Issue Overview

As companies from emerging markets deal with extremely competitive environments in their home countries, they expand abroad in an attempt to secure resources and to better serve foreign demand. These new, emerging enterprises have already become new poles of business excellence, which they achieved with inspiring leadership and innovative approaches to traditional and tough problems.

The largest emerging multinationals – from China, India, Brazil and other emerging markets – are increasingly challenging traditional enterprises. Some first-generation emerging economies, such as South Korea, Hong Kong SAR and Taiwan, have even become net foreign direct investment (FDI) exporters, a position traditionally reserved for developed countries.

In a world of global competition, where companies face the need to shift from a traditional productivity-and-costs model to one that is equally focused on creativity and innovation, emerging multinationals have the advantage of having been created with innovation at their core. In addition, large and rapidly-growing domestic markets give them the space and funds to invest easily abroad. Many of them have access to advantageous financing, and some are family-controlled, public companies, in which decision-making is facilitated.

Emerging multinationals can become a bridge to the advanced economies by promoting responsible business practices at home. Leaders of many of these companies understand the positive role business must play in their societies, which helps to build trust with policy-makers and the public.

Did You Know?

— FDI outflows from developing and transition economies have rapidly increased from US$ 12 billion in 1990 to nearly US$ 457 billion in 2011, which is equivalent to 25.1% of the world total.¹
— Among the top 500 multinationals worldwide, 202 companies are from developing countries as of 2012, compared with only 19 in 1990.²
— India and China together are projected to account for 42% of the total number of new multinationals established over the next 15 years.³

Further Resources


http://wetware.blogspot.ch/
http://blogs.hbr.org/quelch/


Calendar

24-25 June 2012, Global India Business Meeting, Antwerp, Belgium

13-15 March 2013, Emerging Markets Summit, Istanbul, Turkey

24-27 June 2013, SuperReturn Emerging Markets 2013, Geneva, Switzerland

March 2013, BRICs Summit, South Africa

¹ UNCTAD, 2012.
² Fortune Global 500, 2012.
³ PricewaterhouseCoopers, Emerging Multinationals 2010.
Council Insights

The Global Agenda Council on Emerging Multinationals, in collaboration with the Council on Youth Unemployment, launched TEN Youth, a pilot initiative aimed at urgently addressing youth unemployment by creating a new approach to talent development for the private sector. The key objectives of TEN Youth are to assist enterprises in accessing new talent, facilitate career development for the young and build trust between the private sector and young people.

The initiative calls on all multinational corporations to leverage their vast capabilities and resources to meet the global challenge of youth unemployment, emphasizing that if emerging and established multinationals can lean forward on this challenge, their supply chain and channel partners might well be inspired to follow.

Enterprises taking part in the initiative pledge to employ and mentor 10 previously unemployed young people in roles that offer career opportunities for at least two years. They commit to eventually hiring these youths in a full-time role or assisting with their placement in another company. The goal of TEN Youth is to reach 80% or greater retention of these employees after two years.

Selected companies from among the Members of the Global Agenda Council on Emerging Multinationals – including Aramex, Educomp Solutions and Infosys – became the first enterprises to participate in this pilot. At the World Economic Forum Annual Meeting 2012, multinational corporations such as Hilton and DHL also joined up. The Council’s ambitious goal is to engage up to 1,000 emerging and established enterprises in TEN Youth by the end of 2012.

In addition to taking forward its initiative on youth unemployment, in the coming term the Global Agenda Council on Emerging Multinationals aims to:

- focus on the issue of innovation by emerging multinationals
- explore factors that explain the success or failure of emerging multinationals in the transfer and integration of capabilities in cross-border expansion, whether South-South, South-North or North-South

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