THE COMPETITIVE ADVANTAGE OF MULTINATIONALS OPERATING IN EMERGING MARKETS OUTSIDE THEIR ECONOMIC AREA OF ORIGIN

Ana - Simina SAVA

Lucian Blaga University of Sibiu, Romania

Abstract

Taking into account the increasing and frequent changes nowadays, such as the influence of globalization upon economic actors and the direction towards which the big players in the economic field are heading, financial management is regarded as a decisional process. The central element in the development of this research is a financial performance analysis, of multinational companies in the Romanian market, taking into consideration financial factors, but also external, non-financial factors such as cultural, ethical and political factors, or factors that concern the workforce in a particular area of interest, or the protection of the environment.

Keywords *multinationals, emerging markets, host country, competitive advantage*

JEL classification: *F23, F21, G15, G18*

1. Introduction

Today's rapidly evolving globalization process has led to the choice of the topic of this article, a topic that tends to become of utmost importance lately. Taking into account the impact it could have on the financial management field, this topic has not yet been sufficiently analyzed, especially regarding the flourishing development of multinationals in the emerging markets countries, and at the same time the development of successful companies in these areas in foreign markets, taking into account especially companies in the domestic market. With regard to the general field in which the research issue proposed is outlined, this topic has a major impact in both economic theory and practice. Considering the current results of research and data on this issue, fueled by frequent changes such as the influence of globalization and the direction of major economic actors, it is necessary for scientific research in the field of international financial management to keep up with these trends.

The central element from which this research develops is the competitive advantage of multinational companies in Romania by comparison, in the Romanian market. The measurement of this competitive advantage will be made considering not only the classic theoretical models, but also external, non-financial factors such as cultural, ethical, political factors and factors concerning, for example, the issue of the workforce in a certain area of interest or even issues such as environmental protection. These elements have a major impact on the long-term performance of a company, which is why, through the original approach, this theme will help raise awareness of the main cause and effect indicators, to punctually outline the elements that play a major role in the corporate governance and the international financial management of multinationals.

On the other hand, there might be also some conclusions that could be drawn from this research that could help to develop an overview of the long-term external development of a domestic company. Considering the rapid pace of change, the limitations and the shortcomings encountered recently in the practices used by foreign companies, it will be possible to define models worthy of being followed or, on the contrary, avoided, for domestic companies wishing to expand in foreign markets, with the purpose of identifying unsaturated foreign markets or industries in which Romanian companies would have the potential to enter.

2. Methodology

Regarding the research methodology, the aim is to identify the purpose of the research, namely, to analyze the effects of the country of origin attributed to the integration of multinationals in the economic system of the host country, but also the impact that these companies have on the host country. The research will also be based on building a relevant database of the literature, identifying information and applying selection filters to reduce the number of sources, focusing on the literature relevant to this topic. Having a brief evaluation of literature sources, selecting different summaries of books, journals and articles to classify them, one can more accurately determine their importance for this research. The research will be both qualitative based on numerous sources of literature and quantitative, considering the exact data and financial analysis of the multinational companies chosen to be analyzed.

From this perspective, many certainties can emerge, but also dilemmas or questions to which an answer is sought, therefore the purpose of this research is to analyze what are the financial motivations of multinational companies to expand towards an emerging countries external market. Considering a top 100 of the most performing companies in the Romanian market, it can easily be observed that most of these actors in the domestic economic field are represented by foreign multinationals. Referring to our dependence on multinational companies, a very important aspect derives from here, namely that the majority of the turnover in our country is generated by foreign companies.

These external economic actors, which are already visible in our domestic market, might have both pro-active and reactive financial motivations, in terms of turning disadvantages from the country of origin into advantages in the host country. Such motivations might even include speculation of decisive factors in the host country, such as certain gaps in current legislation, a corrupt or corruptible political environment, industries that are less saturated by competitors, cheap labor force or other such factors that would give them a certain competitive advantage.

A comprehensive analysis will have to consider not only the characteristics of the multinationals themselves, but also the characteristics of the home environment from which they evolve and the host environments in which they invest, simultaneously. A multidimensional approach is needed, that includes a framework of determinants and research results on a comprehensive understanding of the activities and organization of MNCs and how they are influenced by the environments in which they operate.

The proposed mechanism of the fundamental scientific research makes use of a wide range of methods and techniques, which include documentary analysis of research topics, phenomena and processes under study by accessing the bibliography in order to extract the main directions of evolution of the research.

3. Multinationals operating in emerging markets

As it grows, a company tends to exceed the limits of the local, regional and national business environments by expanding into the global economic space. The intense dynamics of internationalization, the expansion of multinational companies in emerging economies and also of multinationals from developed countries in emerging markets, are just some of the reasons why we can appreciate the fact that the topic presented is of real interest nowadays.

The trends that shape today's business environment worldwide have become challenging topics, that attracted both criticism and appreciation. A major trend that has affected the prospects of financial managers recently is maintaining the balance between economic integration and the impact of the host country on the multinational company. Economic integration can be described as the production and distribution of products and services of a homogeneous type and quality worldwide. (Buricu & Kicsi, 2019). To a large extent, multinational corporations contribute to the spread of international consumerism. In developed countries such as the USA, Japan or Western European countries, there has been a growing acceptance of electronic goods, cars, computers or other similar standardized products (Rugman, 2005).

Recently, less attention has been paid to organizational analysis regarding the acceptance of the multinational company in a host country. As multinationals continue to grow in emerging markets and at the same time emerging market companies are trying to enter the markets of developed countries, mainly due to the economic feasibility of available organizational resources, such decisions do not always consider the possibility that that corporation may not be welcomed by locals and other corporations in the host country. In other words, usually foreign organizations might have a visible disadvantage compared to domestic organizations, in terms of differences caused by cultural variations present in the external and internal environments of the organization, such as institutional practices, procedures, corruption, consumption and so on.

The extent to which the host country has an effect on foreign companies depends on two important factors. First of all, the institutional differences between the country of operation and the country of origin must be considered. The more institutionally different the two countries are, the easier it is to identify a host country effect. Secondly, the power of national institutional regulation is important. Multinational corporations are under a greater pressure to comply with more strictly regulated economic systems than in less regulated environments.

The classical models used for measuring a company's performance from a financial point of view, using certain specialized indicators, have proven their inefficiencies over time, especially when being used by financial managers of multinational companies, but also in terms of achieving short-term goals. The difficulty of quantifying the non-financial performance indicators, which are generally found in a low proportion in the performance measurement models of multinationals, makes it impossible to identify a successful model for companies that want a change in the performance management system. The wrong approach of executive managers to the use of non-financial indicators has become a challenge in determining the success of their company, using only statistical data. Practice has shown us the limitation of classical financial reporting models based on financial indicators of established IFRS standards. Although in the literature we find references to multinational corporate governance regarding the so-called "good practices" of running a company, we do not find a detailed approach to them, which results in the impossibility of adapting classical financial management models and theories, to the business environment nowadays. More and more companies tend to expand in international markets, in the context of the free market, which leads to the need for complex studies on their development opportunities.

In the specialized economic and scientific literature used for the research there is no unified opinion, generally accepted on the nature and role of financial management. Financial management is associated with attracting financial resources and their efficient use to achieve the company's objective. It is also an activity of responsible business operation and investment of the necessary funds for an efficient performance. The research of the scientific and economic literature has revealed other opinions about the essence and role of financial management in the market economy and investments. The role of financial management is associated with the need to manage the value of the company. The market value of the company's stock serves as a measure of its ability to generate future cash flow. In addition to the economic and financial reasons, there are of course strategic reasons for a corporation to become a multinational. Initially, global expansion was opportunistic, strictly related to strategic survival and competitive forces. But with start of the Internet age at the beginning of the 21st century, the business environment looked different, with a lot of unexplored areas, creating a new set of opportunities and risks, and also a growing diffusion of national borders.

In order to outline the basic research concepts and to bring a critical analysis on the research, we will further define some relevant concepts and theoretical models from the perspective of which the empirical research part of the study will be approached. Multinational companies must be successful in the industry in which they operate and, at the same time, demonstrate competence in managing multiple locations, both at home and abroad. However, they may not be able to manage obstacles that come from outside their direct sphere of control. To meet such challenges, managers have to possess organizational skills in business management on a multinational level, needed in order to deal with the interests of foreign countries and several domestic and foreign pressure groups (Saner, Yiu & Sondergaard, 2000).

Setting strategic goals facilitates the identification of appropriate business strategies and focuses the management's attention and resources on achieving their objectives. However, companies often find it difficult to meet their strategic objectives and may find it even more difficult to do so when operating in foreign markets. Based on the organization's theory, it is found that external market factors, capabilities and internal knowledge play an important role in minimizing such strategic gaps achieved through strategic objectives. Specifically, companies with stronger architectural capabilities, those with higher levels of internationalization and those operating in less dynamic market environments are able to easily meet their strategic objectives. This confirms the existence of significant gaps between the strategic objectives and the strategic positions they subsequently achieve. Thus, having strategic objectives does not necessarily lead to a competitive advantage. In order to achieve strategic objectives and deliver maximum results, companies must implement certain capabilities, possess specific knowledge and adapt to the environment in which they operate (Spyropoulou, Katsikeas, Skarmeas & Morgan, 2018).

In the organizational theory and practice, objectives are hierarchical by nature. Leaders, usually the CEO or management team of the company, select the criteria of the objectives and identify the performance levels necessary to achieve the overall objective or performance objectives of the organization. While such strategic objectives may be specific to certain companies, their core nature is rooted in the positional advantages pursued. Thus, in setting strategic objectives, companies aim to achieve strategic positions of two types: advantages based on opportunity costs and differentiation (Porter 1996). A strategically oriented financial management as a specific process of planning, implementation, and control, ensures the efficient management and use of financing sources, in order to maximize the well-being of the owners or shareholders and the market value of the company (Savina & Kuzmina-Merlino, 2015).

The relationship between internationalization and performance is one of the key factors in the theory of international business. One of the most important factors in this area that could influence the internationalization of a company is the notion of comparative advantage, which has shown that some countries have higher productivity and efficiency compared to other countries. (Elango & Sethi, 2007).

Of course, there are many other factors that directly influence the expansion of companies at the multinational level. In terms of country risk, there are some significant political risks, such as currency or trade controls, changes in tax laws or labor law. In terms of foreign exchange risk management, the company's management must take into account the forecasts of exchange rate changes in making all basic decisions, as exchange rates will have real effects on the profitability of foreign subsidiaries. Also, in terms of fiscal factors, the transfer price of goods and services is one of the most sensitive issues in international financial management. Governments frequently assume that multinationals use transfer pricing to the detriment of their country, and for this reason, both home and host countries have established mechanisms for reviewing transfer pricing policies (Shapiro, 2010). Last but not least, an equally important factor is the cultural one, taking into account a set of values and perceptions that prevail in a society. They are strengthened by the educational, legal and social institutions of a society. Some perceptions or beliefs are common to most societies, sustainable and almost universal, while other cultural norms can differ in the modern global environment.

But in order to move to the next stage, namely the actual expansion in foreign markets, companies evaluate international projects using multinational capital budgeting, comparing the benefits and costs of these projects. By properly using multinational capital budgeting, one can identify many projects that could be implemented. The most common method of capital budgeting involves determining the net present value (NPV) of the future “cash flow” of projects and decreasing as much as possible the initial expenses required for the project (Madura & Fox, 2007). The various financial markets facilitate the proper functioning of the financial system. Purchases and sales of existing financial assets take place on the secondary market. Transactions in this market do not increase the total value of outstanding financial assets, but the presence of a viable secondary market increases the liquidity of financial assets and therefore improves the primary or direct market (Horne & Wachowicz, 2008).

Theoretical aspects in the context of the performance of international financial management aim to create value through the pragmatism of the solutions they propose at the management level of a multinational company, such as non-financial indicators for measuring the performance of multinationals in foreign markets, financial performance, the cause-and-effect model for determining the influence of the host country on the performance and development of the home country company and the impact of corporate governance on the sustainable development of the multinational company in other foreign markets.

Some of the objectives proposed by the article would be to affirm the need and usefulness of developing a global philosophy, which should be the basis for developing the MNCs strategy for the global market; examining the impact of the country of origin and the effect of the host country on the increasingly flourishing development of multinationals in emerging markets; identifying the economic and financial reasons and especially the strategic objectives for which a corporation wants to become multinational, analyzing the global expansion of an opportunistic type, strictly related to strategic survival and competitive forces.

4. Foreign Direct Investments

Ideologies regarding foreign direct investment have varied from a radical dogmatic approach, hostile to all types of FDI, to one extreme, to adherence to a non-interventionist principle of the free market, to the other extreme. Between these two extremes there is an approach that could be called pragmatic nationalism. The radical vision has its roots in the Marxist political and economic theory, according to which the multinational corporation is an instrument of imperialist domination. On the other hand, the vision of the free market has its roots in Adam Smith's theories of classical economics. From the point of view of the free market, the theory that countries should specialize in producing those goods and services that they can produce most efficiently is increasingly supported (Hill, 2007).

Existing evidence suggests that multinationals generally transfer managerial practices from their country of origin to their country of operation. The literature on international management suggests that the effect in the country of origin has become stronger in recent years. Companies operating in several countries are constantly under pressure to integrate their international business (Muller-Camen, Almond, Gunnigle, Quintanilla & Tempel, 2001). Most likely, MNCs will abandon multi-domestic approaches, which combine low international business integration and a high response to local conditions in the markets in which they operate. Instead, they will increasingly integrate their businesses across borders through standardization processes, based on domestic practices, worldwide.

Foreign direct investment and multinational corporations affect economic growth in host countries and in other dimensions of economic development, through four key mechanisms: development dimension effects, technology effects, know-how effects and structural effects. The effects of the development dimension refer to the net contribution of FDI to the economies and investments of the host country, thus affecting the growth rate of production. Most of the benefits of foreign capital, however, result from the indirect effects of FDI, either through the transfer of skills and technologies, or through structural changes in competitive markets. Multinationals are one of the most important sources of transfer of know-how and technology across borders. They are generally concentrated in high-tech industries. The technology brought by multinationals through FDI can also be "spread" among local companies through demonstration effects, labor migration or links between customers and suppliers. Local firms use new technologies to increase their productivity, thus contributing to local economic growth (Fortanier, 2007).

On the other hand, in the specialized economic literature, most authors attribute to Stephen Hymer the first attempt to build a systematic explanation of the expansion of firms beyond national borders. Credited as a reference work in this field, Hymer's thesis explains the circumstances in which companies expand their activities outside their national area and concentrate their activities in certain sectors. Hymer brings to the center of theoretical reflection the motivations that determine the internationalization operations of companies and tries to argue about the connection between the model of international trade and the model of international operations of companies. Hymer also emphasizes the idea that internationalization operations will take place in industries where some companies have a competitive advantage over other companies in the production of goods and services (Hymer, 1976).

The research of the scientific and economic literature has revealed other opinions about this continuous expansion of companies beyond the business area of national borders. The problem of multinational companies has become one of the most challenging topics in the field, which has attracted the attention and interest of specialists not only in academia but also in international organizations, thus becoming a prerequisite for interpretations from various perspectives, while being subject to ideological controversies.

In this regard, the data synthesized by UNCTAD in the Top 100 Multinationals and Top 100 Multinationals in developing and transition economies established the main performance indicators for each sector, for example assets or sales, which reflect the extent of the expansion of the companies' activity outside the economic area of origin. Also, based on the algorithm for calculating the transnationality index, an agreed sectoral transnationality index was calculated for each of the two tops. (UNCTAD, 2016) & (UNCTAD, 2017).

5. Multinationals in Romania

From this perspective, many certainties or hypotheses can be drawn, as well as dilemmas or research questions. The purpose of this article is to present as clearly as possible the issue from which it derives and the proposed objectives, to then outline the main question or stake of the research, namely what are the financial motivations of companies to expand in foreign markets. If we take into account a top of the 100 best performing companies in the Romanian market, we can easily see that the vast majority of these actors in the domestic economic field are represented by foreign multinationals, and more than a quarter of them are represented by companies from the energy field. It should be noted that not even 10% of the top 100 most profitable players in the Romanian economy belong to entrepreneurs, but rather to foreign multinationals or a few state-owned companies (Mailat, 2018).

Hence the suspicion that these external economic actors, already visible in the domestic market could have both pro-active and reactive financial motivations, in terms of transforming some disadvantages from the country of origin into advantages in the host countries, or even speculation on decisive factors in host countries, such as certain gaps in current legislation, a corrupt political environment, industries less saturated with competitors, cheap labor force or other such factors that would give them an important competitive advantage in the operating market. Therefore, we can understand a very important aspect, namely that referring to the dependence on multinational companies, most of the turnover is generated by foreign companies in our country (Andriței, 2018).

The MNCs in Romania are the biggest beneficiaries of the economic growth, of the increase of salaries and consumption, of the decrease of taxes and duties, of the decrease of the interests and of the cheap money. The ten largest companies in Romania - Automobile Dacia, OMV Petrom (2 companies), Rompetrol (2 companies), Kaufland, Ford, British American Tobacco, Lukoil and Carrefour – had an increase in turnover of 20% in 2018, reaching 131 billion lei (28 billion euros). All of these companies are controlled by international groups in France, Austria, Kazakhstan, Germany, the USA, the United Kingdom and Russia. From the top 10 companies, only 20% of Petrom and 40% of Rompetrol Rafinare are state owned. These ten companies reported a profit of 6.3 billion lei in 2018, with an increase of 21%. As a result, Petrom has nearly 1 billion euros net profit, while Kaufland, the largest supermarket chain, has almost 170 million euros net profit. In business and economy, Romania is quite dependent on multinationals, given that 49% of total turnover is made by foreign companies, and the trend is growing. Also, the Romanian business is quite polarized, the first 1,000 Romanian companies in terms of turnover, both multinationals and Romanian companies, came to own 47% of the Romanian business, which has 600,000 registered companies, of which only 400,000 active. The FDIs were around 75 billion euros and the foreign investors in Romania occupied strategic positions in the following industries: energy, automotive, food, IT, trade, logistics, malls, office buildings, clothing, banks and insurance. Romanian companies, with very few exceptions, are lower league players, being suppliers to large companies (Hostiuc, 2019).

The big Romanian players in the market registered - with a few exceptions - double-digit profit increases in 2018. OMV Petrom, Hidroelectrica and Romgaz remain in the top 3 most profitable companies in the market, and Dedeman, the only high-level entrepreneurial company, entered in the very small club of companies with a net result of over one billion lei. On the other hand, for the first 190 companies in terms of turnover in 2017, the net result stagnated in 2018 at about 20 billion lei, given that some companies incurred higher losses. The main 100 companies by turnover at the end of 2018, among those that published the financial results at the Ministry of Finance, recorded an increase in profits of 5.3% to about 17.3

billion lei, but a decrease in net margin of 0.3 percentage points to 4.5%, given that business advanced by over 15% to 389 billion lei (Băniță, 2019).

The top is made according to the largest non-financial companies that published data for the Ministry of Finance and for the results of 2018. Not all large companies in Romania published financial results in 2018. The top is not an absolute index after the highest profits in Romania, although among the top 100 companies it is unlikely to appear significant changes generated by new entries. Towards the bottom of the ranking it is possible and even likely to appear other companies, taking into account that the results are compressed, and in terms of profits are also very volatile. Many large foreign companies report the results separately, across multiple companies, so they are not consolidated in this analysis. Some companies do not offer distinct public results for Romanian businesses, so the balance sheets from the Ministry of Finance are the only detailed source available. The profit margin should be used for comparisons, being relevant only for companies in the same industry or the same area of activity. In some cases, low profitability or loss may indicate a period of investment for the company and not necessarily the result of financial problems (Băniță, 2019).

Out of these companies mentioned above, 153 were profitable in 2018, with a net result of 23.3 billion lei, and the rest made a loss of 3.8 billion lei. In 2017, 165 had a profit of 21.4 billion lei, while the rest recorded a loss of 1.6 billion lei. In other words, profits have also increased, but there are even more large companies with losses, the negative results being, in turn, higher. We'll see below why. In the top 10 companies by profit, there are some changes in 2018 compared to 2017. OMV Petrom remained on the first place with a profit of almost 3.9 billion lei (+ 62%), and the other large company of the Austrian group, OMV Petrom Marketing, came in 10th out of 14, after a 31% increase in profits to about 419 million lei. Rompetrol Rafinare went from 9th place to a profit of 418 million lei to a loss of 230 million lei, in the context of the increase in the price of raw materials in the first 10 months of last year. As it can be observed in table 1 below, the first 10 positions are occupied mostly by foreign companies and there is only one Romanian company (Băniță, 2019).

Table 1: Top 10 Companies in Romania by Profit

2018	2017	Company	Profit 2017	Profit 2018	Profit 2017 vs. 2018
1	1	OMV PETROM SA	2.399.947.986	3.879.650.048	61,70%
2	3	HIDROELECTRICA SA	1.359.687.718	1.939.277.740	42,60%
3	2	ROMGAZ SA	1.854.748.378	1.360.546.709	-26,60%
4	4	DEDEMAN SRL	889.128.766	1.013.143.683	13,90%
5	6	KAUFLAND ROMANIA SCS	670.347.865	788.721.212	17,70%
6	8	AUTOMOBILE DACIA SA	539.096.215	752.390.745	39,60%
7	5	CONTINENTAL AUTOMOTIVE PRODUCTS SRL	697.540.649	581.620.423	-16,60%
8	7	TRANSGAZ SA	582.061.043	495.675.108	-14,80%
9	13	J.T. INTERNATIONAL SRL	336.763.478	450.695.211	33,80%
10	14	OMV PETROM MARKETING SRL	320.516.157	419.006.405	30,70%

Source: (Băniță, 2019)

Regarding the companies with Romanian shareholders in this top, after Dedeman, the beverage producer Romaqua, with brands such as Borsec, Giusto or Albacher, is the company with Romanian shareholders with the highest net profit - over 96 million lei in 2018. The retailer of electronic, IT and home appliances products Altex, managed to increase sales in 2018 by over 8% to over 3.5 billion lei, while the net profit grew much more, by almost 31% to about 63.5 million lei, which pushed the net margin to 1.8%. Pipe manufacturer Mairon Galați increased its turnover by a quarter in 2018 to almost 1.3 billion lei, but the net profit decreased also by a quarter to about 38 million lei. The car component manufacturer Compa from Sibiu, controlled by the employees' association, increased its business by 7% to 752.5 million lei, but the net profit also decreased by the same percentage to about 35.5 million lei. The meat products company Cristim registered a 4% decrease in turnover to just under 731 million lei, but the profit took off by increasing almost six times to just under 33 million lei. Also, in the meat industry, Unicarm recorded in 2018 sales of over 664 million lei (+ 1.7%) and a profit of about 20 million lei (+ 3.2%). Smart Diesel gas stations recorded a 42% increase in turnover to over 1.3 billion lei and a net profit of about 22% increase to almost 27 million lei. Furniture manufacturer Aramis Invest, increased its business to almost 1.1 billion lei, but recorded a decrease in profit for the second consecutive year to just under 22 million lei and a drop of about 42% (Băniță, 2019).

Table 2: Top Romanian Companies in Romania by Profit

2018	2017	Company	Profit 2017	Profit 2018	Profit 2017 vs. 2018
4	4	DEDEMAN SRL	889.128.766	1.013.143.683	13,90%
50	72	ROMAQUA GROUP SA	71.021.450	96.395.246	35,70%
71	89	ALTEX ROMÂNIA SRL	48.655.963	63.485.982	30,50%
95	84	MAIRON GALATI SA	52.343.661	38.231.109	-27,00%
99	96	COMPA SA	38.098.354	35.428.575	-7,00%
103	164	CRISTIM 2 PRODCOM SRL	5.132.829	32.832.160	539,70 %
112	121	SMART DIESEL SRL	21.780.022	32.832.160	22,40%
119	97	ARAMIS INVEST SRL	37.227.845	21.649.682	-41,80%
120	163	FLANCO RETAIL SA	5.180.072	21.411.219	313,30 %
122	130	NETWORK ONE DISTRIBUTION SRL	17.178.575	21.315.207	24,10%
124	125	UNICARM SRL	19.690.666	20.319.627	3,20%
125	108	GERSIM IMPEX SRL	28.285.713	20.308.183	-28,20%
134	133	MACROMEX SRL	15.912.254	14.667.089	-7,80%
141	147	LUZAN LOGISTIC SRL	10.704.911	9.273.329	-13,40%
142	143	S.I.E.P.C.O.F.A.R. SA	11.593.571	6.602.597	-43,00%
144	148	CEREALCOM DOLJ SRL	10.579.780	5.776.478	-45,40%
149	150	AQUILA PART PROD COM SRL	10.139.329	4.464.682	-56,00%
153	174	PRUTUL SA	453.092	174.324	-61,50%
160	180	TIRIAC AUTO SRL	-11.369.627	-20.641.937	-
164	170	GRUP FEROVIAR ROMÂN SA	2.823.239	-29.284.844	-
182	198	BLUE AIR AVIATION SA	-149.884.955	-145.594.276	-

Source: (Băniță, 2019)

Taking into account the turnover, the ten largest companies in Romania had in 2018 a cumulative turnover of 131 billion lei (28 billion euros), increasing by 20% compared to 2017. Automobile Dacia, OMV Petrom Marketing and OMV Petrom are the three largest companies in Romania by turnover in 2018, on the same positions as in 2017. Automobile Dacia had a turnover of 24.7 billion lei in 2018, increasing by 6.8% compared to the previous year, being the only company in Romania that manages to have a turnover of more than 20 billion lei. (Ciriperu, 2019)

Table 3: Top 10 Companies in Romania by Profit

2018	2017	Company	Profit 2017	Profit 2018	Profit 2017 vs. 2018
1	1	AUTOMOBILE DACIA SA	23.143.498.839	24.728.012.645	6,80%
2	3	OMV PETROM MARKETING SRL	15.063.976.049	17.871.675.071	18,60%
3	2	OMV PETROM SA	14.764.836.448	17.817.366.024	20,70%
4	4	ROMPETROL RAFINARE SA	11.192.755.314	14.115.915.691	26,10%
5	6	ROMPETROL DOWNSTREAM SRL	8.873.204.128	10.929.740.729	23,20%
6	5	KAUFLAND ROMANIA SCS	10.086.636.311	10.889.960.330	8,00%
7	17	FORD ROMANIA SA	4.824.809.466	10.552.812.883	118,70%
8	7	BRITISH AMERICAN TOBACCO TRADING SRL	8.870.586.009	9.534.748.854	7,50%
9	10	LIDL DISCOUNT SRL	6.510.008.485	7.788.918.595	19,60%
10	12	LUKOIL ROMANIA SRL	5.922.290.967	7.519.233.575	27,00%

Source: (Băniță, 2019)

The top takes into account the entities as they are registered at the National Trade Register Office, and does not analyze the results at group level. The first major move in the top 10 is Ford's entry into the largest local companies. After a 118% jump in turnover in 2018, the American company, which owns a factory in Craiova, settled on the seventh position, with a turnover of 10.5 billion lei in 2018, and is a formidable competitor for the podium given that the plant started the production of the second model in 2019 (Ciriperu, 2019).

6. Conclusions

Regarding the results, we consider that the main ideas presented describe the anticipated results and their impact from a scientific and practical point of view. In elaborating the practical utility of the research, the scientific results of the research and their relevance in relation to previous research are to be taken into account. Also, these results are adequate in relation to the requirements of the socio-economic environment.

The contributions for the proposed topic are reflected in the elements of originality of the article. On the one hand, the elements of originality will contribute, in theory, to the development of knowledge in the field, and on the other hand, they will bring, in a pragmatic way, an improvement of the managerial practices taking into account the promotion of a sustainable business environment. The particularities of the proposed research are to be found in its objectives and specificity, in the way it defines its investigation problem and in the way it collects its data, the research methodology being in full accordance with the assumed objectives. We consider that the elements of originality described above bring considerable improvements in terms of the knowledge in the field and are solid benchmarks for the international financial management with implications for the efficiency and effectiveness of such economic and financial decisions.

The elements of originality that the article proposes will contribute both theoretically and pragmatically, bringing possible improvements with practical applicability both for the Romanian business environment and for the Romanian market, taking into account in particular the automotive industry, food industry, energy industry and others with potential for development and attracting foreign investors. Last but not least, this study will bring an improvement of managerial practices in Romanian companies, with a potential for development in foreign markets, focusing on the analysis of financial management and on adapting decisions and strategies in a company, taking into account the core elements for creating value and promoting a sustainable business.

7. References

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