

STRATEGIC INTERNATIONALIZATION OF MEXICAN EMERGING MULTINATIONALS

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ABSTRACT

The opening of the Mexican economy and globalization bring new opportunities for Mexican companies to expand their markets and get their products around the world. The internationalization process requires a sound strategy for the consolidation in foreign markets. The aim of this study is to analyze the different internationalization strategies followed by three Mexican companies with a global presence: Grupo Modelo, Grupo Bimbo and Cemex. We conclude that the differences in their strategies arise from the characteristics of each of these companies.

Keywords: *Mexican companies, strategy, expansion, internationalization.*

1.0 INTRODUCTION

The landscape of this century requires companies to be increasingly competitive, and that not only have to compete with domestic rivals but new players come in search of a single market. Today's competitive advantages and are no guarantee of success without a solid strategy that will ward. The role and process of Mexican multinationals doing business abroad has not been homogeneous although their export products have had a heterogeneous performance. Little empirical research has been carried out on performance of Mexican multinational firms and their foreign subsidiaries in emerging markets.

Mexican multinational firms contribute to the exports and have important investments abroad, fundamentally in Latin America, although some are

truly global. The expansion of Mexican multinational firms in other Latin-American markets demonstrates the Dunning's ownership, location and investment (OLI) paradigm influenced by specific attributes such as the role of economic development in foreign direct investment (FDI), cultural and language specifics of a given country (Dunning and Narula, 1996). The culture and language-specific attributes of host countries benefit Mexican multinational firms when competing with other home countries that do not share these specific characteristics in investing. Mexican multinationals are driven by systems thinking approach to coordinate all the activities while maintaining personal culture.

A key factor in the internationalization of Mexican multinational business was the fact that they could have access to local and international financial markets (Claessens y Schmukler, 2007). The decision made at the time a local company to expand its market to new countries, must be supported by an internationalization strategy appropriate to the characteristics of the company. It also has a wide range of options for entering new markets, exports, licensing, and joint ventures with foreign partners, strategic alliances, acquisitions, establish subsidiaries, among others. Mexican multinationals rank among the most internationalized and world's largest in services such as telecommunications. Mexican multinational firms have been able to enter foreign markets showing more dynamic growth. VITRO was the first Mexican multinational to take over a large American company, and boosted margins in its strongest businesses, chiefly glass-making (Vasquez-Parraga and Felix 2004). However the best strategic choice will be consistent with its objectives and characteristics.

2.0 BACKGROUND

Globalization is an economic phenomenon that accelerated in the late twentieth century, in the last three decades, increasing international economic transactions, thus expanding economic relations between countries. Protectionist economic policies in the market enforced by the Mexican government have given support to the birth, formation and consolidation of large private Mexican multinational firms. The world economy entered a process of numerous scientific and technological advances that changed production patterns worldwide. Some structural factors contributed to the expansion of Mexican multinational firms in international markets such as the implementation of market oriented

macro-economic policies surge of cheap information and communication technologies. The deregulation aimed at removing trade barriers between countries was a consequence of globalization, which for some companies has been a growth opportunity, while for others a latent threat to the entry of new competitors.

In the mid-eighties with the entrance to the General Agreement on Tariffs and Trade (GATT), the Mexican economy began a process of trade liberalization which is consolidated with the entry into force of the North American Free Trade Agreement (NAFTA). NAFTA as a regional trade agreement has an impact on foreign direct investment, the vehicle of emerging Mexican multinational firms. The North American market is the most important for Mexican manufactured exports for both foreign-owned subsidiaries operating in Mexico and wholly locally-owned Mexican multinational firms. In the post-NAFTA era, Mexican multinational firms venture and invest abroad in manufacturing mainly in emerging markets where they sell most of the output in host countries.

Thus, our country adapts a new economic model: the neoliberal model, which encouraged external competitiveness from trade liberalization (Branches, 2005). The Mexican economy opened to international trade and financial markets, gave a strong boost to exports and foreign investment was allowed in more sectors of the economy. Some obstacles contributed to the transformation of large business groups in multinational firms to develop new innovation capabilities and managerial skills to make the right decisions to adapt to the new competitive global environment and to take advantage of the new opportunities. By the time new competitors entered the domestic markets of Mexican emerging multinationals, a need to entry to international markets was an imperative to maintain competitiveness and to create value. A favorable financial international environment supported the new endeavors of Mexican multinational firms in foreign markets. Risk portfolio management is also an important factor leading to the expansion of Mexican emergent multinational firms in foreign markets used to gain access to capital market, diversified localization of assets and risks associated to foreign exchange and investments, prices fluctuations, etc. Mexican multinational corporations have taken loans or issued bonds abroad in 1996 for over \$10 billion (Marichal, 1997).

The new economic policies of this new model involve change and restructuring of Mexican companies. Mexican multinationals, large and

medium size businesses operate in many different industries using their organizational and technical capabilities and competencies to develop and deliver market-based products and services that meet the needs of local consumers. All these actions benefited large Mexican companies in their growth and expansion, while allowed to integrate into international production and exports through acquisition of companies abroad (De Gortari, 2005). To achieve these tasks, Mexican multinationals design and implement strategies to create scale and scope economies; engaging in strategic alliances, joint ventures, partnerships, and associations with other partners, NGOs, community developers, supply and distribution chain partners; leveraging logistical networks; decreasing prices; removing and liberating market constraints, etc. (Rangan, Quelch, Herrero and Barton, 2007; UNDP, 2008).

Emerging Mexican multinational firms are doing complementary trade and investment operations in US and other Latin American countries. Mexican multinational firms play an important and more promising role in Latin American countries. The surge of Mexican multinational firms in Latin American markets since the mid-90 may be explained by the cultural ties between geographical locations of investments abroad. Cultural and language dimensions determining locational and investment decisions can explain the dynamics of inward-outward investment flows of Mexican multinational firms in Latin America markets and the latin-hispanic market in USA.

Grupo Modelo, Bimbo and Cemex were three large Mexican companies that were consolidated in the country and sought to internationalize through different positioning strategies in international markets. A common denominator among these companies was the use of acquisitions and alliances with foreign partners, but the strategies followed by each were different.

3.0 DEFINITION OF THE PROBLEM

According to De los Rios (2005) among Mexican multinational companies successfully in the internationalization process are: America Movil, Bimbo, Gruma and Cemex. Clarifying the process of internationalization beyond imports and exports, i.e. involves the establishment of subsidiaries or the acquisition of companies is elsewhere.

This research focuses on the analysis of internationalization strategies followed by three of Mexico's most important companies of our country with a presence in international markets: Bimbo, Cemex and Grupo Modelo were chosen because these three companies have been recognized by national and international magazines as successful businesses in foreign markets. According to the ranking made by the group and published on its website CNN Expansion, these companies are among the 500 most important companies in Mexico. Cemex is in the number 6 in the place Grupo Bimbo and Grupo Modelo 11 at number 22 (see Attachment A). Moreover these companies to analyze different strategies to position it clearly in foreign markets.

Hypothesis:

The characteristics of each of these three Mexican companies are a major determinant of the choice of different strategies and ways of entering foreign markets.

4.0 OBJECTIVE

To analyze the internationalization strategies and positioning in international markets of three Mexican companies with a worldwide presence: Grupo Bimbo, Cemex and Model and demonstrate that these three companies have expanded their market by using mergers and acquisitions as growth strategy.

- Analyze the trajectory of each of the three companies in the global context.
- Establish the most important factors influencing the success of each of the companies chosen.

5.0 FRAMEWORK

Most Mexican multinational firms public or privately held, are family-owned and the appointment of the board directors relies largely on family matters (Husted and Serrano, 2002). Most of the Mexican multinationals are legally formed as open societies, not controlled by the state and participate in the stock exchange. Mexican multinationals have become emerging international players in the global marketplace, being motivated for some important drivers to the design and implementation of marketing strategies to establish businesses overseas through.

Mexican multinationals have adopted the economic globalization strategies and have surpassed the traditional merchandise exports. Mexican multinationals manage the process of new investments creating and increasing the market share, particularly in some important high and middle-technology manufacturing industries, particularly in the automobile industry. Mexican multinational firms are characterized in the medium and high-technology, originally local-market oriented and increased sales and exports to foreign markets (Pozas, 2005) and some began to invest abroad.

The first wave of outward foreign direct investment originated predominantly from Latin America where among multinational firms from other countries, new Mexican multinationals emerged (Andreff, 2003). According to the characterization of Gammeltoft, P. (2008) the first wave of outward foreign direct investment from Mexico took place from 1960s to mid-1980s destined to mainly other developing countries in same Latin American region. Cortes de los Rios (2005) says that many of Mexico's most important economic groups were created and managed its expansion, consolidation and development thanks to the acquirers and mergers took place. It analyzes the behavior of the acquisitions in Mexico in the period 1986-2005, concluding that this type of operation shows a cyclical and economic fluctuation coincide with the country, increasing in the late eighties and early nineties.

The first Mexican multinational enterprise, Ingenieros Civiles Asociados (ICA) or Civil Engineers Associates is a civil engineering services and construction's company achieved rapid and consisting growth after it adopted computer technology, as it was recorded by Batiz-Lazo, B. and Haigh (2009). The firm was positioned as the first indigenous Mexican multinational firm. The growth of ICA's reputation and success in delivering engineering and construction services to the Mexican government secured a leading role in the construction industries in Colombia in 1974 and attracted other contracts within Central and South America. By 2009 ICA had been involved in civil engineering projects in 21 countries in America, Europe and Asia.

The emergence of Mexican multinational firms is a rather recent phenomenon that started on the 1990s when the flows of inward and outward FDI can be compared and related to the economic globalization and liberalization processes. The third wave of outward foreign direct

investment from Mexican multinationals according to Gammeltoft, P. (2008) took place from the 1990s to the 2000s. During the first half of the 1990s, Mexican multinationals were more than the second half to rise again in the first half of the 2000s. A rapid expansion of Mexican multinational firms around the world since the 1990's Mexico received \$4 billion in 1994 and at \$14 billion in 2002 in foreign direct investment through multinational firms mainly (UNCTAD, WID, Vol. IX, 2004). In 1990, only a few emerging Mexican multinationals were listed in Fortune 500, increasing the number listed in 2005.

Mexican companies became competitive in a new global economic environment. Mexican outward foreign direct investment was 17.5 billion USD in 2004. There is not valid official data to show the investments of the emerging Mexican multinational firms, so the only way is to analyze the firms as units of outward foreign investments. The magnitude of entrepreneurial business developed by the Mexican emerging multinationals in the last two decades to become major players in the global economy. The entrepreneurial pragmatism has taken advantage of the macro-economic monetary and fiscal policies (Santiso, 2006b; Feenstra and Hamilton, 2006). Although this wave is more geographically diverse country origins, it is a resurgence of Latin America and more specifically Mexican multinationals. Mexican multinationals are destined to knowledge-intensive services, mainly regional destinations, mature sectors increasingly also into developed economies.

On the other hand shows that mergers and acquisitions for our country are concentrated in banking, finance and telecommunications. In the study period prevailed horizontal acquisitions, followed by vertical and finally concludes that the process of mergers and acquisitions is indeed, as she defines a "vehicle" for the internationalization of Mexican companies. Moreover, Celso Garrido (2001) a study on cross-border operations during the nineties in Mexico, distinguishing foreign acquisitions made by companies established in Mexico, Mexican takeovers by foreign companies. This study shows results that say the process undertaken grades Mexican companies and groups to internationalize their production activity. Garrido ranks results of acquisitions fleshed out by Mexican companies at three levels: macro, meso and micro. A new group of Mexican multinational firms are reaching out beyond regional Latin America markets and establishing foreign subsidiaries and affiliates in other emergent and developed markets (Rugman 2005).

Mexican multinational firms have been very active investing abroad, mainly in Latin-American economies and other emerging economies and have attained leading market positions in telecommunications and manufacturing. Mexican total outward FDI and exports stand far behind other emerging economies such as Brazil, Russia, India and China. There are considerable evidences Mexican FDI outflows to other Latin American emerging markets tend to be strong despite that a large amount are from multinational companies who used the country as a platform to enter to Latin American emerging markets. Camino Blasco and Pradas Poveda (2001) have found similar pattern for Spanish multinational corporations. Large Mexican multinational firms changed behavior of making business after going to the hardships and sufferings of at least two financial crises in the last 25 years and aggressive global economic environment that required economic liberalization policies, open competitiveness and the slowdown of growth rates.

This work is a case study of the different strategies for entering international markets and show that despite the existence of a common denominator among these strategies, as is the case of acquisitions, the company's own resources play a key role to allow them to take different paths to achieve their goal.

6.0 CONCEPTUAL-THEORETICAL

When a company decides to expand into new markets is essential to plan a strategy to reduce the risk of failure, for this is to consider the advantages and disadvantages of different forms that have to enter these markets and also to consider its position market and the characteristics of your company. In this context we say that an international strategy is one used by a company to sell its products outside its national territory. Internationalization is a process by which a domestic company can extend their productive activities to other countries, according to Peng (2006), is a process where a multinational organization is responsible for any commercial or production of an enterprise located in different parts the world.

The reasons that lead companies to make the decision to internationalize your business are the benefits they can acquire if they implement the strategy succeed. These expected benefits are:

1. Increased market size. Expand their productive activities to another country gives them the opportunity to captivate new customers, new markets to sell their products.
2. Better returns on their investments. It is expected that investments in other countries generate above average returns.
3. Better economies of scale, scope or learning. Producing under economies of scale production reduces costs and produces the same internationalization synergies, which shares knowledge and learning.
4. A competitive advantage of location. Location of Mexican multinational firms in Latin America may be influenced by a common cultural link variables, religion, ethnic background, language ties, colonial period, etc. When a company decides to settle in another country with the intention of reducing costs many times companies are looking for markets where they can get cheap labor, natural resources or cheaper energy or potential new customers in that country (Hitt, Ireland & Hoskisson, 2008).

There are two ways of entering foreign markets, on one hand the non-property, as its name suggests involve entering new markets without the need to use part of its assets or capital. Examples of these: Exports and contractual agreements. Moreover there are still properties, which involve the establishment of subsidiaries in new markets; investment is needed to begin operations. Some examples of these: Joint ventures (joint adventure) and partially owned subsidiaries. This approach gives rise to multinational corporations (MNCs) which are companies that operate with foreign direct investment, its function is the control and management of value-generating activities in foreign countries (Peng, 2006).

If a company decides to export has two possibilities: Direct export is the direct sale of goods to foreign customers or where the indirect export sales to foreign markets is through intermediaries. Contractual agreements are classified as:

- A. Licenses / franchises. When a foreign company buys the rights to manufacture and / or sell products in the domestic business. This in exchange for a royalty per unit produced or sold (Hitt, *et al.*, 2008).
- B. Projects ready to operate. Projects are paid for certain activities for a business (construction of facilities or personnel training, etc.)
- C. Research and development contracts. Agreements between companies to assist in research and development one can work for another.
- D. Joint marketing. A set of companies agree to jointly market their products.

Regarding property forms and returning to internationalization, a company defines what is a joint venture (EC) which is understood as a company originated and owned by two or more companies. This new company can be a minority (when one of the generating company has less than 50% ownership), 50/50 (partners have the same percentage of ownership) or majority (a company has more than 50% of CD). For their part, wholly owned subsidiaries (SPT) are subsidiaries of the multinational company, located in different countries. In turn, these can be of two types: operations on a blank field, when companies begin operations from the construction of these. Moreover mergers or acquisitions are the most popular form of entering foreign markets. Involve the transfer of assets, knowledge, and control operations between companies.

Because the latter is the most sought after by companies wishing to establish themselves in other markets then we pause this for a better understanding.

A merger is defined as the combination of assets, operations and management of two companies to establish a new legal entity (Peng, 2006). Meanwhile an acquisition is the transfer of control of the assets, operations and management of a company (object) to another (purchaser), making the object in a unit of the purchaser (Wright, 2002). In reality the acquisitions are more common than mergers. These operations can be carried out in three directions:

- A. Horizontal. Are acquisitions between competitors within the same industry? This is the most common type, as it increases the market power of the synergies obtained by exploiting the costs and revenues.
- B. Vertical. This type involves the relationships between companies which makes them focus their suppliers (up) or its buyers (up). With this acquisition the company is vertically integrated, controlling additional parts of the value chain
- C. Conglomerate. These are transactions where companies produce unrelated products.

Hitt *et al.* (2008) adds the related acquisitions occur within an industry closely related and trans-border acquisitions are those which as its name says, transcend territorial boundaries. Moreover, this type of transaction may be hostile or friendly, the first concern when management of a target company is against the acquisition, this company is not seeking a

takeover bid. Such events increases during downturns in the economies, as it is easier to detect companies that are undervalued mismanaged in relation to its assets (Thornton, Keesnan, Palmeri & Himmelsten, 2002). The acquisitions are friendly when both companies are in agreement to carry out the transaction. The table in Annex A summarizes the advantages and disadvantages of each of the modes of entry to foreign markets.

A complete model of foreign market entry described in Peng (2006), which considers the tripod base of the strategy as a sound strategy. Considerations based on the industry through the diamond of Porter's five forces suggests a review of the industry environment it belongs to the company, this analysis can uncover opportunities to open new markets. For their part, resource-based considerations, led by the model VRIO (value, rareness, imitation and organization) are a factor to be taken into consideration the managers of a company when deciding to enter international markets. Many times the value of the assets of a company are key factor to compete abroad, likewise if a company with resources much rare and difficult to imitate, has assets that can exploit an opportunity in other markets.

Multinational firms operating at global level are modifying their business models towards a more strategic orientation to responsible new standards to improve the impacts on environmental and social impact (Crane *et al.*, 2008). The emergence of diversified multidivisional firms was explained by Chandler (1962) as an adaptation of business structure to new strategies although in the case of Mexican multinational firms appear to have taken place as a response to the distinctive political economy; internal market shaped by the Mexican regulatory environment and public infrastructure projects. Mexican multinational corporations are taking important steps to become more innovative and more efficient by adopting new business models. Mexican multinational firms are developing a strong understanding of the international markets for sustainable products supported by public sector institutions and NGOs initiatives.

In their engagements with partner firms in strategic alliances, Mexican multinationals share expertise, innovation, technology, joint-strategies and developed technology. Strategic alliances build up sustainable relationships with other firms, gain corporate recognition, customer

brand trust and loyalty, expansion and penetration to new and existing markets and creating shared value (Lelo de Larrea Gaudiano, 2009). Global corporate policies have been a larger driving force for CSR strategy than local business incentives in Mexican multinational firms influencing initiatives of subsidiaries on all types of issues. Context specific factors may not be sufficiently fulfilled by corporate governance policies and international CSR standards of Mexican multinational firms (Porter and Kramer, 2006). Mexican multinational firms and subsidiaries engaged in international trade have adopted environmental standards and practices as a corporate strategy (Husted and Logsdon, 2000).

Multinational firms engage with local NGO's and government to build synergies between them to play a vital role in economic development. Corporate social responsibility (CSR) shaped by local contexts is considered as competitive advantage for strategic internationalization of multinational corporations (Lelo de Larrea Gaudiano, 2009) that has brought some benefits to Mexican multinational firms. Mexican multinational firms are increasingly aware of economic and social benefits of having a SCR strategy focusing on responsibilities in regular business operations (Weyzig, 2006). Mexican multinational firms' strategies on corporate social responsibilities to influence social and economic development programs of international organizations and associations, bilateral and multilateral trade agreements, local governmental agencies, community organizations, civil society, etc. (Paul *et al.*, 2006).

Although global multinational corporations strategically engage with stakeholders in corporate social responsibilities, Mexican multinational firms hardly do it (Holme and Watts, 2000 cited in Weyzig, 2006) although Mexican government has supported and engaged in more CSR initiatives from the private sector than with NGOs. Corporate social responsibility of Mexican multinational firms challenges a more complex global economy and economic, social and environmental inequalities to demonstrate its commitment and accountability for improvement of environmental performance, pollution control and eco-efficiency (Acutt and Medina-Ross, 2004, pp. 303). CSR considered as a strategy for international business to put in practice may have an impact on the effectiveness of multinational operations of Mexican companies.

Mexican multinational firms normally associate the corporate social responsibility as a cause related marketing strategy leaving absent strategic CSR approach (Weyzig, 2006) as a corporate competitive advantage in the global context. The corporate social responsibility as a competitive advantage strategy is leading Mexican multinational firms to move forward to form strategic alliances engaging other partners to achieve minimum CSR standards. A code of ethics and a corporate social responsibility of Mexican multinational firms may be designed and implemented in their local and global contexts to be expected to have a positive impact on both the social performance of Mexican multinational firms and on the attractiveness and reputation of the corporations to other stakeholders such as investors, employees, suppliers and consumers and a code of ethics (Paul *et al.*, 2006).

The strategy of corporate social responsibility driven by many internal and external, national and international factor, maybe found in some Mexican multinational firms. This situation may represent several challenges for Mexican multinational firms in order to become more attractive for foreign investments and partnerships. Industrias Peñoles, the mining and chemical Mexican multinational firm supports community participation boards, social welfare centers and a volunteer network, achieving several local and international CSR awards for its information disclosure, environmental policy and annual indicator comparison report (Paul *et al.*, 2006). Some large Mexican multinational firms have interest in forming links with academia in the areas of materials, polymers, and metallurgy that are related with the cement. The Mexican multinational firm, Savia has created a strategic international network to turn it into the largest fruit and vegetable seed producer, one of the largest operators of fresh vegetables and a world leader in agro biotechnology.

Finally institutional considerations are perhaps one of the key firms in search of new markets should consider when embarking on new markets. Knowledge of the rules is vital for easier entry to markets unknown. Although globalization seeks the integration of countries, institutions and culture rules are factors that have not yet unified. Mexican multinational firms may require fiscal and financial incentives from local governments to secure long term economic growth and to improve environmental and working conditions.

After the theoretical review that supports the internationalization of companies in the next section proceeds with the individual analysis of each selected Mexican firms to conclude this section with a comparison of the various factors that influenced the success of internationalization of each company.

7.0 METHODOLOGY

The methodology for the preparation of this work was the revision of the paths that have these three companies since its inception to the present, past and putting special emphasis on internationalization. It also is evident through its success through the search and tracking of recognition has been given to these companies. The information collected for this analysis comes from the official website of each company, as well as annual reports and additional sources such as empirical studies for these companies. The next section will be the case study of each selected Mexican firms: Grupo Bimbo, Cemex and Grupo Modelo.

8.0 ANALYSIS OF MEXICAN COMPANIES

A. Grupo Bimbo

Founded in 1945, today this company is one of the largest bakery companies in the world and a leader in the Americas has earned recognition for their production and sales volumes. According to its annual report 2010 (Grupo Bimbo, 2010) has 103 plants and over 1000 strategically located distribution centers in 17 countries in America and Asia. One of its most valuable assets is the possession of one of the most extensive distribution networks in the world with over 41,000 routes. Starting operations on December 2, 1945 the first production plant in Mexico, under the direction of Jaime Sendra and Lorenzo Servitje, Bimbo is placed on consumer preferences through the presentation and quality of their products. In 1946 this plant is expanded and begins structuring the area of vehicles, which later became his strategic asset for the growth of the company. The Bimbo distribution network began with an agreement to distribute its products with carriers who distributed newspapers in the province. However this was not enough and had to open routes and outside agencies, the first in Puebla in 1949. The distribution of products of this company took from town to town, following the paths, roads and railways, so vendors were opening up the market.

The growth of this company in our country was the result of knowledge of the needs of its consumers (building products) and vision of its managers to take advantage of opportunities offered by the market, spread around the country through establishment of new silver and the acquisition of some of its competitors. In search of closer integration in 1973, Bimbo began making jam in order to supply one of its lines (Marineo dedicated to making cakes and cookies) of raw material. Also in the late seventies Bimbo executives found themselves in the market for sweets and chocolates retailer an opportunity, as this was poorly attended, and decided to put a small candy manufacturing plant (Ricolino). Thus began a diversification outside the bakery and confectionery.

After consolidating the domestic market, leaving Mexico in 1984 the first trailer with Marinela products, bound for Houston, Texas. And in 1989 began international expansion with the creation of Bimbo Bimbo Central America and Guatemala with the construction of the first plant outside the country. In 1991 created the Latin America Division (OLA) to operate the expansion south of the country. In this decade the company acquired Alesa (Chile) and Holsum, bakery leader in Venezuela. Bimbo is created El Salvador, Costa Rica, Argentina and Peru in Colombia, established a partnership with Noel, the largest biscuit company in the country In 1998, the purchase of American bakery Mrs. Baird's, a leader in Texas that had 11 floors. In 2001 he made the purchase of Plus Vita from Brazil, which confirmed its leadership Bimbo Latin America and in 2002 acquired the Canadian company George Weston Ltd. Bimbo In this decade, began its presence in Europe with the purchase of the company confectionery Park Lane, located in the Czech Republic.

This decade also acquired in Mexico: Bakeries El Globo, La Corona, Gabi Cookies and Joyce. Bought outside the country: Pan Europe (Guatemala), Los Sorchantes (Uruguay), South Lakes (Chile), Lalo's Bakery (Colombia), and finally Laura, and Plus Vita Nutrella LTDA, the latter one of the bakery companies more large and important in Brazil. In 2010, specifically three strategic acquisitions: Dulces Vero in Jalisco, Mexico, Hong Jin Wei in China and the U.S. Foods Bimar Finally in November of that year announced the purchase of the bakery division of Sara Lee bakery largest U.S., which as a group Grupo Bimbo Baker worldwide. In short today Grupo Bimbo has 103 plants worldwide, 42 plants in Mexico, 34 in the United States, 25 in Central and South

America and 2 in China. The first quarter reported sales of \$ 29.312 million pesos, an increase of 3.5% over the previous year.

Currently this group has more than 150 brands, the best known are: Bimbo, Marinela, Milpa Real, Aunt Rosa, Oroweat, Entenmann's, Thomas', Boboli, Mrs. Baird's, Barcel, Ricolino, Coronado, La Corona, El Globo bakeries, Suandy, among many others. All group companies are located in four divisions: Bimbo SA, brings together companies bakers and confectioners in Mexico and Central America, Barcel SA, which integrates the business of snacks and Ricolino, Bimbo Bakeries USA (BBU), serving the U.S. market and Organization finally Latin America (OLA), responsible for operations in Latin America.

1). Analysis Grupo Bimbo

As we can see, the expansion of Grupo Bimbo is the result of significant investments it has made to establish new production plants, strategic alliances and acquisition of companies. His strategy was to acquire or ally with local companies that will offer something in terms of technology or distribution capacity, choosing only those companies that share their values; if the companies did not meet the latter requirement would enter the market from scratch. One of the key factors that have influenced the success of Grupo Bimbo in the national and international market, innovation is not only their products but to organize the company as the coordination of their plants requires the use computing platforms that support business processes. On the other hand is a company that knows its customers, the distribution network has created allows a more direct and frequent contact with customers, allowing you to identify new growth opportunities and product innovation based on consumer preferences.

In this sense Bimbo has a very important competitive advantage: its ability to reach more distant outlets. Bimbo in our country has to sell their products to an average of less than a mile from each consumer (Grupo Bimbo, 2011). This distribution network is one of the intangibles of the company, which tried to establish the same way in other countries, without a clutch that has found cultural differences that have led to the need to adapt to each country based on their conditions individuals. Finally Grupo Bimbo is a company that just look to expand geographically, also seeks to be a profitable company, which has managed to increase the efficiency of each of its processes. For that seeks to optimize its resources by using technology.

B. Cemex

Cemex, the cement Mexican company is a firm producing capital-intensive industrial commodities. CEMEX shows that processes innovations are a step toward global leadership in business. It is a Mexican company initially dedicated to the production and distribution of cement and concrete, but is now a global company that offers products for the construction industry. It began operations in 1906 with Cementos Hidalgo plant in the north. After significant growth for six years, the operation of this company is affected by the Mexican Revolution forced to suspend operations. In 1919, partially resume their operations and not until two years later when the market comes back completely. Cementos Hidalgo in 1931 merged with its competitor Cementos Portland Monterrey, giving rise to what is now known as Cementos Mexicanos SA (CEMEX). For about thirty-five years, this company has a steady growth backed by the expansion of its plants in the northern region.

Until 1966, decided to venture into the southern part of the Mexican Republic, acquiring in that year the plant Cementos Maya, Mérida. With this acquisition continues to meet demand in this part of the country through Portland cement brand Maya. That same year the new plant Valles starts operation, in order to meet the Huasteca region in Mexico. In order to expand across the country in 1967 opened a plant in Torreon through brands pozzolanic Portland cement Portland Cement Monterrey and Monterrey; the plant is responsible for meeting growing demand in the Northeast. Plants installed in all regions continue to grow by increasing its production capacity.

In 1973 Cemex acquired Portland cement plant in the Bajio region of central Mexico. 1976 was a watershed for the company as a part begins trading on the Mexican Stock Exchange and on the other side becomes the leading Mexican producer of cement to its acquisition of Cementos Guadalajara.

In 1986 starts joint venture with U.S. cement companies, in order to enter that market. In 1987 acquires Cementos Anahuac. And this year it created a solid team of professionals who are in charge of the integration of acquired companies. It also implements a satellite system that allows you to connect all the facilities of the company (CEMEXNET). When purchasing your competition, Cementos Tolteca Cement Company in Mexico second in 1989, Cemex became even without significant presence in other countries, one of the ten largest cement companies worldwide.

CEMEX operated in a highly protected legal environment and no significant competition on price until the 1990s and controlled 65 percent of the market share in Mexico. Cemex was accused of dumping cement on the U.S. market and severe penalties were imposed on imports. Mexican multinational Cemex owns a 40 percent stake in Grupo Cementos, acquired Texas-based Southdown, which has a cement plant in Lyons. Economic liberalization and openness of Mexican market break down legal barriers leading to strong international competition environment. CEMEX had to adapt to this new economic environment challenging global markets through acquisitions and global expansion. It was not until 1992, when he decides to start its internationalization process, which starts on the European market by acquiring the two largest cements in Spain: Valenciana and Sanson. Two years later ventures into Central and South America, buying Cemento Bayano in Panama and the company expires, Venezuela's largest cement. Also, the purchase of Balcones cements plant in the United States.

In 1995 Cemex continues its international expansion this time to acquire Cementos Nacionales, the leading company in the Dominican Republic. A year later became the third largest cement company in the world to be part of your company Cementos Diamante and Samper in Colombia. Not content with its spectacular growth in such a short time in 1997 the largest cement company in Mexico comes to Asia with the purchase of Rizal Cement and APO Cement in the Philippines two years later. That same year, Cemex ventures into Africa by acquiring Assiut Cement Company, one of the leading cement producers in Egypt also buying Cementos del Pacifico, Costa Rica.

In 1998, CEMEX launched the program called Patrimonio Hoy that enables very poor and low income people to pay for services and building materials to upgrade their homes. The program Patrimonio Hoy is a strategy of CEMEX that blends the pursuit of profit and social responsiveness. One of the main objectives of the program Patrimonio Hoy is to position CEMEX as a responsible corporate citizen that is committed to society. Cemex, one of the world's largest cement companies follows an approach in its do-it-yourself business focused to the low income people's market and poor communities. CEMEX leads the paradigm shift of multinational firms profitably providing housing for the low incomers in poor communities. CEMEX realized the average revenue per low-income customers in the informal sector, and then

identified potential business opportunities to establish a competitive advantage and turning them into profitable activities while developing corporate citizenship and becoming a more socially responsive company. Converting the 60% low-income population into customers, the steady revenues are very high. Patrimonio Hoy has based its revenues on a per-transaction basis which are in addition to the sale of cement by CEMEX.

CEMEX, The Mexican multinational construction firm, recognized the increased demand of cement in Mexico growing at a rate of one million homes per year. Cemex, the Mexican multinational firm in the cement industry designed the program Patrimonio Hoy (Patrimony Now) to benefit the poor people by building their own homes. The poor low income consumers experience a dire housing shortage. CEMEX evaluated this situation as a market opportunity and have designed and implement a micro-credit program Patrimonio Hoy, which has partnered the Mexican construction materials supplies with distributors and community groups to deliver to low income people to build their houses in less time and at the lower price. Patrimonio Hoy and CEMEX sell cement at a slightly higher price than that of its competitors, but the higher price charged is more than offset by the value-added services Patrimonio Hoy collaborates in negotiating prices of raw material with suppliers. Cemex developed a program of savings and investments for the poor. CEMEX has developed an organizational capability through its Patrimonio Hoy (PH) program.

CEMEX integrates resource capabilities using and joining its distribution channels with grassroots communities, which extends in-house micro-financing program to people in base of the pyramid to address unmet housing needs of low income market in Mexico. CEMEX provide technical assistance and advice on how to “do it yourself” with skilled technicians helping families to build their housing. Low income customers get access to good-quality building materials and the housing’s design. While solving the problem of a housing shortage in México, the program Patrimonio Hoy is creating a large market opportunity for CEMEX of about 40% of cement consumption (Segel, Meghji and R. Garcia-Cuellar, 2007). According to Barcelo (2007) by the end of 2007, a total of 185,000 Mexican families had benefited from the Programa Hoy, investing \$83 million of microfinance, and achieving an on-time payment rate of more than 99 percent.

Mexican Cement century starts with the determination to consolidate the already developed markets in 2000 purchase Southdown, Inc. in the United States in 2001 and acquired Nicaragua enters Saraburi Cement Company in Thailand. In Mexico CEMEX had 15 cement plants and 220 ready-mix plants spread throughout Mexican territory, 60 in the United States, 85 in Spain, 45 in Venezuela, 4 in Indonesia, and 4 in Egypt. CEMEX the Mexican multinational group has the monopoly of cement industry in Latin America. Mexican multinational company (CEMEX) is operating quarries and cement plants in Chester, North West England. Cemex, is Mexican multinational that is the market leader with 26% in Spain, in a relatively fragmented market, as it has been reported by Wagner and Triebswetter (2001).

The operation performed in 2005, doubling its size and expanding its market to more than twenty countries, mainly in Europe. This transaction is the acquisition of the British building materials RMC, which according to a press release on September 27, 2004 posted on the website of the Mexican company and meant a great synergy that will allow the centralization administrative functions, optimization of network marketing, logistics and process standardization. Far from purchases made by the Mexican company in 2000, implemented an initiative to identify, incorporate and implement standardized best practices within the entire organization (CEMEXway). This initiative consolidates the group that was responsible for the integration of acquired companies.

CEMEX produces and sells raw cement, ready-mix concrete, aggregates, and clinker used to make cement, under different brand names CEMEX is a multinational cement manufacturing company operating as the largest cement manufacturer in Mexico, the second largest in the United States and the third largest in the world. Challenged by more competitive markets, CEMEX changed its business model under new leadership and designed a strategy on innovation in housing for the low income people. During the Mexican economic crisis in 1994-1995, CEMEX experienced a significant drop by around 50 percent in domestic sales in the formal segment and a very low percentage in the informal and self-construction segment. That program Patrimonio Hoy has triple cement sales. The higher dependency on the formal segment left it very vulnerable to business cycles. CEMEX estimated that the do-it-yourself segment accounted for more than 40 percent of cement consumption in Mexico.

Project Patrimonio Hoy was conceived by CEMEX from a social perspective and different mindset to overcome some critical challenges specific to the low-income market. CEMEX had to be trusted and convince the poor people they can be able to have credit to build a house. Patrimonio Hoy was launched to improve and change for CEMEX strategies: To identify innovative ways to provide access to credit for the poor, to improve the brand perception of CEMEX as a socially responsive company to earn trust among the people, especially the poor, and change and improve distribution methods and construction practices to make it cost-effective for CEMEX, its distributors, and the low-income customers. The distributors are selected rigorously for an exclusive relationship with CEMEX. CEMEX has significant bargaining power with its suppliers and distributors.

To service the informal sector, CEMEX expanded the retail channel by setting up 2,020 kiosks or Construramas. Tied to its strategy, CEMEX build a very strong brand link to selling complete solutions more than specific products and improving profitability from a commodity-driven business. As a new business model, Patrimonio Hoy manages the existing CEMEX distributor network relationships; the margins in the new channel are slightly different. The project Patrimonio Hoy has strategic implications for CEMEX although might not be generating a high margin but it is generating positive cash flows from operations. CEMEX is a complete solutions provider of low cost cement and other raw materials as a package such as pack Tolteca to tap into the huge low-income market.

According to CEMEX, the sources of its competitive advantage are continued innovation, high level of commitment to customer service and satisfaction, proven post merger integration expertise, digital evolution: efficient production, distribution, and delivery processes through sophisticated information systems, ability to identify high-growth market opportunities in developing economies. Delivery of materials is offered to “socios” or partners by two choices, immediately and a delivery voucher to be exchanged later when needed the building material.

CEMEX has developed information technology to manage its operations and distribution infrastructure efficiently enabling on time delivery of cement and ready-mix with this achievements, CEMEX won the CIO-

100. The program Patrimonio Hoy (PH) relies on local construction suppliers having distribution networks to reach local private low income customers, members of poor communities. CEMEX has taken advantage of this program publicizing its commitment to corporate social responsibility (Segel, *et al.*, 2007). These members organize and promote potential groups of three families-home builders to be lent the suppliers being collectively responsible for making a loan payment to CEMEX to receive next delivery. CEMEX holds in storage a package of materials needed to build until the customers are ready.

According to (Segel *et al.*, 2007: 159), the program Patrimonio Hoy takes advantage of the Mexican social behavior of “mutual accountability” inducing members with strong social network ties to fulfill their financial obligations to one another while promoting the participation of reliable and trustworthy individuals. Organized poor people as a cement consumers learn to save as a group and invest creating value by building their homes, while CEMEX facilitates access to credit and the process of consumption and at the end of the process, Cemex provides access to good quality housing. Organizing the low income customers, CEMEX gives them the tools and materials for building but also gives them legal identity. CEMEX offer a savings-credit system combination of savings and access to credit based on payment discipline, changing the basic spending pattern of the poor in Mexico. The enrollment of a partner (socio) ensures steady sources of revenue that has implications across the value chain.

The strategy followed by CEMEX in the implementation of this program Patrimonio Hoy have given good results for all the partners, low income people, poor communities, distributors and suppliers, etc. (Prahalad, 2006; Hart and Sharma, 2004). The supply manager is in charge of negotiation of prices for raw materials with corporate CEMEX, supervises distributors for the delivery in terms of quality, time, prices, etc. Patrimonio Hoy has created a pull for cement that CEMEX on the supply side pushes it. Low income people gain access to inexpensive credit to build cheaper and faster houses, creating value for their investments in the home-building market and improving living conditions. Distributors and suppliers gain additional income. Poor communities create some jobs. CEMEX has gained understanding of the low-income population through the Patrimonio Hoy program, changing the misconception about the poor and the potential to form

a good and profitable segment of the market where the traditional methods of operation would not work. Salazar, J. and Husted, B. (2008) measure the social impacts of Patrimonio Hoy (PH), a CSR project of the Mexican multinational cement manufacturer, CEMEX, one of the largest cement manufacturers in the world. The case illustrates some of the challenges of measuring the social impacts of CSR initiatives in a multinational firm setting.

CEMEX captures a share of the remittance market to Mexico through the program Patrimonio Hoy. Mexican immigrants expend a significant percentage of about 10 percent for construction of housing. This situation identified in a need for an easier and cheaper way to build houses turned to other opportunity for CEMEX to be served by the subsidiary, Construmex as a business model supports Mexicans living abroad to send their money directly to cement distributors in Mexico with instructions to deliver cement and other building materials anywhere in Mexican territory. Construmex channels as large a share of the remittance flows to CEMEX and CEMEX distributors are part of the Construmex program. CEMEX Philippines is replicating this model with the great potential because Filipinos remittances are much more. Perez Chavarria, M. (2001) has study the way organizational culture is formally communicated in a Multinational Mexican company (CEMEX assuming that the organizational culture is composed essentially of cultural substance and forms (Harrison and Beyer, 1993; Bantz,1993) to reach the inference of meanings that can be taken as the basis or support of its culture. The findings reflect a possible interpretation of the culture that sustains that symbolic reality of the organization.

The Mexican multinational CEMEX on October 2008 reduced its labor force by ten per cent because of a declining world demand of cement and aggregates. Finally the integration of the Australian company Rinker Group Limited, the Mexican company consolidates its position as a leader in the cement industry.

1). Analysis of Cemex

As we see in the above description Cemex in less than twenty years the company extended global territory through the use of acquisitions. The surprising success of this instrument through which CEMEX has achieved its growth, although not clearly mentioned in its path, also has been due to the economic and financial company that manages CEMEX.

Cementos de Mexico took advantage of the benefits it gives its sector to grow; among them is the oligopolistic power that exists in the cement industry worldwide and on the other hand the technology needed to get started in this industry. It is also important to highlight the use of information technology as a key tool for coordination and smooth running of all its businesses. In addition to this we believe that one of the intangibles that this company has is the group of professionals responsible for integrating each of the acquired companies, which we believe has been a fundamental part of their success in geographic expansion.

Finally for this company innovation is also one of its strategies on the one hand to stay ahead in terms of the needs of the construction industry. On the other hand has also allowed innovation the production process which has gained efficiency by getting competitive production costs and has remained a profitable company. For the first quarter of 2011, record gross profit by 963 million dollars and a profit margin of 28.5 percent. Your total debt arises to 17,059 million dollars. Finally, to confirm the success of global expansion strategy we can summarize that has followed it, one of Mexico's most important companies of our country and worldwide presence, has been placed today in 35 countries. In Central and South America is in Argentina, Colombia, Costa Rica, Dominican Republic, Guatemala, Jamaica, Nicaragua, Panama and Puerto Rico and our trading operations in the Caribbean. In Europe in Austria, Croatia, Czech Republic, Denmark, Spain, Finland, France, Germany, Hungary, Ireland, Latvia, Norway, Poland, Sweden and the UK. In Africa and the Middle East with operations in Egypt, Israel and the United Arab Emirates Finally in Asia is found in Bangladesh, Malaysia, Philippines, Taiwan and Thailand.

This company has continued growth by taking advantage offered by your industry and geographic expansion strategy. The cement industry has a short chain which facilitates the vertical integration (Torres, 2006). In this sense the location of subsidiaries in places where you can extract the raw material, was one of the strategies for geographic expansion. Cemex has a presence in other countries by building or acquiring complementary businesses in these markets, this has been done without the need to accept foreign capital. This type of strategy was successful thanks to the short chain of cement, and innovations necessary minimum the oligopolistic structure of this market (Pozas 2002). According to de

Gortari (2005) when Cemex acquisition takes place, first make a review of the country's culture and the target company after that his team, made up of trained professionals in the area of systems, resources human, financial, acquisitions, business relationship management, conducts a comprehensive analysis of the company. If the transaction takes place beginning a process of integration with the aim of unifying the levels of productivity and culture will be outcome. In addition, this company takes advantage of regional economic activity and consumption capacity.

C. Grupo Modelo.

Today, Grupo Modelo is the leader in developing, distributing and selling beer in Mexico Founded in Mexico City in the year by 1925. Since its founding the basis of growth of this company took in two ways, firstly the acquisition of breweries in the country thus acquired new brands and on the other hand the construction of new plants will allow increasing production capacity. In addition to these two pathways, exports have been the tool that this group has chosen to internationalize in markets around the world, which has contributed significantly to its growth.

I make the first acquisition was the purchase of Brewing Company in Toluca and Mexico, Victoria Marks and Pilsener in 1935. By 1954 the brewery acquired the Pacific, Mazatlán, Sinaloa and Brewery Star in Guadalajara, Jalisco. In 1960 he joined the group Northwest Cervecería Modelo, Ciudad Obregon, Sonora. Exports of beer of Grupo Modelo in 1933 started albeit sporadically, with the first American foreign market.

In 1964 he established the Cervecería Modelo de Guadalajara in 1964 and in 1967 opened the Cerveceria Modelo Torreon. For the year 1979 built the Tropical Brewing Company, located in Tuxtepec, Oaxaca, but starts to operate until 1984. A strength of this group is the vertical integration that have since not only focused on building new breweries but also worried about the creation of companies that produce the inputs required by the brewer. That is why in 1979 he founded the company Cebadas and Malta Calpulalpan, Tlaxcala and in 1981 the company Inamex Beer and Malta, in Texcoco, Mexico State. In the same year acquired Cervecería Yucatan. We can say that the internationalization of the Mexican company gains importance from 1985 when Grupo Modelo beer exports start to new foreign markets, this time the beer the company heads to Japan, Australia, New Zealand and some European

countries. In 1990 Corona beer is exported to Hong Kong, Singapore, Greece, Holland, Germany and Belgium. Zacatecas Brewing Company began operations in 1997. That same year, Corona beer stands as the first imported beer in the United States.

In 2006 Grupo Modelo set up an alliance (Joint Venture) with Constellation Brands, a leading international wine and spirits. This alliance creates Crown Import LLC, headquartered in Chicago. Began operations in 2007 and the main reason being is that Grupo Modelo has a single importer in the North American market. That same year he started building another brewery in Nava, Coahuila. Grupo Modelo currently exports about 6 brands of beer in 156 countries around the world, these brands include: Corona Extra, Corona Light, Negra Modelo, Modelo Especial, and the Pacific.

1). Analysis: Grupo Modelo.

According to the trajectory described by this company, its expansion into territory was through the acquisition of breweries from other companies and the construction of plants characteristic of the group. One of its strengths is its vertical integration which allowed him to strategically integrate companies that provide their own raw materials and packaging. In this sense also has a strategic partnership that gives it mainly American machinery of high technology, which guarantees the efficiency of their processes. With regard to international expansion, as it says Hitt *et al.* (2007) companies engaged in the production and marketing of beers have few growth opportunities in its home market, which urges them to offer their products abroad. This was the case of the Mexican company, however as some firms internationalize by acquiring companies in other countries, this Mexican company has achieved its goal of placing their products in different countries of the world only through exports. Although exports have certain constraints such as less control of the marketing and distribution, this group has dispelled this disadvantage by establishing offices in strategic locations in order to respond in a timely fashion importers, distributors and customers, it also meets the goal of placing products in a strategic model.

When Grupo Modelo decided to venture into new markets, makes a study of the target market considering their economic and cultural conditions, likewise due to their experience have learned to look after intellectual property issues and laws. Finally enter the market with adequate infrastructure in sales, promotion and marketing.

7.0 CONCLUSIONS

International markets are highly fragmented despite the economic globalization processes due to control variables such as culture, language and other intangible barriers, which in turn may influence the location of Mexican multinational firms. Mexican multinational firms have as an advantage an economic development that has shifted from inward to an outward FDI positions against the level of per capita GDP in terms of purchasing power parity. We conclude that a common denominator in its internationalization strategy between the three companies chosen for this work was to use acquisitions to expand its market. But while two of them, Grupo Bimbo and Cemex, these types of transactions conducted in foreign markets, Grupo Modelo now consolidated its position by acquiring companies in the same business only in the country. Cemex was the three most dynamic in terms of foreign companies compare in terms of time and quantity.

Among these companies there are common elements that have been present in their internationalization strategies such as innovation not only in products but in new systems of organization. All three make use of information technology for better coordination of all group companies or company. Some of the Mexican emergent multinationals could take advantage of emerging markets such as the case of Hispanic and Latin communities in USA. A good example is Bimbo that also has taken the competitive advantage of the agri-food industry.

Despite having a similar strategy, each of these companies differentiates your strategy based on characteristics of the company. On the one hand Cemex has advantages given the sector where, as it is an industry with few producers of cement. On the other hand Grupo Modelo by the type of good it produces, allows you to use exports, it does not require the installation of plants in each market again. In this study we recognize intangible assets of two companies, which have been a tool that has helped the success of your business. Cemex has a group of professionals responsible for integrating each of the acquired companies, allowing them to be integrated resources, knowledge and learning specific to the company obtained in each market.

One of the intangible assets was recognized of Grupo Bimbo's distribution network which has enabled it to reach a large number of consumers and be at the forefront in meeting the needs of its consumers. Examples of

these needs have been a wide range of products more healthy. Grupo Modelo because it only makes its internationalization through exports, has expanded to a large number of countries through the establishment of offices in foreign markets not only engaged in the marketing and distribution of their products, but also is responsible for positioning your product in strategic locations.

Mexican multinational companies are investing abroad in emerging economies in sectors in which they hold capabilities and advantages. The investments follow some location patterns either for the acquisition of existing firms abroad or greenfield investment establishing new businesses abroad. Mexican multinational firms have developed some pockets of high productivity operating in high and middle-tech industries, although they are enclaves in the Mexican economy. Mexican multinational firms are converging toward world standards in corporate governance leading to their encouragement and adherence at the headquarters and subsidiaries abroad. Stakeholders of Mexican multinational firms lack engagement in a strategy of CSR due to a no ideal chaotic environment framed by historical confrontational attitudes and the lack of alliance culture, although sometimes firms may be inclined to make some philanthropic actions. Given that Mexican multinational firms have a low level of intra firm transaction, going to global markets with out a clear incentive program may have low contributions to improve economic development.

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APPENDIX

Anex A. Ranking of the 500 most important companies in Mexico

	Business	Location	Sector	Jobs	Origin of capital	Net Sale (mps)	Operating income (pesos)	Net income (pesos)	Total assets (million pesos)	Total liabilities (camera)	Equity (million pesos)
1	Mexican Petroleum	DF	Petróleo y gas	147,294	MX	1,094,155.00	476,812.30	46,137.30	1,332,037.20	1,398,877.20	66,840.00
2	America Mobile	DF	Telecomunicaciones	55,627	MX	394,711.00	104,209.00	76,913.50	453,008.00	275,102.40	177,905.60
3	Walmart of Mexico	DF	Comercio autoservicio	176,463	EU	270,451.20	22,268.50	16,806.10	133,139.20	49,991.40	83,147.80
4	Commission of Federal Electricity	DF	Electricidad	83,812	MX	220,034.00	39,818.00	1,185.00	803,044.00	422,342.00	380,702.00
5	Carso Global Telecom	DF	Holding	77,729	MX	209,539.10	44,035.20	16,004.70	369,790.20	244,966.20	124,823.90
6	Cemex	NL	Cemento y materiales	47,624	MX	197,801.00	15,833.30	1,409.20	582,647.30	326,288.80	256,358.50
7	Fomento Mexicano Economico	NL	Bebidas y cervezas	127,179	MX	196,103.00	27,012.00	15,082.00	211,091.00	95,262.00	115,829.00
8	Telecel	DF	Telecomunicaciones	17,347	MX	142,362.20	69,154.00	0.00	0.00	0.00	0.00
9	Grupo Financiero BBVA-Bancomer	DF	Servicios financieros	32,568	ESP	137,709.20	26,955.60	21,612.40	1,107,779.50	993,065.50	114,714.10
10	Telephone of Mexico	DF	Telecomunicaciones	52,586	MX	119,100.20	52,315.00	20,468.70	178,355.40	140,034.60	38,320.80
11	group baby	DF	Alimentos	102,000	MX	116,353.00	12,054.00	6,081.00	96,713.00	55,756.00	40,957.00
12	Alfa group	NL	Holding	52,384	MX	115,632.00	8,762.00	2,020.60	108,088.00	71,729.40	36,359.30
13	Group Financiero Banamex	DF	Servicios financieros	40,000	EU	115,535.20	21,595.00	18,755.70	1,124,690.00	967,893.00	156,797.00
14	General Motors of Mexico	DF	Armadora	11,000	EU	110,422.00	0.00	0.00	63,897.00	52,449.00	11,448.00
15	Coca-Cola FEMSA	NL	Bebidas y cervezas	67,426	MX	102,229.00	15,835.00	8,970.00	110,661.00	42,189.00	68,472.00
16	Telmex International	DF	Telecomunicaciones	24,769	MX	92,540.10	11,051.80	9,104.50	174,300.70	74,815.80	99,485.00
17	Volkswagen of Mexico	Pue.	Armadora	14,255	ALE	92,531.30	58.00	203.50	47,736.90	25,410.90	22,326.00
18	Nissan Mexicana	DF	Armadora	0.00	JAP	90,000.00	0.00	0.00	0.00	0.00	0.00
19	Organización Sofriana	NL	Comercio autoservicio	76,800	MX	88,637.30	4,584.00	2,868.30	65,725.40	33,794.90	31,930.50
20	Grupo BAL	DF	Holding	39,303	MX	88,045.00	12,177.00	7,836.00	145,460.00	90,511.00	54,949.00
21	Ford Motor Company	DF	Armadora	7,700	EU	86,000.00	0.00	0.00	0.00	0.00	0.00
22	Grupo Modelo	DF	Bebidas y cervezas	36,707	MX	81,861.60	21,730.00	8,630.00	117,362.20	21,129.80	96,232.50
23	Infonavit	DF	Servicios financieros	3,966	MX	67,906.00	4,575.00	11,168.00	599,403.00	539,718.00	59,685.00
24	Grupo Carso	DF	Holding	70,377	MX	66,035.60	9,073.60	7,339.40	97,677.50	37,980.30	59,697.30
25	Chrysler México Holding	DF	Armadora	6,200	EU	65,800.00	0.00	0.00	0.00	0.00	0.00

Source: extracted from the ranking of 500 most important companies in Mexico, CNN Expansión.

Annex B. Forms of internationalization

Modes without equity			
		advantage	Disadvantages
export	direct	Control distribution Economies of scale	<ul style="list-style-type: none"> • High transport costs • Little control over marketing • Trade barriers (tariffs)
	indirect	<ul style="list-style-type: none"> • Focus on production • Do not pay the export process 	Menor control de distribución Desconocimiento del mercado extranjero
Acuerdos contractuales	Licenses / franchises	<ul style="list-style-type: none"> • Low expansion • Low risk • How to expand yields based on previous innovations. 	<ul style="list-style-type: none"> • Little control technology and marketing • Ability to create competitors • Low Income
	Projects ready for operation	<ul style="list-style-type: none"> • Ability to gain technology from countries with restricted FDI 	<ul style="list-style-type: none"> • Ability to create competitors • Lack of long-term presence
	Contract R & D	<ul style="list-style-type: none"> • Ability to access the best technologies at low cost 	<ul style="list-style-type: none"> • Difficulty negotiating • Risk of causing competitors • Loss of innovative capacity
	joint marketing	<ul style="list-style-type: none"> • Ability to get more customers 	<ul style="list-style-type: none"> • Coordination Limited
Modes that involve equity			
		Advantage	disadvantages
joint Venture	joint Venture	<ul style="list-style-type: none"> • Risk sharing • Access to new assets, knowledge and skills 	<ul style="list-style-type: none"> • objectives and interests between partners • Heritage Limited • Difficulty coordinating globally
Wholly owned subsidiaries	Greenfield operations	<ul style="list-style-type: none"> • Total Ownership • Control operations • Protection of knowledge 	<ul style="list-style-type: none"> • Political risks • High development costs • Speed slow entry
	acquisitions	<ul style="list-style-type: none"> • Input speed • Do not add new capacity 	<ul style="list-style-type: none"> • Add new capacity • Political risks • High costs • Low speed • Integration Issues

Source: Authors' estimations based on data from Peng (2006) and Hitt *et al.* (2008).

