

## **The Making Of Thai Multinationals: A Comparative Study of the Growth and Internationalization Process of Thailand's Charoen Pokphand and Siam Cement Groups**

PAVIDA PANANOND\*

This paper unveils important forces behind the rapid growth and international expansion of two nascent Thai multinationals, the CP and the Siam Cement groups. It argues that the domestic and pre-1997 international expansion of both multinationals was led by both their industry-specific factors, such as scale and scope economies, as much as by their networking capabilities—the ability to draw on resources of different partners and to turn them to the firms' benefit. Three types of network relationships that were crucial to both these firms' domestic and international development were: ties with financial sources, links with foreign technology partners, and political connections. The practice of drawing on both technological and networking capabilities continued in their international expansion activities, thereby accelerating their international expansion. Although this strategy worked well in booming regional markets, its long-term sustainability remains questionable. The paper provides useful insights into the development of competitive advantages and on the dynamic mechanisms of the international expansion process of the two selected multinationals from Thailand.

### Introduction

Since the growth of foreign direct investment from developing countries started in the 1960s and gained momentum in the 1970s, there has been a corpus of theoretical and empirical literature on multinational enterprises (MNEs) from developing countries. Although the number of studies is relatively low compared to studies on MNEs from developed economies, the existing literature does represent a distinctive and growing stream of research which can be further enhanced.

Because this stream of research is based on existing theories of traditional MNEs, the majority of work has focused on how MNEs from developing countries differ from their developed-country counterparts. The comparative connotations inherent in the literature not only suggest misleading stereotypes, but also bring about limited interpretations of how multinationals from developing countries emerge. While much ink has been spilled on how developing-country multinationals can catch up with their predecessors, little is known about how these multinationals

\* Thammasat University, Bangkok, Thailand

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