The Role of the Mexican Services Multinationals in the Global Market Place

Jose G. Vargas-Hernandez[1]; José Satsumi López-Morales[2,*]

[1] University Center for Economic and Managerial Sciences, Universidad de Guadalajara, Mexico.
[2] Economic-Administrative Sciences Department, Instituto Tecnológico de Veracruz, Mexico.
* Corresponding author.

Received 8 August 2014; accepted 3 October 2014
Published online 30 November 2014

Abstract
This paper aims to analyze the role of Mexican services multinationals and their impact in the global market place. The study aims to fill the existing gap in multinational service firms by clarifying the role of Mexican multinational service firms doing business in a context of economic globalization processes. This paper arises from the question on the increasing role of Mexican multinationals in supplying services in a more globalized economy based on the assumption that the share of the total service activities undertaken in Mexican economy is increasing rapidly because supply and demand-led characteristics favor foreign direct investment (FDI). It is concluded that Mexican services multinationals are positioning and achieving an important global market share due to the development and strengthening of technological, managerial and organizational capabilities.

Key words: Global market place; Mexican multinationals; Services multinationals

INTRODUCTION
This study aims to fill the existing gap in multinational service firms by clarifying the role of Mexican multinational service firms doing business in a context of economic globalization processes. Multinational firms producing services play an important role in foreign markets. This paper arises from the question on the increasing role of Mexican multinationals in supplying services in a more globalized economy based on the assumption that the share of the total service activities undertaken in Mexican economy is increasing rapidly because supply and demand-led characteristics favor foreign direct investment (FDI).

It is claimed that there is a false distinction between goods and services because goods provide services and most services embody assets and goods, thus they are supplied jointly each other (Levitan, 1985). Pure services may embody intermediate goods supplied by people (Grubel, 1987). Goods embody services, in such a way that the purpose of a product is to provide a service. There are also service-embodied goods (Dunning, 1985).

In addition, Shostack (1977) classified in four types the differences between goods and services: Simultaneity of production and consumption (inseparability), intangibility, heterogeneity and perishability of output. These types are other attempts in order to try to explain the differences between goods and services. However, the theoretical and empirical literature does not offer a unique explanation about the difference between goods and services.

Some attributes of services include quality, price, usefulness, performance, frequency, reliability, delivery times, efficiency and professionalism of providers, professionalism, maintenance facilities, etc. The essential differences between goods and services are related to the simultaneity of production, distribution, exchange and consumption. Bhagwati (1984) prefers the term splintered services and Hirsch (1986) considers the simultaneity factor as the costs incurred by the cross-border interactions and tractions between producer and users. The lower the costs is the greater the tradability. The transfer of services’ ownership represents only a part of the price when the...
services are collective or massive purchased, shared assets or segmented markets (Shelp, 1984).

Advances in economic openness and information and communication technologies have changed and increased the movement of goods, services, capital, production and distribution processes across national borders. Advances in information and communication-based services within the internal structures of firms have diversified other services offered to their customers, such as data networks used to support and control inventories, distribution, logistics, accounting, auditing, customer relationships management (CRM), maintenance and servicing after sales, and other derived services. These new business models open the global geographical scope of multinational activities to offer new perspectives of economic developing in terms of quality, price and verity of goods and services.

Multinational firms producing services have a privileged capabilities and exclusive access to specific assets to produce value-adding activities based on ownership, governance and location advantages. Among the capabilities, services oriented multinational firms have developed organizational, managerial, technological, marketing capabilities. A multinational firm can develop co-ordinating competitive advantages in either producing and /or supplying services that may arise of the perceived advantages of nature of products and logistical advantages, etc. (Van Rens, 1982).

Multinational firms on the service sector exist because certain economic conditions and proprietary advantages make it advisable and possible for them to profitably undertake development and production of services in a foreign location. Service capabilities consist of knowledge and skills to coordinate functions to collect market intelligence, design, elaborate, coordinate, and develop the new services and to establish distribution channels, etc., for the provision of customer service.

The sufficient condition justifying a vertical foreign investment refers to the possible reasons encouraging the firms to undertake foreign production by itself rather than relying on others to do the job. The two main reasons are uncertainty about the supply and asset specificity. However, production and development of services in a foreign market is desirable in the presence of the protectionist barriers, high transportation costs, unfavorable currency exchange rate shifts, or requirements for local adaptation to the peculiarities of local demand that make exporting from the home country unfeasible or unprofitable. Horizontal expansion of multinationals operating in the services sector occurs when the firm sets up a plant or service delivery facility in a foreign location with the goal of selling in that market, and without abandoning production of the good or service in the home country.

It is important to point out that service sector has not been studied in depth, although service firms have been important sources of jobs in developed countries (Capar & Kotabe, 2003). Despite this, there is an important gap in the specialized literature on the growth and internationalization of service firms (Contractor, Kundu, & Hsu, 2003). The major part of related studies has been focused in manufacturing sector.

1. THEORETICAL APPROACHES

Theoretical and empirical approaches to the relationships between multinational firms, economic development and international business are well treated in the literature of international business. Some theoretical and empirical research on multinational service firms entering to less developed countries may provide new technologies, technological assistance and productivity improvements to domestic firms. In this context, the services MNEs from emerging economies have developed important internationalization process. Some of these MNE’s operates not only in neighbors markets but distant market too. Nevertheless, the internationalization process of MNE’s from emerging countries has been essentially ignored in the literature (Bianchi, 2009).

However, the studies of the internationalization process of service industries are a new phenomenon (Kundu, Kumar, & Peters, 2008). Therefore a scarce research has been conducted on service multinational firms. One study based on linkages of service multinational firms is Miozzo and Grimshaw (2008). Thus, it is clear that there is a gap on research based on service multinationals in the global context.

The theory of internationalization of firms and production is relevant to the growth of multinational service firms. Seggie and Griffith (2008) examine the internationalization of service firms. Magnusson, Westjohn and Boggs (2009) develop a theoretical framework to enumerate the means by which relates positively early entries of professional service multinational firms to sustainable competitive advantages through human capital. This research identifies the boundaries in terms of developing markets and service firms by extending the first-movers advantage theory.

There are several theoretical approaches developed to explain the behavior of multinationals that can be applied to service firms (Boddewyn, Halbrich, & Perry, 1986). Theories of multinational firms have been developed in the manufacturing sector which can benefit multinational service firms. The theoretical rationale of multinational service firms and multinational manufacturing firms is the same under the assumption that both are expanding around the globe for the same reasons and motives (Boddewyn et al., 1986; Dunning, 1989; Li & Guisinger, 1992). Despite the similarities between production and service multinational firms, both may face different strategic challenges because their very particular characteristics (Campbell & Verbeke, 1994; Enderwick, 1992; Miozzo & Miles, 2002; Sauvant & Mallampally, 1993).
The eclectic paradigm identifies the distinctive characteristics of service-based multinational firms. The eclectic paradigm of international trade as a means of exploiting foreign markets for intermediate services is based on ownership, location and internationalization specific advantages (Dunning, 1988; Dunning & McQueen, 1981).


2. EMPIRICAL FINDINGS

An important research was made by Li and Guisinger (1992) where investigate the determinants of foreign direct investment of service multinationals based in the “triad” regions: Japan, Western Europe and North America. The results suggests that foreign investment of a service MNE is negatively related to the cultural distance between the home and host countries and is positively related to the market size of the host country, the openness of the host country to the inward FDI in services, the international competitiveness of the service industries in the home country, the global oligopolistic reaction and the growth in firm size.

The theoretical rationale of the relationship between multinationality and performance in service firms is different to the one used to explain manufacturing firms. Capar and Kotabe (2003) provide theoretical arguments to hypothesize that there is a U-shaped curvilinear relationship between performance in service and multinationality of firms.

A new approach of the internationalization process is the business networks. The role of the networks in the services MNE’s is an important matter. Girod and Rugman (2005) analyze in four retailers (from Europe) under what conditions a flagship network strategy where the MNE, suppliers, key partners participate and selected competitors. The findings suggest that their flagship network depend on each retailer strategies.

In their seminal paper Contractor, Kundu and Hsu (2007) test the shape of the internationalization-performance curve for emerging markets firms. This study use a sample that mix manufacturer and service firms (from India). The main findings suggest a U-shaped curve in the internationalization-performance relationship. In addition the service firms tend to gain positive benefits of internationalization sooner than manufacturing firms.

Findings emerging from research enhance the framework of resource-advantage theory to analyze multinational service firms and the role of managers in the internationalization process. The first-mover advantages for service firms are perceived smaller by managers because of the lack of a steep experience curve (Song, Di Benedetto, & Zhao, 1999). However, Magnusson, Westjohn and Boggs (2009) found a relationship between first-mover advantages and market share in a service industry context.

A close review to the research literature on multinational service firms is summarized below in Table 1.

<table>
<thead>
<tr>
<th>Author</th>
<th>Findings</th>
<th>Conclusions and future research</th>
</tr>
</thead>
<tbody>
<tr>
<td>Li and Guisinger (1992)</td>
<td>Foreign investment of a service MNE is negatively related to the cultural distance between the home and host countries and is positively related to the market size of the host country, the openness of the host country to the inward FDI in services, the international competitiveness of the service industries in the home country, the global oligopolistic reaction and the growth in firm size. Service MNEs based in the triad regions already have an established presence in other parts of the triad. Oligopolistic market structure and openness of the host country to the inward FDI in services are the only two variables significant in both periods in each of the three regional models as well as in the overall analysis. The results suggest quite important differences in investor motivation between the regions. This result suggests that for large service MNEs based in the triad regions, oligopolistic strategies and host government policies are the most important factors considered when expanding internationally.</td>
<td>Empirical results suggest that a separate paradigm for explaining service FDI/MNE may not be needed. Certain factors that are particularly important in service industries have to be considered. Other factors, particularly the tradability of service industries, must be incorporated into the model in future research.</td>
</tr>
</tbody>
</table>

To be continued
<table>
<thead>
<tr>
<th>Author</th>
<th>Findings</th>
<th>Conclusions and future research</th>
</tr>
</thead>
<tbody>
<tr>
<td>Edgington and Hara (1998)</td>
<td>The importance of Hong Kong, Singapore and Los Angeles as centers of Japanese service firms. A shift occurred in Japanese service sector focus over the study period, across the Pacific Rim from North America and Oceania to cities of the Asia-Pacific region. The concentration of services in a few cities has remained unchanged, even though some new cities have emerged in importance.</td>
<td>Can the results be generalized for all service industries, and how do we introduce ‘idiosyncrasies’ in the model specification? The ease of some services to be licensed or franchised—options not considered in this study—may have contributed towards the small explanatory power of the empirical model. Many service industries are highly dependent on successful interpersonal relationships with their customers and a high degree of customization.</td>
</tr>
<tr>
<td>Kundu, Kumar and Peters (2008)</td>
<td>There is a negative relationship between the degree of internalization and the resource endowment for the home nation. It supports the hypothesis pertaining to the impact of location advantages on the degree of internalization.</td>
<td></td>
</tr>
<tr>
<td>Girod and Rugman (2005)</td>
<td>Find evidence of strong network relationships for all three retailers, yet they embrace network strategies for different reasons. Their flagship relationships depend on each retailer’s strategic use of firm-specific-advantages (FSAs) and country-specific advantages (CSAs). A flagship strategy succeeds in overcoming internal and/or environmental constraints to cross-border resource transfers, which are barriers to foreign direct investment (FDI).</td>
<td>Trust often comes second to contracts. Good relationships will necessarily evolve beyond contracts but managers should not be afraid to develop contracts. One risk is complacency. Flagship MNEs cannot tolerate inter-partner complacency and when they fall into this trap (which was the case to some extent at TBS in the late 1990s before their restructuring), they risk failure. The flagship MNE provides guidance, assistance, long-term vision and business stability for its partners to invest and improve their skills.</td>
</tr>
<tr>
<td>Capar and Kotabe (2003)</td>
<td>Results show that there is support for a U-shaped curvilinear relationship. The form of the relationship between multinationality and performance is different for service firms than it is for manufacturing firms.</td>
<td>Replication studies based on service firms in other industries (e.g., banking, advertising, and insurance). Future studies could include product diversity as a moderator variable. It might also be useful to include R&amp;D and advertising intensity as moderators.</td>
</tr>
<tr>
<td>Magnusson, Westjohn and Boggs (2009)</td>
<td>Lag time is insignificantly, negatively related to market share. Firm size does not have a significant moderating effect. Breadth but not depth of international experience. Suggesting that late entrants that enter with lower ownership equity are able to negate some late-mover disadvantages. Significant moderating effect for rate of economic development. No evidence of a moderating effect of personal income (GDP).</td>
<td>It seems that order-of-entry effects are studied from the perspective of market-seeking ventures and rarely, if ever, from a resource-seeking perspective such as global sourcing. A possible issue of interest would be to explore for any differences between firms that are market seeking versus resource seeking or to determine whether the theory extends to resource-seeking firms. Further research might explore whether firm-specific advantages, such as firm innovativeness, organizational culture, global strategic posture, and knowledge tacitness, also influence the relationship between entry order and firm performance for professional service firms. Replications of this study, using additional service industries as well as comparisons of service firms with manufacturing industries to improve the generalizability of results. Although market share is the most commonly used performance measure in studies on order-of-entry effects (Vander Werf &amp; Mahon, 1997) and is particularly well suited to studies examining multiple international markets, additional performance measures could provide more robust results. It is assumed that all advertising subsidiaries operate in the same market space. It is recognized the possibility of agencies focusing on different market spaces.</td>
</tr>
</tbody>
</table>
Continued

<table>
<thead>
<tr>
<th>Author</th>
<th>Findings</th>
<th>Conclusions and future research</th>
</tr>
</thead>
<tbody>
<tr>
<td>Miozzo, Yamin and Ghauri (2012)</td>
<td>There is a general preference for global sourcing of services and products by the two service MNCs studied. Where there are linkages of the service MNCs with local firms, these tend to be confined to supply relations with the best suppliers available in the host economy. Where these linkages involve upgrading, this was only related to the case where the service MNC saw the linkage as a vehicle for its own market expansion. In the case of HSBC in China. Host country government policy plays an important role in supporting linkages and benefits for local firms from service MNCs operations.</td>
<td>There is a need for a large-scale follow-on empirical study that will assess statistically the relationships presented here. A major challenge for a large-scale empirical testing would be the operationalization of some of the variables reflecting MNC strategy and structure.</td>
</tr>
<tr>
<td>Contractor, Kumar and Kundu (2007)</td>
<td>Found a U-shaped curve depicting the internationalization–performance relationship of Indian firms. Service sector firms tend to gain the positive benefits of internationalization sooner than manufacturing companies.</td>
<td>Future research can include additional subsectors, as well as data from other emerging economies.</td>
</tr>
<tr>
<td>Bolaji and Chris (2014)</td>
<td>Found that there is a positive relationship between the internationalisation and performance of Nigerian banks, though a modest relationship. This means that as the banks expand their operations beyond national border, there is a modest corresponding growth in the performance of the banks.</td>
<td>Provided valuable insight into area of international business that is lacking empirical study in the context of firms from the developing economies (Nigeria).</td>
</tr>
</tbody>
</table>

*Note: Source: Own elaboration based on authors findings, conclusions and future research.*

Table 1 shows some studies using samples with service multinationals. The findings suggest that there are some gaps in the literature about the topic. In addition, the findings offer some particular features of service multinationals however it does not offer a conclusive differences between service and manufacturing multinationals in their process of internationalization.

### 3. SOME IMPLICATIONS

In an exchange economy, services have an important share in the economic structure and gross national product (GNP). There is evidence to suggest that the demand of services tend toward a globalization process such as airlines, financial services advertising, hotels, etc.

Foreign trade of goods and services has severe implications for social well-being and environmental development. Global brands are increasing in the same proportion that the corresponding competition among global producers of goods and services in a more complex world market where the consumers demand more localized marketing and branding strategies (Lee, Knight & Kim, 2008). Productivity of the multinational firms in manufacturing and service sectors varies across countries. Multinationals located in a country have a within effect to labor productivity (Criscuolo, 2005) and a between effect attributed to the increase of employment.

The feminization of the workforce in some manufacturing and services multinational firms for monotonous and low-paying work also reflects the perpetuation of the ideal nimble fingered worker. Call-center, data analysis and data entry functions in the multinational firm’s service sector and subsidiaries around the world are employing largely feminine workforce (Freeman, 2000; Ng & Mitter, 2005).

### 4. THE CONTEXTUAL ENVIRONMENT OF MEXICAN MULTINATIONALS IN SERVICE SECTOR

The overall transformation of the economy has transformed the manufacturing and service sectors. To a certain extent, by lowering trade barriers, NAFTA (North America Free Trade Agreement) contributed to the decline of services and manufacturing industries in central México’s large urban centers (Theobold, 2004). The formal objectives of NAFTA include free cross-border movements of goods and services, the elimination of trade barriers and promotion of foreign direct investment.
and fair competition. However, the Mexican large cities, México and Guadalajara are attractive locations as a consumer markets offering some advantages for services and manufacturing industries, such as labor supply and a more globalized service sector. Nevertheless, other location-specific factors may explain heterogeneous adjustments from regional-industries and services to trade.

The resulting bank bailout by Mexican government created a transfer of wealth from the taxpayers to some of the wealthiest citizens and the sale of banks to foreign investors has resulted in poor and costly bank and financial services, inadequate to meet the financial needs of the Mexicans.

A close link between the Mexican economy and the USA market has been contagious with the effects of the crisis that has resulted in a slowdown in FDI to 21,950 millions of USA dollars, 20% less than 2007. As a consequence, it was low economic growth. These changes are explained by the decreasing of flows in the service sector falling 16% and the manufacturing activities that have decreased to 50%, specifically the exports oriented to the USA market.

5. MEXICAN MULTINATIONALS IN THE SERVICE SECTOR

Mexico is an emerging country that has several international-class companies that are positioned as leaders in their field globally. These companies have developed the right strategies to take over not only domestic market but also to foster its growth through international expansion.

Mexican companies have some strength that enables them to compete in foreign markets. It is important to distinguish between vertical and horizontal foreign expansion of multinational firms on the services sector. Vertical expansion occurs when the firm locates assets or employees in a foreign country with the purpose of securing the production of a raw material, component, or input (backward vertical expansion) or the development, distribution, and sale of a services (forward vertical expansion). The necessary condition for a firm to engage in vertical expansion is the presence of comparative and competitive advantages for specific services in the foreign location.

Dunning (1985) identifies the main competitive advantages of multinational firms and their growth involvement in activities involving services such as intangible services (an audit), services (a warehousing facility or a patent right), delivered to final consumer’s services (a haircut), or services and goods (a car or airline journey).

Some of its competitive advantages are the prestige of its brands, the recognized quality of its products and the first class service they provide to their customers, and those elements have enabled it to reaffirm its competitive position in the Mexican market and have helped it to participate increasingly in export markets. The advantages typically have to do with the prices or productivities of production factors such as capital, labor, or land.

A survey conducted by Arroyo, Gaytan and de Boer (2006) to investigate the practice of Third Party Logistics (2PL) among large Mexican firms found that although it is a common practice, it is maintained as a low profile for improving customer service and concentrating on core services.

Emerging Mexican multinational firms attempt to expand into new markets with business models that combine determinant factor such as low costs, appealing products and services modern logistical facilities and knowledge systems, both in other emerging countries and in more mature markets (Santiso, 2007). Some of these strengths according to Grosse (2007) are high-quality products and services, low-cost production and existing relationships with foreign clients and suppliers, and other features.

Table 2

<table>
<thead>
<tr>
<th>Competitive strength</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production of high-quality services</td>
<td>TV; telephone</td>
</tr>
<tr>
<td>Production of low-cost services</td>
<td>Retail stores</td>
</tr>
<tr>
<td>Diversification TV</td>
<td>Conglomerate</td>
</tr>
<tr>
<td>Superior distribution network</td>
<td>Airlines, retail stores; telephone</td>
</tr>
<tr>
<td>Superior service airline; retail stores</td>
<td>Telephone</td>
</tr>
</tbody>
</table>


Mexico’s environmental goods and services (EGS) market attained $3.8 US billion Dollars in 2001. Mexico is a net exporter in some sectors where it has fledgling EGS industries, although 99% are small and medium enterprises. It was reported that for the period 1993 to 1998, the EGS sector growth at the rate between 2% and 6% in the number of firms, gross production, added value, total inputs and labor, etc., falling into category (EBI, 2004).

6. ANALYSIS OF MEXICAN MULTINATIONAL ENTERPRISES

Knowing the characteristics of new multinational companies we can refer to several companies that have had an accelerated growth, displacing competitors in different countries where they sell their services through innovative strategies. Some examples of Mexican multinationals are:

Telmex and América Móvil are holding telephone companies and the leading providers of wireless services in Latin American countries. TELMEX is a Mexican company that offers a wide range of products and services related to telecommunications in North and Latin America, among which include an extensive...
Telmex is the leading telecommunications company in Latin America, with operations in Mexico, Argentina, Brazil, Colombia, Chile, Peru and the United States. Telmex has subsidiaries in countries where it operates, and has the technological capability and strategic alliances that allow customers to ensure the technology, service, care and support they require to meet their telecommunications needs.

Although Telmex holds a solid position in the Mexican market of fixed telephone, it had to redefine its business strategy to face the effects of a greater operator’s competition of cell phones and new entrants in the segment of local and long distance. The strategy of Telmex is focused on international expansion and service convergence.

Its expansion began with the opening of offices and services in the United States with Telmex USA, later bought the former state telephone from Guatemala, Telgua, and several state monopolies in Central America. In 2004, Telmex bought all shares of AT & T Latin America thereby obtain a presence in Colombia, Argentina, Brazil, Peru, Chile and Uruguay, also the same year bought MCI Embratel in Brazil and NET, becoming the telephone company more largest in Latin America.

Telmex’s strategy ensures economic growth and modernization of infrastructure and digital technology through heavy investments. The new strategy is focused on migration to services of wide fi, service convergence and international expansion. The Telmex values are work, growth; social responsibility and austerity together with the entrepreneurial principles, customer service, quality and leading edge technology are the support and direction of all human, financial and technological resources of the firm on its leadership on the local and international market consolidation.

The main activity of America Movil S. A. de C. V. is cellular telephones and international telecommunications. America Movil was created in September 2000 as a spin-off from Teléfonos de México (Telmex), originally state-controlled but privatized in 1990, now controlled by the businessman Carlos Slim. In 2001, the shareholders of Telmex got the stock. It is the largest provider of wireless telecommunication services in Latin America and the third-largest cellular phone company in the world. America Movil has subsidiaries and joint ventures with more than 183 million subscribers in more than 16 countries in Central América and the Caribbean, South America, the United States and Mexico. In Mexico, America Movil operates in Mexico under the Telcel trademark with around 80 percent of market share. Most of the international investments remained in America Movil.

Telmex and its spin-off América Móvil, the biggest competitor in telephony in Latin America, partnered with Bell Canada Inc. and SBC International in 2005, creating Telecom Americas for expansion in Latin America. The firm offers advanced telecommunication services in México and several Latin American countries and United States. It has been consolidated as one of the telecommunication firms of fastest and mayor growth in the World. Telmex has multiplied its investments in other countries, mainly in South America. América Móvil today has subsidiaries and joint investments in the telecommunication sector of Argentina, Brazil, Chile, Colombia, Ecuador, Guatemala, Mexico, Puerto Rico, Spain and Venezuela.

The financial strength and its membership into the main Mexican business group, together with their technological capabilities to innovate products and services based on their wide market knowledge, allows it to search for long term investments for the development of telecommunications infrastructure and services, benefitting the productive sectors which compete in the new environment of economic globalization. The internationalization process towards the North (United States) has been very complex and with several type of obstacles. One of these obstacles is the legislatives and regulations of other countries when they are restrictive to the intervention of foreign companies.

Grup TELEFÓNICA Movil S.A. (America Movil), a spin-off from Grupo Chihuahua in 1991. Accel S.A. is a group of companies largely focused on providing storage, warehousing, logistics, real estate, marketing distribution services and producing candies, refrigerated and dry
merchandise in warehouses, services for inventory management, freight consolidation and deconsolidation, platform crossing, selection and packaging, services of handling and marketing distribution and services. Besides, accels is also Elamex, S. A. de C. V. and has manufacturing operations and real estate services in Mexico and the United States. In El Paso, TX have a plant for the manufacturing and sale of dried fruits and nuts.

Condumex, the manufacturer of products for the market of telephone operators has followed a strategy of brand positioning and first quality provision of service confirming its competitiveness in foreign markets. Condumex has developed the strategy of a horizontal expansion with an extensive network of distributors into new markets. The competitive position of Condumex in export markets is sustained by a strategy centered on the brand prestige, product quality and service. However, when one its customer, General Motors, had to slow down car production, Condumex had to declare a labor stop.

San Luis Corporación, S. A. de C. V. originally founded in 1929 as Rassini. Minas de San Luis was listed on the BMV in 1967 and most of the equity was acquired in 1979 establishing Industrias LUISMIN as the holding company. In 1988 acquired plants in Xalostoc and Piedras Negras. Customer services and engineering are located in Detroit, Michigan. In 1988, it was acquired Rassini with three plants in Mexico and a design, engineering, and customer service office in the Detroit, Michigan. A steel coil plant and the springs and torsion bar plant initiated operations since 1990. The plant Rassini-Frenos. In San Martin Texmelucan was purchased in 1994. In 2002, the holding company sold its mining division in order to concentrate on the auto parts business. Nowadays, San Luis Corporación, S. A. de C. V. is more concentrated on the business of auto parts.

Aerovias de México operates as Aeromexico, it is the most important airline in Mexico. It was founded in 1934. Aeromexico holds a fleet of 118 aircrafts (including his subsidiary) and operates 533 flights daily to cities from Mexico, USA, South and Central America, Europe and Asia. In addition Aeromexico holds three subsidiaries that helps to the airline to operate, these filial are: Aeromexico Cargo and Aeromexico Servicios. Besides holds an airline called Aeromexico Connect that transport passengers from the low density markets and offers connections from big cities to medium and small cities.

Moreover, Aeromexico participates in the global air alliance called “Sky team”. This alliance is one of the most important around the world, and it is integrated by 19 airlines from the entire world. Jointly these airlines reach more than 1000 cities in 187 countries. Sky team has prompted to Aeromexico to be present in the international arena. In addition, the internal context has played an important role in the international development of Aeromexico. The bankruptcy of the main competitor Mexicana de Aviación in 2010 has played a significant role due to Aeromexico had to cover some routes leaved by Mexicana de Aviación in Mexico and abroad. This fact resulted in an increasing market share in the aviation Mexican market and an important impulse in the aviation international market.

CONCLUSIONS

This paper attempts to address some gaps in the theoretical and empirical literature regarding the Mexican service multinationals. In doing so, it has been reviewed the existing literature on Multinational services in search for the main findings that can apply to the Mexican case. To get an insight, it is also described and analyzed the main strategies and activities conducted by the leading Mexican services Multinationals doing business already in the global market place. While searching for the services sectors it is worthy to be aware that services are inextricable linked to manufacturing. Thus, manufacturing MNE’s have developed important group of services in order to satisfy their customers, such as the case of Condumex.

Mexican service multinationals have a steady increasing role in foreign markets since the first years of the 90’s in the last Century. This increasing growth in foreign markets has been driven by a domestic depressed market due to the Mexican financial crises and by the opening of the Mexican Economy after the North American Free Trade Agreement. Although the Mexican service multinationals are more highly concentrated and positioned in Latin American and Hispanic markets, however, they are entering in the highly competitive global market place.

In the third economy sector, services, Mexican services multinationals have positioned in highly internationalized technology markets and have excelled in sectors such as telecommunications, television media, airline services, marketing, customer services, distribution and logistics, storage, warehousing, real estate, services for inventory management, freight consolidation and deconsolidation, platform crossing, selection and packaging, services of handling, etc.

Mexican services multinationals are positioning and achieving an important global market share due to the development and strengthening of technological, managerial and organizational capabilities. In a sense, these capabilities are the main competitive advantages.

Among the strategies followed by Mexican services multinationals are the acquisitions and mergers the most used; do to advantages in ownership and governance which give more control to operate in foreign environments of the global market place. However, besides the dominant strategies there are other less implemented strategies, which have been diverse due to the dynamics of the sector such as: Strategies alliances, joint ventures, franchises, licensing, development of internal capabilities of services, taking advantage of the
internal and external factors, etc. However, what these strategies have in common is that they are formulated and implemented to take advantages of the benefits of operating in international markets.

Further research is needed on the increasing role of Mexican services multinationals in order to provide more evidences. Any further developments are very welcome and appreciated for the sake of knowledge aimed to strengthen the internationalization processes of Mexican business. However, it should be stressed that this is a good beginning to address the main gap in the analysis of performance of Mexican services multinationals.

REFERENCES


Hirsch, S. (1986). International transactions in services and in service intensive goods. Tel Aviv: Tel Aviv University.


