

The Entrepreneur, Ownership Advantages, and the Eclectic Paradigm

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Abstract: According to John Dunning’s eclectic paradigm, firms need to have ownership, location, and internalization advantages in order to cross borders and engage in foreign direct investment. By drawing on historical evidence on the evolution of a group of leading marketing-based multinationals in consumer goods, this paper claims that, despite its richness, the eclectic paradigm, and in particular the concept of “ownership advantages,” needs to be revised and extended to take into account different levels of institutional analysis. For the eclectic paradigm to give a rounded view of the internationalizing firm, it needs to acknowledge the critical importance of firm-specific ownership advantages, such as the role of the entrepreneur.

Keywords: Dunning’s eclectic paradigm, eclectic paradigm, ownership advantages, entrepreneur, firm-specific ownership advantages, marketing-based.

INTRODUCTION

John Dunning’s eclectic paradigm, which considers that firms need to have ownership, location, and internalization advantages (OLI) in order to cross borders and engage in foreign direct investment, is widely acknowledged as a key tool in the research and teaching of international business

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(Rugman 2009; Verbeke 2009). The paradigm is an all-encompassing framework that takes into account different and often competing theories, such as transaction costs economics and the resource-based view of the firm, and provides an overall analytical framework of empirical investigation. Hence Dunning called it "an envelope for economic and business theories of the multinational activity" (Dunning 2000).

When theories or frameworks such as the eclectic paradigm become well established, a critical literature usually emerges challenging, confirming, and extending those theories. Raymond Vernon's product life-cycle theory and Michael Porter's "diamond" that explains countries' national competitiveness are examples of frameworks and theories that have now become widely used, helping systematize and explain international business phenomena. Both of these have already been subject to criticism and extensions (Vernon 1966; Porter 1990; Kogut 1984; Rugman and Verbeke 1993).

In the same vein, the eclectic paradigm has also been challenged (Casson 1986; Itaki 1991; Cantwell and Narula 2003; Rugman and Collinson 2006). Dunning himself acknowledged some of the limitations of his framework and incorporated several extensions and changes over time (Dunning 1987, 1988, 1998). In keeping with the tradition of constructively critical work, this paper aims to show that the paradigm fails to reflect a sufficiently rounded view of the firm. Some of the variables Dunning classified as "ownership advantages" require reclassification, and a new typology of ownership advantages clearly distinguishing different levels of institutional analysis can provide a fuller account of the internationalizing firm. This paper argues that the eclectic paradigm, although currently very useful in the analysis of industries' and countries' foreign direct investment strategies (Dunning and Narula 1996), needs to pay more attention to firm-specific ownership advantages, and in particular to the role of the entrepreneur.

Firms are established to help entrepreneurs implement ideas. The multinational enterprise is a special case of a firm whose boundaries have crossed borders, adding value in different parts of the world. Ownership advantages may be interpreted as a measure of the net wealth accruing from past entrepreneurial activity; thus they have a dynamic role in Dunning's eclectic paradigm (Casson 1986). The concept of entrepreneur used here is a stretched one (Lopes and Casson 2007). The entrepreneur is someone who specializes in taking judgmental decisions about the coordination of scarce resources with an economic aim and under conditions of uncertainty. This means that the entrepreneur is not necessarily a capitalist or an inventor, but instead is someone who has the capacity to

synthesize information from diverse sources, is not afraid to take risks, and "gets things done" (Schumpeter 1947; Casson 1982). The stretched concept of entrepreneur allows us to consider innovative management developed over a period of time within an industry, often by the same firm. While researchers such as Schumpeter tend to associate the role of the entrepreneur with invention and innovation in technology-based industries, the industries analyzed here are marketing-based, suggesting that innovation may encompass other activities, in particular, as the cases discussed here indicate, those relating to the globalization of marketing and brands.

Very few international business scholars have so far acknowledged and used the entrepreneur in their theory formulation. There are two explanations for this. First, international business scholars tend to differ widely in their choice of unit of analysis. Second, difficulties exist in quantifying entrepreneurial behavior, as it refers to initiatives such as the ability to identify profit opportunities, the capacity to judge them, and the tactical awareness to exploit these opportunities properly. The group of international business scholars that view the manager of the multinational enterprise as an entrepreneur is relatively limited. They include Bartlett, Ghoshal, and Birkinshaw, who analyze the decision taking processes of managers of headquarters and subsidiaries within inter-organizational networks (Bartlett and Ghoshal 1989; Birkinshaw 1997).

This essay takes an historical view. There have been recent attempts by international business and business history scholars to promote business history more within international business research (Jones and Khanna 2006; Buckley 2009). Business history is an area of academic enquiry which is mainly concerned with the study of growth and development of business as an institution (Wilkins 1988). While it is common for business historians to use concepts from international business theory to help them create generalizations, put forward propositions and hypotheses, and resolve different issues separately, there exist, however, many fewer cases of international business scholars drawing on business history research. Dunning, Casson, Hennart, and Vernon are some of the exceptions (Dunning 1958, 1998, 2002; Casson 1986; Hennart 1986; Vernon 1966). They often cite the work of business historians, such as Chandler, Wilkins, and Jones. As the work by these international business scholars shows, business historians can bring valuable insight to international business theory. The very rich evidence they generate permits international business researchers to test models rigorously. More importantly, perhaps, the *longue durée* of business historical work allows international business researchers to analyze the dynamic and evolving nature of firms and to test the staying power of theories over long periods of time. They can also take into

account the complexity of the environment and monitor, for example, the failure as well as success of firms.

The article draws on the evolution of a group of leading foods, drinks and cosmetics multinationals ranking among the world's largest industrials (Fortune 1000 2009). They include Pernod-Ricard (a leading alcoholic drinks multinational), Nestlé (a leading food producer), L'Oréal (a leading cosmetics company), and Unilever (an Anglo-Dutch diversified multinational with strong focus on foods and toiletries). The period of analysis starts in the 1960s and continues through the present day. This period is of great relevance in the development of multinational business. It is characterized by fast globalization, liberalization of markets, and the emergence of revolutionary innovations in communications and distribution systems (Pollard 1997). It is also a period when firms in the sectors analyzed went through large merger waves. The information presented here is essentially qualitative and gives a brief overview of the types of entrepreneurs that took internationalization decisions which led to mergers and acquisitions over time. The evidence provided draws on multiple primary sources of information, such as companies' archives, public documents (e.g., merger reports and consultants' reports), and interviews with managers. It also uses secondary sources, such as companies' biographies, industry magazines, and British and foreign newspaper articles.

This paper is organized in four parts. Section two provides a brief overview of the eclectic paradigm and its OLI typology. A special emphasis is given to ownership advantages (O) as a necessary condition for sustained profitability and growth. A discussion about the limitations of the current typology of ownership advantages is followed by a proposal of a new typology of ownership advantages. Section three offers the historical evidence that forms the basis for the proposed new typology for Dunning's ownership advantages, which are general ownership advantages, firm-specific ownership advantages, and product-specific ownership advantages. Finally, section four acknowledges the continuing importance of Dunning's eclectic paradigm and the benefits that exist in extending and reclassifying his types of ownership advantages. The use of different levels of institutional analysis highlights the importance of firm-specific ownership advantages, such as the role of the entrepreneur, and also provides a fuller account of the development of the internationalizing firm over time.

RECLASSIFYING DUNNING'S ASSET OWNERSHIP ADVANTAGES

The eclectic paradigm of international production, first developed by Dunning in 1977, identifies and evaluates the significance of factors that influence the level and structure of a firm's value-adding activities in foreign markets. This paradigm considers that the extent, form, and pattern of international production is determined by three sets of advantages perceived by internationalizing enterprises - ownership advantages, location advantages, and internalization advantages (Dunning 1977, 1980, 1981, 1988). The ownership advantages (O), which are the focus of this study, provide the initial framework for analysing the expansion of a firm in international markets. They are essentially concerned with the production activity of, and the nature and nationality of the ownership of, the investing firm, and are a necessary condition for sustained profitability and growth. Location advantages (L) relate to the "where" of production. They deal with host country factors such as natural resources, market size, labor force, government behavior, and other environmental factors. Finally the internalization advantages (I), which draw on Buckley and Casson's (1976) internalization theory, refer to the alternative ways in which the firm may organize the creation and exploitation of its core competencies and take advantage of location attractions in different countries and regions. Internalization advantages reflect the greater organizational efficiency of hierarchies or their ability to exercise monopoly power over the assets under their governance (Buckley and Casson 1976; Rugman 1981). The eclectic paradigm further considers a contextual variable that provides the precise configuration of the OLI parameters facing a particular firm (Dunning 1977, 1980, 1998).

In the 1980s Dunning explored the concept of ownership advantages further, and added that the most successful multinationals are those that are best able to nurture and exploit both asset ownership advantages (O_a) and transactional ownership advantages (O_t) (Dunning 1981; Dunning and Rugman 1985). In 2008 a new category of "institutional assets advantages" (O_i) was introduced (Dunning and Lundan 2008).

"Asset ownership advantages" (O_a) reflect Bain- and Hymer- type advantages and refer to structural imperfections and monopolistic benefits which enhance the power of the multinational enterprise (Bain 1956; Hymer 1960, 1968). They include the possession of superior technology, scale economies, product differentiation, distribution networks, and privileged access to financial capital. These increase market power by closing markets to market imperfections.

"Transaction ownership advantages" (O_t) relate to the capacity of the multinational enterprise to capture the transactional benefits and minimize transaction costs. They result in efficiency benefits and include the advantages of common governance (of organising O_a with complementary assets), the ability to coordinate multiple and geographically dispersed value-added activities, and the capacity to capture gains associated with diversification. They are a result of the size, product diversity, and learning experience of the firm, and also of its exclusive access to inputs in the host country, to information, and to product markets.

Finally, "institutional assets advantages" (O_i) refer to the codes of conduct, norms and corporate culture, incentive systems and appraisal, and leadership within the firm.

This typology of ownership advantages has, nonetheless, some limitations. Several of the variables included in "transaction ownership advantages" (O_t) relate, in fact, to location advantages and internalization advantages. It is therefore suggested that those variables currently classified as O_t such as exclusive access by the multinational enterprise to inputs, information, and product markets in the host country, should be reclassified as location advantages (L). Other variables currently under O_t such as operational flexibility, better information about international markets, and the ability to take advantage of differences in factor endowments, should be reclassified into internalization advantages (I). Only the variables currently considered "asset ownership advantages" (O_a) and "institutional asset advantages" (O_i) translate into genuine ownership advantages, as they are specific to the country of origin, the industry, the firm, or the product/service.

The historical evidence on the development of multinationals presented in section three serves as the basis for a new typology of ownership advantages. The proposed new categories for Dunning's ownership advantages (O) are general ownership advantages (O_g), firm-specific ownership advantages (O_f), and product-specific ownership advantages (O_p). General ownership advantages (O_g) are specific to the country or industry in which the firm operates. They include variables such as the cultural, legal, and institutional environment; labour and natural resources; and capital markets.

Firm-specific ownership advantages (O_f) refer to the Chandlerian-type advantages which are generic across products. The doyen of business historians, Alfred Chandler, in his research on the largest US industrial firms, and subsequently in his work on the largest British and German

firms, highlighted the importance of resources such as the professionalization of management, the capacity of firms to implement effective management succession systems, and the willingness of the management of firms to recruit top professionals (Chandler 1962, 1977, 1990). Other important firm-specific ownership advantages, of relevance in marketing-based global industries, are the presence of accumulated marketing knowledge within firms, the capacity to trade knowledge and other types of intellectual property, and the possession of distribution networks. Marketing knowledge is defined here as the intelligence and skills that exist within the firms concerning the management of brands and distribution channels (Lopes 2007). These Chandlerian-type advantages agree, to a great extent, with Penrose's core competencies and dynamic capabilities of the resource-based view of the firm, and also with Rugman's concept of firm-specific advantages (Penrose [1959] 1995; Rugman and Verbeke 2003; Rugman 2010). While in periods characterized by fragmented markets and local competition, the Hymer-type ownership advantages are sufficient for firms to successfully cross borders; in periods of globalisation, other types of knowledge (here part of the Chandlerian-type ownership advantages) become more important in explaining successful internationalization.

Following the same line of reasoning, where ownership advantages relating to different levels of institutional analysis are segregated in different categories, institutional ownership advantages (O_i) should be reclassified as "firm-specific ownership advantages" (O_f), as they relate to firm-specific variables, such as norms and corporate culture, incentive systems and appraisal, and leadership. Finally, product-specific ownership advantages (O_p), which are the advantages specific to the product, include variables such as intellectual property (e.g., patents, trademarks, and copyrights) and the capacity of the firm to differentiate its products or services, to obtain scale economies, and to produce innovations.

THE EVIDENCE

The period from the 1960s to 2000s is one in which competition changed dramatically, shifting from a domestic level to global one by the end of the twentieth century. Table 1 divides the period from the 1960s through the 2000s into three different stages of competition played in the industries: domestic, multimarket, and global competition. The types of ownership advantages that were sufficient for firms to cross borders successfully are also highlighted. They rely on the new proposed typology of ownership advantages: general ownership specific advantages (O_g), firm-specific ownership advantages (O_f), and product-specific ownership advantages

(O_p). The sample of four leading multinationals also includes some of their major predecessors and the largest firms they merged with and acquired over the years. It is used here to illustrate the dynamic evolution of what are considered to be, at each moment in time, critical ownership advantages for international growth and survival.

Table 1 – Ownership Advantages and the Evolution of Firms in Global Marketing-Based Industries

	1960s/1970s	1980s	1990s/2000s
	Domestic consolidation	Multimarket competition	Global competition
Ownership advantages	General (O_g) Firm-specific (O_f) Product-specific (O_p)	Firm-specific (O_f) Product-specific (O_p)	Firm-specific (O_f)
Industry/ Sample Firms			
Alcoholic Beverages	Pernod, Ricard (merger, 1975)	Pernod-Ricard, Austin Nichols (acquisition, 1988)	Pernod-Ricard*, Seagram's alcoholic beverages business (acquisition, 2000)
Foods	Rowntree, Mackintosh (merger, 1969)	Nestlé, Rowntree-Mackintosh (acquisition, 1988)	Nestlé, Perrier (acquisition, 1992)
Cosmetics	Colgate-Palmolive, Helena Rubinstein (acquisition, 1969)	L'Oréal, Helena Rubinstein (acquisition, 1987)	L'Oréal, Maybelline (acquisition, 1996)

*Joint acquisition with Diageo

Note: For those cases of acquisitions, the acquirer is the firm to appear first, and the acquired firm is the second. Eg., in 1969 Colgate Palmolive acquires Helena Rubinstein.

From the analysis of Table 1 it is clear that, over time, firm-specific ownership advantages (O_f) are the most important sources of ownership advantages. O_g and O_p are sufficient for foreign growth and survival at earlier stages of globalization. Once competition becomes global, O_g and O_p are no longer sufficient ownership advantages for firms to internation-

alize. General ownership advantages (O_g), such as tax incentives and other home country or industry advantages, become obsolete. Product-specific ownership advantages (O_p) also lose distinctiveness once it becomes possible to trade brands, trademarks, and other forms of intellectual property rights through mergers and acquisitions or even on their own. The firm-specific advantages which relate in particular to the knowledge to manage brands, trademarks, and other intellectual property rights, and also to the superior management skills, become the crucial source of ownership advantages for globalizing firms.

Domestic Competition, 1960s – 1970s

During the 1960s and 1970s there was a merger wave in the developed world, mainly characterized by a domestic consolidation of firms' positions. The foods, drinks, and cosmetics industries were also affected by such waves (Lopes 2002; Jones 2005, 2010). The mergers between the British confectionary firms Rowntree and Mackintosh in 1969 and the French alcoholic beverages firms Pernod and Ricard in 1975, and the acquisition of the American cosmetics firm Helena Rubinstein by the US leader in toiletries Colgate-Palmolive in 1979, are all important illustrations.

The two leading British confectionary firms, Rowntree and Mackintosh, merged in 1969. This occurred in a period when the confectionary market was stagnated, international competition intensified, and the management of firms believed that the best way to grow was through diversification, scale, or internationalization. Rowntree had previously made attempts to diversify but had failed. Donald Barron, the chairman of Rowntree, believed then that a merger with the right partner was important to achieve size and scale and to expand internationally. In 1969, just before the merger with Mackintosh, Rowntree rejected a takeover bid by US food giant General Foods. The merger with Mackintosh later in the same year was preferred, as it was a natural development from the joint arrangements these two firms already had in overseas markets for many years. The possibility of closer association had been discussed by the two companies for some time. Many benefits followed from this consolidation of activities of the two companies, such as enhanced size and corporate capabilities; shared support for advertising investment in brands; and economies of scale and scope in production, research and development, marketing, transport, and exports. Other factors, such as a common Christian ethos and management approach, and the uncertainty of succession at Mackintosh, were also considered to be important in this merger decision.

The merger that formed Pernod-Ricard in 1975 brought together two French family firms, Pernod and Ricard. Like Rowntree, these firms had

already made unsuccessful attempts to diversify into other businesses, such as tea and coffee. This merger was also a natural development from the alliances the two companies had formed for some years in distribution. The aims were to form a large company with national coverage, to diversify within alcoholic beverages, and to develop a significant international business.

Helena Rubinstein, an entrepreneur concerned since the beginning of her activity with internationalizing her cosmetics brand and with product and marketing innovation, died in the late 1950s. At the time of her death, the Helena Rubinstein cosmetics brand was one of the most popular luxury beauty products in the United States. After not investing in the brand for a long time, family members decided to sell it to Colgate-Palmolive in 1974. Colgate-Palmolive was a leader in mass-market production of toiletries, with functionality being the main imagery it used in the marketing and advertising of its brands. Management's lack of understanding of the beauty industry and also its lack of capacity to hire entrepreneurial managers with skills to invest in the exclusive personality of the brand explain why Colgate-Palmolive targeted, without success, the Helena Rubinstein brand to mass-markets.

Apart from consolidating their domestic positions through mergers and acquisitions and diversifying their product portfolios and geographic coverage, some large firms were already quite internationalized by the 1960s and 1970s. The firms' main motivations for investing abroad were "resource-seeking" (i.e., to source inputs in order to better serve existing markets) and "market-seeking" (i.e., to penetrate new geographical markets) (Dunning 1992). Unilever's acquisition of Lipton International in 1972 is an illustration of the latter case. Unilever acquired T.J. Lipton in the United States soon after World War II. T. J. Lipton had been founded at the end of the nineteenth century by Sir Thomas Lipton, who is claimed to have taught the Americans to drink tea. Sir Lipton always kept his North American business separate from his tea business in rest of the world, having developed the latter into Lipton International. However, it was only in the 1970s, after the acquisition of Lipton International, that Unilever developed its tea business at a global level.

Multi-market Competition, 1980s

In the 1980s a new global merger wave took place, characterized by multi-market competition, including multinationals' home countries. A large number of investments were "asset-seeking," but "market-seeking" investments still remained quite important. Firms were acquiring other firms especially for brands which had the potential to become global, and

also for superior managerial marketing capabilities. Some examples are the 1988 acquisition by Pernod Ricard of its American distributor Austin Nichols, which owned the bourbon brand Wild Turkey and had an important distribution network in the US market; the acquisition of Helena Rubinstein by L'Oréal in 1987; and the acquisition of Rowntree-Mackintosh by Nestlé in 1988.

Colgate-Palmolive and Albi Enterprises (which owned Helena Rubinstein between 1980 and 1984) had not invested in the elitist image of the brand Helena Rubinstein, having changed its imagery to a mass-market cosmetic. By the early 1980s the brand was being sold in US drugstores at very cheap prices and was not receiving much merchandising support. It had a better positioning outside the United States, particularly in Europe, Japan and Asia, where it was still considered up-market. In 1987, as part of L'Oréal's strategy to cover all the different segments of the beauty market and to increase its presence in the United States, it acquired Helena Rubinstein. Under the new management of Lindsay Owen Jones, the exclusive imagery of the brand was restored and it was transformed into a truly global upmarket brand. Owen Jones, hired by the L'Oréal family as CEO, was an ambitious British manager who combined business knowledge with a passion for business. He was also very entrepreneurial in his behavior and proactive at detecting global opportunities (Jones 2010). While in the 1960s only 3 percent of the sales volume of Helena Rubinstein was in foreign markets, by 2000 over 50 percent of sales were generated outside Europe. Overall, it took ten years for the changes in the international distribution strategy of Helena Rubinstein to become effective and for the brand to become truly global.

Rowntree-Macintosh was acquired by Nestlé in 1988 in a hostile takeover. Despite its very respectable financial performance and its innovative record, Rowntree was perceived as an underperformer in stock market terms, as there was a general view that the company could have done better. The high price Nestlé paid for Rowntree's shares reflected the company's powerful brands, such as KitKat and Rolo, and the potential for their profitable expansion into world markets, where Nestlé already had a presence with factories in over twenty countries. The two main reasons for this acquisition were, however, to establish a significant position in the UK market and to become one of the leading manufacturers of chocolates globally. Additionally, the new portfolio of products complemented Nestlé's own activity in this field. Nestlé had, until then, concentrated mainly on the production of chocolate bars, while Rowntree-Mackintosh specialized in chocolate covered bars.

The relationship between the top managers of the two companies, Helmut Mancher of Nestlé and Kenneth Dixon of Rowntree, developed under great secrecy in 1981. Initially the two firms merely cooperated commercially. In 1988, when Swiss manufacturer Jacob-Suchard acquired 15 percent of Rowntree, Nestlé felt forced to make a hostile takeover bid. A new strategic unit was set up for chocolates, candies, and cookies and placed under the control of Kenneth Dixon. Nestlé was therefore able to gain additional knowledge in confectionary items and chocolates, while providing a wider scope for the geographical expansion of Rowntree-Mackintosh brands, such as KitKat and Rolo.

Global Competition, 1990s-2000s

Finally, the 1990s and 2000s were decades of global competition. "Efficiency seeking" became an additional common motivation for international mergers and acquisitions. New foreign direct investments sped up connections and allowed firms to benefit from cross border cost reductions and economies of scale and scope. Some illustrations are the acquisitions of the French bottled water firm Perrier by Nestlé in 1992 and the US cosmetics firm Maybelline by L'Oréal in 1996, and also the partial acquisition of the alcoholic beverages business of the Canadian multinational Seagram by Pernod-Ricard in 2000.

Perrier water was created in 1898, and the business was originally developed by a British entrepreneur. From its creation, Perrier was exported to foreign markets, particularly to Britain and the British Empire. The brand underwent another period of successful internationalization in the 1970s, when the new owner of the brand, Gustave Leven, took the brand successfully to the US market (despite the advice of consultants that it would be foolish to try to sell sparkling water in the land of Coca Cola and "gin and tonic" drinkers). The firm continued to grow internationally throughout the 1980s. However, in the early 1990s Leven retired, and the brand started suffering some erosion under the new management. Perrier ended up being acquired by Nestlé in 1992. Nestlé's entrepreneurial management turned Perrier into a truly global brand through its worldwide distribution networks. Additionally, it invested in the bottled water business by acquiring sources and water firms in foreign markets and broadening the scope of successful local brands.

The acquisition of Maybelline cosmetics by L'Oréal in 1996 is another illustration of Owen Jones's entrepreneurial skills and strategy of acquiring brands with potential to become global. When it was acquired in 1996, Maybelline held nearly one-fifth of the American mass cosmetics mar-

ket. After the acquisition, L'Oréal launched a radical new make-up collection, which transformed the brand's aging image. Within five years it had become the US leader in color cosmetics and had been launched in 80 new countries.

The joint acquisition of Seagram's alcoholic beverages business by Pernod-Ricard and Diageo, the world's leading multinational in alcoholic beverages, took place in 2000. This alliance was an innovative way of allowing what were already large firms to grow in size. It addressed antitrust concerns that would have been raised if a single firm had acquired Seagram's alcoholic beverage business. The deal was suggested by Jack Keenan, the CEO of Diageo, to the CEO of Pernod-Ricard. Keenan saw this as a good opportunity to target new geographical regions and broaden the scope of brands within the firm's portfolios, and also obtain economies of scale and scope and other costs reductions at a global level.

CONCLUSION

This paper has discussed and illustrated the power of the OLI paradigm in explaining multinational activity over time. It has highlighted, however, that in order to provide a full account of which ownership advantages are important for the internationalizing firm over time, it is important to distinguish different levels of institutional analysis. Dunning's ownership advantages should therefore be categorized into general ownership advantages (O_g), firm-specific ownership advantages (O_f), and product-specific ownership advantages (O_p). Firm-specific ownership advantages (O_f) are the enduring type of ownership advantages, as they prevail as such even in hostile environments characterized by high competition. General ownership specific advantages (O_g) tend to obsolete as markets become global, and product-specific ownership advantages (O_p) can easily be appropriated through merger and acquisition (due to its increasing smoothness). To illustrate the advantages of such typology, a study of some of the main mergers and acquisitions of a group of leading multinationals in foods, drinks, and cosmetics from the 1960s to 2000s was carried out.

It is believed that the new typology has several advantages. First, it allows a better assessment of the origins of profitability and growth of firms. Second, it enables the distinction between short-term ownership advantages (such as brands that can be acquired quickly via merger or acquisition) and long-term advantages that can only be generated by resources concentrated in the firm over a period of time. Third, it facilitates the critical sources of ownership advantages of firms over time. A key point of

this article is to show that, as a result of increased competition, liberalization, and globalization of markets, the Chandlerian-type advantages, or firm-specific ownership advantages (O_i), are the main type of advantages which explain successful internationalization over time. These advantages prevail in both benign and hostile, fiercely competitive environments, and they also acknowledge the role of the entrepreneur or entrepreneurial manager in the internationalization strategies of the firm.

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