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International recession and MINTs development: An investment opportunity to relaunch Italian companies?

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Abstract

In a strongly globalized world, characterized by high dynamism and turbulence, many economies including the Italian one are trying to get over the deep international crisis that unfortunately did not spare the Euro area, whose solidity is, therefore, seriously endangered. Nevertheless, it was noted that within the international economic environment, in the recent past, some economies, notably the BRICS countries' (Brazil, Russia, India, China and South Africa) have recorded, over the last decade, significant growth in terms of GDP, thus contrasting the current trend and making up for several positions in the world rankings that measure the development of economies. Lately, however, the drive behind these economies is slowing as well, while there is evidence of the emergence of new countries on the international scene, whose development seemed inconceivable a few years ago, namely that of the countries covered by the MINT acronym (Mexico, Indonesia, Nigeria, Turkey). The present work aims at investigating these new emerging economies, in order to understand first of all, if they can somehow retrace the route taken by the BRICS. Secondly, once identified the pluses of the MINT countries, it would be convenient to understand whether these countries may share any common points and thus represent a new model of economic development. In this case, such a model could be implemented in some way, at least in some respects, in the government policies of the major countries under recession, while the opening up to foreign investment in these countries could represent a fortunate chance for those companies, in this case the Italian ones, that are currently looking at international relocation as the only weapon at their disposal to ensure their own survival.

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Keywords: BRICS, MINTs, Business Climate, Strategies, Entrepreneurship, Globalization

1. Introduction

The recent international economic crisis that involved the economies of all the continents starting from the Euro area (Italy, Spain, Greece, Portugal and Ireland, mostly) has prompted governments across the world to intervene in a drastic way to settle a financial situation that has now become unbearable. However, in Italy as in other countries, economic recovery cannot be assured only by the spending review or taxation levels that reach 45% and that are unsustainable for the population, but it requires structural interventions that are able to boost business, creating jobs, in order to allow a reduction in unemployment record rates. However, if on one side emerging economies have significantly grown over the last decade, namely the BRICS countries that stand out among others on the international scene for their amazing achievements, partially contrasting the current trend shown above, on the other one, new

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economies, namely the MINT countries (Mexico, Indonesia, Nigeria, Turkey), have lately recorded interesting economic growth rates. It is definitely too early to say whether they will be able, in the next decade, to retrace the glorious path of the BRICS countries or they are the result of a global economic situation favoring them temporarily.

However, the analysis of the policies implemented and of the results achieved, if the latter turned out to be somehow converging, coherent and homogeneous between them, may allow us to claim that we are in the presence of a new model of economic development that could offer both interesting insights to the governments of those economies that are strongly affected by recession, like the Italian one, and sound investment opportunities for those entrepreneurs who have finally understood that, in the current competitive scenario, the only way that can somehow ensure the survival of their businesses is internationalization.

2. Literature Review

The ongoing financial crisis of the world's major economies, including the Italian one, has led many entrepreneurs to take the path of internationalization, which is felt, at the time, as the only alternative solution to the failure of indigenous businesses. The reduction in the cost of labor, energy, raw material supplies, as well as the cost of money are just some of the reasons leading, for example, Italian companies like Diadora, Fiat, Benetton, Ferrero, etc., to partially outsource their manufacturing process abroad or to settle on the spot (Dematté and Perretti, 2003; Mutinelli and Mariotti, 2003; Valdani and Bertoli, 2006).

This need is increasingly pushing both the business world and the academic one to explore new competitive markets in which to relocate the production process or to establish a branch of one's own business. In particular, over the last decade, despite the stagnation of the major Western economies, the emerging economies, notably the BRICS countries', have recorded significant growth in terms of GDP, and have allowed entrepreneurs, particularly those who first believed in the economic development of these countries, to achieve significant competitive advantages (Porter, 1993). However, the slowing down of the above economies in the last period, together with the number of international competitors that have somewhat glutted these markets with the supply of products, have shifted the interest of operators to new emerging economies, namely the MINT countries' (Mexico, Indonesia, Nigeria, Turkey) (Demez and Ustaoğlu, 2011; Asghar Naserkheil and Kargar Shouraki, 2011; Bottelli, 2014; Modenini, 2014; Segre, 2014; Taino, 2014).

Thus, in a highly globalized world, the companies' decision-making in the current international context shows, more than in the past, characteristics of complexity, conciseness and probability (Miolo Vitali, 1993), which are needed to enable them to create value for the customer. Therefore, the analysis of the degree of attractiveness of the above-mentioned countries, considering such variables as physical-geographic, demographic, economic, technological, socio-cultural ones, etc. (Douglas, Craig and Keegan, 1982; Invernizzi, 2004), becomes crucial for the businesses to establish, first of all, the right approach to be developed, (naïf, pragmatic or strategic), (Root, 1994), to identify the most appropriate entry strategies (Flanking attack, Leapfrog strategy, Frontal attack, Encirclement, Guerrilla), (Kotler, Fahey and Jatusripitak, 1985), as well as the entry mode (direct and indirect export, international partnership, foreign direct investment), related to the degree of risk that the entrepreneur intends to run in the competitive environment in which it must operate (Vacca 1989; Cuomo, 1995; Nanut, 1995; Marcati, De Luca and Galli, 1998; Ferrucci, 2000; Albaum, Strandskov, Duerr et al., 2005; World Bank, 2013).

In conclusion, in the light of the competitive scenario described above, it is evident, therefore, that the analysis of the business climate of these economies can, on the one hand, paradoxically implement within the economic policies of the countries under recession those positive elements arising from the government actions put in place by these emerging countries and, on the other one, facilitate the investment strategies of international competitors. In fact, for the latter, in order to set consistent and effective competitive strategies, it becomes essential to understand whether, facilities are granted in the process of start-up company, as well as which is the movement of labour and capital from one sector to another that, particularly in times of financial crisis, tends to increase significantly due both to the simplification of the formal procedures and to the reduction in costs associated with business creation (Ciccone and Papaioannu, 2007); to verify the existence of a Public Credit Registry, enabling the transition countries' companies to have access twice as faster as larger firms (Brown and Zender, 2007; Brown, Jappelli, and Pagano, 2008); to check the existence of a state guarantee that protects the investors' property (Doidge, Karolyi and Stulz, 2007) or, finally, to inquire about the opportunity of profiting from a lower internal revenue than in Italy for example, together with simplified procedures for tax payment (Diankov, Ganser, McLiesh, Ramalho and Shleifer, 2008).

3. Methodology

The process of internationalization has become a necessary step for companies that aim at realizing significant competitive advantages, because of the national market operating costs that, especially in Italy, have now become unsustainable. In particular, as already mentioned in the introduction to the present work, the methodology used secondary sources that were appropriately revised (data from the World Economic Forum, The Heritage Foundation, Economist Intelligence Unit, Embassy of Italy, Institute for the Promotion of Foreign Trade, International Monetary Found, World Bank) and primary sources by means of questionnaires submitted to international contractors operating in the MINT countries to evaluate the issues to be addressed to successfully operate in these economies.

In detail, the research was intended to assess the degree of attractiveness of these economies to international entrepreneurs, providing a short description of the economic situation in the four MINT countries examined, with the support of macroeconomic indicators, the index of Global Competitiveness, openness to international trade as well as those of Doing Business concerning the degree of ease through which the business start-up can be carried out in those countries. Besides, the assessment of the political, economic and operational risk affecting the strategic choices of those who operate in these markets. Afterwards, the attention was focused on the economic policies implemented by the above-mentioned countries, evaluating the similarities they share, as well as the competitive advantage arising from a location in these territories and the possible presence of Italian entrepreneurs in order to understand whether the results obtained may represent the best practices for those SMEs, especially the Italian ones, that aim at limiting the entrepreneurial risk by adopting first mover competitors' strategies.

The last part of the work analyzed the results of the survey addressed to various entrepreneurs in the areas mentioned above, which was aimed at identifying the main issues that they must overcome in order to start-up their business. In particular, from a list of 12 issues that are considered to be a possible obstacle to the business start-up in the above-mentioned countries, the business executives interviewed were asked to indicate the four major issues (on a progressive scale from 1 to 4). The data collected were then reported in the corresponding summary table and the answers obtained were considered according to their position in the global rankings. Finally, all the data collected made it possible, to develop a roundup SWOT analysis that highlighted the main specificities characterizing the competitive scenario of the MINTs thus allowing some considerations about what might be the evolution of both the above countries in the international competitive scene and of the entrepreneurs operating in these economies.

4. The Macroeconomic Context in the MINT countries

The analysis of the macroeconomic indicators of the Mexican economy, shows a clear slowdown in GDP growth that dropped from 5.3% in 2010 to 3.7% in 2013 (Table 1). The causes are referable to specific factors related to the economic situation such as: the slowdown in the U.S. economy, accompanied by a decrease in the growth rate of Mexican exports; the different projects of public spending (infrastructure, public finance, etc.) which have not been made operational by the Government yet; the slowdown in the building market, due to the revision of public funding to be allocated to building projects; the timing of implementation of the National Infrastructure Plan.

An unemployment rate of 5.1% in 2012, a public debt of 34.8% and an inflation rate down to 3.5% show that the country is becoming a leader driving the economy of the Central and South American area, questioning the leadership of Brazil in the whole area of reference. As to foreign direct investments they recovered in 2013 (23 billion Dollars in the first half of the year) after 2012 contraction that had seen, in part because of electoral uncertainties, an inflow of only 13 billion Dollars (compared to 21 billion in 2011). These prospects would be supported by the forthcoming investments by important international partners such as General Motors, Lego and Mondelez International.

As for the Indonesian economy, 2012-2013 macroeconomic data confirm the excellent performance and the strength of the country's economy, with a GDP growth of 6.4% in 2013, a drop to around 6,4% in the unemployment rate from 7.1% in 2010, as well as to 24% in the public debt and to 6.3% in the inflation rate. It can be seen that due to the size of the Indonesian archipelago, thanks to internal private consumption (which accounts for 54.6% of GDP) and to investments (which account for 34.9% of GDP), its economy depends to a lesser extent on international economic trends, compared to other countries in the area.

The Nigerian economy is considered to be the second largest economy in sub-Saharan Africa after South Africa, its GDP was about 6.7% in 2013, with a public debt of around 20%, almost half of the 40% threshold indicated by the IMF, an inflation rate down to 9% and a high unemployment rate especially in the north of the country that fell by about 6 percentage points over the period considered, below the threshold of 30% (29.3% in the whole national territory). However, a stable exchange rate, an inflation rate under control between 9% and 12%, careful control of the circulating money supply through encouraging electronic commerce and credit card/debit card (cashless economy), as well as a debt/GDP ratio to 20.77% (about half of that suggested by the IMF) in 2013 are certainly factors that affect the credibility of the country at the international level.

The Turkish economic context, on the contrary, despite being characterized by a strong dynamism, suffered the effects of a negative international economic situation of the European Union, as well as the implication resulting from the Arab Spring in the economic-commercial sector. Thus, the slowdown in GDP growth that fell from 9.2% in 2010 (among the highest rates in the world) to 3.9% in 2013 (though recovering compared to 2.2% in 2012) has been somewhat thwarted by the Government that has implemented a "soft landing" in the economy to reduce the current account deficit (that reached the unbearable threshold of 10% of GDP in 2011), as well as a dangerously high rate of inflation reaching 10.45% in 2011, that partially recovered in 2013 reaching 7.4%.

Table 1. - Macroeconomic indicators

Indicator	Mexico 2010-2013	Indonesia 2010-2013	Nigeria 2010-2013	Turkey 2010-2013
Real GDP Variation (%)	5,3 – 3,7	6,2 – 6,4	7,9 – 6,7	9,2 – 3,9
Unemployment	5,2 – N/A	7,1 – 6,3	35 – N/A	11,4 – 9,6
Public Debt (GDP %)	36,9 – 34,8	25,7 – 24	17,8 - 20	41,6 – 36,1
Inflation	4,2 – 3,5	7 – 6,3	13,7 - 9	6,4 – 7,4

Source: Elaboration of EIU and IMF data; http://www.eiu.com/home.aspx; http://www.imf.org/external/index.htm

4.1. Other indexes of attractiveness

In addition to the macroeconomic data already highlighted, the present work aimed at analyzing the values of other indices that can provide useful guidance to those entrepreneurs wishing to evaluate the possibility of starting their productive activity in the countries mentioned above. In particular, with reference to the Global Competitiveness Index, for the sake of brevity, only the position of the four countries under study has been reported (in the table 2) with reference to the last three-year period; it shows a substantial stability of the four countries with the most significant increase obtained by Indonesia and the excellent position of Mexico and Turkey in the rankings, while Nigeria is the economy with the most of problems. To go deeper into the analysis, it is possible to disaggregate this result in three groups of factors weighing differently: the basic requirements (Institutions, Infrastructures, Macroeconomic Environment, Health and Education), weighing for 60% of the total, the factors stimulating efficiency (High Education and Vocational training, goods and labour market Efficiency, Development of the potential market, Spreading of technology and market Size) weighing for 35% and the innovation and sophistication factors (Development of the production context and Innovation) whose weight is marginal since it only reaches 5%.

In particular, all the 4 countries considered worsen their position as regards the basic requirements: 63rd place for Mexico, 45th place for Indonesia, 56th place for Turkey and 136th place for Nigeria on the overall rankings of 148 countries, thus highlighting, in this sense, the need, for all the above-mentioned economies, to implement reforms aimed at respecting the rights of property, reducing levels of corruption, improving justice efficiency, strengthening and building infrastructure and industries, improving public finances and inflation rate, as well as the health of the workplace and the diffusion of literacy skills among the population. As regards the other two groups of factors mentioned, Mexico, Indonesia and Turkey are substantially holding their position while Nigeria shows evident growth, ranking 83rd with regard to the factors stimulating efficiency (among which the market size placed 32nd in the rankings, the efficiency of the labor and financial market respectively at 52nd and 66th place) and 82nd as to the innovation and sophistication factors.

Table 2. - Global Competitiveness Index

Indices	2011-2012 Val. 0-7	2011-2012 Pos. on 142 countries	2012-2013 Val. 0-7	2012-2013 Pos. on 144 countries	2013-2014 Val. 0-7	2012-2013 Pos. on 144 countries
GCI Mexico	4,3	58	4,4	53	4,3	55
GCI Indonesia	4,4	46	4,4	50	4,5	38
GCI Nigeria	3,4	127	3,7	115	3,6	120
GCI Turkey	4,3	59	4,5	43	4,5	44

Source: Elaboration of the World Economic Forum data; http://www.weforum.org/reports

Assessing the degree of openness to international trade of a country is another important aspect that an entrepreneur should consider in order to understand whether the policies adopted will be able to attract FDI (Foreign Direct Investment). It is clear that protectionist measures (such as the adoption of tariffs and non-tariff barriers) adopted by

Governments to support the production of local businesses in crisis in particular product sectors, or, instead, openness to privatization of sectors that the Government considered as strategic in the past, tax abatement on profits over a certain period of time, as well as a unsecured grants provided by the State to guide the settlement of foreign enterprises in particular depressed areas of the country, in order to rebalance its internal development, represent some key factors that can influence the choice of the country to invest in.

Thus, the analysis of the Openness to International Trade Indices shows their substantial stabilization in 2010-2012 three-year period for all the four economies considered, among which Indonesia, Turkey and Mexico substantially ranked the same, in any case within the first half of the 132 economies considered in the rankings, while Nigeria still shows for the moment little openness if it is true that the country is among the last 10 economies (Table 3).

Table 3. - Global Enabling Trade Index

Index	2010 Value from (0 to 7)	2010 Pos. on 132 countries	2012 Value from (0 to 7)	2012 Pos. on 132 countries
ETI Mexico	4	64	4,1	65
ETI Indonesia	4	68	4,2	58
ETI Nigeria	3,1	120	3,1	123
ETI Turkey	4,1	62	4,1	62

Source: Elaboration of the World Economic Forum data; http://www.weforum.org/reports

As already pointed out the process of choosing the country in which to carry out its business activities must also take into account its level of bureaucratization which, depending on the case, can either simplify or make it almost impossible the business start-up. Specifically, from the analysis of the index related to this issue it can be shown that Mexico offers the greater facilities for the initial start-up in terms of bureaucracy and business start-up costs, placing the country 48th out of the 185 economies examined (Table 4) and ranking it 1st among the four economies under study for three of the four indices analyzed, namely: like Turkey for what concerns the number of procedures to start a business equal to 6 and the number of days required to complete the bureaucratic process which is also equal to 6, as well as with regard to the minimum capital to be paid to apply for registration of an asset with a value equal to 0, like Nigeria; the country ranks 2nd behind Turkey that with a value of 12.7% appears to be the country with the lowest per capita income cost. Again, it is to be noted that Mexico, compared to the other three countries, shows for all the 4 indicators considered, values well below the average resulting in the countries of Latin America & Caribbean area, (equal to 8 procedures, 36.1 days, 33% of cost of income per capita and 3.6 as the minimum capital to be paid to apply for registration of an asset).

Table 4. - Doing Business Index – Starting a Business 2014

	Mexico		Indonesia		Nigeria		Turkey	
Index – Year 2014	**Position**	**Value**	**Position**	**Value**	**Position**	**Value**	**Position**	**Value**
Position in the global ranking	53		120		147		69	
Starting a Business (Position in the rankings)	48		175		122		93	
Procedures - (number)		6		10		8		6
Time (days)		6		48		28		6
Cost (% of income per capita)		19,7		20,5		58,3		12,7
Paid in Min. Capital (% of income per capita)		0		38,5		0		13,2

Source: Elaborations of the World Bank data; http://www.doingbusiness.org/rankings

5. The political, economic and operational threats in the MINT countries

Starting from the analysis of the political threats pointed out in the Mexican economy, the survey showed that among them, the most important to be considered are the lack of legal certainty in the application of the existing rules, the corruption spreading in the country that ranks last among the OECD countries and the spiral of violence linked to drug trade cartels, that certainly lead to a rise in costs for companies that need protecting their staff and that, for this reason, are led to realize their greenfield investments especially in the central part of the country. Among the major economic threats, the main problems are related to the protection of intellectual property rights, low exposure to competition due to oligopoly or even monopoly contexts, (namely telecommunications and energy), as well as the dependence on the U.S. economy that is receiving about 79% of Mexican exports and from which approximately 49% of imports are coming. 2008-2009 recession led to 6% contraction in Mexican GDP. Finally, among the operational threats for a start-up realization one must consider those related to access to credit that turns out to be expensive and limited as a result of the crisis that affected the sector in 1994, the difficulty of finding specialized staff due to the absence of trainers, as well as to trade unions with a high influence on contract negotiations, high tax evasion and particularly long electrical connection time (approximately 4 months on average).

Even in Indonesia, the political threats are mainly related to the separatist conflicts in the towns of Aceh and Papua, as well as to the terrorist attacks by the Islamic wing (mainly those concerning the Ritz Carlton and JW Marriot hotels). For what concerns the economic threats in the country, these relate mostly to the possible protectionist measures by the Government, following 2014 general elections, especially in the mining sector; the above measures would be enforced if the financial and economic crisis in Europe and the USA should continue. Besides, issues concerning infrastructures are particularly important as well, such as the lack of ports, the absence of which implies conveying cargoes to Singapore, the slowdown in the construction of roads and railways due to problems of land expropriation, as well as problems linked both to the telecommunications network that does not cover the entire archipelago and to the numerous electricity blackouts. Finally, as far as operational threats are concerned, these are primarily related to corruption that, following the Transparency International "Corruption Index 2010" classification, ranks the country 110th out of 178 countries, well above the neighboring countries such as Singapore, the leader of the ranking, Malaysia (56th), Thailand (78th) and, secondly, to the slowness of the judicial system, concerning particularly intellectual property that is protected, giving priority to national interests than to foreign ones.

Political threats in Nigeria are mainly related to differences between the government and the legislative power which often slowed down bureaucratic reforms, even leading to their sudden change over the time.

The economic threats in the country are closely linked to the almost total dependence of the economy on oil and the volatility of its prices, given that the sector contributes 95% to the formation of export earnings, 80% to the Government' revenue and 40% on average, to the country's GDP. Despite remarkable GDP growth in recent years, which stood above 7% on average, there is, however, a huge disparity in income distribution, as 61.2% of the population lives on less than a dollar a day (National Bureau of Statistics). In addition, protectionist policies imposed by the Government to support the weak domestic industry, through bans on imports and ad valorem duties on many goods, including those covered by the Made in Italy, involve a strong inflationary pressure due to the high corruption that raises the prices of some commodities. Among the main operational threats, there are those related to poor supply of electricity, water and transport by the institutions, since about 97% of the companies have their own electric power generator because of the frequent interruptions from the public network. Since there is not a reliable public transport network, companies arrange for their own personal private transport which, of course, increases the operating cost.

Another important operational issue is the high corruption in the country which, according to the index of Perceived Corruption published by Transparency International ranks Nigeria 139th out of 174 countries, as well as kidnappings of foreign workers, attacks on vessels and the already mentioned episodes of violence of an Islamic nature.

Finally, another problem is the Law on the so-called "local content", which forces companies operating in the territory of Nigeria to hire a high percentage of indigenous population, that are usually low-skilled, in order to reduce the high rate of unemployment in the country, which has a negative impact on the business efficiency.

As for Turkey, the main political threats are closely associated with the tense situation mainly due to the Kurdish question and to the fight against the PKK terrorist organization that still represents a major problem, despite the cease-fire in March 2013. Another element of disturbance is internal instability linked to the country's ruling party, namely Prime Minister Erdogan's AKP, whose soundness will be felt out through March 2014 elections which will pave the way for the first direct election of the first President of the Republic in August this year. From the point of view of the economic threat, entrepreneurs who invest in this country cannot fail to take into account the strong fluctuations of the Turkish Lira, going through significant depreciation over the time, the last of which in the second half of 2012.

In addition, imbalances in the external accounts due to energy costs financed by short term capital inflows and that can make the country vulnerable to external shocks and inflation related to increases in the prices of some imported goods including energy costs, as well as the high tax evasion that has an impact on business competition in the local market, are factors that can influence the strategic decisions of market participants. Finally, among the operational threats, despite a Customs Union has been in place since 1996, there is still strong rigidity in some sectors linked to the local bureaucracy, as well as to the high levels of taxation particularly in the areas of cars, alcohol and electronics and to the intellectual property protection system being currently slowed down by delays related to court proceedings.

6. The MINTs economic policy

It is now convenient to analyze the economic policy adopted by the MINT countries to understand whether they share common lines that have contributed and will contribute to the emergence of these economies in the future.

Starting the analysis from Mexico, the objectives that the Government have set themselves are to significantly reduce poverty in the country, to improve the quality of school education by training teachers, investing in infrastructure and create new jobs through macroeconomic stability. However, it is clear that the economic performance of the country will, in the near future, be influenced by the growth of such sectors as energy, transport and telecommunications trough the structural reforms that have already been approved (work, education, telecommunications, competition, and ultimately, tax) or that are under approval (finance and energy).

The tax reform recently approved, guaranteed, for example, a more progressive tax on personal income, which will increase from 30% to 32, to 34 or 35% for progressively higher incomes (respectively: 750 000, 1 million and 3 million Pesos per year), while the one of "financial responsibility", that has just been issued and that is called "pact for Mexico" tends to facilitate access to credit for businesses especially the local ones.

In Indonesia, on the contrary, the Government has set up an economic policy aimed at strengthening the confidence of international investors in the country, through prudent fiscal and monetary policies to consolidate the extraordinary results of recent years, curbing inflation below 5%, the deficit and the budgetary debt respectively to 2.4% and to 24.9% in 2012, and the accumulation of foreign exchange reserves, which stood at 110.12 billion dollars at the end of 2011, which has allowed the country to return allowances due the IMF (International Monetary Fund) for the funding granted at the end of the nineties. Furthermore, we must admit that the local Government has anticipated the possible negative effects caused by the current recession in Europe and the United States, planning among the fiscal incentives adopted those related to the infrastructure plan, as well as the policies encouraging the country's growth.

Even in the case of the Nigerian economic policy, the Government aimed at a stabilization of macroeconomic indicators, continued employment and social growth, economic diversification and development of the energy sector.

Nigeria has set a very ambitious goal, namely to be within the top 20 economies in the world in 2020 (Vision 20:2020) with an ideal GDP of 900 billion Dollars and a per capita income of 4,000 Dollars. In this regard, in order to facilitate the achievement of this goal, the Government are planning to ask the international market for further loans up to 7.3 billion Dollars in the 2013-2015 three-year period, as well as a new fund called "Sovereign Wealth Fund", with 1 billion Dollars initial envelope, to encourage the use of growth projects. It is to be noted, however, that the Government's policy is twofold: on the one hand they tend to adopt a protectionist policy to encourage the domestic industry, especially in the agricultural sector (rice, wheat pasta, beef, fish and sugar) through creating a fund for SMEs (Small and Medium Enterprises) for about one billion Euros at the rate of 9% compared to 30% so far applied by commercial banks; on the other hand, they tend to encourage agricultural machinery imports to promote local production, as well as FDI, reaching 38.7 billion Dollars in 2012 (Ministry of Trade and Investment) and privatization in the telecommunications and electricity distribution sectors to favor the country's development.

The extraordinary development of the Turkish economy during the last decade has been facilitated by the implementation of major structural reforms, such as the outline law on foreign investment and legislation regulating the companies' start-up, as well as by the launch of a full program of privatization, by the reform of the social security sector in 2008 and the new Commercial Code enforcement in 2012. However, in 2012, the Turkish Government opted for strategies (such as employment support and support of the financial discipline to stimulate domestic savings, in order to combat excessive external deficit and ensure macroeconomic stability) that can speed up the country's economy, whose GDP, though reaching 2.2% in 2012, suffered a sharp slowdown compared to about 9% in the 2010-2011 period due to the international recession that mostly affected Europe. Other governmental actions aimed at the country's growth were those worked out in order to improve the climate for investment and for export especially for high added value goods, to support programs of research and development, to improve the system of education and justice, to reduce disparities in regional development, to take effective measures against the informal economy, as well as to increase the Public Administration's efficiency and transparency.

7. The possible reasons for the establishment of SMEs in the MINT countries

The analysis carried out so far leads to some remarks about what might be the reasons that could drive international investors to operate in the emerging economies that have just been examined.

Starting from the Mexican economic situation, it may be noted that this is characterized by strong dynamism with a positive trend as to domestic consumption, investment and exports and by controlled inflation and public debt.

The importance of the country, now a permanent member of the G20 and considered as the second largest economy in Latin America after Argentina, together with its openness to foreign trade and investment (more than 40 free trade agreements), make this area the most attractive to foreign investors among the MINT countries. This conclusion is strengthened by the fact that foreign entrepreneurs can achieve significant competitive advantages such as:

minimization of production costs, given the availability of a young workforce (about half the population of over 113 million inhabitants is less than 28 years old); a low cost of labor that, at the same time, turns out to be very productive if properly formed; a commercial penetration into two continents because of the strategic location of the country acting as a bridge between the North American and the South American markets; finally, the development of the company itself because of the opportunity to exchange information and to develop the business know-how, thanks to the presence of industrial parks and technology centers in the area.

As far as business investment in Indonesia is concerned, it seems to be of great interest because of two main factors: firstly, since 2008 the country has registered an average growth rate above 5% and the potential catchment area for the foreseeable future is widening enormously, the current 45 million people are, in fact, expected to triple over the next 15 years; in addition, thanks to a per capita GDP that currently stands at around 4,000 Euros, the country has a large potential for future development, since it is estimated that it will become the seventh largest economy in the world (according to McKinsey's latest report). This ambitious project is supported by a renewed political and financial stability and by the new 2011-2025 economic acceleration plan ("Master Plan for the Acceleration and Expansion of Indonesia 's Economic Development 2011-2025") which, in the expectations of the Government, thanks to the 400 billion Euros allocated for investment, aims at stabilizing the growth of the country on an average rate of 7-8%, to reach a per capita income between 9,000 and 13,000 Euros by 2025.

As to Nigeria, among the reasons that would drive international investors to operate in this country, there is the opportunity of using information coming from the Italian entrepreneurs that have settled in the country for several decades, which facilitates in some way the development of a strategy for market penetration and offers the opportunity to serve a market of over 160 million people with an economy that is the second of the Continent after South Africa.

In addition, the Government's need to strengthen sectors such as infrastructure, transport and energy, hydrocarbon, drives international competitors to operate in these sectors bearing a high rate of development, as well as in the supply of machinery and technology in order to boost the agro-industrial processing sector.

As far as Turkey is concerned, the analysis shows that the country's GDP has tripled in the last decade, rising from 231million to 821million Dollars between 2002 and 2013 and ranking the country 17th among the world economies and 6th among EU countries. Besides, the country ranks 13th among the most attractive economies for FDI (Foreign Direct Investment) due to its enviable geographical position that represents the crossroads between Europe, Asia and the Middle East, and that allows businesses that are located in this area to serve a potential pool of 1.5 billion people with a GDP value of 25 trillion Dollars.

In addition, the possibility of relying on a young and qualified population (about half of the 76 million people are under 30 years old), becomes a matter of considerable importance for those companies wishing to operate in the area, resorting to the native labor. Among other things, the business climate is very favorable to entrepreneurs due to the already mentioned simplified bureaucratic procedures, the introduction of a commercial code that has led to an improvement in corporate governance, as well as the many tax benefits provided by the Government for foreign investment in the areas of Technologic, Industrial Development, and in the free zones existing in the country.

8 . The national Italian situation and the relocation of the local companies in the MINT countries

What about Italy in relation to the data concerning the countries that have been just analyzed? It is sufficient to have a look at Global Competitiveness indices relating to our country to understand that latter ranked 49th in 2013, which means that it had lost 22 positions in the rankings since 2011. The figure is disturbing when you consider that two of the MINT countries examined, namely Indonesia and Turkey were placed before Italy, ranking 39th and 44th respectively, while Mexico followed at a short distance ranking 55th.

The country pays for the serious political uncertainty that has had serious consequences for businesses, weakening their competitiveness, leading many of them to bankruptcy, to an unemployment rate of nearly 13% in the country, with a tax burden of about 44%, now unaffordable for businesses and individuals, with a public debt at around 133%, much higher than that of all the 4 economies analyzed, a tax wedge that makes the cost of labor for firms impossible to be sustained in a phase recession like the current one, with a GDP that is just now starting to show some little evidence of recovery, reaching 0.1%. In particular, the loss of competitiveness is caused by the false rules regulating hiring and firing, investment from abroad, access to credit, the institutional and judiciary system, transparency in the Public Administration. Another issue of great importance is the level of bureaucratic procedures required for the creation of business start-up. Italy ranks 65th behind Mexico in the overall rankings, while, concerning the business start-up, the country ranks 90th still well behind Mexico and just 3 positions ahead of Turkey. It is now clear the reason why many entrepreneurs are increasingly relocating their production activity to survive the crisis, either transferring some activities of the value chain or settling their business in a different area, through greenfield investment to completely change the competitive environment to operate in.

In the light of what discussed above, it is now necessary to show whether and to what extent the Italian companies have seized the opportunity to operate in the economies mentioned above and with what results.

Starting from Mexico, one can emphasize the presence of over 1,400 Italian companies including industrial giants like Enel, Ferrero, Pirelli, Fiat-Chrysler, Generali, Barilla that made significant Foreign Direct Investments.

Currently, the economic and commercial relations with Italy are booming, particularly because of the economic growth of the country that has recently begun to appreciate the “Made in Italy” furniture, clothing, footwear, jewellry, drinks, while two thirds of imports relate to machinery and industrial intermediate goods.

In particular, bilateral trade has registered a robust growth in both directions, Italian companies exported goods and services to Mexico for about 6 billion Euros (+87.5%) compared to 2011 and imported goods for 995 million Euros (+60.1%). The small/medium investments were made in the tourism sector which has become internationally famous due to the settlement of Italian citizens in the “Riviera Maya” (Playa del Carmen and Tulum) and in the northern part of the country, particularly in the urban areas of Mexico City and Monterrey, the industrial area of Querétaro (200 km. north of the capital) and the “shoe district” of Leon, State of Guanajuato.

Relations between Italy and Indonesia have been relaunched in recent years due to the stability of South-East Asia and the importance that the country has taken in the fight against terrorism and in the promotion of interreligious dialogue, as well as to the support given by the country to Milan Expo 2015 candidacy, and the recent purchase of Inter football club by the Indonesian tycoon Erick Thohir.

In particular, the Italian presence on the territory which already boasted illustrious names in the sector of entrepreneurship (Agip, Ariston, Enel, Eni, General Electric, Iveco), was consolidated in 2013 by the presence of new economic entrants especially in such areas as: Machinery, Automotive (components), Agro-industry (packaging and food processing), Energy/Environment, Infrastructure. The growth of the Italian presence in the country is witnessed by foreign trade that, though reaching approximately 3.5 billion Euros in 2011, with 0.89% market share, relegating the country to the 16th place in the world rankings, at the European level, it ranks among those that are placed immediately behind Germany and France, with a significant increase of 34.42% concerning exports.

As to imports, the country ranks 14th in the global rankings, with 1.96% market share, and again 3rd among European countries behind the Netherlands and Germany increase of 33.69% in their sales from Indonesia.

Nigeria is definitely the main trading partner of Italy in sub-Saharan Africa after South Africa for several reasons, first of all, the link between the two countries dating back to around 1960 after the country’s independence that saw the settlement of now successful businesses, as well as the high penetration of “Made in Italy” sectors such as food, automotive, textiles, fashion accessories, buildings (with companies such as Saipem, Ferrero, Gitto Costruzioni, Generali, Trevi Foundations, Borini, Nasco Group) and the settlement of a large community of Nigerians who live and work in Italy. It is worth mentioning that this presence has also been strengthened by various agreements among which the most significant are the one concerning the lifting of Double Taxation on Income arising from Air and Maritime Navigation and the one on the Reciprocal Promotion and Protection of Investments. In September 2012, the Italian imports and exports had increased compared to the same period of 2011, the first amounting to 1,328 million Euros (among these, crude oil, which meets 4% of national demand, fisheries, leather products, agricultural products, gas and forestry) and, among the latter, amounting to 638 million Euros (machinery and spare parts, metal and metal products, refined petroleum products, electrical and precision equipment, chemicals and motor vehicles).

The Italian presence in Turkey can rely on over 1000 companies and businesses with Italian participation, strengthening the already excellent business relations with this country that, despite the European crisis registered a trading record level amounting to 21.3 billion dollars in 2011 and a very good result in 2012 with approximately 20 billion Dollars. As evidence of what has just been highlighted Italian giants have settled in the country (Unicredit, Eni, Enel, Pirelli, Fiat, Alitalia, Candy, General, Benetton, BNL), especially in those areas of strategic importance such as: infrastructure and construction, defense industry, banking, energy, machinery, automotive (Scalera, 2011), as well as the traditional areas of “Made in Italy” (textiles, clothing, food, appliances). Italy turns out to be one of the main partners of the country, showing a surplus of 7 million Dollars resulting from an export level amounting to 13.3 billion Dollars in 2012 almost doubling the import level from Turkey amounting to 6. 3 billion Dollars.

9. The Problems hindering the strategic development of companies in the MINT area

At this point, having made it clear that within the competitive landscape of the MINT countries, the Italian presence is of significant importance, the research made the point on the major obstacles to be overcome by international competitors to set-up a business in these countries. To achieve this goal, a questionnaire was worked out with 12 possible issues that constitute an obstacle not only for the business start-up, but also for the subsequent development of the company; the questionnaire was submitted to a sample of 20 international companies of different size (large firms and SMEs) operating in different sectors (energy, tourism, transportation, clothing, food, industrial, communications, building, etc.). The work of collecting and processing information was hard because of the difficulty in creating a feed-back with the executives of companies scattered in geographically heterogeneous areas but it made it possible to assess, without pretending to be exhaustive and apart from official data, which was the actual reality with which entrepreneurs had to be confronted every day, in such areas to carry out their business project.

In detail, the managers contacted were asked to indicate in the list provided, the 4 issues that, according to them, represented a real obstacle to the development of their business in these countries (giving a score from 1, the most important, to 4) and whose results are reported below (Table 5).

Table 5. - Factors hindering the business in the MINT countries

Countries	**Mexico**	**Indonesia**	**Nigeria**	**Turkey**
Factors	**2013-2014 (%)**	**2013-2014 (%)**	**2013-2014 (%)**	**2013-2014 (%)**
Corruption	19,5	21,5	21,9	3,3
Inefficient state bureaucracy	13,5	19,9	15,9	14,8
Access to funding	10,7	7,8	16,5	13,9
Inadequate infrastructure	7,8	10,8	18,2	8,1
Crimes and Theft	15,9	5,4	4,9	3,6
Unskilled labour	4,9	5,4	5,9	12,1
Tax rates	5,5	6,3	1,1	14,1
Tax regulations	10,9	3,8	1,7	9,5
Political instability	2,3	6,9	7,9	3,6
Poor ethical sensitivity by the local labour	3,2	6,1	3,5	5,5
Insufficient talent for innovation	4,9	3,4	1,3	5,3
Regulations on foreign currency	0,9	2,7	1,2	6,4

Source: Personal elaboration on World Economic Forum data; http://www.weforum.org/reports

10. Conclusions and implications

When entrepreneurs search for new markets to operate in, they often do it through a reactive approach and little rational short-term evaluation processes leading to adopting a wrong strategy for the company development. This results in a rise in real costs (such as those ensuing from the fruitless attempts to penetrate markets with low development potential which determine high reorganization costs) as well as in opportunity-costs (see the lack of interest by the entrepreneur in investing in the most receptive markets due to previous commitments in countries that are not able to ensure the economic development of the company). Thus, the need to carefully assess the degree of attractiveness of a country to determine, within a range of possibilities, which are the high priority penetration markets, those which are considered as strategic as well as marginal ones, cannot be separated from the analysis of physical-geographical, demographic, economic, technological, sociocultural variables, and of other variables such as the priority given to the sector and investment plans related to infrastructure, as well as the political risk of the host country. Thus, the results of the analysis carried out made it possible to highlight some final remarks on the development of the MINT countries and the opportunity for international competitors (Italian companies in the lead) to settle in these areas to achieve significant competitive advantages, thus providing some answers to the assumption stated in the introduction. First of all, a certain convergence was identified with regard to some aspects of the policies implemented by governments such as: the stabilization of macroeconomic indicators, increased employment, improved business climate in the countries (streamlining of bureaucracy, tax relief for foreign production settlement and simplified credit access, better protection of investors, a clear tax and commercial law). The adoption of some of these policies that are already in progress has given excellent results, since the macroeconomic and Global Competitiveness indicators as well as those concerning openness to international trade turned out to be satisfactory in most cases, allowing a particularly high market development rate with high-growth sectors (mainly building, energy, telecommunications and infrastructure). However, it seems too early to speak about a unique model of development of the MINT countries and it is still too early to say whether they will be able, in the near future, to retrace the glorious path of the BRICS countries, in spite of the ambitious long-term goals that the Governments of the countries under study have set themselves. Of course, it is desirable that some examples of the best practices implemented by these Governments could somehow be implemented by the Governments under recession like the Italian one that already has on the agenda some initiatives to boost the economy of the country, namely the Jobs-Act to reduce unemployment rate, reduced tax wedge for families and businesses, reduced taxation and improved education and training system.

Waiting for the effects of the reforms, international entrepreneurs, particularly the Italian ones, should consider these highly attractive countries for their investments, even at a time of severe recession, to benefit from the competitive advantages ensuing from: the sourcing costs of raw materials and labor at the most competitive prices, the possibility of profiting from the experience gained by Italian companies because of their massive presence in these areas, the penetration of the "Made in Italy" product in those countries, the geographic location that, in some cases, is considered strategic to serve the entire macro-area (Mexico, Turkey). The remarks that have just been reported, are also the result of the analysis of findings arising not only from secondary sources of the 4 countries concerned, but also from the questionnaire submitted to business executives with reference to the major problems encountered in the development of their business in these countries. This allowed the development and drafting of the SWOT Analysis, which highlighted the main factors of attractiveness of these economies and the elements that political reforms should improve, as well as the opportunities that entrepreneurs should seize to develop their business and the possible threats that may jeopardize the penetration of businesses in these markets (Table 6).

Table 6. – MINTs aggregate SWOT Analysis

STRENGTHS	WEAKNESSES
- Young and qualified population - Low-cost labour - North American Management - Domestic market importance - Strategic geographical position - Number of industrial parks and technological centres - Export opportunities in the advanced sectors of Italian companies - Agriculture and agro-industry budget - Opportunities for infrastructure and electrical energy requirements - Successful economies - Intense demographic trend - Favourable climate for investments - Customs union with the European Union - Demographic dividend - Stability of the political, financial and economic system	- Corruption - Inefficient state bureaucracy - Access to funding - Inadequate infrastructure supply - Crimes and thefts - Unskilled labour
OPPORTUNITIES	**THREATS**
- Where to invest Agricultural products, fishery, forestry Building Tourist flows Transports and storage Motor-vehicles Electric energy, gas, steam, air conditioning Water supply, sewerage systems - What to sell Information and communication services Motor-vehicles, trailers, semitrailers Machinery and appliances Clothing and textile products Food products Furniture	- Corruption - Credit access - Market access - Government/Parliament disagreement on policies and reforms adoption - Infrastructure shortage - Excessive dependence on the oil sector - Gun-fight - Tariffs and non-tariff barriers - Exchange rate - Resort to protectionist measures in case of international crisis

Source: Personal elaboration

In the light of this analysis, based on the degree of attractiveness of the four economies mentioned, a priority list could be drawn up based on the markets in which to invest that would place Mexico at the top, followed by Turkey, Indonesia, and finally, by Nigeria. This remark is also supported by the fact that in Mexico, more than in other countries, it is possible to settle production, by adopting strategies of resource seeking (because of the low cost of raw materials and labor), of market seeking (given its already mentioned enviable geographical position considered as strategic between North American and South American continents) and of knowledge seeking (thanks to the presence in the country of various industrial and technological parks that allow increased know-how). But what strategies should entrepreneurs adopt in these countries? It is to be emphasized, that the deep linguistic, religious and social differences between the four areas and the country threat, mainly due to the political instability in some areas, suggest, especially for multinational companies wishing to operate simultaneously in these markets to follow a polycentric approach, decentralizing in these countries the primary activities of the value chain, and centralizing, instead, in the country of origin, the management of financial and human resources, research and development.

It is evident that such an approach requires the adoption of a strategy aiming at providing a variety of products that are able to meet the diverse needs of customers in the areas mentioned above.

For what concerns SMEs, if it is true that their entry into those markets would certainly be favored by the degree of facilitation of business start-up (except in Nigeria at the moment), it is also true that there would be obvious unhomogeneity between them as regards the consumer's demand; this would suggest that the entrepreneurs should adopt a sequential approach, in order to allow full penetration into a market, before moving to the next, so as to limit investments in human and financial resources, to exploit the experience already gained in a given geographical area and to make profits arising from the different degrees of the countries' development.

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