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OUTWARD FOREIGN DIRECT INVESTMENT: EMERGING ECONOMIES' HOME COUNTRY DETERMINANTS

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ABSTRACT

The Tendency of firms from emerging economies to invest abroad has increased significantly during the last two decades. Despite this trend, comprehensive literature survey research on macroeconomic determinants and antecedents of outward FDI from emerging economies is still underrepresented. The purpose of this paper is to give a comprehensive understanding of home country level factors' impact on outward FDI from developing countries through a systematic review of past researches on OFDI's macroeconomic determinants of home economy. The findings reveal that the most important determinants are, home country market size and openness of home country towards internationalization. However, some researches posted contrasting results for the impact of home country's interest rates, human capital and technological capability on OFDI from emerging economies. This study also points out that emerging economies suffer from shortage of skilled personnel, thus making human capital an essential push factor for OFDI.

Keywords: Emerging Economies, International Investments, Outward FDI, Internationalization, Home Country Macroeconomic Determinants.

JEL Classification Codes: F21, F23, P45.

INTRODUCTION

The basic of the concept outward foreign direct investment derives from the understanding of the basic motivations that causes a firm to invest overseas. There are a number of theoretical studies examining foreign investments and their underlying motivations. Dunning (1973, 1977), Vernon (1966) and Hymer

(1960) did major research on the motives behind investing abroad, subsequently followed by numerous qualitative and quantitative researches.

Cross border Investment flows plays a major role in accelerating economic development of countries, especially in emerging economies (Denisia, 2010). As OFDI from emerging nations continue to expand at an extraordinary level over the past two decades, motivations causing OFDI have become academic study's focus for researchers. Emerging economies' outward foreign investments mushroomed by tremendous 49 percent during 1991-1999 and continued this league with whopping 47 percent growth during 2000-2007 (Pradhan, 2011). Diverging from emerging economies, OFDI from developed economies' growth dipped from 60 percent to 22 percent amidst these two periods (Pradhan, 2011). Developing economies contributed a share of 6.2% in 1990 to total stock of world's OFDI, and this contribution rose to 9.3% in 2000, and further escalated to 14.8% in 2010. OFDI's growing contribution to developing economies' GDP is indicative of proliferating overseas investment which developing economies are indulging in either in form of greenfield investments or brownfield investments.

Several studies have explained existing theories of internationalization (Lecraw, 1977; Wells, 1983; Lall, 1983). In contrary to this, the behavior of emerging economies' ODFI seemed to defy these mainstream theories. Their strategies and push forces for expansion differed significantly from those of developed economies, thus requiring a refined version of existing theoretical literature (Buckley et al., 2007; Luo & Tung, 2007; Child & Rodrigues, 2005; Ramamurti, 2009).

Though past studies over last two decades have generated sizeable wealth of knowledge on emerging economies' OFDI, but findings from these researches are fragmented and lack necessary integration and consolidation. This study systematically combines pertinent qualitative and quantitative research work to develop a single expansive substructure. Thus, this paper's key focus is to present a meta-data view on the effect of home country level determinants (macroeconomic) on OFDI from emerging nations, binding all the inferences in an all-inclusive manner. Gaps in the extant research have also been highlighted for focusing future research efforts towards substantial matters providing essential premise for every firm's economic decision making, involved in cross-border investments.

METHODOLOGY FRAMEWORK

This is a literature survey study of home country macroeconomic determinants of OFDI from emerging economies, where available extant literature was complimented with existing empirical researches to get a deeper insight using a systematic literature review approach. Systematic reviews are evidence-based approaches which allows to identify key scientific contributions in a particular area. They allow examination of the strength of already published evidence with an unbiased approach.

We have adopted a systematic methodology for identification of research for review purpose, refer to figure 1. Our search was limited to research papers in peer reviewed journal articles, as these resources are considered as certified knowledge. In the first step, all articles were searched with the help of key words search strings, such as "outward FDI" OR "OFDI*" Or "Macroeconomics home country determinants*" AND "Emerging economies OFDI" OR "OFDI determinants*". The asterisk ("*") was used at the end of the search keyword to cover a wide-ranging result. We got 1545 articles as a result of this key word search.

We shortlisted the results obtained on the basis of carefully chosen inclusion and exclusion criteria, mentioned in the table 1 given below in our step 2. For qualifying criteria, peer reviewed articles were taken which were published in English language, also as our research's aim was to reflect the consolidation of studies covering determinants of OFDI from emerging economies, time period of last two decades was chosen as during this period OFDI flourished from emerging economies, hence articles older than 25 years were eliminated. Also, research papers selected were credible as only ABDC listed,

UGC listed, Scopus and Emerald database were retained. Articles where the concept of OFDI was only touched upon were also excluded. Also, any duplicate results produced during key word string search were removed.

In the third step of methodology, thorough analysis of 300 articles was done. Research papers delving into deep insights relating to analysis of country level determinants of ODFI were selected. More focus was on papers relating to emerging economies' OFDI and their underlying motivations, though majority of the studies centered on Indian and China. Finally, after getting 127 articles, in the fourth step, comprehensive reading of full papers was undertaken. At the end 42 papers (mix of empirical and literature review based) were finally chosen for seeding the premise of this research based on the country level push factor variables. Table 2 provides with a clear picture of distribution of selected 42 articles as per publication journals.

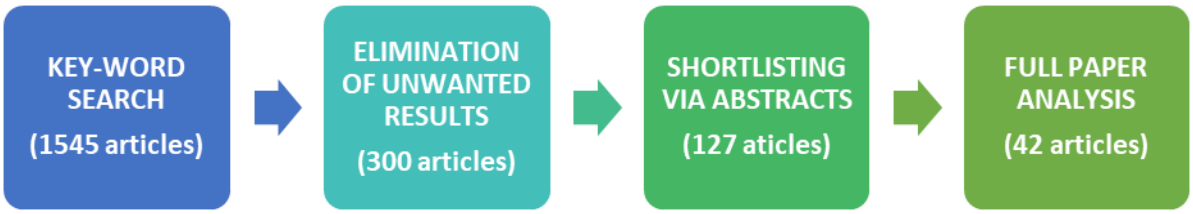

Figure 1. Systematic Literature Review Process

Table 1. Step 2 - Elimination Criteria

Inclusion Criteria	Exclusion Criteria
Peer-reviewed English language journal	OFDI's concept was merely touched upon, and no detailed analysis related to it
Time period (1997-2017)	Credibility of publishing could not be ascertained
ABDC listed, UGC listed, Scopus and Emerald database	Researches were older than 25 years
Focus on determinants of OFDI	Duplication of research articles

Table 2. Distribution of articles per journal

Journal type	Journal name	Frequency
Core Journals	Transnational Corporations	6
	International Journal Of International Business Studies	5
	Journal Of World Business	4
	International Journal Of Social Economics	3
	International Journal Of Emerging Markets	3
	Oxford Development Studies	2
Related Journals	19 journals (with 1 relevant paper each)	19
Total		**42**

A metadata analysis of extant research work has been carried out, so that key trends could be identified and synoptic picture of the work done till date can be drawn.

OUTWARD FOREIGN DIRECT INVESTMENT

Determinants of OFDI from Emerging Economies

Over the years, many researchers have come up with theories or applications of the existing theories to explain the growth trajectories of these OFDIs, effect of various factors on expansion of emerging countries' multinationals (individually or in certain groups), their motives, challenges and spillovers. Hymer's work in 1960 made a concrete attempt to elucidate the emergence of OFDI. According to his research, major motive behind these Trans National firms were to gain opportunities out of oligopolistic control of the market and locational advantages. Dunning again in 1980 went to explain in length the determinants of outward foreign investment through his Eclectic theory, popularly known as O-L-I paradigm, which primary constitutes of 3 pillars, ownership advantages, location advantages and internalization advantages.

Determinants of OFDI from emerging economies has be categorized in two sub divisions, macroeconomic determinants and firm level determinants. Macroeconomic determinants are better known as external factors as these are common to all the firms in a particular economy. Whereas firm level determinants are known as internal factors as they are specific to a particular firm and are internally developed advantages. This paper focusses on skimming studies done prior with respect to home country characteristics serving as push factors for firms undertaking outward cross-border investments.

Home Country Determinants

Every MNC is constantly interacting with its home and host country environment, and hence these factors are responsible for creating a conducive atmosphere for overseas investments to take place. These country specific factors (home country and host country) are dynamic in nature, i.e. they continuously evolve with the country's level of development, as a consequence of its policies, natural endowments, market potential and action of economic agents. Firms utilize these country specific assets to develop and organize their own production process efficiently, so as to serve domestic and foreign markets profitably. Each home country determinant has been discussed in detail below.

Market Size

Home country's development related variables serve as explanatory variables for any country's investment outflows. There exists a strong positive relationship between development level of home country and its OFDI (Chen, 2015). Economic development enables a firm to develop competence and specific strengths which can be fruitfully exploited by investing abroad. Empirical studies done on developed countries by Barry, Görg, and McDowell (2003), Bellak, Leibrecht, and Riedl (2008), and Buckley and Castro (1998) as well as on a mix of developed and developing countries by Dunning and Narula (1994) confirm the existence of association between market size and outward investment flows.

Market size of a country is indicated by its GDP. Hence when a firm is operative in a home country marked by high GDP, it is successfully able to exploit economies of scale. Actual market demand could not be measured by GDP of a country, hence per capita GDP has been taken as a variable in many studies to measure the size of market demand or consumers' economic well-being of a home country (Buckley, Cross, Tan, Voss, & Liu, 2006; Deng, 2004; Taylor, 2002; Zhang, 2003, Kayam, 2009), while Kyrkilis and Pantelidis (2003) took real GNP in their research as a proxy for income level and structural transformation of a home country.

Bhasin and Jain (2013) contemplated a negative correlation between OFDI flows and GDP per capita of home country, stating that a country will be sought to international investments only when its home demand structure represented by buying potential of consumers is not able to justify economies of scale for that firm, but the results of the study were positive and significant, similar to those of Chen (2015). Kayam's (2009) empirical results for transition economies supported the proposition put forward

by Bhasin and Jain (2013), justifying that as economic wellbeing of consumers of home country improves, their purchasing intensity from firms within the home economies also increases, thus reducing the firm's willingness or need to invest abroad in order to exploit their ownership advantages. Difference in their results could be attributed to the proxies they have taken to represent market size.

Interest Rates

Capital abundance is a mandate for making investment overseas, especially when investment is made in capital intensive sectors. Amplitude of Capital is directly linked with the prevailing interest rates in the home economy, bearing an inverse relation. As per Krykilis and Pantelidis (2003), low interest rates in home country, results in capital abundance and thus reduces the opportunity cost of capital. Deducing from the above statement, companies with large capital base would hunt for profitable investment ventures abroad, this leads to increase in the investment flows abroad, proposing negative association between home interest rates and OFDI flows.

Pantelidis and Kyrkilis (2005), stated that a firm always chooses to invest in those projects that offer higher expected return over its cost of capital. And when cost of capital of a firm decline, expanse of economically viable projects increases, allowing firms to make investments. Also, if the cost of borrowing is lower, leverage exposure of company may rise, thus leading the firm to pursue larger investment projects. Hence applying this phenomenon to foreign investments, as the cost of borrowing decreases in home country, the opportunity cost of capital becomes lower subsequently and hence investing abroad becomes more attractive and viable.

Empirical research finding of Pantelidis and Kyrkilis (2005) denotes insignificance of interest rates for developing nations, while for middle-income and developed economies, it's a significant determinant for OFDI flows along with expected sign (i.e. negative). These results are in sync with their earlier research conducted in 2003, with a sample of five European and five non-European countries. Haiyan's (2017) research gave contrasting outcomes to earlier researches, while interest rates were proved insignificant for developed countries, the same was positively significant for BRICS economies, while as per Bhasin and Jain (2013) empirical work, interest rates were eliminated in PCA (Principal component analysis), thus reflecting on their irrelevance for Asian economies OFDI flows. Hence the impact of home country's interest rates on emerging nations' OFDI is still unclear, thus extending scope for future research. Variation in results could also arise due to choose of different sectors/industries in an economy, as capital requirement is generally less in service sector related investments as compared to manufacturing sector related ones.

Exchange Rate

Currency appreciation facilitates investment flows overseas, as the buying capacity of the currency increases in real terms. Aliber (1970) encompassed that companies whose countries' currency is strong, have better financial backing for supporting their foreign investments than companies whose countries' currency is relatively weaker. As a consequence of appreciation of home economy's currency, the capital requirements of investing abroad lowers, thus enabling easier capital acquisition than in case of depreciated home currency. Along with this, appreciation of home currency also curtails the relative attractiveness of exports as a mode of expanding overseas, thus companies turn towards choosing OFDI for exploring markets abroad. Bhasin and Jain (2013) also support this inference and states that "Appreciation of the home country currency makes exports less competitive as they become relatively expensive for foreign buyers. So OFDI becomes cheaper mode for servicing foreign market."

Empirical research of Pantelidis and Kyrkilis (2003), with a sample of five European and five non-European economies, resulted in a significant and positive impact exchange rate on almost all countries except France, Singapore and Brazil, where it is negatively significant. This indicated an

increase in OFDI flows due to depreciation in currency, because weaker home currency could be compensated by decline in labor cost and increase in productivity and hence in this scenario, export-oriented FDI may emerge as an effective long-term measure to secure foreign market share. Another empirical work of Pantelidis and Kyrkilis (2005) proved that strong home currency has a positively significant impact on OFDI flows from advanced economies, while it's insignificant for OFDI from middle-income and developing economies. And as per Bhasin and Jain (2013) empirical work, like interest rates, strong home currency was eliminated in PCA (Principal component analysis), thus reflecting on their irrelevance for Asian economies OFDI flows, while the result of Saad, Noor, & Nor, (2014) empirical research was supportive of positive and significant nature of strong home currency for OFDI flows from Malaysia. With all these varied results, ambiguity regarding the consequence of appreciation of home country's currency on OFDI still persists.

Human Capital

Competent human capital possession gives a company powerful edge which makes them capable of acquiring various competitive advantage. All major business operation activities like management, marketing, organization and R&D functions mandates the presence of skilled and competent personnel. As per Tolentino (2008) skilled and educated labor is a mandatory requirement for majority of managerial functions, and opulence of this factor is an eminent determinant pushing home economy firms to make foreign investments. Proportion of higher education personnel in the population of a country gives an approximation of the human capital factor in that country (Pantelidis & Kyrkilis, 2005; Bhasin & Jain, 2013). Saad et al. (2014) in their research, analyzed the home country determinants for OFDI flows from Malaysia, and states that investment flows overseas from developing countries is a consequence of lack of management know-how knowledge, thus driving Malaysian firms to invest abroad in order to overcome this prevalent limitation. Emerging economies suffer from shortage of skilled personnel, thus making human capital an incompetent push force for OFDI. This creates an immediate need for these economies to identify ways to boost the development of sound education infrastructure. While results of both the researches of Pantelidis and Kyrkilis (2005 and 2003), points towards the inference that competent human capital of home country is push factor for advanced countries while it has proved to be an insignificant driver for developing and middle-income countries.

Openness of Economy

Smooth and voluminous flow of foreign direct investment is a direct consequence of the degree of openness of an economy towards unrestricted capital flows. There are few reasons leading to this, firstly, liberal capital regime with absent or minimal control promotes greater flow of funds across economies (Scaperlanda, 1992). Secondly, an economy with existing export orientation allows companies to gather knowledge about demand and supply conditions of proposed host destination, their legal system, prevalent business practices, know how required to sustain foreign operations, etc. All these constitutes the necessary background for switching of internationalization mode from exporting to setting up or acquiring business facilities overseas (Kogut 1983; Buckley et al., 2007, Goh, 2011). As per Buckley et. al (2007), OFDI is also viewed as a supportive strategy to give some backing to domestic exporters and stimulating higher earnings for them. Thirdly, companies may resort to investing in host economies whose export give a tough competition to native firms of home economy. Here OFDI takes a pure form of retaliation to cope up with import competition (Pantelidis & Kyrkilis, 2003; Banga, 2007).

Evidence from empirical researches of Das (2013), Kyrkilis and Pantelidis (2005) and Bhasin and Jain (2013) indicate the positive and significant impact of trade openness on OFDI flows. However as

per Kyrkilis and Pantelidis (2003) and Haiyan's (2017) studies, no significant outcomes for trade openness were found in case of developed countries (except Germany).

Technological Capability

Firms' ability to indulge in organization and production of technological input is in turn dependent upon the firms' home country environment, in terms of its legal and patent systems, presence of skills and inputs, government policies, market structure, scientific research, incentives for education. Hence this emerges as a critical advantage of firms to make foreign investments, as firms' technological capability helps them build ownership-specific advantages, upon which the firm can capitalize to invest abroad. The new competitive advantage developed by the firm could be in form of a new cost saving technique, a differentiated product, or an efficiency improving organization method. If used only once, these competitive advantages will be underutilized and in order to extract full potential (i.e. increased revenue flows with nil marginal cost), other modes of exploiting such resources are required and expanding overseas is an efficient mode for the same.

In case of developing countries, minting of new technologies may not always be possible, but framing policies for building technological capacity may fetch positive spillovers. Lall (2001) stated that technological advancement heavily relies on technological efforts made and firms' absorption capacity. Thus, to benefit from the diffusion of international technology stimulated by globalization, making indigenous innovation efforts became mandatory for emerging economies (Das, 2013; Fu, Pietrobelli, & Soete, 2011). Therefore, countries making policies supportive of such technological efforts, will be more successful in creation of country-specific competitive advantages from international technology diffusion, thus facilitating outward investment flows. In contrast to the above arguments, Saad et al. (2014) postulated that developing economies facing disadvantage at the technological front, make outward investments in order to compensate for the same by merging with or acquiring foreign firms (Child & Rodrigues, 2005; Luo & Tung, 2007; Rugman & Li, 2007).

Past empirical studies point out towards the positive correlation between technological capability and investment overseas. Kyrkilis and Pantelidis (2005) found that technological capability of home country is a significant determinant for advanced countries, while it has no significance in case of middle income and developing countries. While Das (2013) and Kyrkilis and Pantelidis (2003) found impact of technological capability of home country on its OFDI to be positively significant in case of developing countries, Saad et al. (2014) proved it to be negatively significant in case of Malaysian OFDI. Hence the net impact of this determinant is not uniform among the past studies.

Evolution of Methodologies Used for OFDI Studies

Outward foreign direct investment has been a subject of interest over the past two decades. There have been numerous theoretical and empirical articles focusing on the macroeconomic determinants of OFDI, including home as well as host country factors. The purpose of this paper is to present a systematic review of the extant literature on OFDI home country determinants, which will be incomplete without discussing the econometric tools adopted by various researchers in similar studies. Therefore, this section aims to provide a synthesis of statistical methodologies used in the selected empirical papers, published with in last two decades, i.e. 1997 to 2017.

Going by the most common or popular techniques among the papers reviewed are ordinary least squares (OLS) and pooled ordinary least squares (POLS). Pantelidis and Krykilis (2003) were the first ones to use OLS in testing the impact of macroeconomic determinants on OFDI from a sample of 9 countries. Pantelidis and Krykilis (2005) again used OLS estimation technique in their research on cross country analysis of OFDI patterns among three groups of countries- advanced, middle-income and

developing countries with panel data. Egger (2008) preferred POLS over fixed effect (FE) estimation, while Buckley et al. (2007) did a langrangian multiplier (LM) test to identify whether POLS or random effects generalized least squares (REGLS) furnished better model. REGLS estimation was preferred over POLS as LM test value was significantly different from zero. Zhang and Daly (2011) adopted POLS to estimate their model via panel data to analyze the determinants of China's OFDI. Buckley, Forsans, and Munjal (2012) measured the determinants of inorganic OFDI by Indian firms, i.e. by mergers and acquisitions, using multiple regression technique and POLS for panel data ranging from 2000 to 2007. Saad et al. (2014) while researching upon Malaysian OFDI determinants used multiple regression on time series data primarily and adopted OLS as analytical technique.

Apart from Buckley et.al (2007), random effects model was incorporated in the empirical researches of Das. In 2013, Das selected random effects panel regression estimates to analyze country level determinants of OFDI from 56 developing countries, he also conducted langrangian multiplier (LM) test and Hausman test which further affirmed the appropriateness of random effects generalized Least squares compared to pooled OLS & fixed effects. Das and Banik in 2015 did a similar research again specifically focusing on Indian firms' OFDI motivations.

Cheung and Qian (2009) in his research paper, "Empirics of China outward direct investment", empirically tested for the factors leading to Chinese OFDI in a sample of 21 developing countries and 10 developed countries, opted for feasible generalized least squares procedure to control for serial correlation among residuals.

Fixed effects regression estimation technique was also used commonly during the last decade. Kayam (2009) successfully planted fixed effects model in his empirical research testing macro level determinants of FDI outflows from developing and transition economies. Bhasin and Jain (2013) also analyzed the push factors for select Asian economies' OFDI using fixed effects (least Squares Dummy Variable (LSDV)) estimation model, supplemented by Principal component Analysis to augment model's analytical richness. Haiyan (2017) in his research on analyzing home country determinants of OFDI from developed and developing countries applied fixed effects model for panel estimation. Haiyan argued that fixed effects model yields more precise results by controlling heterogeneity of individual country.

Nunnenkamp, Andrés, Vadlamannati, and Waldkirch (2012) researched upon the drivers of Indian OFDI, employing Possion pseudo maximum likelihood (PPML) estimates with clustered robust standard errors, as this model is best suited for log gravity type and also fully accounts for heteroskedasticity. Ramasamy, Yeung, and Laforet (2012) did a similar empirical research in China's OFDI context, and considered both Poisson count data regression model and negative binomial model, and found similar results from both but for final interpretation preferred Poisson model, as likelihood- ratio test in case of over-dispersions for binomial model were insignificant, thus making Poisson model more appropriate fit for the empirical research undertaken. While Anand and Kogut (1997) undertook negative binomial model for their data analysis, as it allows for over-dispersion for unexplained heterogeneity in their data, instead of going for a Poisson model.

Pradhan (2004) used tobit model in his research on determinants of OFDI to test the hypothesis framed. Tobit model approach was justified on the grounds that the dependent variable in the research i.e. the OFDI intensity of firms in India was censored. Thomas and Narayanan (2017) almost did a study akin to those of Pradhan's (2004) focusing on OFDI by Indian firms. They opted for Tobit model for determining OFDI share and used a dynamic Random effects probit model to estimate the determinants of OFDI, thus treating unobserved heterogeneity in the model. Pradhan (2011) did a comparative study between the emerging multinationals from India and China, with a censored dependent variable i.e. Indian/Chinese FDI received by host country. In his study he preferred 3-step censored quantile regression estimation model for censored data instead of tobit model, as the major assumption of Tobit

model was violated because the errors in the data collected were non-normal, heteroskedastic and asymmetric.

Goh (2011) did an empirical study on determinants of Malaysian OFDI using error correction model (ECM), as OFDI variable was found to be cointegrated with its determinants. Chen and Zulkifli (2012) tested the association between Malaysian OFDI and economic growth through VECM and Granger causality tests. Hierarchal of Multilevel regression was adopted by Anwar and Mughal (2013) in their paper focusing on the role of Indian diaspora's importance in attracting OFDI from India. Table 3 summates the various econometric techniques used by various authors.

Table 3. Evolution of Methodologies Used For OFDI Studies

Statistical Technique	Authors
Pooled OLS and OLS	Pantelidis and Krykilis (2003, 2005), Buckley et al. (2007), Egger (2008), Zhang and Daly (2011), Buckley et al. (2012), Kolstad and Wiig (2012), Das (2013), Saad et al. (2014), Morris and Jain (2015)
Negative Binomial Model	Anand and Kogut (1997)
Poisson Regression Model	Nunnenkamp et al. (2012), Ramasamy et al. (2012)
Tobit Model	Pradhan (2004), Thomas and Narayanan (2017)
Random Effects Model	Buckley et al. (2007), Egger (2008), Das (2013), Das and Banik (2015)
Fixed Effects Model	Kayam (2009), Bhasin and Jain (2013), Das (2013), Haiyan (2017)
3-step Censored Quantile Regression Estimation Model	Pradhan (2011)
Generalised Least Squares Model	Buckley et al. (2007), Cheung and Qian (2009)
Error Correction Model and Vector error Correction Model	Goh (2011), Chen and Zulkifli (2012)
Heirarchal or Multilevel Regression Model	Anwar and Mughal (2013)
Multiregression Analysis	Buckley et al. (2012), Saad et al. (2014)
Probit Regression Model	Das (2015)
Dynamic Random Effects Probit Model	Thomas and Narayanan (2017)

CONCLUSION

The growth of outward cross-border investments from emerging economies has progressively spread across multiple regions around the world during last 20 years. It has become imperative to understand and analyze the rationale behind such accelerated expansion of developing countries' OFDI. Our intent in the paper is to probe over the existing researches on factors causing OFDI to distinctively gauge primary theoretical perspective used earlier. This review has helped us to achieve our objective of integration of past studies while unearthing topics for future research scope, to enhance the pool of knowledge of this crucial phenomenon.

In previous studies efforts have been made to identify and analyze the emergence of OFDI from emerging nations, but most of them were just limited to one country or a group of countries, selected out of the total lot of emerging markets, like Kalotay (2005) focused on Russian economy, while Kumar (2007) and Douma, George, and Kabir (2006) studied OFDI factors with respect to India's position. Likewise, determinants of Chinese OFDI were examined by Buckley et al. in 2007, while Makino, Lau, & Yeh (2002) researched upon the locational choices of Taiwanese firms. Holtbrugge and Kreppel (2010) did an explorative study on the determinants of OFDI from BRIC nations, and Pradhan (2011) did comparative analysis of Indian and Chinese emerging firms. Hence a structured assessment of past literature was a necessity, to represent an all-inclusive picture.

This paper interwove the observations made by various researchers, providing a comprehensive understanding of various activities of emerging multinationals, and how they are influenced by distinctive environments of home economy. Many researchers reveal that firms from emerging economies have many similar motives for investing overseas. The most important ones are, home country market size and openness of home country towards internationalization. These determinants were proved relevant in almost all empirical researches which were observed in this study. However, some researches posted contrasting results for the impact of home country's interest rates, human capital and technological capability on OFDI from emerging economies. The variation in the reviewed researches is attributable to two major reasons, either adoption of different methodologies or adoption of different proxies for same variable.

This study contributes to the analysis of macroeconomic determinants of OFDI from emerging economies from institutional perspective as well as academic perspective. Home country governments can easily identify on which areas to work towards making their country's environment more conducive for FDI flows, such as switching from restrictive to promotive policies, leveraging bargains and investment coordination with existing or prospective host economies. For example, strong government support from home country may initiate FDI outflows, which happened mostly in case of communist economies like Russia and China. Results are suggestive that policies oriented towards pushing trade activities would become indispensable in the long run for promoting trade openness, which in turn will facilitate OFDI, thus a liberal home economy with deregulated system, especially in case of developing countries, is an excellent instrument driving internationalization of firms. This study also points out that emerging economies suffer from shortage of skilled personnel, thus making human capital an incompetent push force for OFDI. This creates an immediate need for these economies to identify ways to boost the development of sound education infrastructure.

Academicians interested in similar empirical researches now have a summative view of various statistical models adopted earlier, making evaluation and implementation of methodological approach easier as gamut of all econometric tools used in the empirical papers reviewed has been discussed with respect to pros and cons of each of the model adopted.

LIMITATIONS & FUTURE RESEARCH SCOPE

One limitation of the study conducted was, that here the focus was on home country factors which induce overseas investment but to obtain a complete understanding, one should also research upon host country's resource dependences. As per Buckley et. al. (2012), host country characteristics have a pull effect while at the same time home country ones have a push effect during the process of internationalization, making it sacrosanct to study both to get a wholesome conclusion.

Some avenues for future research can be looked upon, like covering a wider range of countries as a group for empirical research on macroeconomic determinants of OFDI, as from the above review of extant literature, most of the studies conducted concentrated on a single country or a small cluster of four

to five countries. Researching on a wider range of countries from different regions of the world will give a comparative as well as extensive view of the topic. Another prospective future research gap identified is to segregate country level determinants of OFDI sector or industry wise, and then analyze them empirically as well as theoretically. This will give a clear picture of all the underlying rudimentary factors responsible for pushing a particular sector's OFDI progression. Lastly, a deeper probe into less popular factors like prevalent production cost in home country, financial and fiscal incentive structure of home economy, institutional factor like corruption and cultural determinants of OFDI are required to be linked with the risk associated particular home country association, like 'Guanxi' culture of China makes it a very reliable country to do business with, thus giving Chinese companies are better standing in terms of trustworthiness across the world.

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