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The New Internalization Theory and Multinational Enterprises from Emerging Economies: A Business History Perspective

The recent surge of emerging-economy multinational enterprises (EMNEs) has prompted a debate on whether existing international business theory—particularly internalization theory—can accommodate this phenomenon. Our view is that no new, EMNE-centric theory is required to study EMNEs. Using historical evidence, we argue that “new” internalization theory is sufficient to address the complexity of EMNEs, and we illustrate our argument with examples of ten successful EMNEs from Asia and the Americas. We further argue that a business history lens can illuminate the behavior of developed-economy multinationals. We show how management scholars can advance their research agendas by engaging with business history and how business historians can use internalization theory to analyze the history of multinationals.

Emerging markets, comprising countries with a rapid pace of development and government policies that favor economic liberalization, are assuming an increasingly prominent position in the world economy, in the strategic activities of multinational enterprises (MNEs), and, consequently, in international business research, offering three broad areas for consideration by scholars: (1) where firms from developed economies enter emerging economies; (2) where firms from emerging economies enter developed economies; and (3) where firms from emerging economies enter other emerging economies.¹ The last two areas of research have been of particular interest to international business scholars over the past two decades, as the rapid rise of emerging-economy

¹Mike Wright, Igor Filatotchev, Robert E. Hoskisson, and Mike W. Peng, “Strategy Research in Emerging Economies: Challenging the Conventional Wisdom,” *Journal of Management Studies* 42, no. 1 (2005): 1–33; Alain Verbeke, *International Business Strategy* (Cambridge, U.K., 2013).

multinationals (EMNEs) has prompted the question—cleverly termed “the Goldilocks debate”—of whether (a) existing theories can accommodate this class of organizations, or (b) a significant adjustment to extant theory, or even an entirely new theory, is required to explain EMNEs.² To date, no consensus has emerged.³ Several authors have argued that EMNEs represent a new class of firms, and it is therefore not appropriate to view their internationalization activities, nor their broader strategy and organization, through the theoretical lenses that have traditionally been applied in the study of developed-economy MNEs. These scholars argue that EMNEs’ motivations for internationalization, patterns and speed of expansion, and ability to compete successfully in the world’s richest economies despite being disadvantaged by home-turf economic weaknesses defy the conventional theoretical approaches to internationalization. John Mathews writes about multinationals from the Asia-Pacific region in particular: “Their modes of internationalizing, their reasons for doing so, their organizational and strategic innovations—these are scarcely captured by existing theories and conceptual frameworks.”⁴ Others have suggested that a contemporary paradigm of extant international business theory—namely, the new internalization theory—is well equipped to describe and explain EMNE internationalization patterns: while differences associated with emerging markets are duly acknowledged, “the principles upon which internationalization takes place are no different from their advanced economy

² Alvaro Cuervo-Cazurra, “Extending Theory by Analyzing Developing Country Multinational Companies: Solving the Goldilocks Debate,” *Global Strategy Journal* 2, no. 3 (2012): 153–67.

³ Ravi Ramamurti, “What Have We Learned about EMNEs?” in *Emerging Multinationals in Emerging Markets*, ed. Ravi Ramamurti and Jitendra V. Singh (Cambridge, U.K., 2009).

⁴ John A. Mathews, “Dragon Multinationals: New Players in Twenty-First Century Globalization,” *Asia Pacific Journal of Management* 23, no. 1 (2006): 8. See also John Child and Suzana B. Rodrigues, “The Internationalization of Chinese Firms: A Case for Theoretical Extension?” *Management and Organization Review* 1, no. 3 (2005): 381–410; Igor Filatotchev, Roger Strange, Jenifer Piesse, and Yung-Chih Lien, “FDI by Firms from Newly Industrialised Economies in Emerging Markets: Corporate Governance, Entry Mode and Location,” *Journal of International Business Studies* 38, no. 4 (2007): 556–72; Kalman Kalotay, “Russian Transnationals and International Investment Paradigms,” *Research in International Business and Finance* 22, no. 2 (2008): 85–107; Alexei Kuznetsov, “Urgent Tasks for Research on Russian TNCs,” *Transnational Corporations* 19, no. 3 (2010): 81–95; Yadong Luo and Rosalie L. Tung, “International Expansion of Emerging Market Enterprises: A Springboard Perspective,” *Journal of International Business Studies* 38, no. 4 (2007): 481–98; John A. Mathews, “Competitive Advantages of the Latecomer Firm: A Resource-Based Account of Industrial Catch-Up Strategies,” *Asia Pacific Journal of Management* 19, no. 4 (2002): 467–88, *Dragon Multinational: A New Model for Global Growth* (Oxford, 2002), and “Response to Professors Dunning and Narula,” *Asia Pacific Journal of Management* 23, no. 2 (2006): 153–55; Mike W. Peng, Yuan Yu, Oded Shenkar, and Denis Y. L. Wang, “Treasures in the China House: A Review of Management and Organizational Research on Greater China,” *Journal of Business Research* 52, no. 2 (2001): 95–110.

counterparts.”⁵ Yet, a third group of authors subscribes to a midpoint view: that EMNEs create “a laboratory for extending theory,” and thus, existing core theories can be applied to EMNEs provided that they are substantially revised and augmented.⁶

We argue that the new internalization theory is sufficient to address the reality and complexity of MNEs from emerging economies, including both their successes and, in some cases, their lackluster economic performance. Moreover, we suggest that applying internalization theory to EMNEs highlights important ways in which we can enhance our understanding of all MNEs, whether from emerging or developed countries. Rather than a major theoretical overhaul, we need the infusion of a substantive business history perspective (and with it, some methodological rethinking) in order to better understand EMNEs. Our aim is to contribute to both the international business and business history research agendas in the realm of EMNE study. From the international business perspective, we will use historical evidence to counter erroneous assumptions about the alleged inability of internalization theory to address the EMNE phenomenon. From the business history perspective, we will advance a “transdisciplinary” research effort through linking contemporary management issues with relevant historical knowledge.⁷ We will demonstrate that just as international business scholars would benefit from greater engagement with history, business historians

⁵ Rajneesh Narula, “Do We Need Different Frameworks to Explain Infant MNEs from Developing Countries?” *Global Strategy Journal* 2, no. 3 (2012): 189. See also Peter J. Buckley, L. Jeremy Clegg, Adam R. Cross, Xin Liu, Hinrich Voss, and Ping Zheng, “The Determinants of Chinese Outward Foreign Direct Investment,” *Journal of International Business Studies* 38, no. 4 (2007): 499–518; John H. Dunning, “Comment on Dragon Multinationals: New Players in Twenty-First Century Globalization,” *Asia Pacific Journal of Management* 23, no. 2 (2006): 139–41; Jean-François Hennart, “Don’t Cry for Argentina! Emerging Market Multinationals and the Theory of the Multinational Enterprise” (paper presented at the European International Business Academy [EIBA] conference, Bucharest, Romania, 2011) and “Emerging Market Multinationals and the Theory of the Multinational Enterprise,” *Global Strategy Journal* 2, no. 3 (2012): 168–87; Alan M. Rugman, “Theoretical Aspects of MNEs from Emerging Economies,” in *Emerging Multinationals in Emerging Markets*, ed. Ravi Ramamurti and Jitendra V. Singh (Cambridge, U.K., 2009), 42–63; Rajneesh Narula, “Globalization, New Ecologies, New Zoologies, and the Purported Death of the Eclectic Paradigm,” *Asia Pacific Journal of Management* 23, no. 2 (2006): 143–51.

⁶ Cuervo-Cazurra, “Extending Theory,” 153. See also Alvaro Cuervo-Cazurra and Mehmet Genc, “Transforming Disadvantages into Advantages: Developing-Country MNEs in the Least Developed Countries,” *Journal of International Business Studies* 39, no. 6 (2008): 957–79; Mauro F. Guillén and Esteban García-Canal, “The American Model of the Multinational Firm and the ‘New’ Multinationals from Emerging Economies,” *Academy of Management Perspectives* 23, no. 2 (2009): 23–35; Ramamurti, “What Have We Learned?” and “What Is Really Different about Emerging Market Multinationals?” *Global Strategy Journal* 2, no. 1 (2012): 41–47.

⁷ Huseyin Leblebici, “History and Organization Theory: Potential for a Transdisciplinary Convergence,” in *Organizations in Time: History, Theory, Methods*, ed. Marcelo Bucheli and R. Daniel Wadhvani (Oxford, 2014), 79.

involved in international business research could benefit from greater engagement with theory, in particular the new internalization theory—a powerful, balanced paradigm for both conceptual and empirical analysis of traditional and contemporary international business phenomena.⁸

Two caveats should be noted. First, we do not claim that any international business-related theory could be applied successfully to the study of EMNEs as long as proper historical evidence is taken into account. We focus specifically on the new internalization theory as the dominant paradigm through which to explain MNEs' international strategic governance. In contrast to conventional, mainstream internalization theory, the new internalization theory focuses on the dynamics of international governance, whereby value creation hinges on successful knowledge recombination and governance choices (e.g., foreign location and operating mode choices) are assumed to change over time.⁹

Second, past excitement around the potential of EMNEs to “take over the world” has cooled off somewhat in recent years. Increasingly, scholars are pointing out that the emerging giants' rising influence on the world stage may have been exaggerated—that their growing importance has remained largely unsupported empirically, in terms of both their alleged global reach and their long-term performance in host markets.¹⁰ It is increasingly important that the true standing of EMNEs in the world economy be portrayed accurately, particularly in the face of Western media frenzies surrounding Chinese outward foreign direct investment (FDI).¹¹ Therefore, scholars in a variety of disciplines must (a) identify valid theoretical and methodological approaches to studying EMNEs and (b) view the phenomenon in its proper longitudinal, historical context.

In the following sections, we provide a brief history and overview of internalization theory. We then review the debate on the theory's

⁸ Alain Verbeke and Liena Kano, “An Internalization Theory Rationale for MNE Regional Strategy,” *Multinational Business Review* 20, no. 2 (2012): 135–52.

⁹ Alain Verbeke and Liena Kano, “An Internalization Theory Perspective on the Global and Regional Strategies of Multinational Enterprises,” *Journal of World Business* (forthcoming).

¹⁰ Simon Collinson and Alan M. Rugman, “The Regional Character of Asian Multinational Enterprises,” *Asia Pacific Journal of Management* 24, no. 4 (2007): 429–46; Rajneesh Narula, “Using a ‘Systems’ Perspective to Explain the Limits to the ‘New’ Multinational Enterprises: The Role of ‘Members-Only’ Location Advantages,” in *Understanding Multinationals from Emerging Markets*, ed. Alvaro Cuervo-Cazurra and Ravi Ramamurti (Cambridge, U.K., 2014), 81–107; Diego Quer-Ramón, Enrique Claver-Cortés, and Laura Rienda-García, “Chinese MNCs: An Overview of the Current State of Research,” in *Multinational Enterprises, Markets and Institutional Diversity*, ed. Alain Verbeke, Rob Van Tulder, and Sarianna Lundan (Bingley, U.K., 2014), 477–503.

¹¹ Mike W. Peng, Sunny Li Sun, and Dane P. Blevins, “The Social Responsibility of International Business Scholars,” *Multinational Business Review* 19, no. 2 (2011): 106–19.

capacity to address internationalization patterns of EMNEs. We demonstrate that, from a business history perspective, EMNEs are not actually a new phenomenon, and that labeling them as such obscures the true nature of their economic behavior. We conclude with a demonstration of internalization theory's applicability to a wide range of international business phenomena. We illustrate our argument by applying internalization logic to the expansion patterns of ten large EMNEs and showing that the theory's main tenets apply.

Internalization Theory: Past, Present, and Historical Significance

Characterized as a general theory of the MNE, internalization theory has guided much international business research for almost forty years.¹² First conceptualized by Peter J. Buckley, Mark C. Casson, and Jean-François Hennart, internalization theory has its roots in the work of Ronald Coase, Stephen Hymer, and John McManus.¹³ Internalization theory has extended the Coasean transaction cost approach—according to which a hierarchy supersedes the market if it can organize transactions more efficiently—to the MNE, which is viewed as an internal market operating across national borders.¹⁴ The core argument of internalization theory is that exploiting and further augmenting a firm's knowledge-based assets across national boundaries is often more efficiently undertaken internally, within the MNE hierarchy, than through the use of market mechanisms. MNE internal organization enables exploitation and further development of firm-specific advantages in intermediate products, the proprietary ownership of which helps MNEs overcome the additional costs and risks of doing business abroad, i.e., the liability of foreignness.¹⁵ MNEs resulting from the internalization

¹² Alan M. Rugman, *Inside the Multinationals: The Economics of Internal Markets* (New York, 1981); Peter J. Buckley and Roger Strange, "The Governance of the Multinational Enterprise: Insights from Internalization Theory," *Journal of Management Studies* 48, no. 2 (2011): 460–70.

¹³ Peter J. Buckley and Mark C. Casson, *The Future of the Multinational Enterprise* (London, 1976); Jean-François Hennart, *A Theory of Foreign Direct Investment* (Ann Arbor, 1977); Ronald H. Coase, "The Nature of the Firm," *Economica* 4, no. 16 (1937): 386–405; Stephen H. Hymer, "La Grande Corporation Multinationale: Analyse de Certaines Raisons qui Pousent à L'intégration Internationale des Affaires," *Revue Economique* 19, no. 6 (1968): 949–73 and *The International Operations of National Firms: A Study of Direct Foreign Investment* (Cambridge, Mass., 1976); John C. McManus, "The Theory of the International Firm," in *The Multinational Firm and the Nation State*, ed. Gilles Paquet (Don Mills, Ont., 1972).

¹⁴ Alain Verbeke and Nathan S. Greidanus, "The End of the Opportunism vs. Trust Debate: Bounded Reliability as a New Envelope Concept in Research on MNE Governance," *Journal of International Business Studies* 40, no. 9 (2009): 1471–95.

¹⁵ Srilata Zaheer, "Overcoming the Liability of Foreignness," *Academy of Management Journal* 38, no. 2 (1995): 341–63.

process can thus be seen as a governance mechanism for developing and exploiting firm-specific advantages.¹⁶

The idea of idiosyncratic bundles of firm-specific advantages, which relate to special knowledge or a capability unavailable to competitors and give the MNE the potential to compete in host nations, has its origins in the pioneering work of Edith Penrose.¹⁷ Yet, in contrast to Penrose, who believed that constraints on a firm's growth resided entirely with the entrepreneur, internalization theory ascribes a more active role to the firm's environment, seeing it as either a constraining or enabling force. The concept of country-specific advantages illustrates this perspective.¹⁸ Country-specific advantages (e.g., natural resources, low-cost labor) reflect the attractiveness of particular locations, in both the MNE's home country and potential host countries. International success ultimately depends on the firm's ability to achieve an efficient combination of country-specific and firm-specific advantages.

Internalization theory in its current, most modern, iteration took a while to develop. Almost immediately after its inception, internalization theory was subject to a number of useful refinements and extensions, eventually forming the new internalization theory exemplified by the work of Jean-François Hennart, Alan Rugman, and Alain Verbeke, Gabriel Benito and colleagues, Shih-Fen Chen, and Peter Buckley, among others.¹⁹ Here, the emphasis shifted from (a) explaining the

¹⁶ Alan M. Rugman and Alain Verbeke, "Internalization Theory and Its Impact on the Field of International Business," in *International Business Scholarship: AIB Fellows on the First Fifty Years and Beyond*, ed. Jean J. Boddewyn (Bingley, U.K., 2008), 155–74.

¹⁷ Rugman, *Inside the Multinationals*; Edith Penrose, *The Theory of the Growth of the Firm* (New York, 1959).

¹⁸ Rugman, *Inside the Multinationals*.

¹⁹ See Peter J. Buckley, "New Theories of International Business: Some Unresolved Issues," in *The Growth of International Business*, ed. Mark C. Casson (London, 1983), 34–50; Peter J. Buckley and Mark C. Casson, "Analyzing Foreign Market Entry Strategies: Extending the Internalization Approach," *Journal of International Business Studies* 29, no. 3 (1998): 539–61 and "Models of the Multinational Enterprise," *Journal of International Business Studies* 29, no. 1 (1998): 21–44; Mark Casson, *Alternatives to the Multinational Enterprise* (London, 1979), "General Theories of Multinational Enterprise: Their Relevance to Business History," in *Multinationals: Theory and History*, ed. Peter Hertner and Geoffrey Jones (Aldershot, U.K., 1986), and *The Firm and the Market* (London, 1987); Rugman, *Inside the Multinationals*; David J. Teece, "Technological and Organizational Factors in the Theory of the Multinational Enterprise," in *The Growth of International Business*, ed. Mark C. Casson (London, 1983); Jean-François Hennart, *A Theory of Multinational Enterprise* (Ann Arbor, 1982); Alan M. Rugman and Alain Verbeke, "A Note on the Transnational Solution and the Transaction Cost Theory of Multinational Strategic Management," *Journal of International Business Studies* 23 no. 4 (1992): 761–71 and "Extending the Theory of the Multinational Enterprise: Internalization and Strategic Management Perspectives," *Journal of International Business Studies* 34, no. 2 (2003): 125–37; Gabriel R. G. Benito, Bent Petersen, and Lawrence S. Welch, "Towards More Realistic Conceptualisations of Foreign Operation Modes," *Journal of International Business Studies* 40, no. 9 (2009): 1455–70; Shih-Fen S. Chen, "Extending Internalization Theory: A New Perspective on International Technology Transfer and Its

parameters that would stimulate firms to expand across borders, and investigating entry mode choice, to (b) the MNE's internal organization and their network capabilities. Hennart's work focuses on managing interdependencies between economic actors located in different countries, and draws attention to the role of complementary resources of foreign actors that the MNE may require in order to enable the exploitation of its own firm-specific advantages.²⁰ Like Hennart as well as Benito et al., Chen recognizes the role of complementary assets controlled by host country-based economic actors in the final choice of an operating mode; Chen focuses on alternative governance choices within the MNE and the dynamics of international governance.²¹

Buckley's latest work on the "global factory" is consistent with the logic of new internalization theory in that it focuses on value creation through new knowledge recombination. The global factory is a complex organizational form characterized by the simultaneous use of internalization and external contracts in multiple geographies for fine-sliced economic activities, with the goal of minimizing the sum of production and contracting costs. From a business history perspective, the global factory concept can serve as "the key to understanding the changes in, and configuration of, the global economy," including the rising prominence of emerging economies.²²

Rugman and Verbeke offer a critical extension of internalization theory by introducing the concept of location-bound versus non-location-bound firm-specific advantages.²³ Non-location-bound firm-specific advantages (e.g., technological, marketing, or administrative knowledge) are typically developed at headquarters and are easily transferable across borders to the entire MNE network—consider Toyota's manufacturing and quality-control capabilities. Conversely, location-bound firm-specific advantages are tied to select affiliates within the MNE, whether headquarters or subsidiaries, and can include stand-alone resources linked to location advantages in home markets (e.g., a network of privileged retail locations), resources that may lose value

Generalization," *Journal of International Business Studies* 36, no. 2 (2005): 231–45 and "A General TCE Model of International Business Institutions: Market Failure and Reciprocity," *Journal of International Business Studies* 41, no. 6 (2010): 935–59.

²⁰ See the following by Hennart: *A Theory of Multinational Enterprise*; "Down with MNE-centric Theories! Market Entry and Expansion as the Bundling of MNE and Local Assets," *Journal of International Business Studies* 40, no. 9 (2009): 1432–54; and "Don't Cry for Argentina!"

²¹ Benito, Petersen, and Welch, "Towards More Realistic Conceptualisations"; Chen, "Extending Internalization Theory" and "A General TCE Model."

²² Peter Buckley, "The Impact of the Global Factory on Economic Development," *Journal of World Business* 44, no. 2 (2009): 131–43 and "International Integration and Coordination in the Global Factory," *Management International Review* 51, no 2 (2011): 270.

²³ Rugman and Verbeke, "A Note on the Transnational Solution."

when transferred across borders (e.g., reputational resources), and local best practices and routines.²⁴ The concept of location boundedness of firm-specific advantages has invited an important shift in internalization-theory thinking, from the view of the MNE as a hierarchical organization steered by a firm-level head office toward a more realistic analysis of the MNE as a differentiated network.²⁵

It should be noted that internalization theory scholars have a long-standing tradition of engaging with business history. First, the transaction cost internalization argument has its roots in Alfred Chandler's historical accounts of the growth of the first large multidivisional corporations.²⁶ Second, prominent internalization theory scholars, such as Casson and Hennart, applied the theory to vertical and horizontal integration of resource-based and manufacturing MNEs, as well as cross-border entrepreneurship, while Buckley has argued that a longitudinal, history-based approach is well suited to the study of outsourcing and international contracts.²⁷ Likewise, business historians have taken note of internalization arguments. In her book *The Maturing of Multinational Enterprise*, Mira Wilkins indicated the relevance of R. H. Coase, to whose work Robert Aliber had directed her.²⁸ More generally, internalization theory can offer business historians the basis for "broad theoretical claims," whose absence is currently forming a barrier to a greater business history–international business dialogue.²⁹

²⁴ Verbeke, *International Business Strategy*.

²⁵ Alan M. Rugman and Alain Verbeke, "Subsidiary-Specific Advantages in Multinational Enterprises," *Strategic Management Journal* 22, no. 3 (2001): 237–50.

²⁶ Alfred D. Chandler Jr., *Strategy and Structure: Chapters in the History of the Industrial Enterprise* (Cambridge, Mass., 1962), *The Visible Hand: The Managerial Revolution in American Business* (Cambridge, Mass., 1977), and "Business History as Institutional History," in *Approaches to American Economic History*, ed. George Rogers Taylor and Lucius F. Ellsworth (Charlottesville, Va., 1971), 17–24.

²⁷ Discussed in Geoffrey Jones and Tarun Khanna, "Bringing History (Back) into International Business," *Journal of International Business Studies* 37, no. 4 (2006): 453–68. See also Casson, "General Theories of Multinational Enterprise" and "Institutional Diversity in Overseas Enterprise: Explaining the Free-Standing Company," *Business History* 36, no. 4 (1994): 95–108; Jean-François Hennart, "Internalization in Practice: Early Foreign Direct Investments in Malaysian Tin Mining," *Journal of International Business Studies* (1986): 131–43, "The Transaction Cost Theory of the Multinational Enterprise," in *The Nature of the Transnational Firm*, ed. Christos N. Pitelis and Roger Sugden (London, 1991), "International Financial Capital Transfers: A Transaction Cost Framework," *Business History* 36, no. 1 (1994): 51–70, and *A Theory of Multinational Enterprise*; Peter J. Buckley, "The Limits of Explanation: Testing the Internalization Theory of the Multinational Enterprise," *Journal of International Business Studies* 19, no. 2 (1988): 181–93.

²⁸ Mira Wilkins, *The Maturing of Multinational Enterprise: American Business Abroad from 1914 to 1970* (Cambridge, Mass., 1974); Robert Z. Aliber, "A Theory of Direct Foreign Investment," in *The International Corporation*, ed. Charles Kindleberger (Cambridge, Mass., 1970).

²⁹ R. Daniel Wadhvani and Marcelo Bucheli, "The Future of the Past in Management and Organization Studies," in *Organizations in Time: History, Theory, Methods*, ed. Bucheli and Wadhvani (Oxford, 2014), 8.

The issue of interaction between international business and business theory has occupied the minds of scholars in both fields for decades, yet the dialogue has been complicated by significant and entrenched epistemological differences between the two disciplines.³⁰ Tensions stem from diverging conceptual foundations, assumptions, aspirations, objectives, and methodological approaches guiding historical and business research. Methodology poses a particularly challenging obstacle. The general preference within the field of international business for large-scale quantitative studies has created “methodological roadblocks to further interaction with historical evidence.”³¹ First, this pressure for quantification has discouraged qualitative research. Second, it has facilitated a rather narrow focus on variables that could reasonably be operationalized, resulting in the majority of mainstream internalization theory studies exploring only two types of firm-specific advantages as indicators of an MNE’s resource strength: (1) technological or research and development (R&D) resources, as measured by the MNE’s R&D spending; and (2) the value of the company’s brand, as measured by advertising intensity. Field-wide acceptance of these methodological tools has led international business research, and particularly research on EMNEs, further from history—and, we argue, further from accurate portrayals of reality.

Using the specific case of EMNEs, we show how engaging with historical evidence can streamline the field-wide theoretical approach in international business and act as a deterrent against adopting erroneous theoretical assumptions. We do not attempt to conduct a business history study; rather, we espouse “historical theorizing,” suitable here because we are investigating a managerially relevant issue undergoing continuous change.³² To international business scholars, we demonstrate how to position and explain theoretical arguments against the backdrop of history and how an expansion of international business research’s methodological toolkit may help build better theory. To historians, we show how and when business history is relevant to international business scholars and how international business theory can be helpful in explaining history.

³⁰ See, for example, Peter Hertner and Geoffrey Jones, *Multinationals: Theory and History* (Farnham, U.K., 1986); Jones and Khanna, “Bringing History (Back)”; Yair Aharoni, “In Search for the Unique: Can Firm-Specific Advantages Be Evaluated?” *Journal of Management Studies* 30, no. 1 (1993): 31–44. For in-depth discussion of epistemological tensions between business history and management studies, see Bucheli and Wadhvani, eds., *Organizations in Time*.

³¹ Jones and Khanna, “Bringing History (Back).”

³² Leblebici, “History and Organization Theory.”

A Quest for New Theories in the Study of EMNEs

Outward foreign investment from emerging economies is hardly a new phenomenon. In fact, the first known multinationals appeared outside of the geography associated with the modern developed world: Wilkins writes of Sumerian merchants who started stationing men abroad to receive, store, and sell their wares as early as 2500 BCE.³³ In the current era, Asian business groups have been major regional economic players for over two centuries; the Hongkong and Shanghai Banking Corporation (presently HSBC) has been running international operations since the 1860s.³⁴

Yet, it is the most recent wave of economic growth in emerging markets—specifically, in the past two decades—that has invited an increasing number of research studies on the topic, perhaps in part because this growth coincided with slowing economic growth in advanced markets. This scholarly attention led to a vibrant debate in the international-business scholarly community over the following questions: can extant theory explain the existence and international expansion patterns of EMNEs, and can it be used to predict their profitability and survival?³⁵ A sizable group of international business scholars advocate development of a completely new theory, based on the following set of arguments.

First, extant theory—and particularly internalization theory—has been accused of producing one-sided, firm-centric explanations of international business activity, to the exclusion of the role played by institutional underpinnings in shaping the business environment, strategies, and performance of MNEs.³⁶ The fact that EMNEs operate in an institutional environment that differs significantly from that prevailing in developed economies has been argued to justify a new, institution-based theory.³⁷

Second, some authors have argued that EMNEs do not possess firm-specific advantages and thus internationalize to acquire new

³³ Mira Wilkins, *The Emergence of Multinational Enterprise: American Business Abroad from the Colonial Era to 1914* (Cambridge, Mass., 1970).

³⁴ Jones and Khanna, "Bringing History (Back)."

³⁵ Hennart, "Don't Cry for Argentina!"

³⁶ Brian Toyne, "International Exchange: A Foundation for Theory Building in International Business," *Journal of International Business Studies* 20, no. 1 (1989): 1–17; Robert E. Hoskisson, Lorraine Eden, Chung Ming Lau, and Mike Wright, "Strategy in Emerging Economies," *Academy of Management Journal* 43, no. 3 (2000): 249–67; Mike W. Peng, Denis Y. L. Wang, and Yi Jiang, "An Institution-Based View of International Business Strategy: A Focus on Emerging Economies," *Journal of International Business Studies* 39, no. 5 (2008): 920–36; Wright et al., "Strategy Research in Emerging Economies."

³⁷ Peng, Wang, and Jiang, "An Institution-Based View."

firm-specific advantages rather than to exploit existing ones.³⁸ These new firm-specific advantages, acquired through international expansion, are then used as a springboard for further internationalization.³⁹ The fact that EMNEs essentially lack the very feature supposed to drive internalization theory-based analysis is presented as evidence that a new conceptual lens is needed through which to study EMNEs.

Third, and related to the above point, the key motivation of EMNEs to internationalize—namely, to mitigate/eliminate relative competitive disadvantages, as opposed to exploiting advantages as developed-country MNEs do—is cited as a rationale for new theory development.⁴⁰ It is argued that, in some cases, noneconomic objectives produce completely different patterns of international expansion. Chinese state-controlled MNEs that may be pursuing a sociopolitical agenda (e.g., promoting industrialization, advancing technology, defending national interests) in addition to economic goals are often cited as examples; similarly, Russian MNEs, both state-controlled and private, are known for pursuing the government's political agenda through their foreign investments, as exemplified by the number of Russian MNEs that cut economic ties with Estonia after a grave of Soviet soldiers was desecrated in Tallin.⁴¹ In addition, the internationalization decisions of EMNEs may be driven by personal motives, e.g., Russian business tycoons seeking the prestige and political rents of joining the “global business elite”—a foreign-expansion driver that is argued (erroneously, in our view) to be inconceivable in the context of a Western enterprise.⁴²

Unfortunately, the above contentions may be associated with a lack of critical analysis as to the real application potential of new internalization theory and the historical perspective embedded therein. We argue that rejection of internalization theory as a general theory of the MNE stems largely from a poor or incomplete understanding of the theory or from its improper application, as we demonstrate in the next section.

³⁸ Mathews, “Competitive Advantages,” “Dragon Multinationals,” “Response to Professors Dunning and Narula,” and *Dragon Multinational*.

³⁹ Luo and Tung, “International Expansion of Emerging Market Enterprises.”

⁴⁰ Child and Rodrigues, “The Internationalization of Chinese Firms.”

⁴¹ Raymond Vernon, “Linking Managers with Ministers: Dilemmas of the State Owned Enterprise,” *Journal of Policy Analysis and Management* 4, no. 1 (1984): 39–55; Alexei Kuznetsov and Anna Chetverikova, “Russian Multinationals Continue Their Outward Expansion in Spite of the Global Crisis” (Institute of World Economy and International Relations [IMEMO] of Russian Academy of Sciences, Moscow, Russia and the Vale Columbia Center on Sustainable International Investment [VCCI], New York, N.Y., 2009), http://ccsi.columbia.edu/files/2013/10/Russia_2009.pdf, accessed July 5, 2015.

⁴² Kuznetsov, “Urgent Tasks for Research.” We posit, however, that these “nontraditional” internationalization drivers are abundant in the developed world; for example, it has been argued that expansion of U.S.-based retailers to Europe is partially driven by image and prestige; see Irena Vida, “An Empirical Inquiry into International Expansion of U.S. Retailers,” *International Marketing Review* 17, nos. 4/5 (2000): 454–75.

Internalization Theory as a General Theory of the MNE:
Uncovering the Myths

The role of home economies and home institutions. We would like to remind the reader that, according to the logic of internalization theory, the competitiveness of firms across borders is contingent on their ability to successfully recombine their firm-specific advantages with location advantages of home and host countries. Home-country location advantages (as well as disadvantages) will hinder or promote development of a particular set of distinct firm-specific advantages and will influence internationalization motives and patterns. Here again, it is useful to turn to history to trace the influence of long-term differences between MNEs' home-country environments on internationalization paths.

Business historians of the "global economy" period (i.e., from the nineteenth century on) distinguish among three categories of home economies in terms of timing of firms' international business activities: persistent, erratic, and latecomer.⁴³ Persistent investors are characterized by sustained and substantial FDI that commenced in the nineteenth century and persisted in the face of economic instability; this category includes firms from the United States and the United Kingdom as well as some smaller European economies, such as the Netherlands, Sweden, and Switzerland. Erratic investors are characterized by intermittent FDI activity and include MNEs from France, Germany, and Japan. The latecomers, which began significant international investment in the late twentieth century, include but are not limited to MNEs from emerging economies; southern European countries such as Spain and Italy also belong to this category. These differences in the timing of outward investment flows can best be understood against the backdrop of history, which helps explain national differences in terms of, among other things, economic development patterns, culture, and political environments. For example, Western Europe and the United States have historically been at the forefront of economic development; this position facilitated early outward FDI in capital-intensive manufacturing industries, typically associated with technological leadership and innovation capabilities.⁴⁴ Further, the colonial past of Great Britain and the Netherlands accounts for these countries' "strong outward looking commercial tradition."⁴⁵ The English and Dutch East India companies, established in the early

⁴³ Geoffrey Jones, *Multinationals and Global Capitalism* (New York, 2005).

⁴⁴ *Ibid.*; Dunning, *International Production and the Multinational Enterprise*; Jones and Khanna, "Bringing History (Back)"; Alfred D. Chandler Jr., "The Growth of the Transnational Industrial Firm in the United States and the United Kingdom: A Comparative Analysis," *Economic History Review* 33, no. 3 (1980): 396–410.

⁴⁵ Jones, *Multinationals and Global Capitalism*.

sixteenth and seventeenth centuries, are argued to be the earliest protomultinationals, sharing many important characteristics with modern MNEs.⁴⁶ Exogenous shocks such as the two world wars explain the erratic nature of German and Japanese foreign investment patterns, while Sweden and Switzerland were able to sustain their persistent investment due to their neutrality during the wars. The revolution of 1917 in Russia, and the consequent seventy years of the communist regime, stunted the development of the Russian economy as well as the economies of the Soviet bloc and created a number of ideological, political, and economic barriers to foreign investment flows from these countries until the fall of the Berlin Wall in 1989. Similarly, the Asian financial crisis of the late 1990s halted outward international investment from the Far East.

Our point here is that EMNEs do face a unique set of historical circumstances that have affected their internationalization patterns—but so do MNEs from developed countries. Moreover, advanced home economies, just like developing home economies, vary greatly in their historical paths, determining to some extent differences in capabilities, organizational forms, and internationalization patterns of their MNEs. In this sense, a division of MNEs' home economies into emerging versus developed adds little value, in that this division does not fully address the complexity of individual home-country influences on MNEs, nor does it correctly differentiate among MNEs based on timing of international investment (recall that some developed economies from Southern Europe also fall into the latecomer category of international investors). This complexity can be addressed, however, by turning to historical evidence on how home-country economies have influenced the specializations and capability development of firms over time.⁴⁷ These influences are viewed as country-specific advantages—or, in some cases, disadvantages—in internalization theory.

Since institutional differences between emerging and developed home economies are most frequently cited as a reason for new EMNE-centric theory development, let us address home-country institutions separately. Institutions codevelop with home economies and are naturally rooted in history. Asian and Latin American business groups, recognized as institutional void-fillers in emerging markets, were inspired by nineteenth-century European business groups that formed around European protomultinationals trading in developing markets.⁴⁸ Efforts

⁴⁶ Ann M. Carlos and Stephen Nicholas, "Giants of an Earlier Capitalism': The Chartered Trading Companies as Modern Multinationals," *Business History Review* 62, no. 3 (1988): 398–419.

⁴⁷ Jones, *Multinationals and Global Capitalism*.

⁴⁸ Tarun Khanna and Krishna Palepu, "Why Focused Strategies May Be Wrong for Emerging Markets," *Harvard Business Review* 75, no. 4 (1997): 41–48 and "Is Group Affiliation

by the Swedish government in the nineteenth century to invest heavily in literacy is related to the later emergence of world-class technical and engineering schools, thus facilitating Sweden's international competitiveness in advanced engineering. Likewise, decisions by the Indian government to invest in higher education, even prior to the liberalization of 1991, made India into the technology powerhouse that it is today, and India's 1970 Patent Act and consequent 1999 Patent Reform supported international competitiveness of the country's pharmaceutical sector by allowing Indian pharmaceuticals to engage in reverse engineering.⁴⁹ England's historical leadership in international trade, along with its technological prowess, codetermined the emergence of the London Stock Exchange as the leading capital market institution. More generally, the capital-intensive nature of resource industries that characterized early European MNEs explains Europe's well-developed capital markets.⁵⁰

Thus, institutions do not operate in isolation but rather are part of a multilayered governance system wherein microlevel actions, firm-level strategies, and macrolevel policies coexist and interact.⁵¹ Firm-specific advantages are necessarily codetermined by the home-country institutional environment and the home institutions' ability to promote specific functional behavior and to discourage dysfunctional behavior in economic actors.⁵² Consider the commonly accepted strengths of EMNEs in building networks and operating under adverse conditions in a macrolevel context typically characterized by institutional voids. Such "general" relationships with institutions may help explain the strong competitiveness of particular industries in emerging economies. Here, institutional voids and/or biases may lead to narrow "pockets of excellence" (e.g., the information technology [IT] and software industries in India) rather than to an elusive, across-the-board competitiveness of specific emerging economies.⁵³

While institutional differences between developed and emerging economies do exist, they do not warrant new theory development. As

Profitable in Emerging Markets? An Analysis of Diversified Indian Business Groups," *Journal of Finance* 55, no. 2 (2000): 867–91; Jones and Khanna, "Bringing History (Back)."

⁴⁹ Jones, *Multinationals and Global Capitalism*; Peng, Wang, and Jiang, "An Institution-Based View"; Prithwiraj Choudhury and Tarun Khanna, "Charting Dynamic Trajectories: Multinational Enterprises in India," *Business History Review* 88 (Spring 2014): 1–38; Rajneesh Narula, "The Viability of Sustained Growth by India's MNEs: India's Dual Economy and Constraints from Location Assets," *Management International Review* 55, no. 2 (2015): 191–205.

⁵⁰ Jones, *Multinationals and Global Capitalism*.

⁵¹ Oliver E. Williamson, *The Mechanisms of Governance* (New York, 1996).

⁵² Narula, "Using a 'Systems' Perspective."

⁵³ Rajneesh Narula and Tiju Prasad Kodiyat, "The Growth of Outward FDI and the Competitiveness of the Underlying Economy: The Case of India" (working paper 2013 042, United Nations University, Maastricht, 2013).

noted above, these differences are embedded in the notion of country-specific advantages or disadvantages, which historically codetermine the development of firm-specific advantages in MNEs. Institutions do matter in internalization theory; they can affect additional costs of doing business abroad, and they determine individual firms' historical paths of capability development. The above brings us to our next point: EMNEs do possess firm-specific advantages.

EMNEs do possess firm-specific advantages. The misconception that EMNEs are necessarily resource poor may stem from the aforementioned methodological trend, whereby conventional empirical studies testing internalization theory have focused on quantifying two types of resources: technology and brand.⁵⁴ In the spirit of quantitative, big-data research, technological strength is measured by the R&D investments of MNEs, while brand value is operationalized as advertising expenditures. These very imperfect proxies for a firm's true technological and marketing capabilities may, in the past, have provided a reasonable approximation for an MNE's firm-specific advantages but are largely inapplicable in the emerging-economy context, where firms may utilize completely different approaches to building technological capacity (including technology purchases and early alliance formation) and may lack a history of advertising in a traditional sense (i.e., as measured by advertising spending). Technology and branding may indeed not be critical competitive strengths of an EMNE. Yet this does not mean that EMNEs do not possess firm-specific advantages—only that their firm-specific advantages may be different from those commanded by some developed-economy MNEs. These differences are, once again, better understood against the backdrop of history.

Emerging economies' FDI has historically been tied to diversified business groups, which were "the mainstay of multinational growth" for Asian and Latin American countries throughout the twentieth

⁵⁴ Some internalization theory scholars also subscribe to the position that EMNEs lack firm-specific advantages; see, for example, Donald R. Lessard and Rafael Lucea, "Mexican Multinationals: Insights from CEMEX," in *Emerging Multinationals in Emerging Markets*, ed. Ravi Ramamurti and Jitendra V. Singh (Cambridge, U.K., 2009), 280–311; Rugman, "Theoretical Aspects of MNEs." According to this mistaken viewpoint, EMNEs rely entirely on their access to country-specific advantages (e.g., oil and gas in Russia, cheap labor in China)—a strategy that is not sustainable in the long run. Unlike proponents of EMNE-centric theories, these authors apply internalization theory to conclude that EMNEs will not be successful abroad due to their lack of firm-specific advantages. In response to this line of reasoning, it can be argued, in accordance with Hennart's bundling perspective discussed above, that even domestic country-specific advantages are not readily accessible to all home-country MNEs. Access to these resources and the ability to utilize them in a profitable way should be seen as distinct firm-specific advantages. In the emerging-economy context, this access may imply an extensive local business network or beneficial government connections—both idiosyncratic resources that form a critical part of the firm's bundle of firm-specific advantages, in addition to the entrepreneurial capacity of many EMNE founders and senior managers.

century.⁵⁵ This suggests that internationalization depended on “nontraditional” (from a mainstream internalization perspective) firm-specific advantages such as networking and contact capabilities, relationship building, social capital, and government support.⁵⁶ Further, emerging markets were not located at the technological frontier; market research and advertising industries were still in their infancy at the turn of the twenty-first century, meaning that these countries have no history of building strong brand capabilities.⁵⁷ In the absence of a strong innovation and technology base and strong brands, deployment of other, higher-order firm-specific advantages became paramount, including the entrepreneurial quality of management, research capabilities, and innovative organizational structure.⁵⁸

A substantial number of scholars have acknowledged that EMNEs do possess firm-specific advantages, which, although different from those ascribed to developed-country multinationals, can be still exploited through internationalization.⁵⁹ Firm-specific advantages mentioned include a strong understanding of customers and an ability to adapt technology to develop products for special needs; cost innovations and operational excellence imposed by scarce resources; privileged access to home-nation country-specific advantages; adversity advantage (i.e., the ability to effectively function in difficult conditions); networking skills and political know-how; and fewer core rigidities and greater entrepreneurial freedom when compared with large, established MNEs.⁶⁰

Yet the argument that the different nature of firm-specific advantages requires a new theory with which to study EMNEs is deeply flawed. The EMNE firm-specific advantages listed above are examples of higher-order firm-specific advantages, referred to in the new

⁵⁵ Jones, *Multinationals and Global Capitalism*.

⁵⁶ Ibid.; Carl J. Kock and Mauro F. Guillén, “Strategy and Structure in Developing Countries: Business Groups as an Evolutionary Response to Opportunities for Unrelated Diversification,” *Industrial and Corporate Change* 10, no. 1 (2001): 77–113.

⁵⁷ Tarun Khanna, Krishna Palepu, and Jayant Sinha, “Strategies That Fit Emerging Markets,” *Harvard Business Review* 83, no. 6 (2005): 63–74.

⁵⁸ David J. Teece, “Explicating Dynamic Capabilities: The Nature and Microfoundations of (Sustainable) Enterprise Performance,” *Strategic Management Journal* 28, no. 13 (2007): 1319–50; Paulius Kucinas and Delia Meth-Cohn, *The Russians Are Coming: Understanding Emerging Multinationals* (New York, 2006).

⁵⁹ Cuervo-Cazurra and Genc, “Transforming Disadvantages into Advantages”; Guillén and García-Canal, “The American Model”; Ramamurti, “What Have We Learned?” and “What Is Really Different?”; Ming Zeng and Peter J. Williamson, *Dragons at Your Door: How Chinese Cost Innovation Is Disrupting Global Competition* (Boston, 2007).

⁶⁰ Some of the firm-specific advantages frequently ascribed to EMNEs, such as greater flexibility in responding to environmental changes and freedom to implement organizational innovation, are obviously not EMNE-specific but can be found with equal likelihood in smaller developed-country MNEs at an early stage of internationalization and growth; see, for example, Guillén and García-Canal, “The American Model.”

internalization theory as recombination capabilities: that is, capabilities to recombine existing and accessed resources across borders in a way that creates value for the MNE.⁶¹ The specific nature, or type, of firm-specific advantage, and the specific geography of the home economy, appear less important than the ability to engage in resource recombination. Historically, Japanese firms have had advanced capabilities in manufacturing systems and quality control. British firms, which business historians argue have had “a bias towards branded consumer goods from the late nineteenth century,” have honed their branding skills over time.⁶² American firms’ historical preeminence in electronics explains the technological strength of U.S.-based MNEs. Sweden’s historical emphasis on innovation, as noted above, has gradually turned the country into one of the world’s innovation hot spots, home to such high-tech leaders as telecom software provider Skype and Minecraft creator Mojang (both subsequently acquired by Microsoft).⁶³ Yet it cannot reasonably be argued that a distinct, new theory must be crafted and applied separately to each of these countries in order to understand MNE internalization patterns. Rather, we need to, first, apply a general, parsimonious theory with high predictive capacity in order to explain and predict firm behavior based on the nature of its firm-specific advantages and the home- and host-country-specific advantages the firm can access and, second, study business history to understand why and how these firm-specific advantages and country-specific advantages have come to exist.

Motivations for internationalization are addressed in the context of recombination. Business historians argue that the main rationale for multinationals to internationalize has not changed over centuries and typically results from a need to economize on cross-border transactions. Ann Carlos and Stephen Nicholas, in their investigation of early chartered trading companies, argue that the “giants of an earlier capitalism”—namely, the Hudson’s Bay Company, the Royal African Company, the Muscovy Company, and the British and Dutch East India Companies—undertook FDI in order to overcome information asymmetries and reduce the cost of cross-border transactions and are, in this respect, analogous to modern multinationals.⁶⁴ Similarly, Geoffrey Jones and Tarun Khanna argue that British trading companies of the nineteenth century closely parallel modern emerging-market business groups in their

⁶¹ Verbeke, *International Business Strategy*.

⁶² Jones, *Multinationals and Global Capitalism*, 234.

⁶³ John Kao, “Tapping the World’s Innovation Hot Spots,” *Harvard Business Review* 87, no. 3 (2009): 109–14.

⁶⁴ Carlos and Nicholas, “Giants of an Earlier Capitalism”; Chandler, “Growth of the Transnational Industrial Firm,” 401.

international diversification motives; these core motives can be summarized as economizing on transaction costs in the face of: (1) asset specificity, (2) uncertainty, and (3) bounded rationality and (4) bounded reliability of actors involved in transactions.⁶⁵ However, in addition to the overarching economizing objective, international expansion decisions always serve particular strategic goals (i.e., a search for strategic assets, new markets, efficiency, or natural resources), which then lead to particular desired firm-specific and country-specific advantage combinations, as well as to subsequent location choices and governance decisions.

In this context, Mauro Guillén and Esteban García-Canal summarize nine motivations for FDI by EMNEs, as documented in the literature: backward linkage into raw materials; forward linkage into foreign markets; escape from home-country government-imposed quota allocations and export restrictions; spreading of risk; movement of personal capital abroad; following a home-country customer to foreign markets; investment in new markets in response to economic reforms in the home country; acquisition of intangible firm-specific advantages; and exploitation of intangible firm-specific advantages.⁶⁶ A close look at these “unique” motivations, however, reveals that (1) they are found in developed-economy MNEs as well—consider the pursuit of noneconomic goals by family firms, or the tendency of American and European banks to “follow the customer abroad”—and (2) these motivations fit into the four main foreign-expansion motivations described in the extant mainstream international-business framework: strategic-resource seeking, market seeking, efficiency seeking, and natural-resource seeking, as shown in Table 1.⁶⁷ Whether or not EMNEs need to upgrade their capabilities while achieving their international expansion objectives is a matter of matching firm-specific advantages with country-specific advantages—and is addressed fully by internalization theory.⁶⁸

⁶⁵ Jones and Khanna, “Bringing History (Back).”

⁶⁶ Guillén and García-Canal, “The American Model.”

⁶⁷ Rama Seth, Daniel E. Nolle, and Sunil K. Mohanty, “Do Banks Follow Their Customers Abroad?” *Financial Markets, Institutions and Instruments* 7, no. 4 (1998): 1–25; James J. Chrisman, Franz W. Kellermanns, Kam C. Chan, and Kartono Liano, “Intellectual Foundations of Current Research in Family Business: An Identification and Review of Twenty-Five Influential Articles,” *Family Business Review* 23, no. 1 (2010): 9–26; John H. Dunning and Sarianna M. Lundan, *Multinational Enterprises and the Global Economy* (Cheltenham, U.K., 2008); Verbeke, *International Business Strategy*.

⁶⁸ Rugman, “Theoretical Aspects of MNEs.”

Table 1
EMNE Motivation for International Expansion versus Existing
Motivation Framework

<i>Motivations for International Expansion by MNEs in Mainstream International Business Research</i>	<i>Motivations for International Expansion by EMNEs in Extant Literature</i>
Strategic-resource seeking	Movement of personal capital abroad Acquisition of intangible firm-specific advantages Exploitation of intangible firm-specific advantages (FSAs) (i.e., recombination of intangible FSAs with borrowed technology)
Market seeking	Home-country government curbs on business activity Investment in new markets in response to economic reforms in home country Following home-country customers to foreign markets Forward linkage into foreign markets
Efficiency seeking	Spreading of risk
Natural-resource seeking	Backward linkage into raw material

Sources: John H. Dunning and Sarianna M. Lundan, *Multinational Enterprises and the Global Economy* (Cheltenham, U.K., 2008); Alain Verbeke, *International Business Strategy* (Cambridge, U.K., 2013); Mauro F. Guillén and Esteban García-Canal, "The American Model of the Multinational Firm and the 'New' Multinationals from Emerging Economies," *Academy of Management Perspectives* 23, no. 2 (2009): 23–35.

The Case of World-Class Emerging Multinationals

To demonstrate the validity of the conceptual perspective developed above, we now turn to an analysis of the expansion trajectories of real-world EMNEs. We investigate whether EMNEs indeed possess firm-specific advantages, whether these firm-specific advantages are similar to or different from those of developed-country MNEs, and whether EMNEs' supposedly unique motivations to internationalize indeed create distinct internationalization patterns. In the previous sections of this article, we used historical evidence to argue that principles of internalization theory hold for EMNEs. In the following sections, we apply these principles based on contemporary EMNE data to observe whether internalization predictions still hold.

As a starting point for our analysis, we looked at the twenty-five "world-class emerging multinationals" described in Antoine van

Table 2
List of EMNEs Analyzed

<i>Asia</i>	<i>The Americas</i>
Lenovo: Chinese technology company, est. 1984	Embraer S.A.: Brazilian aerospace conglomerate, est. 1969
Infosys: Indian technology company, est. 1981	Petrobras Brasileiro S.A.: Brazilian energy company, est. 1953
Tata Group: Diversified Indian conglomerate, est. 1868	CEMEX: Mexican cement producer, est. 1906
Haier Group: Chinese consumer electronic and home appliances manufacturer, est. 1984	Tenaris S.A.: Argentinean supplier of steel pipe and related services (incorporated in Luxembourg), est. 2002
Samsung: South Korean diversified technology conglomerate, est. 1938	Concha y Toro: Chilean wine producer, est. 1883

Agtmael’s classic book.⁶⁹ We then assessed the list of EMNEs to determine (1) which had been the subject of detailed business-school case analysis and (2) for which we could find additional, publicly available information to supplement case data. This led to the inclusion of ten EMNEs in our analysis: five based in Asia and five headquartered in the Americas. [Table 2](#) lists the EMNEs studied, including the age and a brief description of each. We then analyzed a total of fifty-two formal teaching cases on the international expansion history of the selected EMNEs, supplemented by publicly available data from websites, press releases, books, news articles, and published interviews (see [Appendix](#) for the full list of cases). We looked for distinct firm-specific and country-specific advantage configurations, internationalization motives, and historical paths of firm-specific advantage development and international deployment. Combined, the materials analyzed span a period from 1868 (the year of formation of India’s Tata Group, the oldest company in the sample) to the present.⁷⁰ Our primary focus,

⁶⁹ Antoine van Agtmael, *The Emerging Markets Century: How a New Breed of World-Class Companies Is Overtaking the World* (New York, 2007), 59.

⁷⁰ It should be noted that the use of teaching cases as secondary research data has been criticized for unreported data bias (see Alfred Kieser, “Why Organization Theory Needs Historical Analyses—and How This Should Be Performed,” *Organization Science* 5, no. 4 [1994]: 608–20; Neng Liang and Jiaqian Wang, “Implicit Mental Models in Teaching Cases: An Empirical Study of Popular MBA Cases in the United States and China,” *Academy of Management Learning & Education* 3, no. 4 [2004]: 397–413) and for its two levels of abstraction (see Danny Miller and Peter H. Friesen, “Strategy-Making in Context: Ten Empirical Archetypes,” *Journal of Management Studies* 14, no. 3 [1977]: 253–80). However, teaching cases are currently being legitimized as a reliable proxy for field research in management, provided that they are used properly; for a protocol, see Véronique Ambrosini, Cliff Bowman, and Nardine Collier, “Using Teaching Case Studies for Management Research,” *Strategic Organization* 8,

however, is on the last two decades—the period corresponding to increased international activity of EMNEs.

Firm-specific advantages. Our reading of the data clearly showed that all ten EMNEs possessed firm-specific advantages beyond access to home-country location advantages. Some firm-specific advantages were indeed based on preferential access to home-country location advantages (e.g., Infosys's and Tata's access to top engineering talent and cheap skilled labor in India; Concha y Toro's proximity to Chile's unique terroir and ideal conditions for winemaking). Yet the EMNEs in our sample relied on complex bundles of firm-specific advantages, whose paths of development were historically determined both by economic, political, institutional, and cultural landscapes of their home countries and by the firms' own idiosyncratic characteristics. Starting with location-bound firm-specific advantages, we observed the following (described in a stylized fashion because of space constraints) as being most instrumental to domestic competitive success: embeddedness in local networks, including extensive distribution and sales networks; government connections, meaning ownership ties and/or extensive support; and knowledge of local markets and corresponding responsiveness to local consumer needs.

While the above location-bound firm-specific advantages accounted for the domestic success of EMNEs, non-location-bound ones were important to successful international expansion. We identified the following non-location-bound firm-specific advantages in our sample:

no. 3 (2010): 206–29. Proper use means that cases should be selected through purposive sampling and drawn from recognized case producers to ensure sufficient quality of information, and that multiple cases and/or supplemental information should be used for each company to triangulate the data. We followed this recommended protocol and, as a result, gained access to rich microlevel detail, as well as a longitudinal perspective, of teaching cases, while controlling for potential bias. We also cross-checked information gained from teaching cases with other sources, including websites of the sample firms and news articles available online; Harvard Business School's Creating Emerging Markets Oral History Collection (<http://www.hbs.edu/businesshistory/emerging-markets/Pages/default.aspx>); relevant firm-level data in a number of books (e.g., Van Agtmael, *The Emerging Markets Century*; Nir-malya Kumar, Pradipta K. Mohapatra, and Suj Chandrasekhar, *India's Global Powerhouses: How They Are Taking On the World* [Boston, 2009]; Tarun Khanna, *Billions of Entrepreneurs: How China and India Are Reshaping Their Futures—and Yours* [Boston, 2008]; Tarun Khanna and Krishna G. Palepu, *Winning in Emerging Markets: A Road Map for Strategy and Execution* [Boston, 2010]; Verbeke, *International Business Strategy*; Jones, *Multinationals and Global Capitalism*); and interviews and best practice exposés published in practitioner-oriented journals (e.g., Tarun Khanna and Krishna Palepu, "The Right Way to Re-structure Conglomerates in Emerging Markets," *Harvard Business Review* 77, no. 4 [1999]: 125–34; Zhang Rumin, "Raising Haier," *Harvard Business Review* 85, no. 2 [2007]: 125–36; Benito Arrunada and Xose H. Vazquez, "When Your Contract Manufacturer Becomes Your Competitor," *Harvard Business Review* 84, no. 9 [2006]: 1–10; Linsu Kim, "The Dynamics of Samsung's Technological Learning in Semiconductors," *California Management Review* 39, no. 3 [1997]: 85–100).

Entrepreneurial agility. Infosys's innovative model for delivering IT services and Haier's superior ability to identify and quickly fill vacant market niches stand out in respect to entrepreneurial quality of management.

Commitment to innovation. Embraer is known worldwide for its technological expertise and engineering prowess. Tenaris invests heavily in R&D. CEMEX has a long history of nurturing innovation, in both products and processes; its management claims to have a "technology fetish."

Local responsiveness/flexibility. Beyond simple knowledge of local markets, this refers to specific processes and routines in place to respond to changing needs of diverse customer groups, within or outside of the home country. Tata routinely adapts its products and services to serve a particular client group. Haier translates its market research capabilities into product modifications in various markets. CEMEX has successfully combined a global business model of standardized processes and systems with serving the specific needs of local customer groups. Lenovo responds quickly to local market demands with product customization. Petrobras stands out from other state-owned oil companies in Latin America through its flexible and responsive management structure.

Access to a global distribution network. Haier's investment in logistics and distribution paid off in a successful global distribution system. Similarly, Tenaris boasts a sophisticated Techint commercial network—a direct global distribution program.

Higher-order management capabilities/sophisticated routines. CEMEX successfully integrated multiple international acquisitions as a result of its sophisticated postmerger integration methodology. Petrobras developed and followed an elaborate managerial decision-making process. Haier's "ZZJYT" (self-managed teams) exemplifies its innovative organizational structure, which is designed to foster entrepreneurial thinking and customer responsiveness.

In addition, we found substantial evidence of "traditional" firm-specific advantages in technology and branding in the EMNEs we studied: Tata's, CEMEX's, and Samsung's strong brands are powerful expressions of this point, as is the undeniable technological sophistication of CEMEX, Samsung, Embraer, and Tenaris. Yet, as we predicted, EMNEs' ways of developing brand and technological strengths diverge from the traditional paths of advertising and R&D investment, due partially to the fact that emerging economies as a whole can be considered latecomers in technological and branding fields (see above). Lenovo's brand, for example, became internationally known through Lenovo's purchase of IBM's personal computing business (and the related

acquisition of IBM's production lines, management expertise, and global distribution networks).⁷¹ Concha y Toro built its world-class brand largely through developing tight relationships with distributors.⁷² Likewise, Samsung's technological strength is not an exclusive result of proprietary R&D; in its early years, Samsung licensed much of its semiconductor technology and formed alliances with Japanese companies to access technological know-how. On the other hand, Embraer owes much of its technology investment to the Brazilian government's efforts to promote aeronautics. As such, our earlier contention holds: EMNEs do possess firm-specific advantages, both transferable and non-transferable. Some of these firm-specific advantages are different from those found in their developed-country counterparts, and some are very similar; however, the paths taken in developing firm-specific advantages may diverge from traditional ones (i.e., advertising and R&D investments) and therefore cannot always be measured by traditional proxies.

Recombination capabilities. In line with internalization theory's logic, the EMNEs in our sample did not owe their international success exclusively to home-nation country-specific advantages. (Haier, in fact, had an explicit strategy not to rely extensively on cheap labor as a source of competitive advantage, as low-cost advantage alone was seen as an unsustainable proposition.) Rather, competitiveness was determined by the ability of EMNEs to effectively bundle and recombine their firm-specific advantages with the country-specific advantages of home and host countries. Infosys, for example, built its entire strategic approach on recombination. Its "Global Delivery Model" involves sourcing capital from where it is cheapest, producing where it is most cost effective, and selling where it is most profitable. Likewise, Samsung was able to take advantage of its flexible manufacturing processes to establish a global manufacturing network and has a unique model for capturing and transferring knowledge among its diverse subsidiaries.⁷³ Tenaris gained experience in multicultural relations by navigating alliance relationships and later used this knowledge to manage its international network of subsidiaries. Haier was able to increase its host-country responsiveness by staffing its subsidiaries locally, conducting extensive market research in host countries, and entering into alliances to access relevant local knowledge. In all cases, resource

⁷¹ Quer-Ramón, Claver-Cortés, and Rienda-García, "Chinese MNCs."

⁷² Rafael Guilisasti Gana, interview by Andrea Luch, 18 Dec. 2008, Santiago, Chile, Creating Emerging Markets Oral History Collection, Baker Library Historical Collections, Harvard Business School, Boston.

⁷³ Jones and Khanna, "Bringing History (Back)."

recombination essentially determined the success of these EMNEs in international markets.

On the other hand, a lack of requisite recombination capabilities explains lackluster international performance. While much has been written about the explosive growth of Chinese dragons through their acquisition of foreign-owned firm-specific advantages, empirical data demonstrate that most Chinese MNEs have failed to realize stellar postacquisition performance.⁷⁴ The explanation lies in their failure to integrate acquisitions effectively and to engage in critical knowledge recombination in the postmerger stage.⁷⁵ Unlike CEMEX, whose pre- and postacquisition routines are sophisticated and deliberate, Chinese dragons internationalized rapidly while still being relatively inexperienced at integrating and managing international operations.⁷⁶ This situation is eerily similar to that of many cross-border megamergers in the developed world, described in classic international business literature.⁷⁷ The point here is that resource recombination is critical, and distance hinders recombination in similar ways for both EMNEs and their developed-country counterparts.

Internationalization drivers. Strategic-resource seeking was perhaps the most prominent initial motivation. This is not surprising given the historical context, namely, that emerging economies were late international investors, relative to Western Europe and the United States, and initially lacked a strong innovation base.⁷⁸ For example, Haier's stated objective of expansion into developed markets was to "observe, digest, [and] imitate" technology and processes. Similarly, one of Samsung's major goals for internationalization is to tap into top global talent. However, the creation of competitive advantage through firm-specific advantage exploitation and the elimination of competitive disadvantage through firm-specific advantage acquisition are not mutually exclusive. For example, Samsung was able to tap into international talent pools due to its innovative human resource management and promotion of a knowledge culture.

Market seeking was a prominent internationalization driver among the EMNEs studied. Lenovo's international expansion was a response to the maturation of the local personal computer market and increased

⁷⁴ Peng, Sun, and Blevins, "Social Responsibility"; Quer-Ramón, Claver-Cortés, and Rienda-García, "Chinese MNCs."

⁷⁵ Quer-Ramón, Claver-Cortés, and Rienda-García, "Chinese MNCs."

⁷⁶ Klaus Meyer, "Chinese Multinationals: Ambitious Challengers Taking High Stakes," *Forbes Magazine*, 20 Oct. 2014, available from <http://www.forbes.com/sites/ceibs/2014/10/20/chinese-multinationals-ambitious-challengers-taking-high-stakes/>.

⁷⁷ Pankaj Ghemawat and Fariborz Ghadar, "The Dubious Logic of Global Megamergers," *Harvard Business Review* 78, no. 4 (2000): 65–74.

⁷⁸ Jones, *Multinationals and Global Capitalism*.

competition from international retailers. Concha y Toro sought to escape from a small and unsophisticated domestic market for wine.

Efficiency seeking was one of the primary internationalization drivers for Infosys, which engaged in “nearshoring” by locating subsidiaries close to customers in order to serve those customers more efficiently. For CEMEX, internalization served as, among other things, a tool with which to manage the cyclical nature of the cement industry. Concha y Toro sought regions that had an attractive production capacity, allowing the company to diversify farming risk by operating wineries in various climate zones.

Finally, natural-resource seeking was a primary expansion driver for Petrobras, which sought to reach promising exploration areas in Latin America, and for Concha y Toro, which set up vineyards in Argentina due to that region’s favorable farming conditions.

We have thus demonstrated that internalization theory’s predictions are not affected by internationalization motives; rather, internationalization motives or bundles of motives dictate for EMNEs the location advantages sought and the location choices that follow. Further, a historical perspective on the above internationalization trajectories draws attention to the fact that internationalization is a dynamic process—in other words, “things change,” and so do motives.⁷⁹ The Taiwanese firm Acer’s initial strategic-resource-seeking expansion into North America and Germany was followed relatively quickly by a range of efficiency-seeking and market-seeking investments that culminated in dozens of assembly plants and sales subsidiaries being established around the world.⁸⁰

Conclusion

Our study contributes to the fields of international business and business history in several ways. First, for the benefit of our international business colleagues, we demonstrate that internalization theory can be usefully deployed to study EMNEs, contingent upon the infusion of a business history perspective in order to understand more fully MNE behavior, whether the relevant firms originate in emerging or developed economies. Our view is that arguments against the use of new internalization theory in studying EMNEs result from an incomplete understanding of the theory and an overly narrow methodological and epistemological focus. We engage with historical evidence to demonstrate the fallacy of the idea that a new theoretical approach is required

⁷⁹ Jones and Khanna, “Bringing History (Back),” 459.

⁸⁰ Jones, *Multinationals and Global Capitalism*.

and to highlight similarities in the historical patterns and core drivers of internationalization between advanced and emerging economies. While we have positioned our arguments in a historical context, we used detailed examples from ten large, successful EMNEs to show that internationalization theory predictions do hold in emerging economies.

An important insight yielded by our analysis is that distinguishing between firms based solely on their home country's current level of economic development is conceptually flawed. Both emerging- and developed-economy MNEs evolved as the products of their home economies, influenced by distinct national histories, cultures, and political environments as well as by external shocks: world wars, natural disasters, financial crises, the ebbs and flows of economic prosperity. Exploring what is different about emerging-economy MNEs led us to the conclusion that much is indeed different—not about EMNEs in particular, but rather about each multinational, whose idiosyncratic bundles of firm-specific advantages depend on the cultural, political, and economic trajectories of their home countries. Further, we concluded that the higher-order firm-specific advantages critical to a firm's international success cannot be captured through traditional research methods and proxies. A close look at EMNEs conveys a more general insight that historical evidence must be considered in order to understand multinational strategy, structure, and performance.

As such, we posit that no new theory is required to study EMNEs; rather, a major methodological rethink is recommended. This rethink will require the deployment of empirical tools uncommon in mainstream international-business research. Extant internationalization theory-based empirical studies have shown that it is very difficult to capture the complex and intangible nature of higher-order firm-specific advantages through industry averages and statistical tests.⁸¹ As suggested insightfully by Yair Aharoni over two decades ago, we would understand much more about MNEs if we relied more on the tools of the business historian than on those of the mainstream economist.⁸² Whether studying EMNEs or advanced-economy MNEs, we are likely to improve the quality of our research by supplementing conventional statistical approaches with case studies and ethnographies. EMNE researchers concur that methodology is a critical issue in emerging-economy research, arguing that the historical method is the most underestimated approach, but perhaps the most valuable one.⁸³ Historians have identified rigorous methodologies that use historical data and may be of help to international business

⁸¹ Aharoni, "In Search for the Unique."

⁸² *Ibid.*

⁸³ For studying Russian MNEs in particular, see Kuznetsov, "Urgent Tasks for Research."

scholars, including qualitative and small-sample analysis, comparative analysis, and techniques for quantifying historical data (e.g., Kevin O'Rourke and Jeffrey Williamson's computational models, Charles Ragin's Boolean algebra, and Andrew Abbot's string analyses).⁸⁴

Second, we suggest to business historians that internalization theory can be useful in history research. We show how internalization theory can explain consistencies, or at least similarities, in international expansion patterns, principles, and motives across time and space. We argue that internalization theory allows researchers to bring historical information to a level of abstraction that will make history research relevant to international business scholars.

Third, and based on the above, we contribute to the dialogue between history and international business. We think that continued engagement between these two disciplines will advance our knowledge of complex international business phenomena further and faster—and will likely validate our main point that internalization theory indeed remains the general theory of the MNE, irrespective of the MNE's home country being a developed or an emerging economy.

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⁸⁴ Andrew Abbott, *Time Matters: On Theory and Method* (Chicago, 2001); Jones and Khanna, "Bringing History (Back)"; Kevin H. O'Rourke and Jeffrey G. Williamson, *Globalization and History: The Evolution of a Nineteenth-Century Atlantic Economy* (Cambridge, Mass., 1999); Charles C. Ragin, *The Comparative Method: Moving beyond Qualitative and Quantitative Strategies* (Oakland, Calif., 2014).

Appendix
Cases Analyzed for the Ten EMNEs

Company	Cases
1 Lenovo	<i>Lenovo: Countering the Dell Challenge</i> (Yigang Pan and Kavita Sethi, Asia Case Research Centre, Hong Kong, 2005)
2 Infosys	<p><i>Infosys in India: Building a Software Giant in a Corrupt Environment</i> (Rawi E. Abdelal, Rafael Di Tella, and Prabakar Kothandaraman, Harvard Business School, Boston, Mass., 2007)</p> <p><i>Infosys Consulting in 2006: Leading the Next Generation of Business and Information Technology Consulting</i> (Robert Burgelman and Aneesha Capur, Stanford Graduate School of Business, Stanford, Calif., 2006)</p> <p><i>Infosys Consulting in 2011</i> (Robert Burgelman and Debra Schiffrin, Stanford Graduate School of Business, Stanford, Calif., 2006)</p> <p><i>Infosys: The Challenge of Global Branding</i> (Jeff Saperstein, Padmini Murty, and Viren Desai, Ivey Business School, London, Ont., 2009)</p> <p><i>Infosys Technologies: Powered by Intellect, Driven by Values</i> (S. Ramakrishna Velamuri and Jordan Mitchell, IESE Business School, Navarra, Spain, 2006)</p> <p><i>Infosys Technologies</i> (Ashish Nanda and Thomas J. DeLong, Harvard Business School, Boston, Mass., 2002)</p>
3 Tata	<p><i>Tata Consultancy Services: Selling Certainty</i> (Pankaj Ghemawat and Steven A. Altman, Harvard Business School, Boston, Mass., 2011)</p> <p><i>NTT DOCOMO: Joint Venture with Tata in Indian Mobile Telecom</i> (Shih-Fen S. Chen and Ramasastry Chandrasekhar, Ivey Business School, London, Ont., 2010)</p> <p><i>Tata Consultancy Services: Sustaining Growth Momentum in China 2010</i> (Beng Geok Wee, A. Lee Gilbert, and Ivy Buche, ABCC at Nanyang Tech University, Singapore, 2010)</p> <p><i>Tata Consultancy Services: Globalization of Software Services</i> (John Roberts, Stanford Graduate School of Business, Stanford, Calif., 1995)</p> <p><i>Tata Consultancy Services: Globalization of IT Services</i> (Gary Mekikian and John Roberts, Stanford Graduate School of Business, Stanford, Calif., 2009)</p> <p><i>Tata Consultancy Services: A Systems Approach to Human Resource Development</i> (Beng Geok Wee and Ivy Buche, ABCC at Nanyang Tech University, Singapore, 2008)</p> <p><i>Tata Motors' Acquisition of Daewoo Commercial Vehicle Company</i> (Meera Harish, Sanjay Singh, and Kulwant Singh, Ivey Business School, London, Ont., 2008)</p> <p><i>Tata Motors' Integration of Daewoo Commercial Vehicle Company</i> (Ibid.)</p>

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Company	Cases
4	Haier
	<p data-bbox="376 322 945 395"><i>House of Tata: Acquiring a Global Footprint</i> (Tarun Khanna, Krishna G. Palepu, and Richard Bullock, Harvard Business School, Boston, Mass., 2009)</p> <p data-bbox="376 404 980 453"><i>Tata Consultancy Services</i> (Rohit Deshpande and Seth Schulman, Harvard Business School, Boston, Mass., 2009)</p> <p data-bbox="376 461 971 534"><i>House of Tata—1995: The Next Generation (A)</i> (Tarun Khanna, Krishna G. Palepu, and Danielle Melito Wu, Harvard Business School, Boston, Mass., 2006)</p> <p data-bbox="376 543 971 616"><i>House of Tata—2000: The Next Generation (B)</i> (Tarun Khanna, Krishna G. Palepu, Kirsten J. O’Neil-Massaró, and Catherine Conneely, Harvard Business School, Boston, Mass., 2003)</p> <p data-bbox="376 624 980 697"><i>Tata Consultancy Services: High Technology in a Low-Income Country</i> (Robert E. Kennedy, Harvard Business School, Boston, Mass., 2000)</p> <p data-bbox="376 713 953 786"><i>Haier: Taking a Chinese Company Global</i> (Krishna G. Palepu, Tarun Khanna, and Ingrid Vargas, Harvard Business School, Boston, Mass., 2006)</p> <p data-bbox="376 795 980 868"><i>Haier: Taking a Chinese Company Global in 2011</i> (Tarun Khanna, Krishna G. Palepu, and Phillip Andrews, Harvard Business School, Boston, Mass., 2011)</p> <p data-bbox="376 876 980 925"><i>Haier: Management Control on a Tactical Level</i> (Emily Ho, Amy Lau, and Jun Han, University of Hong Kong, 2008)</p> <p data-bbox="376 933 953 1006"><i>Haier: How to Turn a Chinese Household Name into a Global Brand</i> (Ali Farhoomand, Asia Case Research Centre, Hong Kong, 2007)</p>
5	Samsung
	<p data-bbox="376 1025 962 1074"><i>Samsung Electronics</i> (Jordan I. Siegel and James Jinho Chang, Harvard Business School, Boston, Mass., 2009)</p> <p data-bbox="376 1083 980 1156"><i>Maintaining the “Single Samsung” Spirit: New Challenges in a Changing Environment</i> (Shaista E. Khilji, Chang Hwan Oh, and Nisha Manikoth, Ivey Business School, London, Ont., 2011).</p> <p data-bbox="376 1164 971 1237"><i>Design Strategy at Samsung Electronics: Becoming a Top-Tier Company</i> (Karen J. Freeze and Kyung-won Chung, Design Management Institute, Boston, Mass., 2008)</p> <p data-bbox="376 1246 980 1319"><i>Samsung China: The Introduction of Color TV</i> (Paul W. Beamish, David J. Sharp, and Chang-Bum Choi, Ivey Business School, London, Ont., 2002)</p> <p data-bbox="376 1328 980 1376"><i>Samsung Electronics and LCD Technology (A)</i> (Charles Dhanaraj and Young Soo Kim, Ivey Business School, London, Ont., 2004)</p> <p data-bbox="376 1385 879 1402"><i>Samsung Electronics and LCD Technology (B)</i> (Ibid.)</p> <p data-bbox="376 1411 933 1428"><i>Samsung Electronics and LCD Technology (C)</i> (Ibid., 2005)</p> <p data-bbox="376 1437 962 1499"><i>Samsung Electronics (A): Entering India</i> (Sumit Chakraborty, Sushil K. Sharma, and Sougata Ray, Ivey Business School London, Ont., 2006)</p>

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Company	Cases	
	<p><i>Samsung Electronics (B): In India</i> (Ibid.) <i>Samsung International, Inc.</i> (Alice H. Amsden, Harvard Business School Boston, Mass., 1986) <i>Samsung Electronics Company: Global Marketing Operations</i> (John A. Quelch and Anna Harrington, Harvard Business School, Boston, Mass., 2008)</p>	
6	Embraer	<p><i>Embraer: Shaking Up the Aircraft Manufacturing Market</i> (Ming-Jer Chen, Fabiano Lopes, Alexandre Zimath, and Andrea Maat, Darden Business School, Charlottesville, Va., 2007) <i>Embraer: The Global Leader in Regional Jets</i> (Pankaj Ghemawat, Gustavo A. Herrero, and Luiz Felipe Monteiro, Harvard Business School, Boston, Mass., 2009) <i>Bombardier Aerospace: The CSeries Dilemma</i> (Louis Hebert and Ali Taleb, Ivey Business School, London, Ont., 2011)</p>
7	Petrobras	<p><i>Petrobras in Ecuador (A)</i> (Aldo Musacchio, Lena G. Goldberg, and Ricardo Reisen de Pinho, Harvard Business School, Boston, Mass., 2009) <i>Petrobras in Ecuador (B)</i> (Ibid.) <i>Drilling South: Petrobras Evaluates Pecom</i> (Mihir A. Desai and Ricardo Reisen de Pinho, Harvard Business School, Boston, Mass., 2004).</p>
8	CEMEX	<p><i>CEMEX (A): Building the Global Framework (1985–2004)</i> (Rosabeth M. Kanter, Pamela Yatsko, and Ryan Raffaelli, Harvard Business School, Boston, Mass., 2009) <i>CEMEX (B): Cementing Relationships (2004–2007)</i> (Ibid.) <i>CEMEX's Foundations for Sustainability</i> (Ibid.) <i>Cementing the Bottom of the Pyramid: A New Direction at CEMEX?</i> (Peter Rodriguez, Darden Business School, Charlottesville, Va., 2007) <i>CEMEX in Mexico: Constructing the Path to Responsible Competitiveness</i> (Loretta Serrano and Héctor Díaz-Sáenz, Social Enterprise Knowledge Network, Boston, Mass., 2006) <i>CEMEX: Transforming a Basic Industry Company</i> (David Hoyt and Hau Lee, Stanford Graduate School of Business, Stanford, Calif., 2005) <i>CEMEX: Global Competition in a Local Business</i> (Joon Han, Andrea Hodge, Joel Podolny, and John Roberts, Stanford Graduate School of Business, Stanford, Calif., 2007) <i>CEMEX: Global Growth through Superior Information Capabilities</i> (Donald A. Marchand, Katarina Paddock, and Rebecca Chung, International Institute for Management Development, Lausanne, Switzerland, 2003)</p>

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<i>Company</i>	<i>Cases</i>
	<i>The CEMEX Way: The Right Balance between Local Business Flexibility and Global Standardization</i> (Donald A. Marchand, William J. Kettinger, and Rebecca Chung, International Institute for Management Development, Lausanne, Switzerland, 2005) <i>The Globalization of CEMEX</i> (Pankaj Ghemawat and Jamie L. Matthews, Harvard Business School, Boston, Mass., 2004)
9 Tenaris	<i>Tenaris: Creating a Global Leader from an Emerging Market</i> (Charles Catalano and John Roberts, Stanford Graduate School of Business, Stanford, Calif., 2004)
10 Concha y Toro	<i>Concha y Toro</i> (Rohit Deshpande, Gustavo A. Herrero, and Ezequiel Reficco, Harvard Business School, Boston, Mass., 2010)
