Emerging economy multinational enterprises (EMNEs) are gaining prominence in practice and theory. While one group of scholars maintain that the internationalization of EMNEs is same as that of the developed economy multinationals (DMNEs); the opposing group of scholars contend that the contextual uniqueness of EMNEs is not captured by the existing theories of internationalization, thus they need to be amended to explain the motives, processes, and outcomes of EMNE internationalization. We aim to contribute to this debate by providing the evidence from Indian EMNEs and their internationalization process. Based on our analysis of four case studies of recently internationalized Indian MNEs, we find empirical evidence for three types of liabilities faced by EMNEs – liabilities of emerging market multinational corporations (EMNCs) growing at a rapid rate, little is known about their internationalization process and the impact it has on the firm performance. We adopt an institutional arrangement lens to investigate the internationalization drivers of EMNCs that act as a credible signaling mechanism to overcome the lack of credibility enhancing institutions within their home environment. We examine cluster presence and quality certification as factors affecting EMNC internationalization, and their moderating effect on firm performance of internationalized firms. We analyze panel data from 174 Indian IT firms during 1997-2002 period to investigate how these EMNEs internationalized and what role did their cluster presence and quality certifications play in their internationalization. The results show that certification plays a positive role in internationalization, but negatively affects firm performance. Interestingly, it has a strong moderating effect on performance effects of internationalization. Further, although clustering is not associated with either internationalization or performance, it negatively moderates the internationalization effect on performance. Our findings advance the theory on internationalization of EMNC by proposing a larger role for certification as a signaling and an efficiency building mechanism.

Search Terms: Internationalization , Emerging multinationals (EMNCs) , Clusters

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foreignness, liabilities of multi-nationality, and liabilities of origin. To counter the liabilities, firms engage in a diverse set of actions at the firm level and build their network position in the host country environment, which results in certain advantages and sets in a positive cycle. We propose a conceptual model that explicates the internationalization process, the liabilities faced, and the different types of actions taken by the EMNEs to mitigate these liabilities.

Search Terms: Emerging economies, Internationalization, liability of foreignness

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IM: How Emerging Market Firms Manage their Business Models in their Internationalization Processes
Author: Margarete Kalinowski; ESADE Business School; 
Author: Luis Vives; ESADE Business School;

The phenomenal surge in internationalization by firms from emerging markets has gained momentum in academic research in recent years. We contribute to this growing stream of research by exploring the questions of how EMNEs manage their business models as they internationalize and how they innovate their business models. We propose a conceptual framework depicted by two key variables: (1) the level of institutional difference in terms of entry into emerging or developed markets, and (2) the strategic initiatives in terms of leveraging their own business models or developing new business models. The framework reveals four different business model management strategies EMNEs can pursue during their internationalization to other emerging markets or developed economies. We illustrate the framework using case study examples of different emerging multinationals. The paper concludes discussing theoretical and managerial implications as well as fruitful avenues for future research.

Search Terms: Emerging market firms, Internationalization, Business models

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