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ADDING TO THE PHILOSOPHY OF INTERNATIONALIZATIONS THROUGH THE STUDY OF MULTINATIONALS IN EMERGING MARKETS

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Abstract: We make an argument for and provide explanations for how research on multinational corporations operating in emerging markets might enhance our knowledge of the process of internationalization. The process of a firm's internationalization is a crucial and pervasive issue in global business. Yet, the majority of theoretical models are based on research on multinational corporations from affluent economies. The home country's influence on the behaviours of emerging market multinationals varies significantly, leading to various patterns of internationalization. We suggest that by categorizing internationalization theories according to three different ontological perspectives—resource-oriented, transaction-oriented, and process-oriented—the discussion of the applicability of existing theory can be advanced. We further propose that the analysis of the internationalization processes of emerging market multinationals reveals three contextual accelerators: catch-up, global value chains, and government. These accelerators help adapt internationalization process models to new contextual realities..

IndexTerms **- Internationalization process, Emerging markets, Multinational companies, EMNCs, Outward foreign direct investment, Resources and capabilities, Transactions.**

1. INTRODUCTION

It is common practice to examine the dynamics of a company's foreign expansion using process explanations of internationalization, such as the gradual internationalization or Uppsala model and innovation-related models. According to the models, internationalization should occur in stages, with businesses gradually expanding across borders as managers gain international business and competitive skills. As a result of technical advancements enabling the formation of born-global enterprises that expand rapidly across borders, the models have been reexamined. Nevertheless, the growing body of research on emerging market multinational corporations (EMNCs) indicates that these businesses internationalize differently from traditional models, for instance, by expanding abroad more quickly, entering nations that are very different from their own, using high-commitment entry strategies without the necessary local experience, purchasing firms in advanced economies to acquire technology and brands, and relying more on international partnerships.

So, by examining EMNCs in this work, we add to our understanding of the internationalization process. We contend that their research advances both theories and mechanisms by challenging current models' presumptions that sophisticated firm capabilities and favorable domestic conditions are necessary for foreign direct investment (FDI). This study offers novel insights into the dynamics of internationalization, we contend. To be more specific, we first suggest that existing theories of internationalization can be meaningfully grouped together in accordance with three distinct underlying ontological perspectives: resource-oriented, transaction-oriented, and process-oriented. We next make sense of the findings from analyses of EMNCs about the internationalization process from each standpoint using this framework.

Second, we distil and clarify the various arguments regarding the uniqueness of EMNCs in order to propose three internationalization accelerators: government, catch-up, and global value chain. First, in the government accelerator, emerging market firms benefit from direct and indirect government support, which accelerates internationalization by lowering the risks associated with entering difficult countries and utilizing large investments and commitments. Second, in the catch-up accelerator, emerging market firms seek to upgrade capabilities through internationalization, which leads them to enter many and diverse countries and make extensive use of acquisitions. Third, in the global value chain accelerator, emerging market firms use global value chain linkages to learn the nuances of foreign markets and internationalize, first indirectly as suppliers and then directly as they become independent.

These ideas contribute to two lines of research: multinational firm theory and its explanation of the internationalization process, and emerging market multinationals. First, we contribute to the expansion of the multinational theory by making additional changes to its predictions about the internationalization process. Traditional models assume that differences and frictions in cross-border transactions drive firms towards gradual internationalization. Some of these frictions and distances have been reduced by technological advances, which have reduced the costs of international transactions, such as sales, finance, or recruitment, thus speeding up internationalization. This is referred to as a technological accelerator. The internationalization of multinational corporations from emerging markets adds to our understanding of the internationalization process.

The home country's underdevelopment modifies risk and knowledge development, accelerating foreign expansion and revealing three novel accelerators: government, catch-up, and global value chains. These accelerators provide an integrative framework that expands on traditional models by incorporating lessons learned from EMNC internationalization.

Second, we offer a fresh perspective on the study of emerging market multinationals and their internationalization. The investigation of these firms yielded new insights into their motivations, country selection, and entry modes. Theoretically, however, the majority of focus has been on understanding the sources of competitive advantage and the choice of operation mode in internationalization. In contrast, despite the potential for theory expansion, the study of their internationalization process appears to be sidetracked.

We concentrate on this topic and explain how the conditions of emerging market firms' home countries drive their internationalization process, contributing to a new understanding of these increasingly important global actors and advancing theory.

2. Outward direct investment trends from emerging economies

There are several compelling reasons why the internationalization of emerging market firms and their FDI has piqued the interest of academia, government, and business. Global realignments are one reason. From the turn of the millennium onwards, emerging economies, defined here as low- and middle-income countries experiencing rapid economic growth and transitioning to market-based economies, were viewed with high expectations.

During a period of low growth in advanced economies, emerging markets accounted for a growing share of global GDP, their stock markets were thriving, and they became appealing targets for both portfolio and direct foreign investments. However, expectations were not met as emerging economies suffered from the financial crisis, falling commodity prices, and a slowdown in productivity. As a result, economic, media, and even scholarly interest in these countries has waned.

Nonetheless, in terms of economic size, internationalization, innovation, and global governance, emerging economies remain significant. While growth rates have slowed, the 24 countries in the MSCI Emerging Markets Index will account for more than half of global purchasing power parity GDP by 2021, up from one-third in 1991 (authors' calculations), accounting for a larger share of global output than the G7 countries. Emerging economies account for the majority of the world's population, natural resources, landmass, and biodiversity. They are also steadily improving their science and technology capabilities, as evidenced by traditional innovation indicators such as R&D spending, science and technology personnel, patents, and scientific publications.

Emerging economies are gaining influence in multilateral institutions such as the International Monetary Fund, the World Bank, and the World Trade Organization as a result of governance reforms. Perhaps more importantly, and in some ways fueled by ineffective reforms of existing institutions, some emerging economies are forging new global governance institutions, such as the Asian Infrastructure Investment Bank, the Contingency Reserve Arrangement, and the New Development Bank.

Another important reason for the continued interest in EMNCs is their continued international expansion. In both absolute and relative terms, outward direct investment from emerging economies increased steadily in the 2000s. Outward FDI increased from 8% of global outflows in 2000 to 31% in 2019, peaking at 46% in 2018. (UNCTAD's FDI database).

Seven of the twenty countries with the greatest outflows of foreign direct investment (FDI) in 2019 were emerging economies. The number of firms from emerging economies in the Fortune Global 500 increased to 164 in 2017, up from 20 in 1995. Outward FDI flows, however, had slowed by the 2020s, as had global financial flows in general. The main reasons were a lack of economic growth and lingering global nationalist and protectionist tendencies triggered by the global financial crisis, which were exacerbated by late-2010s trade and technology wars and a global pandemic. Global FDI flows fell by 49% in the first half of 2020 compared to the previous year.

Outward FDI growth has also slowed as many EMNCs enter a period of deepening rather than broadening their international strategies, organizational structures, and processes. Others have encountered host-country barriers after years of accelerated internationalization, sometimes targeted at specific firms and other times imposed through new general and more restrictive investment screening initiatives.

The rise of China is a third factor contributing to the continued interest in EMNCs. China has figured prominently in recent discussions about outward FDI from emerging economies, accounting for a sizable share of total outward FDI volume, even if a sizable portion has gone to Hong Kong.

Outflows from China have also been viewed as both promising and concerning, owing to market access and financial investments, as well as the intensity of competition, technology misappropriation, and national security concerns. Even though China has become a significant outward investor, it is a latecomer, with the 'Go Out' policy kicking off its external drive in earnest in 2000. Outflows from China began to increase around 2005 and picked up speed in 2008, when Chinese outward FDI increased as part of a stimulus package related to the global financial crisis. It accounted for 29% of outflows from emerging economies in 2019, having peaked at 45% in 2016. However, as a latecomer, China's stock presence is much more limited.

Non-European Union firms, for example, owned 35% of all firm assets in the European Union in 2016, while China, Hong Kong, and Macau accounted for only 1.6%. In 2019, Chinese outward stock accounted for 6% of global outward stock, with Hong Kong accounting for a sizable portion. After years of rapid growth, culminating in a peak in 2016, China enacted legislation to limit 'irrational' investment, and outflows have since moderated. Outflows are unlikely to return to pre-crisis levels anytime soon, and overseas lending, such as that associated with the Belt and Road Initiative, has also been significantly reduced. In the coming years, a more inward-looking 'dual circulation' national development strategy is likely to limit outward FDI growth.

On the other hand, the signing of new international trade and investment treaties, such as the Regional Comprehensive Economic Partnership and, if ratified, the European Union-China investment treaty, are likely to facilitate the development of more dispersed and sophisticated supply chains, as well as provide some boost to outward FDI growth.

Lingering nationalist and protectionist tendencies in the aftermath of the global financial crisis and, later, the global pandemic, bolstered by recent trade wars, de-coupling rhetoric, and pandemic-related supply chain restructuring, may lead to significant changes in multinational firms' and EMNCs' internationalization processes.

Nonetheless, preliminary evidence suggests that changes may be less far-reaching than political rhetoric might suggest, possibly because the economic environments firms face in terms of resource distribution, relative costs, and scarcity are less affected than expected. After all, multinational corporations are adept at devising strategies to adapt to new contextual changes and constraints underlying globalization scepticism. For example, firms do not appear to reshore production or restructure their supply chains on a large scale, while foreign purchases of Chinese government bonds are brisk, US financial institutions are expanding in China, and many Chinese stocks have been listed on the NYSE and NASDAQ in recent years.
Supply chains are 'sticky,' and instead of reshoring on a large scale, firms are more likely to diversify their supplier base and geographical footprint, increase stock supplies, and implements other risk-mitigation techniques.

3. Major themes in emerging market multinationals literature

Outward FDI has evolved through three historical 'waves'. The most recent one emerged in the 2000s as a result of an increasingly liberal global economy (at least until recently), growing globally distributed multinational production and innovation models, home-economy liberalization, increasingly liquid markets for corporate assets, and more advanced international financial markets. Scholarly interest in direct investment outflows from emerging economies has evolved in three waves, and while the flows themselves have slowed in recent years, the scholarly, business, and policy motivations underlying this interest have only grown stronger. As a result, scholarly interest in the subject has remained unabated, and the number of yearly publications on the subject continues to rise.
A search in EBSCO host for "outward foreign direct investment" OR "multinationals from emerging markets" OR "emerging market multinationals" OR EMNEs yielded the following publication counts: 31 in 1995-1999, 81 in 2000-2004, 203 in 2005-2009, 555 in 2010-2014, and 786 in 2015-2019.
Early contributions to the EMNC literature were more aggregate in nature, attempting to identify macro-level characteristics, drivers, and trends. In the years since, the literature has grown in both breadth and depth, analyzing a broader range of more specific topics with increasing depth.
Initially, there was a preponderance of empirical studies; later contributions became more theoretical. Some tested the applicability of existing international business theory on EMNCs, while others attempted to develop new EMNC-centric theory. Today, the specialized EMNC literature reflects almost all of the themes examined in the general international business literature.
Nonetheless, several themes have emerged in the literature on EMNCs: existence, motives, process, governance, and impacts. The existence and growth of EMNCs is perhaps the most fundamental, as emerging economies were assumed to be capital importers and firms were assumed to have few firm-specific advantages that could be exploited across borders.
Much of this literature concerned the nature of EMNC resources and capabilities, as well as the nature of their competitive advantages. Second, as time has passed, another prominent theme has been the various types of EMNC internationalization motives, as seen from both a pull (host) and a push (home) perspective. Much emphasis has been placed on asset augmentation strategies in order to catch up and compete both at home and abroad. In addition, the efforts of EMNCs to acquire strategic assets abroad are not limited to the current wave of outward FDI. In his early work on Third World multinationals, or EMNCs, Lall (1983) noted that firms from Hong Kong formed overseas joint ventures in established technology industries that were not well established or significant export industries in their home country.
A third group of studies has concentrated on identifying patterns in the internationalization processes of EMNCs and how they differ from multinationals from advanced economies. Location patterns, entry strategies, speed, commitment, risk tolerance, and the role of inter and intra-firm networks are among the themes examined here. Fourth, research has attempted to identify regularities in organizational structures and governance forms in internationalized firms, as well as the strategies used to establish them, such as the role of business groups and family- and state-owned firms. Governance issues such as corruption, legal compliance, and corporate social responsibility have all been investigated. Finally, a collection of contributions focused on the various types of impacts generated by EMNC activities in both host and home countries.
Global competition, economic and social development, and national security have all been examined, with the latter particularly scrutinized for Chinese and Russian firms.
The one thing that all EMNCs have in common is that they are based in emerging economies, which affects their internationalization in ways that differ from the experience of advanced economy multinationals, on which much of the international business literature is based. As a result, studying MNCs necessitates delving deeper into how specific conditions in the home country influence how firms build capabilities and internationalize. The role of institutions, institutional voids and market deficiencies, capital market imperfections, and various forms of state activism have been central issues here.
Comparative studies, which aim to identify differences between EMNCs based on their country of origin, have been a specific genre in this literature.

4. Internationalization from three perspectives: resources, transactions, and processes

One of the most studied topics in the international business literature is the process of firms' internationalizations, defined as the temporal and spatial evolution of firms' distribution of resources and governance structures across national borders. All international business theories are, in some ways, process-related, because internationalizations is never instantaneous and always involves dynamics. However, theories differ sharply in whether they explicitly theorise this process, analyzing the dynamics and consequences of actions, or whether they leave it implicit and instead focus on discrete choices. Even though there has been a general trend towards better accommodating dynamics in recent years, most international business theory tends to do the latter, with both theoretical predictions and empirical models focusing on the selection among multiple choices, whether of countries, entry modes, or contractual arrangements.
The applicability of existing international business theory to the characteristics and behaviours of EMNCs is one of the most hotly debated and perhaps most important issues in the recent literature on EMNCs. This debate was not prominent in early work on EMNCs, which emphasized the differences between EMNCs and multinationals from advanced countries, including differences such as the lack of proprietary advantages, latecomer status, and unfavorable home country conditions, which are now being studied. It also argued that EMNCs' international competitive advantage was based on low production costs, due in part to their ability to import technology and their experience operating in emerging markets. At the same time, it was assumed that existing theories on foreign investment and internationalizations, such as the product life cycle, incremental internationalizations model, and ownership, location, internalization paradigm, would continue to apply to EMNCs despite being based on the experiences of

advanced economy multinationals. Later contributions took a more dynamic process-oriented approach, focusing on organizational learning and technological catch-up.
The current debate on the applicability of existing theory is frequently approached in three ways: those who argue that entirely new theories should be developed for the study of EMNCs, those who argue that their study reconfirms the applicability of existing theory, and those who argue that existing theories should be modified or extended.
Part of the debate appears to be driven by whether authors consider how domestic conditions influence the advantages and global strategy of EMNCs, or whether they abstract from such conditions and focus solely on the firms and their actions. The first case, which is our point of view, leads to a better understanding of businesses by contextualizing their strategies.
The second case results in a restatement of general principles that apply to all businesses regardless of context. This appears to be at odds with the essence of international business as a subject that emphasizes the importance of context in business decisions.
Even though major international business theories have converged in recent years (e.g., ownership, location, internalization paradigm; incremental internationali-zations model; internalization theory; dynamic capabilities; and knowledge-based view), they remain distinct in their underlying paradigmatic assumptions as well as declarative scope, and thus deal with different subject matters based on different premises. Thus, whether and how international business theory should be revised to accommodate EMNCs is dependent on the theory under consideration.
We hypothesize that international business theories share characteristics that allow for discussion to be conducted per theory group rather than individually for each theory. For the purposes of discussing the theoretical implications of EMNCs, theories of multinational corporations can be meaningfully divided into three ontologically distinct groups, which differ in terms of their scope and what they purport to explain, the main explanatory factors they invoke, and their underlying assumptions (ontology). In other words, we contend that international business scholars perceive the internationalizations process in a variety of yet consistent ways.
The basic perception of multinational firms in the resource-oriented group is as bundles of resources and capabilities. Firms' resources and capabilities are both prerequisites and justifications for internationalization. On the one hand, resources and capabilities compensate for the liabilities that companies face abroad. The possession of unique or rare resources, on the other hand, motivates firms to exploit and possibly augment these in foreign markets. Firm-specific resources, particularly technology and brands, have traditionally been assumed to be intangibles. Theory tends to consider firm capabilities for governing international operations as a distinct resource class, in addition to product and process-related resources.

Table 1 Three ontological perspectives on the internationalization process.

	Resource oriented	Transaction oriented	Process oriented
Explanans	Exploitation and augmentation of firm resources; firm growth	Economic efficiency; market imperfections; incentive alignment	Firm-market interplay; learning; risk reduction; opportunity discovery and generation; firm growth
Explanandum	Spatial resource distribution; operation modes	Firm governance forms; corporate governance; market vs. hierarchy; operation modes	Firm internationalization process; drivers, processes, consequences
Ontology			
Firm	Resource and revenue growth; profit maximization	Efficiency	Organizational growth and learning
Agency	Bounded rationality; asymmetric information	Bounded rationality; uncertainty; asymmetric information; moral hazard, opportunism	Bounded rationality; uncertainty
Theories	OLI paradigm; resource-based view/knowledge-based view; ownership advantages; resource dependence theory	Transaction cost economics; internalization theory; agency theory; capital market theory	Incremental internationalization model; product life cycle; flying geese model; global value chains; learning, linkage, leverage model; dynamic capabilities; process school; contingency theory

The basic view of multinational firms in the transaction-oriented group is as governance forms. This group of theories is distinguished by a microeconomic focus on transactions in markets between agents. Markets are the natural state, and firms and their governance emerge as efficient market-imperfections solutions. Internationalization, in particular, results from the cross-border internalization of market deficiencies. The governance structure chosen is determined by the characteristics of the specific markets and assets involved. Internal firm governance is based on transactions between owners and managers, where incentives can be aligned via contracts.
Internalization theory seeks to explain and predict multinational firms' international governance as a mechanism for identifying and exploiting sources of advantage. While traditional internalization theory was primarily static, 'new internalization theory'

focuses on the dynamics of this governance over time and how value creation is dependent on knowledge recombination and governance choices.
Finally, in the process-oriented group, multinational firms are viewed as institutions that evolve through internationalization. The internationalization process is viewed as the distinguishing feature of multinational corporations, and these theories seek to comprehend the dynamics of the process over time. They also believe that internationalization is driven by the continuous interaction between a firm and its markets, primarily product markets, rather than firm-specific advantages.

5. Internationalization is viewed as a primarily progressive process of firms' temporal and spatial asset commitment.

Certain similarities exist between the theories. The theories' primary focus is on motives, location, and operation mode, as well as how this evolves over time. Theories also tend to provide firm-centric explanations and pay less attention to how the environment and broader institutional context influence multinational firms' motives, strategies, structures, and performance. The theories are convergent in some ways. The 'new internalisation theory,' for example, extends traditional internalisation theory with a more dynamic and process-oriented perspective and advocates for cross-fertilization with business history. However, it continues to prioritise cost over value creation.
Emerging market multinationals and the three internationalization perspectives: resource-, transaction-, and process-oriented
We now explain how the study of EMNCs has yielded new insights in each of the three categories of internationalization theories. This study summarises previous research on EMNCs and clarifies their arguments in a broader context.

5.1 Multinational corporations and resource-oriented theories

Numerous studies have been conducted to investigate and debate the extent to which EMNCs have firm-specific advantages, their character, and how they are exploited and augmented. Existing international business theory is deeply ingrained with the notion that firms internationalise based on preexisting firm advantages. These benefits are typically intangibles such as proprietary technology, strong brands, or managerial and organisational advantages, such as the benefits of shared governance.
A review of the company-specific advantages of EMNC internationalization has led to three alternative approaches. First, some argue that most EMNCs don't have much overall benefit. This suggests that internationalization is unwise or unsustainable. A second group of scholars argues that EMNCs are internationalized to maintain them. A third group suggests that EMNC has advantages but is different from traditional ones.
New insights have emerged from EMNC's use of internationalization as a mechanism for building firm-specific advantages. Over the past 40 years, successful emerging economies have pursued outward development strategies that utilize various methods of export market learning and foreign technology acquisition. Therefore, learning from abroad, whether through cross-border or cross-border relationships, is something many multinationals in developed countries have previously built their skills on on the basis of the internationalization of their domestic markets. Relatively more important for skill building in emerging markets than in developed countries. Resource exploration is often cited as the driving force behind the internationalization of developed markets. These investments are often aimed at increasing domestic competitiveness rather than expanding overseas markets. The shift in focus from domestic innovation as the primary form of advantage generation to international learning has interesting theoretical implications.

5.2 When looking at EMNC's common profit sources, several alternatives were identified.

Frugal innovation, process efficiency, priority access to elements, institutional flexibility and government support. Advantage is our superior ability to understand the needs and desires of emerging markets, engage in frugal innovation, and manufacture products that are 'good enough' to meet them. These products tend to be attractive in other emerging markets, but can also find niches in developed markets.His second source of unusual advantage at EMNC is process efficiency and cost innovation. . It is the ability to build and manage efficient production and supply chain systems. These advantages can be attributed to cheap inputs, the ability to adapt to or exploit relative local factor availability and costs more effectively, latecomer advantages, and access to the latest technology without sunk costs. There is a nature. His third type of advantage for EMNC is related to discriminatory access to location advantages. H. EMNCs enjoy priority access to home country elements such as: B. Cheap labor, natural resources, subsidies, markets, regulations, etc. This is especially true for state-owned and state-owned enterprises, which are prevalent in many emerging markets. The fourth type is an excellent ability to navigate sparse or unfavorable institutional and infrastructure environments. To grow, emerging market companies face constraints related to physical infrastructure, labor markets, product markets, “institutional gaps” in capital markets, and supporting institutional infrastructure. B. Weaknesses of regulators and intermediaries. This is a skill typically honed when their home country was born, but it can be leveraged in other emerging markets as well. In this context, but in another sense, EMNCs often develop compensating strengths in organizational flexibility and networking capabilities in the face of the adversities of foreign situations, such as in the case of domestic and expatriate diaspora. is suggested. The fifth type is government support. EMNC is viewed as a beneficiary of positive government incentives and, in some cases, financial and diplomatic support. The ability to build and benefit from government relationships and support is often highlighted as a potential contributor to EMNC's competitiveness.
The EMNC literature has advanced our understanding of the nature and role of location advantages and how they interact with firm advantages. Given the low level of economic and formal institutional development characteristic of emerging economies, EMNC competitiveness may be limited by access to natural resources, cheap labor, certain types of skilled labor, or other factors. tend to rely heavily on location advantages such as production factors for However, competitive advantages based on location advantage are generally not considered conducive to internationalization, as location advantages are generally not internationally transferable. It is also considered less sustainable as all businesses, including foreign investors, have access to location advantages. The result is a fixed advantage that competitors rely on to mimic and erode their location advantage. Although there is some merit to this argument as location advantage contrasts with firm advantage, insightful analysis suggests that firms' access to It suggests that the superiority will be supported more sustainably than conventional assumptions.
The formation of resources and skills by EMNC is basically determined by the characteristics of the home country. Although analysis of host country influences is more common in the mainstream international economics literature, the EMNC literature contributes to a more nuanced understanding of host country influences. Existing international economic theory assumes that multinationals will use their national strengths to internationalize, but the potential impact of domestic conditions on emerging markets is more ambiguous. On the one hand they can be supportive, as in the case of national financial and non-financial support and privileged access to other location advantages. On the other hand, as with institutional vacancies, they can limit and even provoke flight responses. Again, scarcity often forces firms to innovate, and some EMNCs familiar with unfavorable institutional

conditions and the skills to manage them may find it difficult to develop non-traditional advantages. I can. B. E-commerce or new business model skills for hard-to-reach rural customers. As a result, EMNCs are more likely to invest in developing countries with weaker institutional frameworks than multinational corporations in developed countries and occupy a more favorable competitive position in these markets.

5.3 EMNC and Trading Theory

The analysis of governance and agency issues at EMNC is not as extensive as the analysis of resources and capabilities. This is probably because this type of analysis is more specialized, and because it contains dynamics and general principles that tend to be abstracted from national contexts. As a result, EMNC is subject to predictions similar to those derived from studies of advanced economy multinationals.

Nonetheless, the EMNC literature highlights several aspects of governance. In particular, bundles of corporate and international governance, governance discretion, M&A strategies, and technology markets.

Perhaps most important is the general governance structure of the company, in particular the influence of corporate groups, family companies and state-owned enterprises, and the role they play in the internationalization of EMNC. While theoretical legitimacy has been concentrated in core businesses in developed countries, corporate groups are widespread in emerging countries. This is often due to underdeveloped markets and an institutionally “thin” environment that induces trade internalization. Shortages in managerial and organizational skills can incentivize companies to use them across multiple business units, and diversification helps manage risk in an uncertain environment. Insights gained from the internationalization of subsidiaries into corporate groups can support the overseas expansion of other subsidiaries.

Second, EMNCs may offer the non-traditional benefits of discretionary governance. For example, state-owned enterprises and other non-public enterprises, the proportion of public enterprises held by state-owned enterprises and their families and corporate groups with cross-shareholdings among companies operating in different industries. a higher percentage of Additionally, many emerging market companies receive less public attention and scrutiny than their developed counterparts. For these reasons, companies may be able to reduce governance constraints, increase management discretion, relax short-term efficiency requirements, and adopt unconventional strategies in internationalization. The third is the difference in his use of M&A in EMNC's overseas expansion. EMNCs frequently deploy M&As in their inter- nationalization, which involves agency-related challenges in headquarter-subsidiary relationships. EMNCs have been found to deploy often a 'light-touch' integration approach, where the acquired entity is maintained largely intact, and a long-term and gradualist approach to its integration is adopted. This contrasts with mainstream practice among multinationals from advanced economies, which tend to integrate quickly and comprehensively to either realize synergies or consolidate. The motivation and capabilities of EMNCs contribute to explaining this difference:

EMNCs often conduct 'upmarket' strategic asset-seeking M&As, where the acquisition target is more technologically and organiza- tionally advanced than the acquirer and embedded in a home environment in which the acquirer often has limited insight. Preserving the acquired unit relatively intact and autonomous reduces risks of 'killing the golden goose.' Where capabilities are concerned, EMNCs are often less experienced with international M&As, particularly in cases where M&As are enabled more by government in- centives than internal capabilities, and this can lead them to adopt a more gradual approach to capture more gains from learning. A fourth area in which EMNC's research has contributed to broaden and deepen the analysis of transactions in internationalization has to do with linking advantages with location advantages. Much of the international economics literature implicitly recognizes internationalization as a vector shift from technology to markets. From invention to product development, manufacturing to sales. This has led to a conceptual and analytical (over)emphasis on internationalization to take advantage of foreign technology assets. The frequent acquisition of foreign strategic assets by EMNC, with its cheap market access and strong process knowledge, has revealed a looser coupling between technology and market.

Companies can easily integrate backwards from market and process knowledge to technology assets. In bundling intangibles held by firms in developed markets with complementary local resources held by firms in emerging markets, the prevailing approach is not a priori but a matter of market transaction costs and the host country. It depends on whether the ancillary assets you manage dominate from the economy.

5.4 EMNC and process-oriented theory

Resource-oriented and transaction-oriented approaches also affect the internationalization process in a broader sense, but the process-based approach has several characteristics. Resource- and transaction-oriented approaches tend to be very parsimonious, emphasizing certain internationalization mechanisms at the expense of others, and being relatively static. In contrast, process-oriented approaches are characterized primarily by the fact that they emphasize the dynamic, sometimes cumulative and evolutionary character of internationalization. They also tend to apply a broader perspective and include more factors both as explanations and explanations at the expense of parsimony. The exception is the Uppsala model, which has largely maintained various specifications over time.

Regarding processes, one of the most common observations is that EMNCs tend to internationalize more aggressively than existing theory suggests. Several reasons have been suggested for this behavior apart from cultural and institutional explanations.

Home country learning, competitive pressure, latecomer characteristics, and government incentives. One reason is that some EMNCs may have limited direct internationalization experience, but have considerable indirect experience. B. You have previously gone through an extensive learning process by merging with a foreign multinational. B. By investing abroad, through joint ventures, alliances, or subcontracting relationships, or by gaining experience in domestic industry or geographic diversification. A second explanation is that competitiveness in both international and domestic markets may force EMNC to internationalize more quickly. Internationally, markets may already be relatively saturated, with “low-hanging fruit” already being chosen in terms of investment opportunities. Domestically, EMNCs often face more competition than multinationals from developed countries faced in their home markets at the time of their incorporation. A third driver of the EMNC trend to internationalize more aggressively is the existence of advantages and disadvantages of being a latecomer. On the other hand, attempts to compensate for the relative lack of experience and track record may force the pursuit of more entrepreneurial and unconventional approaches. On the other hand, the advantages of traditional latecomers, such as knowledge utilization and reduced sunk costs, may also contribute to accelerating internationalization. Finally, a feature of the EMNC internationalization process that is often emphasized as a manifestation of "aggression" tends to take more risks than previous literature and orthodoxy suggest, but this claim is not disputed. It does not mean. EMNC's high risk tolerance may result from financial, institutional,

political, or other forms of government support, or from strategies designed to compensate for laggards, as discussed above. EMNC's taxonomy of internationalized patterns helps to separate prominent trajectories from traditional trajectories.
His second theme in the process followed by EMNC is the difference in decision making compared to developed countries as a result of underdeveloped domestic markets. These differences take several forms: distance to host country; learning-oriented investment; home host arbitrage; strategic intent and network support. The prevailing theory of internationalization is that multinational companies in advanced economies seeking to market their products in markets that are relatively economically and institutionally similar to their home markets, and often geographically close. based largely implicitly on However, this does not apply to EMNC, which can internationalize both "sideways", "downwards" and, unlike AMNC, "upwards". As a result, they often venture into different countries than those similar to their home country. For companies in poorer economies, suitable and attractive markets may by definition be developed countries with wide geographic, psychological and other spheres of influence. Another difference is that while most foreign direct investment is motivated by access to foreign markets and the development of foreign trade networks, EMNCs seek mergers and They often seek international learning through acquisitions. As EMNCs seek technology from developed countries with more supportive innovation systems, these investment projects are faster, farther and with greater commitment than “traditional” greenfield investments often implemented.
A third feature is that EMNCs are often internationalized to take advantage of differences rather than similarities between home and host locations. B. Investing upstream in the value chain or investing in strategic assets or natural resources. In some economies, the state or state-backed firms benefit from market and non-market support mechanisms that enable them to pursue strategies that are not feasible under purely commercial conditions. Fourth, in some cases, EMNCs may deliberately deviate from their legitimacy with "strategic intent" and pursue strategies that go beyond resources and capabilities as part of an upgrade. Chinese home appliance maker Haier is an example. The company followed a conscious strategy of "hard first, easy later", aiming to maximize learning and brand building through investments in developed countries before moving more broadly internationally. rice field. Fourth, EMNC has relied heavily on its network for internationalization. International business literature in general is increasingly recognizing the role of networks in internationalization.
Emerging from an institutionally fragile environment with relatively weak traditional enterprise-specific advantages, EMNCs are particularly dependent on different types of networks to gain access to complementary resources. For example, research analyzes intra-company networks, intra-company networks, networks with domestic government officials and multinational partners, and affiliated networks.

6. Strengthen the theory of the internationalization process with insights into multinationals in emerging markets:

Government, catch-up, global value chain accelerator
Theorizing requires a balance between parsimony and completeness. The most authoritative and widespread theories in international business are very parsimonious, often distilling the impact of specific mechanisms on corporate internationalization. The same mechanism is essential for emerging market companies, but is relatively uncentric, which can reduce the accuracy of internationalization. I argue that some savings must be sacrificed when theorizing about EMNC.
Incorporating different characteristics of emerging markets and their companies can produce more useful multi-level contextualized models, frameworks and theories.
In particular, he argues that his three mechanisms, called accelerators, should be more explicitly included in his EMNC research.
EMNC's research not only deepens our understanding of the resources, transactions, and processes underlying the aforementioned multinational enterprise theory, but also provides new insights into the dynamics of the internationalization process, particularly the existence of new accelerators. The theory of the internationalization process has been refined to include what we call technology accelerators. H. Technological advances, especially in information and transportation technology, have allowed companies to internationalize faster and more extensively than theory would have predicted. This has resulted in the so-called Born Global Firms, companies that go international early in their corporate life. We complement this approach by discussing additional accelerators uncovered by the EMNC analysis. Just as Technology Accelerators mitigate the assumptions of challenging knowledge and product transfers between countries, Governments, Catch-up and Global Value Chain Accelerators mitigate risks and obligations in the internationalization process, as well as learning and relax assumptions about knowledge difficulties. In doing so, it integrates previous models that introduced several factors behind the differences in EMNC internationalization. B. Learning, leveraging, collaborating, and building on a complete model of the internationalization process.

6.1. Government accelerator

Governments support their economies, including the development of state-owned enterprises. All governments support and facilitate through regulatory, administrative, and financial instruments, but their goals, methods, and outcomes vary widely. Emerging markets tend to be characterized by more aggressive and interventionist governments. This is mostly driven by a desire to accelerate economic development and, in part, by a desire to control the economy. In emerging markets, government support for foreign direct investment is a relatively new phenomenon.
Emerging and developing economies are traditionally capital-poor and labor-rich, and efforts are focused on attracting capital inflows and the skills and knowledge they bring rather than driving outflows. I came. In India, for example, foreign direct investment was severely restricted until he 1992. Project proposals will be evaluated by governments on a case-by-case basis, primarily based on their ability to obtain foreign exchange, and unless foreign governments and foreign parties desire otherwise, investments may be made in minority-owned joint ventures. could take shape. But with an increasingly liberalized global economy, advances in communications and transport technology, and all the other changes we call globalization for short, orthodoxy has changed. Emerging market governments are now recognizing the importance of internationalization to national development, not only through exports but also through foreign direct investment. To remain competitive both domestically and internationally, domestic companies increasingly need market share, brands, technology and distribution networks in the global market. Nevertheless, state support for foreign direct investment is fraught with controversy, including the risk of crowding out domestic investment, and state ownership can hinder internationalization.
A common assumption in the incremental internationalization model is that managers are risk averse. This will help them choose a country similar to their country of origin and better understand how they need to compete and operate. We also urge them to use a low-exposure immigration mode at the start of domestic expansion to limit risks. You can choose countries that you consider to be high risk or whose circumstances discourage foreign investment. Government Accelerators enable emerging market companies to de-risk their expansion overseas through direct and indirect government support, thereby accelerating their entry into difficult

countries and leveraging significant investment and exposure. can. Direct government support allows EMNC managers to take risks that the private sector may not be able to fund. Indirect government support enables EMNC managers to protect foreign investments in the face of challenges in the host country. Government support for foreign direct investment, which accelerates internationalization, tends to be centered on state-owned enterprises, but it also extends to private companies, sometimes through bank loans. The state-assisted technology portfolio is highly idiosyncratic, as the literature on comparative institutionalism makes clear. Typical government tools to support internationalization include regulation, planning and policy, advisory and advisory services, financial support, direct government engagement, overseas projects (including aid), diplomacy and soft power . These ideas integrate literature that discusses how some emerging market governments are helping companies to become multinational.

6.2. Catch up accelerator

Being a latecomer does not generally imply international competitive advantage, but it does offer certain opportunities to create pensions. The ability to import knowledge and technology from more advanced countries enables accelerated industrial expansion through imitation and rapid succession. technology can be accessed and applied. Also, new institutional systems can be designed specifically for new technologies that can be adopted rapidly and at scale, without being constrained by the sunk costs of legacy technology systems or the inertia of existing institutional arrangements. EMNC claims to work with fewer resources. strategic and operational inertia). Gerschenkron analyzed the process of late industrialization in each country, but the latecomer advantage concept was applied at the firm level in international business, innovation management, and strategic management. Laggards are generally followers, so there is less uncertainty about future development paths, giving them clearer strategic goals and possible indicators and benchmarks for their convergence. There are advantages. Latecomer profits are also associated with contracts or license agreements in global value chains. These include downstream market access channels and export market learning. Although Gerschenkron does not emphasize (as opposed to technical learning), it is a central mechanism for later analysis.

A typical assumption of the gradual internationalization process theory is that firms use resources and skills already developed in their home country to expand their sales abroad. Part of the development of these resources and skills is facilitated by supportive innovation systems. Finally, the gradual internationalization model and subsequent refinements were often based on analysis of firms in developed countries. This model therefore tends to assume that companies have already developed a competitive edge that allows them to gain an edge abroad.

The Catch-Up Accelerator relaxes this assumption by discussing how some emerging market firms are using internationalization to offset their own national deficits and their own competitiveness. A key driver of the Catch-Up Accelerator is sourcing advanced technology and marketing capabilities from developed countries to offset the limitations of their own technology and innovation systems. In search of new technology to compensate for the technical weaknesses of the home country, EMNC becomes a local partner of multinational corporations in developed countries of its own country. They also enter many very different host countries and make extensive use of acquisitions. In this way, we integrate the concept of stepping stone internationalization into a set of alternative accelerators. Thus, companies will invest in countries that are very different from the home country because those nations have a sophisticated innovation system they lack at home. EMNCs will also engage in high-commitment entry modes because these enable firms to control the capabilities they need to upgrade home-country operations.

6.3 Global value chain accelerator

Positioning in established global value chains of leading multinational firms is a crucial upgrading strategy for EMNCs. Whether serving as a subcontractor in the international supply chains of lead firms abroad or engaging domestically with foreign subsidiaries to supply the home market, insertion into global value chains offers latecomer firms a range of essential advantages through both passive spillovers and deliberate joint activities. Global value chains comprise all activities involved in the production of an end product and include an input-output value-adding structure, geographic territoriality, and a governance structure.

Global value chains assume different basic architectures, representing alternative opportunities for learning and upgrading for nodal firms. If we roughly distinguish between buyer-oriented chains and producer-oriented chains, the former tends to be seen as favorable conditions for price increases. However, the opportunities differ in the value of his five types of chain governance.

7. Conclusion

We find that the extent and manner of participation in global value chains, and the outcomes they produce, are usually strongly influenced by the local institutional context, including government policies. Emerging markets are also characterized by low levels of qualifications and skills in the workforce. A lower skill level of employees means lower costs and helps a company export, but if the company becomes a multinational company, it operates very competitively within the country and transfers that knowledge to other countries. Capabilities are also limited. However, the Global Value Chain Accelerator embraces the idea that connections within the global value chain will enable emerging market companies to learn the nuances of foreign markets and indirectly internationalize through the global value chains of leading companies in developed countries. It reflects. As a result, companies in emerging markets gain knowledge about foreign countries and how to serve foreign customers, accelerating internationalization.

Traditional internationalization processes argue that one of the limitations of internationalization is the lack of knowledge about other markets. Managers therefore tend to choose countries that are similar to their home country and can leverage much of their existing expertise. Managers also use low-engagement access methods as they can rely on the knowledge of local partners to facilitate access to the host country.

This Global Value Chain Accelerator enables companies in emerging markets to learn from home how to serve international customers and how to deal with local competitors. This indirect learning through the integration of advanced economy companies into global value chains provides knowledge that helps companies internationalize more quickly and comprehensively. In this way, emerging market companies can learn how to indirectly serve their customers by becoming part of a global value chain. They know the needs and preferences of consumers in their host countries and the characteristics of their competitors' products from indirect learning in global value chains, allowing them to move quickly into high-engagement entry modes. This Global Value Chain Accelerator brings the ideas of linkage, leverage and learning models to the internationalization process by explaining how the integration of emerging market companies into the global value chain accelerates the internationalization process. bring. 2. Conclusion

EMNC's analysis may continue to challenge and enrich our understanding of the internationalization process. EMNC's internationalization process needs to be viewed differently than that of multinational corporations in developed countries, albeit

with the necessary caveats to facilitate general assertions at high levels of aggregation. . The differences go beyond what can be explained by differences in company lifespans, historical periods of internationalization. , and can be industry specialties. Differences in the institutional environments of EMNCs and their economic, political and technological backgrounds lead to different corporate behaviors. These differences include, but are not limited to, internationalization speed, risk-taking, and commitment-level sequencing. With a few exceptions, existing theoretical approaches, whether resource-oriented, transaction-oriented, or process-oriented, tend to fail to capture these aspects. Their strength has traditionally been frugality. However, EMNC's analysis would benefit from a richer multilevel and contextualized model that could improve the analysis of governments, global value chains, and catch-up dynamics in particular.
At the same time, as the EMNC and related academic literature matures, the research agenda is likely to further converge with that of advanced economy multinationals. In particular, early research on EMNCs focused on identifying and analyzing the specific characteristics that distinguish them from multinational corporations in advanced economies. While this work remains important, research on EMNCs can increasingly serve to further develop the same research questions as research on advanced economy multinationals.
The arguments presented in this paper contribute to his two streams of literature.
Research on internationalization process theory and EMNC. First, I will contribute to a better understanding of internationalization process theory by identifying and discussing three ontological perspectives on how processes are recognized in existing international economic theories.
They are resource oriented, transaction oriented and process oriented. As ontologies, these perspectives condition what is found to be tangibly relevant to scholars, assigning relative importance to factors and mechanisms in observing robust internationalization. As new empirical phenomena emerge, the underlying assumptions and limitations of existing international economic theory may be more or less helpful when applied to new contexts. Using these three perspectives, we extracted features of his EMNC internationalization process from previous literature. In doing so, we have identified a number of areas where EMNC challenges existing theories and associates them differently with resources, transactions, or processes. For resource-based approaches, these were frugal innovation, process efficiency, access to priority elements, institutional flexibility, and government support. Transaction-oriented approaches included bundles of corporate and international governance, governance discretion, M&A strategies, and technology markets. Finally, the process-oriented approach focuses on home learning, competitive pressure, laggard characteristics, government incentives, host country distance, learning-oriented investment, host-host country arbitrage, strategic intent, and network support. It is included.
We further discussed how to advance our understanding of the internationalization process by revealing some of the assumptions behind previous models and relaxing those assumptions in the face of the behavior of EMNCs. Based on insights from the analysis of EMNCs and by relaxing the assumption of risk aversion and learning, we extended the internationalization process models by pro- posing three mechanisms that accelerate the expansion of companies across markets: the government accelerator, the catch-up accelerator, and the global value chain accelerator.
The traditional explanations of the internationalization process tend to assume the importance of differences and frictions in cross-border transactions that lead firms towards incremental internationalization. A relaxation of assumptions is revealed by the study of the internationalization of EMNCs. Their study highlights the importance of the conditions of the home country in altering the role of risk and knowledge in the internationalization of companies. The proposed accelerators (government, catch-up, and global value chain) reflect how emerging market companies may enjoy lower risk and knowledge costs that lead them to have a faster and wider internationalization. In so doing, we integrate previous insights on the internationalization of emerging market firms such as the linkage, leverage, learning model, and springboard model within a single theoretical framework.
The analysis of the accelerators has additional implications beyond the study of EMNCs. First is the renewed activism of governments in the economy and their support for domestic firms to become multinationals. Through multiple mechanisms, from heavy- handed subsidies to subtle diplomacy, governments play a more important role in the internationalization of EMNCs than when advanced economy multinational firms were historically at a similar stage of development. Today, government as an institution is generally stronger and the social technologies it deploys more sophisticated. In emerging economies, government activism compensates for weak markets and institutions, and in some countries, ideologies and development strategies assign a more central role to the state. Thus, the study of the role of government institutions, policies, and strategies should be even further accentuated in EMNC analyses. Moreover, advanced economies are also seeing increasingly active governments that have aimed to nudge or mandate firms to improve their competitiveness and counter foreign competitors. This opens the door for new studies on the role of government in internationalization in general and comparison across countries of government activism.
Second is how upgrading through internationalization points to new subtle insights. EMNCs are simultaneously privileged and challenged by an environment characterized by the concurrent presence of much more developed competitors, markets, and technologies. The drawbacks of being latecomers are numerous, including but by no means confined to deficiencies in financial systems and entrepreneurial base, as Gerschenkron emphasized. But there are also advantages. In particular, accelerated learning of modalities of technology acquisition and absorption, learning of export markets, and various forms of participation in the Global His Value His Chain. Late effects, although not exclusive, are a particular feature of EMNC, and EMNC-related analytical frameworks would benefit from more explicit treatment of these effects.
The third is the importance that global value chains have gained and how they have transformed the way EMNCs and companies in advanced economies operate. Given the sophisticated state of the modern world economy, particularly in relation to transport, information and communication technology, market support institutions, and sophisticated organizational and management techniques, global value chains are “finely tuned” on a historically unprecedented scale. increase. Despite the rhetoric of skepticism against globalization, recent global challenges are unlikely to reverse this trend. For example, as Industry 4.0 technologies and institutions mature and become more prevalent, the business units, value chain functions, and geographic footprints of multinational corporations will be recombined in ever finer detail. Integration into global value chains represents a unique resource for EMNC, which has historically not been a comparable force for advanced economy multinationals.
His second publication to which this paper contributes is the study of EMNC and its internationalization. The EMNC has been presented as challenging some of the previous arguments about multinational enterprise theory. We propose that EMNC can be used to extend and refine previous theories by relaxing the assumptions on which these theories were built. The reason is that while many theoretical arguments can be used to explain the behavior of multinational corporations as organizations, the same

theoretical arguments often refer to conditions in their home countries and their role in international expansion. It has not been. We have shown that the underdevelopment of emerging economies not only influences internationalization decisions, choice of country and EMNC mode of entry, but also helps to better explain the internationalization process. The same lack of development has driven EMNC to a series of international expansions that are less likely to be followed by companies in more favorable countries. In doing so, we supplement the current focus of the much literature on EMNCs by examining, where appropriate, the details of the internationalization process and the role governments play in catching up, and explore the sources of their benefits and complement the choice of country and entry method. A global value chain accelerator will do the job.

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