

Cambridge University Press

978-1-107-06453-9 - Understanding Multinationals from Emerging Markets

Edited by Alvaro Cuervo-Cazurra and Ravi Ramamurti

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## *Understanding Multinationals from Emerging Markets*

Why have relatively poor and underdeveloped countries been able to spawn so many global firms in the last two decades? Are emerging market multinational companies (EMNCs) really different from successful multinationals from developed economies? This book tackles these and other fundamental theoretical questions about EMNCs. A distinguished group of researchers assesses the unique strategies and behavior of successful EMNCs, from the Chinese telecommunications firm Huawei to the Indian conglomerate Tata, to the South African beverages firm SABMiller. They address a range of topics, such as the drivers of internationalization by EMNCs; their distinctive process capabilities; how they catch up with established rivals on technology; how state ownership or business-group affiliation affects their behavior; and why they sometimes relocate their headquarters to advanced economies. This book will appeal to scholars and graduate students in global strategy and international business, as well as consultants of multinational companies, looking for state-of-the-art analysis of EMNCs.

ALVARO CUERVO-CAZURRA is Professor of International Business and Strategy at Northeastern University's D'Amore-McKim School of Business. He studies the internationalization of firms, with a special interest in developing-country multinationals, and his geographical area of expertise is Latin America. He also analyzes governance issues, with a focus on corruption in international business. He teaches and consults on global strategy and sustainability. For more information, please visit [www.cuervo-cazurra.com](http://www.cuervo-cazurra.com).

RAVI RAMAMURTI is D'Amore-McKim Distinguished Professor of International Business and Strategy, and Director of the Center for Emerging Markets at Northeastern University's D'Amore-McKim School of Business. His research and consulting have focused on companies operating in, or from, emerging economies. This is his third volume with Cambridge University Press, the others being *Emerging Multinationals in Emerging Markets* (2009, edited with J.V. Singh) and *The Competitive Advantage of Emerging Market Multinationals* (2013, edited with P.W. Williamson, A. Fleury, and M.-T. Fleury).

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RAVI RAMAMURTI



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*To  
Sebastian and Annique  
Meena, Bharat, Paige, Gita, and Arjun*

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## Foreword

This book is the result of a long journey. During research trips through emerging markets, we noticed that some domestic companies were attaining international levels of competitiveness, despite the many handicaps of their home countries, and venturing into unfamiliar foreign markets. There was understandably a lot of skepticism about whether these firms could compete successfully with established multinational enterprises from advanced economies and become truly global players. Nevertheless, the firms persisted because many of them saw it as vital for their survival, and eventually some grew big enough to join the top-5 or top-10 list of global firms in their respective industries.

Traditional theories of the multinational, which were developed by studying companies in advanced countries, predicted that developing economies could not produce such firms. However, as we learned more about the firms, we realized that studying these firms was actually a powerful way to improve our understanding of multinational enterprises more generally. In other words, EMNCs should not be dismissed as exotic species found only in strange countries (emerging economies), but viewed as the latest wave of globalizing firms through which theories of the multinational enterprise could be revisited.

This book is the result of the Third Conference on Emerging Market Multinationals organized by the Center for Emerging Markets at the D'Amore-McKim School of Business, Northeastern University, on August 4, 2012. That conference followed two previous ones – in 2007 with the Wharton School of the University of Pennsylvania, and in 2011 with the Judge Business School of the University of Cambridge – which led to the publication of *Emerging Multinationals in Emerging Markets* (Ramamurti and Singh, 2009) and *The Competitive Advantage of Emerging Market Multinationals* (Williamson, Ramamurti, Fleury, and Fleury, 2013), both published by Cambridge University Press.

For the third conference, we invited 17 leading scholars to present their views on the topic or to serve as chair-cum-discussants. Panelists



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were asked to be bold in their thinking and to present new arguments that had not been addressed properly or at all in the literature, rather than present a narrow research study. The discussants for each session critiqued the presenters and offered their own insights, and facilitated a lively debate with the 90-strong audience of senior and junior faculty members from around the world who work on EMNCs. After the conference, authors submitted draft chapters that responded to the questions and comments raised by chairs, discussants, and the audience. Two presenters at the conference were unable to participate in this book (Jean-François Hennart and Robert Hoskisson), and one who did not attend the conference (Andrew Godley) accepted our invitation to write a chapter on a specific topic for the volume.

The book is a synthesis of all these ideas, including deliberations at the conference and feedback provided by the editors in several rounds of review. We hope the ideas presented in the book provide an objective and nuanced view of how the rise of EMNCs relates to the existing literature and our understanding of the multinational firm.

A book like this is the result of a team effort. First and foremost, we owe a deep debt of gratitude to our distinguished contributors, who responded sportingly to our request to take a broad view of the EMNC phenomenon and the literature, including highlighting topics and concepts that did not fit neatly with existing frameworks and models. We also appreciate the contributions of the scholars who served as chairs and discussants at this conference and the faculty who participated actively in the deliberations. The August 2012 conference at Northeastern University was made possible by grants from the D'Amore-McKim School of Business and the Center for Emerging Markets. We would like to thank Dean Hugh Courtney and Senior Associate Dean Margie Platt for financial and moral support throughout the project. Kayne Bordes, Lacey Bradley-Store, Anne Claire Ramsey, and Caitlin Riley provided invaluable logistical support for the conference. Subsequently, we had the good fortune of working yet again with Paula Parish of Cambridge University Press, who guided us in developing the manuscript and was, as usual, very responsive to our questions and requests. Kat Wilson helped polish the manuscript. Last but not least, we are grateful to our families for their support not just with this project but throughout our academic careers. We dedicate this book to them.