for doing goods and service transaction across its national boarder. According to Boxall and Purcell's study (2008) organizational human resource management (HRM) is an predictable process of an organization which manages both work and people within an organization, or it is an set of activities that intended at structure individual and organizational performance. So a good human resource management is the vital factor for any successful organization. This is one of the most important internal factor which company needs to be consider while going international. www. hh. diva-portal. org/smash/get/diva2: 325757/FULLTEXT01

Theories of internationalization

There are many theories been developed by different researchers and economist in addressing the internationalization of firms in various ways. Initially Adam smith developed the absolute advantage theory which was based on the conventional economic thought that mainly suggests the company to produce those goods which holds the absolute advantage of the country in doing international transaction of that good. Afterwards David Ricardo disagrees with Adam smith and came of with a new idea of competitive advantage. However this theory was unable to give a clear determination and idea of internationalization of firms but they balance each other in understanding of the internationalization of the firms (Masum, & Fernandez, 2008, p. 18).

The Uppsala Internationalization Process Model (U- model)

The Uppsala internationalization process is the model for the firm’s selection of market and mode of entry while going international. The theory was first developed by Wanger, 2009 while watching Swedish films. In their model they made an experiment that firms internationalize by following a series of establishment chain. This theory polished later and concentrate its focus into four main aspect that a firm should follow while going international. These comprises mainly the knowledge of the market and commitment, commitment to making decision while entering the foreign market , establishment of a foreign sales subsidiary and current activities of a firm that are divided into different stages and to adopt verity of change aspects while the internationalization of a firm (Wanger, 2009, p. 318). The knowledge of the market commitment from this theory helps the management of an emerging firm to succeed in its business enterprise to become internationalize. According to this model there are two types of knowledge of commitment for going international. These are objective knowledge of an organization which can be transfer from one market to another market in the process of doing international business transaction or searching for international market. The second one is the experimental knowledge that one firm can gain through experience (wanger, 2009, p. 320). This theory conclude that an organization knowledge and commitment to a particular market affects by their decision to commitment and the way the firms has taken its decision on current activities for the internationalization. Commitment of taking decision while entering foreign market that is mainly commitment of resources about the foreign market affects the knowledge of the company about foreign market. Another review of this model says about the step by step growth of the organization towards the internationalization. That means the organization begins their international transaction in the market that are less psychic distance. Psychic distance represents certain factors which includes cultural difference, language difference, and political systems etc. This theory also explains that the firms that do not have any exporting links or business transaction with other foreign market can begin exporting products to the market through an agent or they can enter the market through joint venture or other mode for the internationalization of their firms (De Wit, 2002, p. 214).

Network theory

The first internationalization theory of Uppsala internationalization model or U model was challenged by another model called as network theory model from recent years. Network theory of internationalization argues that the recent modern organization or emerging economies do not follow the step by step process for the internationalization, they internalize their business transaction and other aspects of the firms by the help of availability of resource of network partners (Mitgwe, 2006, p. 109). According to some researchers most of the emerging nation firms that are internationalize are supposed to be surrounded by one or more network via linkages with their suppliers , contractors and customers. According to Masum and Fernandez a business network is defined as the set of two or more interconnected business relationship that connects the business organization together by exchanging information, ideas and goods among the participation organization (Masum, & Fernandez, 2008, p. 22). Again Andexer on 2008 defines networking as the source of information and knowledge about the market which can be kept as a long term use for the firms when there is no longer relationship with the host country. That means networking is a source of doing business transaction and expanding business from home country to host country without the help of the host country as the information has been kept before by the networking process (Andexer, 2008, p. 265). Thus network plays a vital role in doing international business transaction and acts as a bridge for internationalization among the firms. The network theory emphasized the ability of the parties that are involved in the internationalization of the firms by the establishment of a closer relationship with the customers, suppliers, distributors, which facilitate the internationalization of the firms. The relationship which has been created helps the firms that are in the process of internationalization to creates a mutual trust and commitment regarding the market knowledge (Mitgwe, 2006, p. 109). According to (Andexer, 2008, p. 263) the firms who are doing international business transaction usually establish and develop their position in the foreign market with their competitors in the foreign market. Before entering into the foreign market firms involves themselves in different domestic networking within its countries which makes them easy in establishing their relationship in the foreign countries. The involvement in the local networking is important for the company , as it helps the company in measuring its ability to mobilize the availability of the resources in the network. Thus it helps in relating the firms together either local or international (Muhlbacher, Leihs, and Dahringer, 2006, p. 5). The success factor behind internatiolization of the farms is mainly comes from the coordination among the markets which can be possible through the successful interaction among the firms in the network where price is consider as one of the major factor that influences the decision regarding the business transaction (Masum, & Fernandez, 2008, p. 23).

International Entrepreneurship theory (IET)

This theory mainly described the observed trend and behavior internationally concerning entrepreneurship as a major focus on how companies are able to discover, perform, explore and develop opportunities in the production of goods and service. According to Masum, & Fernandez, (2008, p. 25), entrepreneurship nothing but one of the most common form of internationalization which emphasized by the knowledge of the entrepreneur on how to measure the opportunities in the market as well as the ability of the entrepreneur in creating stable relationship with other organizations, consumer, suppliers and contractors in the market. In order to give the competitive advantage for the company the entrepreneur should must have certain characters. The entrepreneur should be objective , determined, risk taker and should be able to commit resources in a more efficient manner. This theory describes that the entrepreneur need to inquire about opportunities in other countries and must be develop by new opportunities that may arise in the market for the successful internationalization of the firms (Sauvant, Mendoza, & Irmak, 2008, p. 658).

Internationalization of emerging market firms. The starting point.

Emerging markets are those markets in the emerging country that are experiencing sustainable economic growth. The emerging economic firm's internationalization of traditional literature review mainly analyzed on the basis of large western multinational enterprises or MNEs. The international motives and behavior of the firms that are in the process of internationalization are largely explained by the eclectic paradigm of dunning. The eclectic paradigm describes that the firms from the emerging markets enter to the foreign markets to exploit their presence competitive advantages (Tsai and Eisingerich, 2010). Most of the early literature on the process of internationalization suggests their view that the emerging internationalize firm gradually expand and make more deeper their commitment and invest while going international because of getting more market experiences in the process of internationalization (Johanson and Vahlne, 1977, 1990). The other review about internalize of the emerging firms suggest that firms from the emerging market economies such as China, Brazil, India, Russia, Mexico are follow their unique methods and process for internationalization rather than the methods developed by the developing countries or the process that are enterprise from the advanced markets (Tsai and Eisingerich, 2010). The central concept of the process theory of internationalization developed by Johanson and Vahlne (1977, 1990) suggests that the firms from the emerging economies do not follow an evolutionary path in selecting the entry modes and location to enter to the international market and do not able to fulfill the incremental approach in the process of internationalization although these emerging firms can recognize the importance of learning and international experiences are the two central concept for the successful internationalization process So it seems that a new frame work should needed to developed the rational, motives, decisions and challenges in the course of emerging market firms(Luo and Tung, 2007). There is a difference between the emerging economic firms market and the advanced or developed economic firms in terms of entry time to the international business as the emerging economies start their international expansion later and facing the challenges and advantages of globalization later than the developed economy. On the other hand the emerging economies firms might be getting benefited in terms of their international expansion through advanced it technology, advanced transportation and access information etc. But simultaneously they have to face the intense competition in the beginning time during the international expands of their firms from international or foreign multinational corporation in both domestic as well international markets. According to Mathews (2002) the emerging market firms are mainly poor with the resources and this will help the emerging firms to go for a searching for the required resources that can be internationalized and transferred into dynamic capabilities for the competing in demanding, technology intensive international as well as domestic market for the internationalization of emerging firms. Several authors put forward the theories about the latecomers international firms (Aulakh, 2007; Child and Rodriguez, 2005; Deng, 2009; Li, 2003, 2007, 2010; Tian, 2008; Luo and Tung, 2007; Mathews, 2002, 2006) and defined as the latecomers emerging firms are those firms which are internationalize very late and has also suffer from competitive disadvantages as compared to the advantages gained by the multinational corporation Early movers (Li, 2010, p. 43). The western model of expansion of the firm internationalization is that the firms from the western countries have already reach with the technology and product related knowledge that required to satisfy the needs of the foreign customers in foreign market and the internationalization process can be established with the help of this existing know how or ownership of rich knowledge of the foreign markets and foreign customers (Dunning, 1988). However the Multinational Corporation and multinational enterprises from the developing countries concentrate mainly the availability of accessible internal advantages whether the latecomers MNCs and MNEs mainly emphasized on the asset exploration. Due to the different in internal and external condition of international transaction these emerging MNEs do not focused more on the exploiting about the resources and internal advantage and their ex ante strength although they have an discriminating need for ex post new advantages (Li, 2007).

The routes to Internationalization

The starting point and motivation of the emerging firms to expand from the domestic economy to foreign economy manipulate the roots or base of internationatilization and the entry mode choice of those emerging market firms who are wants to be internationalize. A paper of young et al. (1996) described that the inward and outward internationalization process facilitate the competitive catch-up for the developing country MNEs. This approach of inward and outward internatiolization process was drawn by the previous studies of the Luostarinen (1979) and Welch and Luostarinen (1993) , which mainly focused on the contribution of inward and mutual mode of internationalization towards the consequent outward business activities. There are several conclusion can be drawn regarding internationalization from the study of the Young et al paper. The main findings from this studies can be described as follows ; According to the Young et al paper there are several factors which are emphasize the inward internationalization. These are mainly include equipment purchase, technology imports which can be done through licensing and the establishment of JV in china with the overseas partner. These factors mainly responsible for the inward transfer and international learning. This theory also describes that inward internationalization can be a factor to facilitate the technological upgrading, development of unique capabilities of the firm during internatiolization which helps in promoting the outward internationalization process. This theory also explains that the factors influencing the mode of choices towards internationalization mainly explain by the home country variables then by the firm level and availability of host country variables (Young et al., 1996).

The process of internationalization of emerging Firms

The success behind the internationalization of emerging economy firms markets is mainly depends upon the process or method of going international adopted by the emerging economies firms. The various theories of internatiolization described above explain the process of internationalization and those theories helps the firms to motivate to engage more in the international business transaction operation. The selection of the process of internbatiolization process or method depends upon the knowledge of the magamanet of the emerging firms economy regarding the foreign market or international market. So the firms should concerned more about the decision of the selection of internaatiolization theory and process before going for international business transction, because this will leads the firm towards the successful expands for its business internationally. There are various way of entry of the emerging markets into the foreign market. These are mainly classified into three types. These are export based method, non equity method and equity method. http://www. ukessays. com/essays/business-strategy/firms-internationalisation. php

Export based Methods

It is the most common and easiest way for the intarenatiolization of the firms in which firms able to create a market of for its product by exporting the surplus products produced in the domestic country to the foreign country market. This export based method of internationalization is divided into two types of exporting that is Indirect exporting and direct exporting.

Indirect exporting

Indirect exporting is the process of exports of goods and services from the domestic country to foreign country which are not handled or control by the manufacture or producer of the home country company but through the exporting agent or intermediary. http://www. businessdictionary. com/definition/indirect-exports. htmlIntermediaries refers mainly to the agents or distributors who sales the goods and services to the other end users of outside of the domestic market based on the target markets and customers. This process of exporting is relatively economical and provides a simple way to enter to a new foreign market. The success of this type of exporting process depends upon the market experience, reputation and contacts of the intermediary in the foreign market in which the company wants to its business transaction. The main disadvantage for this export process isThe direct contact with the foreign customers is not possible by this process of internationalization. In this process of internationalization the intermediary takes the margin of the export profit which affect the economics of domestic firms. For the successful export the mediators or sales agent needs the sales support from the firms sales representatives. There is less control over the actual financial transaction of the firms by this process of Internatiolization. By this exporting process of internatiolization of the firms leads to a very less knowledge of overseas market which would affect the long term plans of the domestic firms. http://www. nzte. govt.

nz/develop-knowledge-expertise/export-guide/ways-of-entering-a-new-market/pages/direct-and-indirect-exporting. aspx

Direct exporting

Direct exporting refers to the process by which the producers or suppliers directly sales its good and services to an overseas market or international market either through different media such as sales representatives, distributors or foreign market retailer or by direct selling the products to the end user. There are various factors which are required to be considered for the successful direct export and thus facilitate successful internationalization process. These factor mainlyA good market research required for the market of the product in the international market. A successful international distribution of the product either through different channels or through direct distribution to the end user. Create a effective link with the consumer and collections of the data about the customers is important for the successful direct exporting. The feasibility of the direct marketing is depends upon the size of the firm, its ability of doing international marketing for its product, preceding export experience, condition of the business in the chosen market and the nature of the product that to be exported to other country. http://www. ehow. com/info_8478132_direct-exports. htmlThere are various modes of direct exporting process followed by the emerging economies of the for the internationalization process. These areExport through home country based department- This is the most easiest way of foreign export in which all the process of exporting activities to the foreign market can be managed and regulated by a department set by the country company. A manager is assigned for this task and well maintained the direct export process. Separate sales department- When company gets more profit and demand for its export of the products then the company may setting up a separate sales department or subsidiary sales department for the growth of the foreign business transaction. This department must be kept closer to the place where the other similar types of business are located. The overseas warehousing or storage facility – This can not be considered as the next step of internatiolization . It is used for the export sales subsidiary and this facility takes into action when management takes decision on investing on foreign countries. The main reason for setting up storage facility is because this process is quite simple and stimulate a more faster secure flow of goods in the foreign market, able to create customers trust and satisfaction regarding the product , allow free flow of trade with the retailers and wholesalers and helps to maintain the brand image of the company. Foreign sales branch- Foreign sales branch is the set up of a separate export sales subsidiaries or sale branch in a target foreign country where the home country company target to market its products. This is not a easy way of internationalization of firms as government is most cases will intervene in different action of sales process. The government can put restriction in various ways , such as restriction on employment , local workers, special tax rates etc. The impose from the government can make the whole process stop from the company. Travelling sales person- Travelling sales person is considered as the first phase of internationalization. In this process a person who will set up for this work by the company will travel to the target foreign countries and perform all the exports activities including keep contacting with the customers and act as a media of connection between the end user and the company.

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Non equity method of internationalization

This is another process of internatilization of emerging market firms and other market firms in which the firm start internationalize or start international business transction by selling technology or do business in the form of contract, trade marks and copyrights and involving through patents with the foreign markets. This method of internationalization carried out in the form of different types of contractual agreements, licensing and franchising made by the firm that in the process of internationalization (Wall and Rees, 2004).

Walls, S., and Rees, B., 2004, " International Business", 2nd Edition, England: Pearson, pp: 34-64.

Licensing

http://zuggs. net/hsc/Bus/Topic%205_Unit2. pdfThe permission granted by a proprietary owner to a foreign concern or a business in the form of contract or license that would be under the patent protection is called as licensing. Licensing mainly termed as an agreement by which one business can use the intellectual property of another business. The intellectual property includes the disigns, patent, work method and technology of other business firms. The advantage of licensing is that the agreement give a rights to use technical advice and assistance, marketing advice and assistance, the use of trade mark and trade name and information about anew market which save the lost of time and effort for searching a market. The disadvantages are there is no control of the firm over the agreement terms and condition including the standard of the quality of the property that has to be access through this agreement. Another disadvantage is the less control over the geographical distribution of the of the property that can be accessible through the licensing agreement.

Franchising

Franchising is another non equity method of internationalization of the emerging firms. Franchising is termed as a market oriented method in which business services are being sold to the small independent investors those having less business experiences. Franchising allow these small independent investor to use the name of the total business concept in terms of any problem or rights factors. There are mainly two major types of franchising done by the emerging firms. These areProduct and trade name franchising – This is type of distribution system in which the buying and selling of the products has been done through the contract made by the suppliers with the dealers. Here mainly the suppliers buy and sell the products through the dealers. The dealers has the right the trade name, trade mark and product line of the product for which it has the franchise agreement. For example in case of Pepsi and coke company , the buying and selling process can occur by the suppliers through the dealers. Business format package franchising- In this type of franchising the franchiser transfer the package that contains most of the element for establish a successful and profitable business. The package mainly contained the factor that are responsible for a successful business establishment. These are includes copy right, design, trade secret, trademarks and name , know- how about the return of the franchisor in getting a initial fess or continuing fees from the business activity. For example Mac D, Burger king , Pizza hut are having this type of franchising. http://wse103331. web15. talkactive. net/activebuilderfiles/ibaforeningen. se/filer/International_Marketing. pdf

Advantage and disadvantage of franchising

The advantage of this method of internationalization is that overseas expansion can be cost very low by this franchising method. By this process of internationalization the firm able to be familiar with the local culture of the country in which it has the franchise agreement. The disadvantage of this method is that there might be a possibly conflict between the franchisor regarding following the regulations and agreement. The results of these conflict can create a threat that the franchisor can option to go into direct into the culture of he local foreign market and can be a direct competitors of the other firms who made the franchise for the internationalization of their firms (FTMs,)http://www. ftms. edu. my/pdf/Download/UndergraduateStudent/IB%20Year%202%20Week %202%20PART%201. pdf

Equity method Of Internationalization

This is a physical method of investing in foreign market for internationalization of the firms. This is mainly done by the foreign direct investment. In this method the firm obtain different ways to FDI by creating equity joint ventures, by acquiring an existing firm and by merging or establishing a foreign operation by its own (Rugman, A. M & etal, 2003).

Joint venture

Joint venture refers to the partnership regarding business transaction which can be occurs between two or more parties. This process of internationalization allow both the party in formulating strategy and making decision regarding different activities of the firm. It helps the firms to share technology, and reduce the high cost at the time of loss and helps both the participants to gain value added activity from economic from a global prospective. In high technology industry joint ventures are usually takes place by two forms that are specialized joint ventures and shared value added joint ventures. The difference between these two joint ventures are in specialized joint ventures each participants brings a specific skill where as in share value added joint ventures both the participants contribute the same function or value added activity towards the organization (Wall and Rees, 2004).

Merging

This another method of equity based internationalization in which the firms uses FDI for he international expansion by merging with another firm in the overseas nation by purchasing its venture and by sharing appropriate ownership in the form of equity. This method of internationalization helps the country to expand its business rapidly and can use the knowledge, skill, idea, infrastructure, knowledge about the domestic market and different factors strategy that are responsible for the successful business transaction.

Acquisition

Acquisition of an obtainable overseas company gives many advantage for the international expansion of the firms. It permit for the instant present in the market for the local firm which will lead to a quick returns n capital and facilitates the firm to access the knowledge about the local market (Whitely, R, 1994).

Chapter III

Research Plan

Introduction

Research criteria

According to the availability, reliability, generalisability, transparency of the data I would use proper data and methods for answering my research questions and will find out the objectives of my thesis. At the end of my research I will also figure out some general conclusion of my research with a solution statement for the problem.

Research prospective

Research is about the analysis or investigation of a particular topic using a various types of reliable, academic resources. The three main objective of research are establishing facts, analyzing information, and finally draw a new conclusion according to the analysis. The three major methods of doing research are searching for the information, reviewing of the information, and evaluating the reviewed information. My research topic is based on the analysis, interpretation, description of the facts, and finally draw conclusion on the basis of analysis and interpretation. My research is based on the existing strategy followed by the emerging economy for internationalization mainly the strategy followed by the emerging nations India and China. So by using this analysis I will make an attempt to analyze the difference between the strategy followed by the emerging economies and that of the developed countries economies. As India and China are already emerging in terms of economy and Internalization so this research would help me to find out the difficulties that both the emerging nations has been facing for becoming internationalize. Therefore this research will hold both positivity and interpretive approach (Edison, N. D).

Research Design

Research design is a process or scheme of work that to be done during the various stages of the research project. It mainly refers to the working plan that has designed by the researcher before starting of the research project. My Research project is a combination of exploratory, cross sectional and descriptive research method (Mbaofficial, 2010). Exploratory research method – This research method helps in finding out the reason behind a phenomenon, emphasizing in discovering new ideas, getting a feel of the situation and it helps in insight into the identified areas for precise study. It helps in explain the thing in detail not just reporting the thing. This research method mainly used to answer the question of why in a research project. It helps in focus and testing an already developed theory and principles. It helps in determine the best answer from a several explanation of a theory. My research project is a analysis about Internationalization strategy followed by the emerging economies, mainly the analysis is based on India and China. So for answering the question of why these emerging nations following the internationalization process what benefits they will achieve from it I m going to use exploratory research design method (Blurtit, N. D). Descriptive Research method –Descriptive research method mainly deals with the description of data and characteristics about a population. The main goal of descriptive research method is to gather data without any manipulation of the research context. Descriptive research method is more analytical in nature it frequently focuses on a particular variable or factor. The one part of my research is also based on the analytical factor of internationalization process , so I have chosen descriptive research method along with the exploratory method as my research method (Linguistics, N. D). Cross sectional research method –I m choosing the cross sectional research method along with the expletory and descriptive because in my research project I will be analyzing different internalization process followed by the Indian and Chinese MNCs, as well as I will be finding out the difference between the strategy followed by the developed country and emerging country.

Data collection methods

Proper and accurate data collection is an important and main aspect of every research project. Inaccurate data collection method may lead to an invalid result of the research proposal. So it is necessary to follow the accurate data collection method for the successful results of a research project. There are mainly two types of data sources used in the research project; these are Secondary and Primary data. Secondary Data-Secondary data are those data that have been already developed by the researchers and that has been already been published in any form. Mainly it is used in the literature review of any research. It is collected mostly from the books, journals and periodicals. Secondary data are cheaper and more easily and quickly available than that of the primary data. This is mainly used when there is no primary data availability for a particular research project. Secondary data can be obtained from internet sources, websites links, Journals, books, government records, public sector records, unpublished personal records etc (Gulnazhmad, 2013). My research project mainly depends upon the secondary sources of data. As I m conducting a research on the internationalization process followed by the emerging economies, India and China so I will aim to collect significant amount of data from the secondary sources. Some of my secondary data collections for my research project include the following1. The literature review about internationalization, emerging economies. 2. The literature review about the India and Chinese emerging strategy. 3. Analysis of the strategy of the emerging nations for internationalization. 4. Analysis of the strategy that followed by the developed country which has already been internationalize. 5. Benefits that the Emerging countries India and China are getting after expanding their business to International level.

Data Analysis

For the analysis of the accuracy of the data Windows, Excel and some soft ware's are used , mainly QDA, SPSS software would be utilized. The facts and figures that are used in the research will also be compared with the study of other researches.

Limitations

The limitation of a research projects are those characteristics of design or methodology that has impact or influenced the on the interpretation of the results of the research project. Three aspects mainly consider properly for evaluating the limitations of the research work. Validity- Validity mainly concerns about the evidence that has been given in the research project is accurate or not. It also concerns with the trustworthy data analysis. My research is based on the internationalization strategy followed by India and China MNCs. The data analysis for strategy of emerging economies (India, China) and developed economies might be flexible or inaccurate some cases. So I will make my every effort to reduce any issues that leads to an inaccuracy of data by clearly understanding the fact and reasons about my research project. Reliability- Reliability mainly concern with whether the result of the research is able to be replicated by other researchers or not (Jewell, 2008: 110). As I m primarily using the secondary data collection method for my research project , so It would be easy for me to consider about the reliability factor. Generalisability –Generalisability concerns with the factors that whether the findings of the research can be applied to other research settings (Saunders, Lewis and Adrian 2007: 151). As I am mainly doing on secondary data method so this limitation cannot be consider in my research project case (Libguides, N. D).

Research Ethics

Ethics are mainly the analysis of ethical issue that raised in a research project when people are involved as a participants in a research. It is required for the MBA student to follow the ethical procedure during the dissertation period. Mainly the MBA people follow the ethics procedure establishes by faculty of business, environment and society or in short BES. BES refers to the process involves in conducting research to the highest standards of moral conduct in a effort to protect the rights, feelings, and welfare of all those involved in the research whether directly or indirectly (Jewell & Hardie, 2008: 149).

Chapter IV

Analysis and Results

Overseas expansion of Chinese Firms

Driving Forces and Obstacles

Driving forces

There are different factors which are act as the drivers for the internationalization of Chinese firms. These are mainly government support from the Chinese economies, the ability of the Chinese firms to unite this government support with the industrial action, gaining from the overseas capital, the willingness of the international companies to sell or share technology with the Chinese MNCs and brand recognition of the Chinese multinational corporation act as the support or drivers for the internationalization of the Chinese multinational corporation (Child and Rodrigues, 2005). The real and most important driving force behind the internationalization of Chinese internationalization is the Chinese foreign direct investment which wash first permitted on 1979 but remain forbidden for the private companies since 2003. During that preliminary phase the internationalization of the Chinese firm was tightly controlled by the government (Buckley et al., 2007). The internationalization process or overseas operation then became one of the official policy for the economic growth of the Chinese firms, where the primary role played by the state owned enterprises of China (Hong and Sun, 2006). The major improve on international expansion of Chinese MNCs happen on 2001 with the entry of the China into the world trade organization by following the Jiang Zemin go out policy. This initiative helps China to encourage the international competitiveness of the Chinese companies by reducing the barriers for the foreign direct investment. Through this process the formation of major multinationals will help the china for being an economic super power nation (Zhang and Van den Bulcke, 1996).

Obstacles

Chinese multinationals faces various obstacles while the international expansion of their firms. Chinese MNCs are probably at a disadvantage as compared to their western and Asian counterpart in terms of internationalization as they have the late entry to the international trading system. The main barriers of Chinese MNCs to internationalize areInadequate experience of the Chinese MNCs about the merger and acquisition makes the Chinese MNCs to demonstrate about their skill required to face the merging and acquisition difficulties such as cultural differences , the process of integration etc. Another obstacle is the lack of Marketing Knowledge which is the key factor for a successful internationalization and can be done only through acquired learning. The lack of improved product and process innovationsAnother factor is the less developed position of the home stock market of Chinese firms which can be seen by their ability of state ties implies that there corporate governance is really weaker. The state ownership of many Chinese firms reduce the ability of those firms to tackle with the political risk where they are seeking for different resources (Luo and Tung, 2007; Wu, 2007).

Internationalization strategy of Chinese MNCs

China mainly follows three internationalization strategies for the internationals expansion of their MNCs and small industries. These are through JVs or licensing, through acquisition and third strategy is through establishing subsidiary in other countries (Child and Rodrigues, 2005).

JVs or Licensing

This is an inward internationalization process which takes place within the border of China. In this process Chinese MNCs associates with the foreign multinationals (available in the China states) to get associated with the modern practices that helps the Chinese firms to make stronger with the international competiveness which help them to move towards outward internationalization that is outside their borders. For example the reputed Chinese companies like Galanz and Huawei were primarily established several JVs or licensing with different foreign countries , now termed as one of the leading microwave producer and leading supplier of the broad band internet access equipment in the world respectively (Morck, Yeung and Zhao, 2008).

Acquisition

The second mode of internationalization of the Chinese MNCs is the acquisition method to enter to the foreign market. Mainly the large state-owned material processing companies from the Chinese economies follow this process of international expansion. They followed this process for internationalization in order to ensure supply of raw material. The firm applies this strategy in order to get the market strength such as accessing technology, getting the Research and development strategy and acquiring international branding recognition. For example the Chinese company Lenovo's acquisition with the PCs division of IBM Company. There is various reason behind why the Chinese firms used this companies. The main reasons areBy adopting this strategy the Chinese firms can influence their competitive advantages , such as low cost labor which is used in the production process and low financing cost which can be derived from the state ownership and government support. This strategy makes easy for the implementation of other strategy in the overseas market. By this strategy the Chinese firms can able to prevail over the institutional constraints such as the less developed intellectual property right that discourages the local FDI. Through this strategy of international expansion the firms from China gets strong support for the FDI flow (Rui and Yip, 2008).

Internationalization through establishing subsidiary

This is the third strategy adopted by the Chinese firms for the internationalization of the firms, which can be done by establishing subsidiaries in other countries. This strategy helps the Chinese MNCs in getting adaptation to local tastes and it also facilitates the managerial control over the firms and create potential for the global integration of the firms. For example Haier company has made its international expansion by applying this strategy.

Internationalization of Indian Firms

Introduction to Indian Internationalization

The first phase of internationalization of Indian firms started in 1990s by the development of innovation capabilities which include development of different strategy, gaining knowledge about market, and different process of internationalization. The Indian market selects the international market that for the internalization that are based on the trading of the industrial skill. The structure of the Indian market in 1990 was consisted of a group of oligopolistic firms mainly the privately owned business groups across different range of industries. This was mainly pursued by the Indian government at that time for easy management of the market economy of India. Specifically the government allocated license to firms to carry out different industrial activity and the main focus of the government at that time was the substitution of the import in different different range of product such as consumer goods and medicinal products to manage the competitive forces of the business activity of different firms (Luce, 2008).

Luce, E. 2008. In Spite of the Gods: The Rise of Modern India, Anchor

At the same time the Indian government set a " License raj" criteria by which the large number of industry sector are being reserved for the small and medium sized enterprise. This leads to developed of the new intuitional arrangement and regulatory barriers are removed from the different industries which facilitates the entry of some new or foreign competitors to Indian market. For example the most widely recognized beverages like Pepsi and Coke were make their entry to Indian market at that time after a gap of two decades. Due to the economic liberalization in 1990s a the institutional condition of Indian firms has been changed which tends to the more entrepreneurial firms and other firms initiate their international expansion. Most of the internationalization process started from the emerging firms industry such as information technology industry (Das, 2002; Luce, 2008).

Internationalization process of Indian firms

From the period of 1990s the Indian multinational enterprises and other firms mainly expand their business internationally by out flow of foreign direct investment from India to the different corners of the world and acquisition or merging with different international organization.

Out Flows of FDI from India to the world

The first phase of overseas investment of India or FDI began in Ethiopia in 1990 by Birla group of companies in 1959. Birla company is the second largest industry in India after Tata group, so for expansion of its business it again make an overseas investment by setting of an engineering unit in Kenya in 1960 (Kumar N, 2008). Another outward investment done by Shri Ram group of companies of Sri Lanka in 1962 which made an significant effort in promoting south- south cooperation. Most of the outward investment from India has been done because of the seeking opportunities in various parts of the world by the Indian MNCs to take advantage from the trade and investment. Small and medium scale ventures were the most of the foreign affiliates during seventies and eighties where the total output was amounted to $220 million according to RBI 2007 report (RBI, 2007). The second phase of internationalization of Indian firms started during 1995 with the elimination of foreign exchange restrictions on capital transfer for international acquisition of the Indian firms (RBI annual report, 2000). During 1990 the factor like relaxation in government policy regarding trade and investment resulted a good flow of outward foreign direct investment (OFDI) from India. During 1990 to2000 the OFDI from India increased rapidly which the flow of FDI was around US $ 124 million in 1990 to US $ 1859 million in 2000 and in the year 2005 it the FDI flow was US $ 9569 million (UNCTAD 2006: 305). During 1990 India remains in a good position in the flow of FDI , but still the gap between the inflow and outflow was piercingly lessening from the past few years. In 1990 the annual outflow of FDI was about only 7% of the FDI inflow. This amount has increased 30 to 60% during the period of 2000 to 2005 (Athukorala 2009: 130). In 2007 and 2009 the India's total FDI outflows was about US $27 billion and US $29 respectively (Ministry of Finance, Government of India: 2009). From the period 2006 onwards India has becomes an significant investor in the world economy. But there is a marginal decline in the outflow has been seen in 2010.

Figure 1

Overseas acquisition by Indian EMNEs

This is another process of internationalization by the Indian emerging multinational enterprises. After the successful outward flow of FDI the Indian company follow the overseas acquisition process for international expansion. The UNCTAD (2008) reports provides the sales and purchase statement of Indian firms in the form of cross border acquisition and merging. The UNCTAD (2008) report mainly explains the amount of sales and business the Indian MNEs got after merging and acquisition with different International organization. According to this report total sales was us$ 22991 million and total purchase was US$56114 million during the period of 2000 to 2008. The Continuous grow in the FDI flow in merger and Acquisition activity by Indian MNEs indicates the achievement global companies status by the Indian companies. More than 40 % of the merging and acquisition activity is done by the manufacture sector such as pharmaceutical, consumer goods chemical, fertilizer etc. whereas 30% merger and acquisition share done by the IT , software or business process out sourcing companies (CMIE, 2007). In the year 2000 more than 40% merging and acquisition has been done only to the US, where towards UK it was 19. 52 % and Western Europe it was for 52. 19 % from the total acquisitions. So there was a significant growth in internationalization process in terms of acquisition during those periods (Bertoni, Elia and Rabbiosi 2008: 10). From those acquisition group six belong to the Tata group of companies and 5 belong to the other Indian companies. In UK and US there are TWO Tata acquisition and other two belongs from Singapore and Thailand. The biggest turnover by this process was still now done by the Tata steel’s which was accounted about US$ 12. 1 billion deal for Corus the British steel company. India then significantly grow into overseas acquisitions. Where Indian public sector ONGC and BSNL accounted about five foreign acquisition. ONGC Videsh company acquired in other developing nations whereas VSNL acquired in United States (The Economist , May 28 2009).

Table 6 below reveals about top 25 foreign acquisitions by Indian firms during 2000-

2007.

Results of the analysis

Overview of the Chinese Company Internationalization

The analysis of the internationalization process of Chinese MNCs gives a overall view about the motives, process, strategy developed, and the difference of the strategy of Chinese MNCs than that of developed country multinational companies. From the analysis of the Internationalization about the Chinese MNCs, I found the result that the Chinese government mainly focusing on internationalization of the state owned enterprises as compared to the private MNCs because it leads profit for the government . For internationalization of those states government paying more for their entry to foreign market. The overpaying for the Chinese government is possible as Chinese government has the financial resources30 to support the international expansion. But the private MNCs do not have any government support for the internationalization of their firm, so they seeks to generate more profit through because of the lack of support from the government. In case of state owned firms it is uncertain which firm will survive more in terms international expansion. So the government needs to concentrate more in the internationalization of the privately owned multinational as the main motive of those firms is to seeking profit and market throughout the internationalization of their firm which leads to the overall economic growth of the Chinese MNCs. So I would like to suggest government to equally teat the public and private sector companies based on their performance and their nature of business which would match the criteria the foreign investing company. This would benefit both the Chinese government and the foreign company in terms of profitability, and economic growth of China. This creates a win-win situation for both the parties.

Overview of the Indian internatiolization

India has a long history of international expansion. From 1950 onwards Indian companies are venturing out to expand its business enterprises and effectively participate in the international expansion of their firm. The firm from India expand their business in order to seeks the market, asset and resources from the international business firms. They mainly follow two types of processes for the internationalization of their firms. That is by outward flow of FDI and by acquisition and merging. After doing a deep research on internationalization process I would like to suggests the Indian firms about the most important factor of international expansion that is the some entry mode decision or strategy that is purposed by different researchers and followed by the developed country multinationals.

The approaches that to be followed by the Indian firms for Internationalization

1st approach- According to Hennart in 1991 suggests about the transaction cost economy strategy decision about foreign market entry according to which the firm has to take decision regarding transaction cost for the internationalization against the cost of steering the firm products and services on the market. If the firm cost less to capturing the market for their international expansion then the firm can export their products and services and if the firms get benefits through the transaction cost of internationalization then firm should prefer international division, global product 31 modes to entry to the foreign market (Hennart, 1991; Hennart and Park, 1993; Hennart and Reddy, 1997). The second approach that has to consider is about the cultural and national factor for the foreign market entry. Researchers suggest that the firm should choose the less risky entry mode where the cultural distance between the home country firms and international firms is comparatively more (Gatignon and Anderson, 1988; Cho and Padmanabhan, 1995; Kogut and Singh, 1988). The third approach is the behavioral theory of the firm which is developed by Johnson and Wiedersheim-Paul (1975) and Johnson and Vahlne (1977 and 1990) at the Uppsala university. These author suggests that firms should internationalize their firm in a stage wise and planned manner and international expansion should take place in a lower physic distance of the home country. The step by step internationalization can be takes place mainly by four types of methods that is no regular export, export via representatives to foreign market, creating sales subsidiary abroad and making production process abroad (Cyert and March, 1963). The fourth for internationalization is innovation related model that is the firms has to take decision to entry foreign market by innovating new technology and adopting unique process for the adaptation of the overseas market (Bilkey and Tesar, 1977). If the above described approach the Indian firms will follow for their international expansion of the firms along that will leads the firms towards more growth of fdi flow and acquisition and merging with the more developed overseas nations which facilitates the overseas expansion of the Indian firms and leads the Indian economy more competitive in the world economy of other developed countries.

Chapter-V

Conclusion and Future Recommendation

The thesis of this dissertation has been successfully attempt to define the overall concept of internationalization process followed by emerging economies in a context of detailed analysis about the Indian and Chinese firms Internationalization process. The thesis also attempts to attain the answer of the research questions which is mainly based on the objective and prospective of this research project. This dissertation has been divided into five chapters, out of which the first chapter is an introduction of the overall process of internationalization in which it has been described that internationalization is nothing the but involvement of the domestic company in the foreign business transaction. The chapter continues with discussing the motives behind internationalization , which states that market seeking motives and resource seeking motives are facilitates the emerging firms to expand its business internationally. The chapter also describes that the strategy developed to overcome the risk and uncertainties is the main factor behind a successful international expansion. Finally the first chapter concluded with the introduction of the Chinese and Indian international expansion concept. The second chapter is the detailed about the literature review of about the internationalization process of emerging economy in which the research mainly focused on the theories relates to the international expansion of the emerging firms in which it is described that Uppsala internationalization theory was the first theory, then international entrepreneurship theory followed by network theory was the last theory of internationalization. The chapter also explains that there are mainly three processes for internationalization adopted by the emerging economic firms. These are mainly on equity, non equity and export based international expansion process where the exporting based are by direct and indirect export and non equity internationalization are through licensing and Franchising. The third chapter of this dissertation is mainly based on my research plan, design, and criteria, prospective and objective of my research project. To reach my objective I mainly followed the exploratory and descriptive research method which helps to analyze the different factors, reason, motives , strategy behind the successful internationalization of the emerging firms economy. I have chosen mainly the secondary data collection method for my research design and analysis as it was relevant and easy for me to access those data quickly as per my limited time concern. Some sources of primary data also has been used in this research project. Finally I concluded this research project or dissertation with the with the detailed analysis of the strategy, fact, motives, limitations , barriers and process that are facing and followed by the emerging firm economies India and China. Where it has been described that the main success behind the internationalization process of both India and China is the successful outward flow of FDI and acquisition and merging with different foreign multinational for their international expansion. Internatiolization of the emerging economies is a vast phenomenon which has been described by many researchers from the period 19nth century. Most of the researchers mainly focused as market experiences, knowledge, and interpersonal skills, the past international experiences and the position of the domestic market according to the availability of the resources are considered to be the factors behind the successful internationalization of any firms which is also followed by the developed economic firms in terms achieving their organization goal and overall economical growth of their nations states. Both the emerging country India and China has been following the above mentioned factors with the innovation and application of new technology, process and strategy for the international expansion of their firms which makes them as two of the strongest emerging nations in the world's economy.

Recommendations

There are certain factors which needs to consider and focused by the emerging economic firms for the continuing successful internationalization in the future. Some of the important factors areThe ability of the management of the emerging firms to manage an organizationThe skill , knowledge to understand the rules, regulations and policy of the government in the foreign marketA strong market knowledge is must required for a successful internationalization. The past international experience of the firmsLastly the position of the domestic market and availability of the resources need to consider for a successful international expansion.

For India and China

As outward flow of FDI and acquisition is the main factor for Indian and Chinese firms internationalization, so these country have to maintain balance and make a good savings of the capital they receives from the international expansion of their firms, increasing the domestic income savings and by saving a sufficient amount of foreign currency will help them the expansion of their FDI and merging acquisition capabilities. Another factor need to consider is that, both the country should attempt to avoid the trade conflicts with the United States and different nations from which they are getting good output by merging or by the flow of FDI. The last factor need to consider both the country is that the acquisition in developed country, which helps them to gain more from the international expansion and avoid job losses in their domestic market which helps in rising of the overall GDP and consequently leads to the overall economic growth for these two emerging countries.