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Paper Session  
Program Session #: 1437 | Submission: 18343 | Sponsor(s): (IM)  
Scheduled: Tuesday, Aug 13 2013 11:30AM - 1:00PM at WDW Yacht and Beach Club  
Resort in Grand Harbor Salon V

## Internationalization of Emerging Market Firms *Emerging Market MNCs*



View Map

Chair: **Guilherme Azevedo**; HEC Montreal; 

*Search Terms: Internationalization Process , Performance , Emerging Market MNCs*

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**IM: Upgrading Technological Capabilities by Developing Country Multinational Companies**   

Author: **Huachuan Rui**; U. of London; 

Author: **Alvaro Cuervo-Cazurra**; Northeastern U.; 

We study the process by which developing country multinationals (DMNCs) upgrade their technological capabilities to international levels. The case study of the Chinese telecommunication equipment manufacturer Huawei supports three conclusions. First, despite some views that DMNCs are technological laggards, we show that DMNCs can reach levels of technological sophistication of advanced economies in a compressed manner. Second, the way DMNCs improve their technological capabilities is by raising the mode of technology upgrading, moving across reengineering, replacing, refining, and recreating capabilities to reach the technological frontier. Third, managers at DMNCs raise the mode of technological upgrading by the continuous stretching of the skills and knowledge of engineers. These ideas extend the study of dynamism in capability life cycles and the creation of dynamic capabilities generated from studying 'Western' firms operating in countries with sophisticated innovation systems by explaining the development of technology in countries with weak innovation systems.

*Search Terms: capabilities , technology , developing country firms*

**Paper is No Longer Available Online:** Please contact the author(s).

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**IM: What Drives Emerging Multinationals? Internationalization and Performance Drivers of Indian IT Firms**    

Author: **D Karthik**; Indian Institute of Management, Ahmedabad; 

Author: **Rajesh S Upadhyayula**; Indian Institute of Management, Kozhikode; 

Author: **Amit Karna**; EBS Business School; 

Although emerging market multinational corporations (EMNCs) are 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 country 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 EMNCs 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*

**Paper is No Longer Available Online:** Please contact the author(s).

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**IM: MNEs from Emerging Economies are Making Lemonade When Given Lemons: Evidences from Indian MNEs (WITHDRAWN)**  

Author: **Rupanwita Dash**; Indian Institute of Management, Bangalore; 

Author: **Kumar Rakesh Ranjan**; IIM Bangalore; 

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

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*

**Paper is No Longer Available Online:** Please contact the author(s).

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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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