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Latin America as springboard to Europe and North America

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Abstract— The article responds to the need to study and analyze the evolution of the Spanish multinational firm in order to be able to identify the characteristics of success and what kind of factors are drivers to internationalize the activities in the Spanish economy. The first part reviews the evolution of the Spanish firm internationalization; meanwhile the second part describes the characteristics of Spanish multinational firm, resulted of a survey of 166 Spanish multinational firms.

Index Terms— Foreign direct investment, multinational firms, internationalization process, Spanish firms

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I. INTRODUCTION

The firm's internationalization process has become in need for Spanish firms, even for those that have a success in our domestic market, affecting both large and small and medium size companies. The economic and financial crisis that Spain suffers since 2007 have done that for many companies have been essential to carry out their activities in other countries in order to survive.

Traditionally, Spain has been a net recipient of direct investment flows, trend that changed in the decade of the 90s, giving rise to Spain become a net issuer. This fact was made possible thanks to the great internationalization process of Spanish multinational firms in Latin America in the 90s. Latin America was without a doubt the main destination area of Spanish investment until the year 2001, date on which it was produce the entry of euro coin and the integration

between European countries was greater so far. This fact has done that European Union (EU) was the main reception countries of Spanish investment in the last decade.

II. THE INTERNATIONALIZATION PROCESS OF SPANISH MULTINATIONAL FIRMS

Spanish multinational firms before 1990

The historical background of the Spanish firms internationalization processes are based on the partial abandonment of import substitution policies in favor of a growth based on export. The liberal economic reforms initiated in 1959 gave to the foreign direct investment the complementary role of the low rate of national saving, by encouraging the mass arrival of currencies that in those years were very necessary, and facilitated the transfer of technology (Varela Parache et al, 1974; Muñoz et al, 1978:45-60). The preferred destination of the Spanish foreign direct investment in the early and mid-seventies was the depressed French department of the Eastern Pyrenees (Castellví, 1973). Catalan companies belong to textile, chemical, food, clothing, household appliances and drinks industries invested there to make sure the access to the Common European market, given that the preferential agreement, signed by Spain in 1970, had failed in its attempt to reduce tariffs on the labor-intensive manufactures. This particular region was elected due to its geographical proximity and its relatively lower labor cost than other European areas.

The world economic crisis of 1973 and the transition to democracy after the death of Franco in 1975 slowed down the Spanish foreign direct investment flows. However, in the last years of the decade of the seventies, the investment flows came back to the expansive trend, although with significant swings. In the mid-eighties, this trend was interrupted again by the global economic recession of 1981 (as a consequence of the second oil crisis) and by uncertainty caused by the victory of the PSOE in the Spanish elections celebrated in 1982. In 1985, the Spanish foreign direct investment outflows made represented 0.16% of the Spanish GDP, while inflows were 1%. Both rates tripled the rate at the beginning of the seventies. The policy changes that the Spanish Government led, in part, this upward trend that had begun in the middle of the seventies. The institutions, which since 1940 had exercised a strict control over the international transactions, were dismantled when the Ministry of Trade assumed the control and the authority over foreign investment (de Erice, 1975). Between 1973 and 1975, were carried out other important measures aimed at simplifying and clarifying the procedures for investing in Spain (Muñoz et al, 178: 45-60), while at the same time were introduced similar changes as regards Spanish foreign direct investment, as for example the redaction of the first

integral document that regulated the Spanish foreign direct investment outflows in 1973 and the sign of several liberalizer decrees in 1978 (de Erice, 1975; Marín, 1982).

During the decade of the eighties, the Spanish multinational firms reached the majority of age, period of time characterized by several facts, as for example the economic liberalization in the EU, the rapid economic growth, the expansion of private companies in both industry and services and the arrival to Spain of large inflows of investment. The adherence to the EU led that foreign direct investment which had as origin and destination to other EU members states were doubled to become, virtually, in two-thirds of the total (Secretary of State for Trade, 1993). The incorporation of Spain to the European Economic Community or EEC (May 1st, 1986) was a political and economic event possibly equivalent to the Stabilization Plan's relevance.

From that moment, began an institutional change to increase the efficiency, still extended to the economic space of action of the company, in a more competitive environment, which led to an effort to modernize production and investment in R&D. The volume of foreign direct investment issued toward the outside, although relevant, was still lower than the received. In the prior year to the European integration, the foreign direct investment stock represented 5.2% of the Spanish GDP, while the issued stood at 2.6%. The investment from the United States and Latin American countries declined in relative terms, while countries such as France, Netherlands, Portugal and Morocco became destinations increasingly popular among Spanish multinational firms.

Spanish Foreign Direct Investment 1990-1999. Latin America as a main recipient

During the nineties, the internationalization of Spanish companies was characterized by the geographical concentration of their investment in Latin America. In addition to its close cultural proximity and historical relationship between Spain and the region, were a series of changes occurring in the region that prompted the reception of investment flows mainly from Spain. Most of Latin American countries abandoned the model of import-substituting industrialization to implement structural reforms, which, under the auspice of the so-called Washington Consensus, they would overcome the crisis of the previous economic development model that led the productive and economic loss in the early eighties.

In general, the adjustment programs undertaken induced in the nineties greater macroeconomic stability, greater fiscal discipline, greater control, greater openness to

international markets and a smaller size of the State. In addition, the legislation on foreign direct investment began to be more favorable and flexible for the attraction of foreign capital (improvement in administrative procedures, fewer restrictions on the repatriation of profits, the lower number of restricted areas...), which is reflected in an improvement in the risk index-country. Within the settings, the privatization and liberalization processes of economic sectors traditionally protected carried out in the countries belong to Latin American region were the main reason for attraction of foreign direct investment inflows, which made their economies begin to recover. There was a second wave of this privatization made in the middle of nineties, in this case focused on the provision of public services (education, health and pension funds) and on the former monopoly industries (telecommunication, electric power, hydrocarbons, water distribution, banking services...) what caused the large investment opportunities exploited by Spanish multinational firms. The basic location advantages for the industrial structure were connected on domestic markets, such as opportunity to produce for domestic markets, their size, the growth potential and the existence of language and culture in common.

Traditionally, the internationalization of the Spanish economy in the region has been associated with large operations in which have been involved mostly large Spanish firms. Among the most important operations carried out during the nineties of the last century emphasize the acquisition of YPF by Repsol in 1999; the purchase of Peruvian Telephony by Telefónica in 1994 and 1996, as well as part of Telebras in 1998 and the control of Enersis; and Codensa by Endesa in 1997.

As regards the electric firms, the internationalization was marked by the fall of the performance derived from the existence of mature markets and increasingly competitive forces. There are strategic differences between the main companies in the sectors. Endesa mostly penetrated during this decade in the Latin American countries through purchases of former national assets, having being liberalized previously by national Governments, as for example Enersis; Iberdrola, although without discarding these modalities, highlighted by the installation of new generating capacity, especially in Mexico; Unión Fenosa, through Ufacex, has been concentrated in the consultant activities linked to the electrical energy business. As for oil, the internationalization was starring, as it was mentioned earlier, for the macro operation of the acquisition of YPF by Repsol in 1999. The goal of this operation was to increase the weight of the production and refining activities that had a relatively minor in Repsol.

The Argentine market became the basis for the international expansion toward the upcoming economies such as Brazil or Chile, through exchanges of assets and new investments. For its part, the internationalization of the financial sector responded to the profitability drop of the financial services in the Spanish markets as a result of lower income that is derived from the provision of services with lower commissions, transfer payments, declining interest rates... associated with the consolidation of the Monetary Union. The main entry mechanism was the acquisition of local private banks, almost always of recognized standing and with a high loyal customer index. The main two Spanish financial companies followed different strategies. While Santander decided to reward the majority ownership on investment in the area, BBVA carried out a control strategy of the management by agreements with local partners (Calderon & Casilda, 1999). Both companies have in common the entry strategy in a medium market size, such as Chile, Argentina, Colombia or Peru, to subsequently carry out the entrance to major markets, such as Mexico and Brasil.

In regards to strategic level, in the case of Spain there are clear examples of expansion strategies in Latin America that respond to firms' generic strategies. There are examples of Spanish companies that largely have been internationalized following defensive strategies, or in isolation or in cooperative alliances with other national or foreign companies. Under pressure of national and international competition, firms such as Inditex, Cortefiel, Pescanova o Feber respond to this strategic modality during the nineties. From the point of view of companies that follow an offensive plan, it can be found a large number of cases, such as Telefónica, Sol Meliá, Hoteles Tryp, Endesa, Agbar, Gas Natural, Iberdrola, Iberia, Banco Santander and BBVA.

Some companies followed multifocal processes or mixed (Doz, 1986), i.e. adopting global strategies for any product or group of activities (business banking, data transmission and international telecommunication services), while other industries had to respond clearly through a multi-domestic strategic approach (commercial banks, basic telephony). In this context, is to highlight the relevance of cooperation strategies. Also can be defined the international strategy of firms as the result of alliances or cooperation agreements (consortia, contracts and joint offerings) or as a result of isolated decisions (replies oligopolistic or vendor-customer). Thus, for example, the evolution of the automobile sector formed the multinationalization of Spanish companies of components (Ficosa, Irausa, Mondragón) in Mexico, Brazil and Argentina. From the point of view of the relationship supplier-customer, it can be mentioned the drag effect that produced Telefónica, Endesa or Gas Natural over other

Spanish companies, not only in exports, but also at the level of foreign direct investment, as for example the cases of Cobra or Amper.

Also, a large group of companies used the internationalization process as a response to a growing rivalry in the Spanish markets, as for example the cases of the canneries, financial services firms and the services to other companies.

Spanish Foreign Direct Investment 2000-2010. Europe as the main recipient

At the beginning of the decade that gave top twenty first century, were produce in Europe two facts that were major changes in the economic and business level and whose effects continue so far still in force: (1) the economic and monetary integration (creation of the euro and the Eurozone) and (2) the entry to the EU of some countries from Central and Eastern Europe.

The countries of Western Europe (EU-15) remained the main recipients of the Spanish investment flows closer ties and consolidating existing investment and business interests in those countries. During the period 2001-2011 there were important changes in the foreign direct investment orientation and the number of Spanish firms that were incorporated into the internationalization process was greater large. The investment of the Spanish firms went on this occasion to a greater extent to the EU-15 countries (61%), and then Latin America (15%), USA and Canada (11%), the EU-12 (7%), other European countries (4%) and, to a lesser extent, China (0,75%), Australia (0,4%), India (0,1%) and Morocco (0,5%). The 2.000 Spanish firms with foreign direct investment had 5.349 firms abroad, under different modalities, such as subsidiaries and capital investment in foreign companies, located in 128 countries. The 41.4% of those companies had foreign direct investment in the UE-15 countries (OEME, 2010:107), which places the countries members of EU-15 as the main target area of Spanish foreign direct investments both in terms of flows and stocks. On the other hand, the sector profile of Spanish foreign direct investment in the countries member of EU-15 shows a high concentration in services activities in telecommunications and financial intermediation, electric power and commercial activities, followed by chemical industry, other manufacturing, infrastructure, food, beverages and tobacco, other business services, real state, hospitality, paper, and the publishing and textile industries (Arahetes, 1022).

Among the most relevant operations of Spanish foreign direct investment in Europe, highlights the carried out by the large multinationals, in both volume and number of operations, led by major operations of acquisition or mergers. Led this wave of acquisitions those done by Banco

Santander (Abbey and Alliance & Leicester in The United Kingdom; the commercial subsidiary of SEB Group in Germany), Telefónica (O2 in The United Kingdom), Ferrovial (BBA in The United Kingdom), Iberdrola (Scottish Power in the United Kingdom), Acciona (Pridesa in Germany) and Agbar (British Water in The United Kingdom). On the other hand, the most important merger that implicated a Spanish firm was done by Iberia and British Airways, building up the new air holding called IAG. In addition to this type of investment, have also been made investment through the implementation of subsidiaries, such as those belonging to Colonial (SFL in France), Telefónica (O2 in The United Kingdom) or Altadis (Logista in Portugal and Italy); through opening of commercial point and offices, such as Inditex, Mango, Mapfre, BBVA; and through the opening of hotels in the special case of NH and Sol Meliá.

The member's states of EU-12 were the fourth recipients of the Spanish foreign direct investments that were concentrated in Hungary, The Czech Republic, Poland and Romania (OEME, 2010). Linked to the progress in the implementation of the institutions of a market economy and to the achievements of liberalization of domestic markets and the international transactions, has been produced a large number of processes of privatization and corporate restructuring that has encouraged the foreign direct investment in these countries, giving rise to a series of industrial relocation (offshoring), which has also been partakers Spanish companies. This fact has had greater relevance in the traditional industries (textile, wood and cork, furniture manufacturing and other manufacturing), and high technological content industries (manufacturing of office machinery, computer equipment and electronic equipment industry, transport and equipment manufacturing and precision instruments).

Within the important transport material industry, vying the motor vehicles (with more than 13 operations and 5.838 employees affected), having realized offshoring firms such as Renault Spain, Seat or Ford Spain. On the other hand, other industry where offshoring has been important as a entry mode in international markets is the part vehicles, pieces and non-electric accessories manufacturing (with more than 55 operations and 12.500 employees affected), involving companies such as Delphi Automotive, General Motor Spain, Promek, Magnetti Marelli, Fycosa, SAS and Sysmo. In the electronic material segment, deserves a special mention the branch of valves, tubes and other electronic components, framed in ICT, which accounted for 44% of the total number of transactions recorded in the sector and 50% in term of employment. In this industry, the main actions have taken come from Delphi, Cetasa and Lear Corporation.

In regard the textile industry, protrude the garments of textiles and accessories, which will account for 46% of the known operations of relocation and 51% of the volume of employment affected, highlighting companies such as Sáez Merino, DB Appareal, Ferrys, Induyco and Tavex. In addition, firms of leather and footwear (Kelme, Yanko, and Pikolin among others) have relocated their activities in Morocco and Asia. Finally, in the chemical industry vying Ercros, Myrurgia and Fertiberia, that have alternated investments between Eastern Europe and Asia, while in the machinery and mechanic equipment industry, it should be noted the disinvestment of Fagor and Zardoya-Otis.

III. SPANISH FOREIGN DIRECT INVESTMENT: INDUSTRIAL AND GEOGRAPHICAL ANALYSIS

From the industrial economy point of view, until the eighties the Spanish investments in Latin America went preferentially to the manufacture of industrial products (metal processing, precision mechanics), followed by the financial sector and the fishing, agrifood industry and construction sectors. In contrast, the foreign direct investments outflows were mainly in the trade sector, such as exports supports (Durán and Sanchez, 1981). As already indicated, from a sectoral standpoint, the foreign direct investments outflows to the EU member states have a strong commercial component, result of the export activity of Spanish companies. However, the presence in Latin America, an area that represents a lower level of economic development, is essentially an industrial origin characterized by a low level of technological intensity. In general, is found a strong concentration in countries geographically close (France and Portugal) or culturally close, as is the case of Latin America.

In the first half of the eighties, were established an economic policies and were negotiated the Spanish accession to the EEC. The process of structural transformation is significantly accelerated in the first phase of integration (1986-1991), highlighting the importance of investment in infrastructure, in education, health and R&D. It was also produced a significant modernization of the Spanish company in a competitive environment. Table 1 provides the geographical and sectoral distribution of the Spanish foreign direct investment outflows from 1981 to 1990, differentiating two sub-periods. In the first half of the eighties, it is observed that in the period of time called “pre-community” (1981-1985) Latin America continued to outstrip the EU as a receiver of Spanish foreign direct investment (highlighting the secondary

sector, 41.2%), which contrasts with the first stage of the Europeanization, in which the EU passed to received approximately 54% of the total, while Latin America achieved at 9.5%.

Table 1. Geographical and industry distribution of Spanish FDI outflows, 1981-1999 (percentage

	PRIMARY		SECONDARY		TRADE		TERTIARY		FINANCE		TOTAL	
	1981-85	1986-90	1981-85	1986-90	1981-85	1986-90	1981-85	1986-90	1981-85	1986-90	1981-85	1986-90
<i>EU</i>	10.30	30.60	29.50	60.90	35.20	48.10	55.60	43.40	16.60	56.20	25.40	53.80
<i>USA</i>	31.00	31.10	7.20	8.30	28.80	10.00	1.60	1.60	14.60	6.70	16.00	9.50
<i>East Europe</i>	0.00	0.00	0.00	2.80	0.00	0.60	0.00	0.00	0.00	0.00	0.00	0.40
<i>Latin America</i>	23.30	7.90	41.20	15.10	12.70	14.90	9.20	1.90	29.00	7.20	29.10	9.40
<i>Rest of World</i>	31.40	30.40	22.10	12.90	23.30	26.40	33.60	33.60	39.80	29.90	33.30	26.90
<i>% of total</i>	6.83	8.93	19.76	17.14	13.94	8.90	1.36	1.43	54.21	62.30		

Source: Elaborated based on data from Economy and Trade Minister

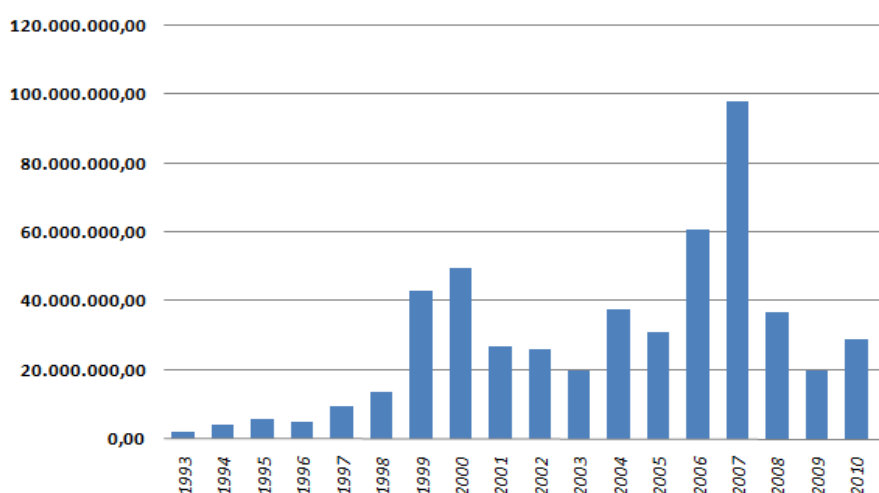
In the period 1986-1990, the Spanish foreign direct investment focused on the EU member states overcomes in all the sectors to the one that receives Latin America. Now then, from ends of this period (1989) is appreciated a change of the pattern in the Latin American region. There began a clear and intensive process of exterior opening of the economy, accompanied by each program of privatization and/or deregulation (liberalization of industries), in which had an special interest the right of property freedom and the achievement of a budgetary discipline in the democratic contexts.

During the last decade of the twentieth century, almost a thousand of Spanish companies did considerable investment abroad. After decades of international isolation and delay, Spain entered into the twenty-first century as a country relatively “normal and modern”, with a high level of integration in comparison with the rest of world economies. From 1992, the Spanish firms responded to the growing influx of international companies to Spain and the creation of a single European market by intensifying their own investments abroad, a process that led to a situation at the end of 2000 in which Spain maintains a position of sender net of investment flows. In the decade of the nineties, the preference by the Latin American countries was the protagonist as main recipient of the Spanish foreign direct investment, thanks to the solution of the credit problems in South America and Mexican economies, the process of the liberalization and privatization (that characterized the region during that period of time), the economic growth experienced by many Latin American countries and the cultural closeness between Spain and its former colonies.

Source: Elaborated based on data from Economy and Trade Minister

As shows the Illustration 3, foreign direct investment flows continued an increasing footpath during the nineties, with their climax in the years 1999 and 2000, caused for investment done by Telefónica, Repsol, Endesa, BBVA and Banco Santander. At the beginnings of twenty-first century, investment outflows were decreasing in amount, but were still high between 20-40 billions of euro. Spanish foreign direct investments reached its apogee in 2006 and 2007, precisely the two years preceding the start of the global and Spanish crisis that began in 2008.

Figure 3. Spanish FDI in miles of euro, non ETVE operations



Source: Elaborated based on data from Economy and Trade Minister

In 2006 the amount of Spanish foreign direct investment reached the figure of 60.7 billion euro, while in 2007 the Spanish economy lived its international heyday in terms of foreign direct investments outflows refers to a total of 97.9 billion euro. Despite the global finance crisis and Spanish one in particular, the Spanish foreign direct investment have continued to maintain a great weight in relation to GDP (2008-2011), and its average amount is even higher than the period before to the crisis (2000-2005), 28.7 billion euro compared to the previous 28.2 billion euro. This has been due to fact that Spanish companies have offset the decline in domestic demand with international sales and revenues, gaining more and more weigh international markets in the balance sheets of Spanish companies.

As an example of this and of the confidence of the Spanish multinational firms on the international markets, it can be mentioned different investments that Spanish multinational firms have been realized in this period of crisis, especially in the United States of America, final target of many companies that initiated its international journey in Latin American lands: Iberdrola has invested in USA a total of \$8 billion in line with its strategic US plan 2008-2010, including the purchase of Energy East; Mapfre invested 2,000 million dollars in the purchase of The Commerce Group; Banco Santander acquired Sovereign for 2,000 million dollars in 2008; and BBVA bought Compass Bancshares for a whole of 9,600 million euro.

At the sectorial level, can be seen in Tables 2 and 3 that both sources and the destination of the majority of the Spanish foreign direct investment have as protagonists the same industries during the period of time 1993-2010. From Spain, investment flows have originated primarily from the financial sector by providing more than 50% of the same, where the large financial operations of main Spanish banks have influenced this data. Other important sectors are the electrical power supply, gas, steam and air (6.87%), the manufacture of other non-metallic mineral products (6.25%), the building construction (2.50%) and the chemical industry (2.23%).

Table 2. Main industries origin of Spanish FDI outflows, 1993-2010 (gross investment in miles euro)

CNAE Code	Industry	Value of FDI	Share of Spanish FDI
64	<i>Financial Services</i>	263,584,231.59	50.77
61	<i>Telecommunications</i>	69,800,984.04	13.45
35	<i>Supplies of electric power, gas, steam and air</i>	35,692,538.91	6.87
23	<i>Manufacture of other non-metallic mineral products</i>	32,449,919.01	6.25
41	<i>Building constructions</i>	12,965,477.03	2.50
20	<i>Chemicals</i>	11,593,619.68	2.23
46	<i>Wholesale Trade and business brokerage</i>	9,637,706.82	1.83
52	<i>Storage and transport activities</i>	5,711,184.25	1.10
29	<i>Metallurgical, manufacturing of iron and steel products</i>	5,411,024.50	1.04
47	<i>Retail Trade</i>	5,290,514.69	1.01

Source: Elaborated based on data from Economy and Trade Minister

From the point of view of foreign industries that have been destiny of Spanish foreign direct investment during 1993-2010, highlights the financial sector, with a 28.81% of the total, so that it is sensed that there has been an investment diversification on the part of the Spanish financial sector on international markets.

Table 3. Main industries origin of Spanish FDI outflows, 1993-2010 (gross investment in miles euro)

Código CNAE	Industria	Valor de la IDE	Cuota de la IDE española
64	<i>Financial services</i>	161,826,112.24	28.81
61	<i>Telecommunications</i>	99,500,965.13	17.71
35	<i>Supplies of electric power, gas, steam and air</i>	54,609,013.13	9.72
23	<i>Manufacture of other non-metallic mineral products</i>	23,583,809.98	4.19
06	<i>Extraction of crude oil and natural gas</i>	18,534,875.93	3.29
46	<i>Wholesale Trade and business brokerage</i>	17,762,391.05	3.16
41	<i>Building constructions</i>	16,851,092.72	3.00
65	<i>Insurance, reinsurance and pension funds</i>	14,404,246.82	2.56
52	<i>Storage and transport activities</i>	12,051,330.18	2.14

Source: Elaborated based on data from Economy and Trade Minister

Telecommunications is the second-largest industry receiving the Spanish foreign direct investment, with a 17.71%, while the third is the electric power supplies, gas, steam and air (9.72%). After them, are ranked manufacture of the other non metallic mineral products (4.19%) and the extraction of crude oil and natural gas (3.29%).

IV. FUTURE CHALLENGES OF THE SPANISH ECONOMY AND THE SPANISH INDUSTRIAL STRUCTURE

It should adopt a reform policy and perform a series of plans and actions to help revitalize the Spanish economy and support a greater internationalization of the Spanish economy and its companies.

One of the primary objectives to be achieved is the improvement of the business productivity, to increase the Spanish firm competitiveness worldwide. For this purpose should be to carry out a series of government measures that affect economic policy as a whole: monetary policy, fiscal, competition defense, appropriate reforms of the labor market, infrastructure policy, actions in the educational field, technological innovation policy measures, industrial policy... In this way, the macroeconomic stability will ensure generating positive externalities for companies. In particular, economic sectors that most should take advantage of these externalities should be the most innovative and the traditional sectors subjected to strong international competition, in order to promote the systematic innovation, the continuous improvement of processes and products.

A very important point at the national level is the empowerment of the entrepreneurial activity and the total support to SMEs, due to suppose more than 99% of the Spanish economic structure, employing two out of three Spanish workers. Due to the economic and financial crisis that Spain suffers, the most prejudiced companies are SMEs, which are also the kind of company that more difficulties have to internationalize its services and products. It should be able to carry out a series of measures to ensure that SMEs overcome these

difficulties and market imperfections, orientated to design strategies that will enable them to recapitalize (or finance new projects) in all aspects (finance, human, technology, commercial) and recovery the growth trend and the competitiveness, in order to expand its business activities to foreign markets.

To increase the opening rate of Spanish economy, the institutions should develop a series of performances that include measures of financial support, access to market and elimination of business obstacles, measures aimed at information flows increasing, training, trade promotion and image of country branch, the empowerment of strategic sectors, the strengthening of the geographical diversity of exports and the revitalization of the tourism promotion. Among the measures that directly affect foreign direct investment, is of great importance revive and encourage these investment flows, keep a fiscal policy that ensures the competitiveness of the Spanish firms abroad and avoid the fiscal distortion that causes the international double taxation, in order to maintain and increase the foreign direct investment outflows.

At the enterprise level, is important to point out that currently the majority of Spanish firms (with the exception of the new international business companies and some cases of large companies) have done an “opportunistic internationalization strategy”, which is one that occurs before the narrowing of the household opportunities and just when these domestic conditions return to the normality. The difficulties that this kind of internationalization brings are seen by the employer as a hassle but inescapable transitional it to be forgotten in the heat of the growth economy in the close future. But, fortunately increasingly, Spanish firms understand that the internationalization should be strategic, planned by objectives and acquiring in the process the necessary knowledge and competences to keep in the future in the international markets and make the global presence be a key business characteristic. This progress has been accelerated by the hand of formidable success of the large Spanish internationalized firms, which has served as a mirror for others. However, it has not reached yet the critical mass necessary for the Spanish economy that show other advanced countries.

The analysis of the reality of the external sector are derived a series of opportunities for the internationalization of Spanish firms, related with productive specifications and the destination of exports. In the first place, the need for greater diversification of the exported products, both in terms of variety and quality range, it makes an important business for the companies that are already internationalized and for those that are considering to go abroad. Similarity, the concentration of the Spanish international trade in the EU states members means that there is

still a wide margin for the Spanish firms to increase their international market share in the global trade in goods and services, through greater geographic diversification, to include a emerging economies, which are nowadays whose show a greater demand and economic dynamism, where the economical potential and population growth far exceeds that of the EU states members. In fact, the strong progress shown by the emerging economies in the last two decades has led the appearance of a new middle class, which in 2009 represented, according to the OECD, 46% of the world class and that, in accordance with their forecast the bulk of the world consumption from advanced countries to emerging markets, both in number of consumers as in spending capacity, which implies new business opportunities for the internationalization of the Spanish firms.

In the opinion of the CES, the firm internationalization supposes and will, in most of cases, a strengthening of its downstream business competitiveness. Establishing in the international markets will take to the company a series of advantages that help strength their competitiveness. Among the advantages that are produces with the internationalization must emphasize the following:

- Increase of costumer and sales volume
- Less exposure to demand fluctuations
- Access to new market financial
- Better positioning to suppliers
- Better allocation of the company resources
- Greater incentives to maintain the pace innovative
- Decrease of costs, thanks to increase the economies of scale and learning
- Improves the competitive position in the local market

V. CHARACTERISTICS OF THE SPANISH MULTINATIONAL COMPANIES

As has been discussed previously, has finally been obtained a simple of 166 companies, which have been those that have replied to the questionnaire that was sent out to them. This sample is characterized by containing a total of 80 firms that are anonymous companies (48.8% of the total) which, along with the 57 companies whose legal form is that of limited liability, grouped the 83.6% of the sample. To complete the cases, 16 firms are co-operatives, 6 are individual companies, while 4 are anonymous labor and only 1 has another different legal form. The type

of company that is categorized as Spanish multinational firms included in the sample can be divided in six different categories not mutually exclusive. The sample is characterized by contain 79 family firms, 8 companies considered global born, 15 are e-commerce, while 54 of all of them have a technological foundations, 58 of them belong to a large conglomerate of firms and 56 are part of an export association.

In what refers to the firm size, there is a balance between the different groups that it has been defined, focusing the bulk of the sample on what have more than 50 employees (78.1%). The largest group of companies studied has between 50 and 200 employees (29.3%), followed closely by those which have between 200 and 500 employees (25%) and large companies (23.8%). Therefore, if is checked the firm classification according with their size and choose the ones most commonly accepted according to the number of employees, it can be said that this sample is composed of 48.8% of large companies and by 51.2% of small and medium sized companies.

Checking liabilities of the sheets of the companies under this analysis, it can be found that are quite heavily indebted, but to know whether is normal or not in each sector, it must be analyzed all firms belonged to every sector and make a comparison, as well as to analyze the financial leverage that achieves each company. Altogether, 166 companies in the sample are characterized by having high debt rates, most of the companies ranging between 21% and 60% of debt (56 firms with a rate between 21% and 40%, while 51 companies have a rate debt between 21% and 60%), while the rest of the firms are above or below the two previous parameters: 29 firms have a debt rate under 20%, 21 companies have their debt from 61% to 80% and only 1 company overcomes the 80%. During the expansionary stage prior to the beginning of the financial crisis in 2007 showed a marked increase in the indebtedness of the Spanish multinational firms, reaching a new height in terms of GDP not seen previously. Until the beginning of the crisis, the debt of firms returned with greater ease than from 2007 to currently, showing a contractive pattern in the return for debt and demonstrating the high level of leverage.

On the other side of the balance sheet, it can be found, first, the investment in tangible fixed assets of the companies surveyed and, second, the R&D investments. In the first case, companies show a low average investment in tangible fixed assets, less than 60% of the total assets. This absolute number should be studied for each particular case and be evaluated if it is high or not on an individual basis. For the study of the same, what really matters in this case, is that 73 companies have a rate between 21% and 40%, 54 companies maintain a tangible fixed

asset rate between 41% and 60%, while 29 firms don't achieve at least the date of 20%. The 3.1% of the remainder of the sample has a tangible fixed asset rate greater than 60%, of which 4 have invested between 61% and 80% and only 1 firm belongs to large industrial capital intensive industry (more than 80%).

The 166 firms that composed the sample are characterized by to be mostly of Spanish capital. The 64.2% do not international shareholders, while 31.1% treasures between 0.1% and 20% of foreign capital in its shares. Only 2.5% of the sample maintains between 21% and 40% of foreign capital, at the same time that only 2 companies (1.2%) have been invested by international shareholders with figures between 41% and 60%.

On the side of the investment in R&D, 136 companies have a rate above 2.5% (out of sales), of which 33 firms do not invest nothing. 45 firms make it between 0.01% and 1% of the total of sales, while 55 bet to invest between 1.01% and 2.5% of the total sales achieved in a year. The rest of the companies (29, already that there is a lost case) have a higher rate to 2.5% distinct as follows: 16 companies invest between 2.51% and 5%; 5 firms invest between 5.01% and 10%; and 8 of them do it above 10%. Currently, due to the financial crisis these figures are lower than several years ago in absolute terms of spending on R&D activities both private and public.

In this time of the sample description, it can be seen the profit and loss account of firms to formulate a series of questions to provide us information on the representative companies of the sample. The first financial data that is studied is the margin gross for the exploitation of the 166 companies surveyed, which can be reduced to 162 because the system lost 4 of them. So, it can be showed that 104 companies have a range between 5.01% and 15%, 33 companies achieved less than 5%, while 19 firms reach a range of 15.01% and 25%. Finally, only 6 organizations exceed 25%. These margins are dependent on one side of the revenue earned annually, financial data which is being studied in this research. On the basis of the data of the sample, is noted that 7 firms have achieved an average income of exploitation in the past three years less than half a million euro; 12 companies achieved an income average located between half a million and a million euro; 30 companies managed to reach a figure located between 1 and 3 million euro; 24 firms achieved a figure between 3 and 6 million euro; while 37 companies were admitted between 6 and million. The rest of companies achieved more than 30 million of euro: 26 of them obtain incomes between 30 and 60 million euro; 17 firms reached figures between 60 and 300 million; while 10 firms overcame 300 million euro.

The income figures are the share market that each company has in comparison with the rest of its competitors in an industry or market in particular. For any reason (for example, because the majority of Spanish companies are small or medium size, or because their activities are shipped in markets of perfect competition with many competitors), the majority of firms (71.3%) of the sample are characterized by a relatively small market share, less than 20%. In the rest of the 47 cases, 40 companies have a market share ranging between 20.01% and 40%, 2 companies whose market share is between 40.01% and 60%, other 2 monopolize 60.01% to 80% of the market, while only 3 have managed almost the full market, i.e. these firms have more than 80.01% of market share.

As part of the checking of the firms' finances, it should be studied incomes from international markets that Spanish multinational firms have in comparison with total incomes. Results show us that 88 firms achieve a rate between 25.01% and 50% of its total incomes, while 52 companies have a rate below 25%. On the other hand, for 17 companies their international incomes represent between 50.01% and 75% of the total incomes, while only 24 have a complete dependency on international markets, whose rates are above 75%.

If all the income is subtracted by all the costs, is had the full benefit or outcome of the exercise. Well, a good and representative index of the internationalization that has to be object of analysis in the description of the sample is the benefits from international activities on the total annual benefits achieved by the company. These data, if are compared with international incomes that have been studied previously, must be similar, although the parameters of the metrics are some different. Well, on the total number of companies (161 cases, which already have been lost 5), for 50 companies international benefits suppose less than 20% of the total benefits; for 75 companies have a swinging weight between 21% and 40%; 33 firms achieve a rate between 40% and 60%; while 4 firms have international benefits that suppose a figure between 60% and 80% of total annual benefits. Finally, only 5 companies depend completely on international markets, so their international benefits are more than 80% of total benefits.

An internal factor to the own national industry, that could be a key in order to internationalize firm activities, is the market situation in growth rates terms. For the present article have been considered three different situations of the market: in an expansive dynamic, stable or recessive. According to the data obtained through the questionnaire, 110 companies stepped

its international activity when the domestic market was in a dynamic expansive, 32 companies when the market was stable and 22 of them when the market was characterized by having a recessive dynamic.

As it was commented in due time, the opening of the Spanish economy to abroad took place thanks to the incorporation of Spain to the EEC in 1986, which meant an impetus for the development and consolidation of the Spanish companies in national territory for a strong internationalization from the decade of the 90s, reaching its peak in the first part of the first decade of this century, just before to the crisis beginning in 2007 that Spanish economy is suffering. According with data from the questionnaire, the first company that initiates the internationalization process did it in 1902, being the most international experienced company of the sample. During the Franco's dictatorship, it is noted that according to the sample, 14 companies started their international activities in this historical period of time. Since the death of the dictator (1975) until 1986, period that I define as of economic transition in the Spanish economy, 11 firms had their first contact with international expansion, in the moments prior to the incorporation of Spain to the EEC. At the beginning of the European adaptation that Spain suffered (1986-1990), 20 companies had ventured outside the national borders, dynamic that will growth with the passage of the years so far, being an important factor in the Spanish internationalization firms' process. In the period of time 1991-1995, 16 Spanish companies of the sample internationalized their activities, while between 1996 and 2000 were 48. The beginning of the new century is still prone to companies that are part of the sample cause from 2000 to 2007, 39 firms saw the opportunity to make business abroad. Finally, according with the sample, 21 Spanish firms have initiated their international expansion since the crisis began in 2007 until 2013.

This beginning of the international activity can be done through foreign direct investment or exports. If is taken in consideration the sequential theories of firm internationalization, the international activity is a sequence in which the plied up experience plays a fundamental role at the time of compromising resources abroad. Following this theory, one of the previous steps of foreign direct investment is exports. According with our sample, only 84 companies did exports before to comprise resource abroad through foreign direct investments.

Finally, it should be object of this research where Spanish firms internationalize their activities through foreign direct investments. Well, according with the sample, 140 companies have foreign direct investment in countries belonging to the EU; 100 have some type of investment

in Latin American countries; 24 have international investments in North America (USA and Canada); 24 have realized investments in the Asian-Pacific area; while 26 Spanish firms have disembarked in the African continent; and finally, just 44 Spanish multinational companies have choose Eastern European countries as destination of their foreign direct investments.

VI. CONCLUSIONS

The data extracted from the surveys show us that the typology of the Spanish multinational firms does not differ much from that other academics have obtained with companies from other countries.

The Spanish multinational firms of the sample are characterized in the great majority by be SA societies, limited liability and familiar, with a strong technological base, belonging either to business conglomerates and export associations. Moreover, they are characterized by a relatively medium or large size, taking in most of the cases more than 200 employees, mainly from Madrid, Catalonia, The Basque Country or Andalusia. In regards to their debts, it is around 20%-40%, but is clear the importance of financial leverage to make growth strategies. In spite of having a strong investment in tangible fixed assets and that a third of the companies in the sample have a technological base, only spend from 1% to 2.5% of sales to R&D investments.

Is important to note that most of the companies have a large market share in Spain and they are leaders in their respective sectors. Related to their sector, the internationalization process is deeper when the sector to which it belongs is a dynamic of growth above normal. Thanks to all this, in general, the whole of the companies analyzed shows a large percentage of opening to abroad, shown both its benefits and its sales from abroad, two geographical areas that absorb around 75% of the total of Spanish foreign direct investment: European Union and Latin America.

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