Translating Potential into Profits: Foreign Multinationals in Emerging Markets since the 19th Century

2-3 November 2012
Workshop at the German Historical Institute, Washington DC
Conveners: Matthias Kipping (Schulich School of Business, Toronto) and Christina Lubinski (GHI)
Deadline for abstracts: 1 June 2012

The purpose of this workshop is to provide historical perspectives on the operations of multinationals in emerging markets, which present significant opportunities but also a range of serious challenges for foreign investors. The intention is to provide some general insights about how these multinationals managed to adapt to these conditions and establish a successful and lasting presence in these markets.

Much public and scholarly attention has recently been paid to what Goldman Sachs analyst Jim O'Neill in a 2001 paper referred to as the BRICs – Brazil, Russia, India and China – and more generally to a number of emerging economies, which are now also seen to include South Korea and South Africa or even Africa as a whole. These countries are seen as providing enormous potential in terms of growing consumer demand, but also presenting a number of challenges including weakly developed institutional frameworks (notably in terms of property rights or corruption for instance), interventionist, sometimes unstable governments, and local competitors seeking access to foreign technology and capital, enabling them not only to compete in their own markets but also abroad. The question then becomes how multinationals from the more developed countries can benefit from the potential of the emerging markets – rather than simply using them as source of raw material or cheap labour, while managing or at least mitigating the corresponding risks.

This situation and the resulting question are not new. Many countries at different times were emerging economies according to the criteria above, attracting (sometimes substantial) foreign direct investments. Suffice to point to the case of Singer, which created and dominated the market for sewing machines in pre-revolutionary Russia, or Unilever, which generated substantial profits from markets like Brazil, India and South Africa during the 1960s and 1970s – a period marked in all these countries by nationalistic government policies, including import substitution and ownership restrictions.

We look for papers that move beyond the current context – too often (wrongly) presented as unique and unprecedented – and examine (i) the motivations for foreign firms to invest in emerging economies, (ii) the variety of ways in which they overcame the associated challenges, as well as (iii) the results (positive or negative) of their investments for themselves and, possibly, the host economy. Both empirical and conceptual papers are welcome.

Those interested should send an abstract of 1,000-1,500 words and a one-page CV to Susanne Fabricius (fabricius@ghi-dc.org) by 1 June 2012, with invitations to be sent out by 1 July 2012. Full papers or longer abstracts are due by 1 October 2012.