**Institutions and Internationalization: A Study on Emerging Markets Firms**

1. **Abstract**

Since the 1990s, the global business environment has witnessed an accelerated rise and growth of emerging market multinational enterprises (EMMNEs). EMMNEs are firms originated in emerging economies that engage in foreign direct investment. These companies internationalize differently than multinational enterprises (MNEs) from developed markets. There are some studies on how these firms internationalize, however, scholars are still debating the influence institutions on internationalization. The former are understood as written and unwritten rules, norms and constraints that human devise to reduce uncertainty and control their environments; while the latter refers to the business process of gaining control and commitment over international operations. The study of the interactions between institutions and internationalization of EMMNEs is challenging but promising and still incipient.

New institutional economics (NIE) studies institutions and the complex ways in which those humanly devised constraints interact with organizational arrangements. This preliminary research proposal aims to contribute to the study of the internationalization of EMMNEs from a NIE perspective. To do so, both the interlinks between internationalization and NIE, and methodological insights for future research are presented.

**Keywords**

EMMNEs, country of origin (CoO), internationalization, new institutional economics (NIE)

Table of Contents

[1. Abstract 1](#_Toc453248454)

[2. Introduction 2](#_Toc453248455)

[3. Literature Review 4](#_Toc453248456)

[3.1. Internationalization Emerging Markets Multinational Enterprises (EMMNEs) 4](#_Toc453248457)

[Figure 1. Typology of EMMNEs 4](#_Toc453248458)

[Table 1. EMMNEs and Springboard International Expansion 5](#_Toc453248459)

[Figure 2. A Framework for EMMNEs Determinants and Outcomes 6](#_Toc453248460)

[Table 2. New MNEs Compared to Traditional MNEs. 6](#_Toc453248461)

[3.2. New Institutional Economics (NIE) Foundations 7](#_Toc453248462)

[3.3. Institutional Framework as Lenses for Studying Internationalization and EMMNEs 8](#_Toc453248463)

[Table 3. Institutional Theory and the MNE 8](#_Toc453248464)

[3.4. Preliminary Selected Sources 10](#_Toc453248465)

[Table 4. Preliminary Selected Sources 11](#_Toc453248466)

[4. Methodological Considerations 18](#_Toc453248467)

[4.1. Broad Methodological Foundations 18](#_Toc453248468)

[Figure 3. Assessing Research Contributions 19](#_Toc453248469)

[Table 5. Common Weaknesses in IB Manuscripts 20](#_Toc453248470)

[4.2. Specific Methodological Considerations 22](#_Toc453248471)

[Figure 4. Systematic Literature Review Process (Specific Objective 1) 23](#_Toc453248472)

[Figure 5. Conceptual Model (Specific Objective 2) 24](#_Toc453248473)

[Table 6. Preliminary Propositions as Basis for Future Hypotheses (Specific Objective 2) 25](#_Toc453248474)

[Figure 6. Conceptual Model (Specific Objective 3) 27](#_Toc453248475)

[Table 6. Preliminary Propositions for Qualitative Study (Specific Objective 3) 27](#_Toc453248476)

[5. Timeline Overview 28](#_Toc453248477)

[Table 7. Timeline of Doctoral Activities at a Glance 28](#_Toc453248478)

[6. Acknowledgements 28](#_Toc453248479)

[List of References 29](#_Toc453248480)

1. **Introduction**

The internationalization of emerging markets multinational enterprises (EMMNEs) is a phenomenon that has gradually attracted the attention of governments, managers and business scholars (Chittoor, Sarkar, Ray, & Aulakh, 2009; Ciravegna, Lopez, & Kundu, 2016; Gammeltoft, Pradhan, & Goldstein, 2010; Luo & Tung, 2007; UNCTAD, 2015). This recent phenomenon has generated abundant literature that provides mixed empirical evidences (Malhotra & Hinings, 2010; Yaprak & Karademir, 2011), however, nascent literature still fails to satisfactory explain the international behavior of EMMNEs (Cuervo-Cazurra & Narula, 2015).

EMMNEs internationalize differently from their counterparts from developed markets (Guillén & García-Canal, 2009; Luo & Tung, 2007). Cuervo-Cazurra and Genc (2008) enunciate a set of disadvantages of EMMNEs in comparison with developed-country multinational enterprises (MNEs). Some of those disadvantages are associated with difficulties in branding, advertising and technology; however, the main differences rely on their late mover position, difficult institutional environment conditions and poor governance. Nevertheless, managers of EMMNEs are used to lead their companies in markets with institutional instabilities, so they develop skills to convert institutional disadvantages into advantages when operating in countries with poorly developed institutions (Cuervo-Cazurra & Genc, 2008). This represents an advantage of EMMNEs over MNEs from developed countries when operating in other emerging economies.

Literature on internationalization of EMMNEs is broadly divided in two groups. Both groups accept that EMMNEs are becoming major players in the global economy, and therefore, there is a need to comprehend their behavior and impact. Besides, both approaches agree on the idea that EMMNEs behave differently from other MNEs. On the one hand, some authors (Dunning, Kim, & Park, 2008; Williamson, 2015) claim that the differences between EMMNEs and other MNEs are better explained by the changes in the global economy rather than by their origin. On the other hand (Cuervo-Cazurra & Ramamurti, 2014; Gammeltoft et al., 2010; Yaprak & Karademir, 2011) defend the idea that the country of origin and other contextual elements heavily influence this phenomenon.

Therefore, there is a need for empirical and theoretical research that contributes to the discussion on whether or not the special characteristics and institutional context of emerging markets influence the internationalization of EMMNEs. The institutional context of a country is represented by the rules and regulations that govern the economic activity in that country; institutions are the “rules of the game…or…humanly devised constraints” (North, 1990, p. 3). Consequently, there are links between the institutional framework and internationalization that are worth to be further explained and studied.

According to (Kostova, Roth, & Dacin, 2008) there is an increasing interest in studying MNEs from an institutional perspective; however, most of the studies have used a narrow subset of institutional concepts influenced by neoinstitutionalism, which leaves room for debating whether or not is institutionalism useful in international management research. Dacin, Goodstein, and Scott (2002) claim that institutionalism is a rich theoretical foundation for understanding MNEs, besides, they provide a summary of former studies based on institutional theory and constructs they used to conceptualize the regulatory, cognitive and normative pillars.

Kostova et al. (2008) argue that the special characteristics of MNEs represent challenges to neoinstitutional theory; hence, there are some provocations for researchers approaching this field of study. Neoinstitutional tenets in regards of organizational field, isomorphism, decoupling and legitimacy need to be modified due to the nature of MNEs.

This study analyzes the internationalization of EMMNEs using new institutional economics (NIE) as theoretical framework; to do so, three specific objectives are pursued:

* 1. To integrate and critique the evolution of the research and literature on internationalization of EMMNEs from an institutional perspective
	2. To analyze the influence of formal institutions on the internationalization of EMMNEs
	3. To contribute to the understanding of the role of informal institutions on the internationalization of EMMNEs

This research proposal is structured as follows. The next section presents a literature review on internationalization of EMMNEs, and the linkages between institutionalism and internationalization of EMMNEs, then some general and specific methodological considerations are presented, and finally, a preliminary timeline for the development of the doctoral dissertation is proposed.

1. **Literature Review**
	1. **Internationalization Emerging Markets Multinational Enterprises (EMMNEs)**

In recent decades, emerging and developing country multinationals enterprises (EMMNEs and DCMNCs) have become major players in the global economy. Since the 1990s, EMMNEs have remarkably increased their presence and impact in global business. According to UNCTAD (2015), in 2014, 55 per cent of the global foreign direct investment (FDI) flow correspond to developing economies. Furthermore, while FDI in developed economies experienced an important decrease, inflows to developing markets remain at high levels.

Luo and Tung (2007, p. 482) define the EMMNE as “the international companies that originated from emerging markets and are engaged in outward foreign direct investment (FDI)”. Although these companies are far from homogeneity, to some extent they share similar motives, constraints and have undergone similar international business experiences. Based on those similarities, Luo and Tung (2007) developed a model that is applicable for EMMNEs (see Figure 1). The model takes into consideration two variables: ownership (state and non-state ownership) and international diversification (narrow and broad coverage of international markets through FDI), to classify EMMNEs as niche entrepreneurs, world-stage aspirants, transnational agents and commissioned specialist.

### **Figure 1. Typology of EMMNEs**

|  |  |  |
| --- | --- | --- |
| **INTERNATIONAL DIVERSIFICATION**Narrow Broad | World-stage Aspirant | Transnational Agent |
| Niche Entrepreneur | Commissioned Specialist |
|  | Non-state-owned | State-owned |
|  | **BUSINESS OWNERSHIP** |

Taken and adapted from (Luo & Tung, 2007, p. 483)

Niche entrepreneurs are non-state owned MNEs that have a narrow coverage of international markets. These companies do not usually receive government funding nor have extensive industrial experience, so they focus on a narrow portfolio of products or services to leverage their advantages (e.g., Mabe from Mexico, ZTE from China, Kamaz from Russia and Argos from Colombia. World-state aspirants are also non-state-owned enterprises that exhibit high diversification and a broad geographical presence, although some of them do not equal their developed MNEs counterparts, they have experience an outstanding evolution that position them in a global competitive scenario. Some examples of this stage are Brazil’s Embraer, India’s Tata Group, Mexico’s Cemex and South Africa’s Nando.

Transnational agents are state-owned enterprises that operate under the influence of their home government, and their activities are usually associated to key industries of strategic relevance to their countries. These kind of enterprises go global to take advantage of foreign opportunities while fostering business growth and contributing to home economy progress. VALE and Petrobras from Brazil, Gazprom from Russia and Pemex from Mexico are companies that fit into this category. Finally, in Luo and Tung’s model, there is the commissioned specialist MNEs, which are those state-owned firms that enroll in FDI on only few international strategic markets so their largest shareholder could benefit from their international expansion in two ways, economically and politically. Banco du Brasil and Electrobras from Brazil, Petronas from Malaysia and AngloGold Limited from South Africa are some of the firms that belong to this category.

This classification is relevant for analyzing the internationalization of EMMNEs from an institutional perspective because firms’ international behavior and interests change from category to category. For example, state-owned EMMNEs usually receive greater institutional and governmental support but are expose to political intervention and bureaucracy that could have an impact on their international decisions. Issues like risk-taking behavior, international coordination, governance, market entry selection and global integration might be affected by EMMNEs ownership and diversification. Luo and Tung (2007) argue that EMMNEs systematically use an international expansion as a springboard that help them to acquire critical resources and capabilities needed to compete against international rivals both at home and abroad. Table 1 provides a summary of the springboard behaviors of EMMNEs.

### **Table 1. EMMNEs and Springboard International Expansion**

|  |
| --- |
| Springboard Perspective |
| Compensate their competitive weaknesses |
| Overcome their latecomer disadvantage |
| Counter-attack global competitors |
| Bypass stringent trade barriers into advanced markets |
| Alleviate domestic institutional and market constrains  |
| Secure preferential treatment from home governments |
| Exploit competitive advantage in other emerging and developing countries.  |

|  |
| --- |
| Motivations of EMMNEs  |
| Asset seeking |
| Opportunity seeking |

|  |
| --- |
| Unique Activities |
| Inward internationalization |
| Risk-taking entry modes (acquisitions or greenfield) |
| Path departure in location selection |
| Radical in investment size and commitment |

|  |
| --- |
| Unique Challenges |
| Poor corporate governance |
| Post-spring integration and organization difficulties |
| Lack of global experience, managerial competence and professional expertise |
| Weak product/process innovation |

Taken and adapted from (Luo & Tung, 2007)

For (Gammeltoft et al., 2010) EMMNEs entered in a new stage of internationalization in the first decade of the current century. A noticeable rise in mergers and acquisitions (M&As) and greenfield investments from developing countries have positioned EMMNEs as new players in the global economy. The appearance, evolution and international of companies originated in emerging markets is conditioned by determinants in both local and international environments (see figure 2).

### **Figure 2. A Framework for EMMNEs Determinants and Outcomes**



Taken from (Gammeltoft et al., 2010, p. 256)

Gammeltoft et al. (2010) claim that there is a dialectic relationship between MNEs and their environment, because the former reflect the institutional conditions of their local environment. Therefore, there are significant distinctions between MNEs and EMMNEs due to the differences in formal and informal institutions in their home markets. Guillén and García-Canal (2009) argue that the traditional American model of the MNE that started in the late 19th century in the second industrial revolution do not provide sufficient explanations for the behavior of EMMNEs. The American model of the MNE is characterized by the exploitation of firm-specific capabilities in a gradual country-by-country approach of internationalization in which FDI is the main entry mode. Since the 1990s, EMMNEs internationalize their operations using diverse entry modes, from joint ventures to wholly owned subsidiaries (WOS), with a diversity of approaches, from small single-product focused to large diversified firms. Table 2 presents the main differences between MNEs and EMMNEs.

### **Table 2. New MNEs Compared to Traditional MNEs.**

|  |  |  |
| --- | --- | --- |
| Dimension | New MNEs  | Traditional MNEs |
| Speed of internationalization | Accelerated | Gradual |
| Competitive advantages | Weak: Upgrading of resources required | Strong: required resources available in-house |
| Political capabilities | Strong: firms used to unstable political environments | Weak: firms used stable political environments |
| Expansion path | Dual path: simultaneous entry into developed and developing countries  | Simple path: from less to more distant countries |
| Default entry mode | External growth: alliances and acquisitions | Internal growth: wholly owned subsidiaries |
| Organizational adaptability | High, because of their meager international presence | Low, because of their ingrained structure and culture |

Taken and adapted from (Gammeltoft et al., 2010, p. 27)

 Both, the intangible assets and motivations for FDI of EMMNEs differentiate them from traditional MNEs. There are some intangible assets of new MNEs such as: early adoption of new technology, ethnic branding, institutional entrepreneurial ability, networking skills, political know-how, among others. Meanwhile their motives for engaging in FDI are also diverse and different from other MNEs: home-country government curbs, risk spreading, following home-country customer overseas, backward linkage into raw materials, movement of personal capital abroad, and so on (Gammeltoft et al., 2010).

As EMMNEs emerged from countries with weak institutional environments, and difficulties in property rights, judicial, legal and political systems, they seem to be better prepared to deal with institutional weaknesses abroad (Cuervo-Cazurra & Genc, 2008; Gammeltoft et al., 2010; Luo & Tung, 2007; Williamson, 2015). Next section presents an overview of the linkages between institutional theory and internationalization of EMMNEs.

* 1. **New Institutional Economics (NIE) Foundations**

Broadly speaking, new institutional economics (NIE) is an economic field that studies institutions and their interactions with organizations. According to Coase (2000), the phrase “the new institutional economics” was coined by Oliver Williamson, as an intention to differentiate this area from the “old institutional economics”. Although Coase’s seminal paper “The nature of the firm” (1937) is considered the pioneer of this area due to its explicit insertion of the transaction cost analysis into economics, Coase himself acknowledges the contributions of economists like Oliver Williamson, Harold Demsetz and Steven Cheung to the early development of this area (Coase, 2000). Moreover, Coase appraises the inputs of his colleagues in disciplines like anthropology, law, sociology, political science and sociobiology, who contributed to the evolution of NIE from its onset.

Institutions are “written and unwritten rules, norms and constraints that humans devise to reduce uncertainty and control their environment” (Ménard & Shirley, 2005, p. 1). Formal rules include political, judicial and economic rules and contracts; while informal institutions are associated with codes of conduct, norms of behavior, conventions and beliefs that people impose upon themselves to control their environment (North, 1990).

NIE deviates from neoclassical assumptions of perfect information, unbounded rationality and costless, instantaneous transactions; instead, it assumes that people have incomplete information and bounded rationality; therefore, individuals need to deal with uncertainty (Ménard & Shirley, 2005). People engage on transactions costs to reduce uncertainty, thus, to decrease both risk associated with limited information and transaction costs, people create institutions. NIE studies not only the complex emergence of regulations, norms, beliefs and behaviors; but also how institutions operate, evolve and shape diverse environments of production and exchange, that at last modify the rules of the game (Coase, 2000).

Institutionalists do not completely abandon neoclassical economics. For instance, while they reject assumptions of perfect information and unbounded rationality, they accept assumptions of competition and scarcity. So, institutionalists focused on questions that neoclassical economics do not address, like economic, political and social change (North, 1990). This new approach demands new methodologies; institutionalists at the core of the research program encourage multi-disciplinary approaches and the adaptation of concepts and methodologies from a wide array of disciplines: sociology, political science, anthropology, psychology, evolutionary biology, law, among others (Ménard & Shirley, 2005).

* 1. **Institutional Framework as Lenses for Studying Internationalization and EMMNEs**

As already mentioned, institutions are “rules of the game…or…humanly devised constraints” that could be classified as formal and informal (North, 1990, p. 3). Scott (2008) provides an omnibus conception of institutions by stating that “institutions are comprised of regulative, normative and cultural-cognitive elements that, together with associated activities and resources, provide stability and meaning to social life” (p. 48). In general terms formal institutions include, for example, property rights, regulatory regimes, governmental intervention and legal systems, while informal institutions could be associated with issues like attitude towards bribery, trust building, problem solving, among others (Meyer, Estrin, Bhaumik, & Peng, 2009).

There are several linkages between the institutionalism and internationalization of MNEs. According to Kostova et al. (2008) there is crescent number of scholars that are applying institutional theory to MNEs. Table 3 enunciate a summary of institutional theory applications to the MNE environment.

### **Table 3. Institutional Theory and the MNE**

|  |
| --- |
| Institutional profile/Institutional Distance |
| * Country institutional profile is conceptualized as a three-dimensional construct, including regulatory, cognitive and normative decisions
* Country institutional dimensions are practice or issue specific (e.g. quality management, entrepreneurial activity)
* Institutional distance is defined as the distance or similarity between the institutional profiles (i.e., regulatory, cognitive, normative) of two countries on a particular issue
 |
| Institutional change/transition economics |
| * Large-scale institutional transformation defines transition economies
* Transitional institutional environments require certain types of strategies and lead to particular firm behavior (e.g., bribes)
* Transitional institutional environments are characterized by:
* Institutional upheaval
* Institutional baggage
* Institutional imperfection
* Corruption and “state capture”
* Different stages in the transition process
 |
| National institutional systems |
| * Comparative capitalism and economic action
* National (and institutional) origin of business systems
* Institutional features of different types of business systems and comparative firm characteristics (e.g., ownership patterns, state coordination, trust in formal institutions, dominant firm type, growth patterns)
* Comparative capitalism approach to the issue of MNE corporate governance
* Extent of MNE embeddedness/disengagement with national institutional systems
 |
| Institutional constraints on MNEs  |
| * Institutional environments determine the most effective MNE strategies and structures:
* Entry mode decisions in international expansion
* Partner selection in international alliances
* Country´s propensity for entrepreneurial activity
* Firm strategic choices (e.g. diversification)
 |
| Diffusion, adoption and institutionalization of organizational practices and structures across units within the MNE and across national borders |
| * Institutional explanation of cross-border differences in MNE practices and structures
* Institutional explanation of cross-border diffusion, dissemination, convergence/divergence of organizational practices
* Institutional constraints on transferring organizational practices across national borders; “permeability” of borders
* Multiple and complex institutional environments from which MNE subunits “draw” their practices and structures
* Handling of conflicting institutional pressures on MNEs and MNE subunits from the internal organizational environment and their multiple external environments; the role of managers (limited active agency)
* Relational context within MNEs and context’s role in the institutional process of transfer and diffusion of organizational practices within the firm
 |
| MNEs, MNE subunits and host country institutional environments |
| * Liability of foreignness of MNEs in host country
* Sources and determinants of liability of foreignness
* Dynamics of liability of foreignness overtime
* Strategies for overcoming liability of foreignness
* Consequences of liability of foreignness
* Measurement of liability of foreignness
* MNE legitimacy
* Nature and distinctiveness of MNE legitimacy
* Factors of legitimacy of MNEs and MNE subunits
* Multiplicity and complexity of legitimating institutional environments/actors for MNEs
* External/internal legitimacy of MNE subunits
* Dependence and dynamics between host countries and MNEs
 |

Taken and adapted from (Kostova et al., 2008)

In spite of the extensive studies that observe MNE’s phenomena from an institutional standpoint, Kostova et al. (2008) argue that most of international management scholars have implemented a very narrow perspective of institutionalism, usually associated with neoinstitutionalism, that concerns on firm survival depending on the alignment with the institutional environment. Moreover, (Gaur, Kumar, & Singh, 2014) argue that most of the studies on emerging economies have focused on MNEs from developed economies entering emerging markets or local competition within emerging economies. Which leaves an unattended and understudied gap on institutional theory and NIE as frameworks for understanding internationalization of emerging markets firms.

According to Peng, Wang, and Jiang (2008) institutions have the greatest effect on enterprise strategy and performance. Underdeveloped institutions generate higher transaction cost and reduce efficiencies in market-based exchanges. Nevertheless, underdeveloped and instable institutions usually characterize emerging economies. This encourage firms to generate more ambitious international strategies originating three resulting processes. First, EMMNEs invest abroad to scape the constraints of home country institutions and to overcome negative country-of-origin burden. Second, institutional reforms in emerging economies are attracting foreign, and often developed countries MNEs, to compete with local firms *vis-à-vis*, which encourages EMMNEs to increase their international commitment to avoid competition and reduce risks. And third, as institutional voids create higher transaction costs for EMMNEs, they favor the association in business groups that usually imply access to resources, capital, labor and international experience (Gaur et al., 2014).

* 1. **Preliminary Selected Sources**

The following table introduces a preliminary selection research papers and books that approach the internationalization of EMMNEs. Papers were selected according to the following criteria/procedure:

Key words “emerging markets multinationals”, “internationalization”, “emerging multinationals”, “Multilatinas”, “country-of-origin” were used to search most relevant and cited papers on JStore, Scopus, Science Direct and Web of Science.

* The same words and “new institutional economics” were searched in the university library to shortlist books, that were eventually selected based on citations.
* Papers were selected based on citations, authorship and impact factor of the publishing journal. Besides, journals included in (Xu, Poon, & Chan, 2014) were given priority because those are considered the most influential ones in international business.
* Selected papers were downloaded and imported to Mendeley.
* Two professors who work on this field reviewed the list of papers and provided some recommendations in regards of including some other manuscripts.

### **Table 4. Preliminary Selected Sources**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| # | Authors | Year | Title | Journal or Publisher  | Purpose |
|  | Amal, MohamedAwuah, Gabriel BaffourRaboch, HenriqueAndersson, Svante | 2013 | Differences and similarities of the internationalization process of multinational companies from developed and emerging markets | European Business Review | This paper aims by a direct comparison, to address the differences and similarities of the internationalization process of multinational companies both from developed and emerging countries. |
|  | Aulakh, Preet. S.Kotabe, MasaakiTeegen, Hildy | 2000 | Export Strategies and Performance of Firms From Emerging Economies: Evidence From Brazil, Chile and Mexico | The Academy of Management Journal | The purpose of this study is to provide an understanding of the export strategies of firms from emerging economies. In particular, we developed a framework by incorporating the different strategies available to exporting firms as they compete in foreign markets and linked those strategies to export performance. |
|  | Bandeira-de-Mello, RodrigoFleury, Maria Tereza LemeAveline, Carlos Eduardo StefaniakGama, Marina Amado Bahia | 2016 | Unpacking the ambidexterity implementation process in the internationalization of emerging market multinationals | Journal of Business Research | This study fills this gap by focusing on the tension faced by successful Latin American firms between exploiting existing capabilities and exploring new knowledge to innovate when performing both strategies at the same time. |
|  | Bianchi, Constanza | 2014 | Internationalisation of emerging market firms: an exploratory study of Chilean companies | International Journal of Emerging Markets | This paper aims to explore how firms from a Latin American market internationalise using resource-based view of the firm as a theoretical foundation. Specifically, it examines the internationalisation process of three Chilean companies that have become relevant international players. |
|  | Bloemer, JoséeBrijs, KrisKasper, Hans | 2009 | The CoO-ELM model, a theoretical framework for cognitive processes underlying country of origin-effects | European Journal of Marketing | The purpose of this paper is to present and extended version of the Elaboration Likelihood Model (ELM-model) to explain and predict which of the four cognitive processes that are distinguished in the literature, with respect to CoO, can be expected to occur: the halo-effect, the summary construct-effect, the product attribute-effect or the default heuristic-effect.  |
|  | Brodowsky, Glen H. Tan, Justin Meilich, Ofer | 2004 | Managing country-of-origin choices: competitive advantages and opportunities | International Business Review | This study investigates the effects of country-of design/country-of-assembly combinations on consumers’ evaluative beliefs about and attitudes toward buying automobiles.  |
|  | Bucley, PeterLiang, ChengClegg, JeremyVoss, Hinrich | 2016 | Experience and FDI Risk-Taking: A Microfoundational Reconceptualization | Journal of International Marketing | The organization-level account is built on the premise that capability is a prerequisite for risk-taking while the individual-level account focuses on the managers' intrinsic behavioral attitude. Without integrating one with the other, the former is open to many alternative explanations while the latter remains only a source of heterogeneity. We propose that employing the microfoundations approach can address the limitations of each account and yield a fuller understanding of FDI risk-taking. |
|  | Carneiro, JorgeBrenes, Esteban R. | 2014 | Latin American firms competing in the global economy | Journal of Business Research | This introductory paper presents threats and opportunities faced by Latin American firms competing in the global economy. We started with an overview of the changes in the economic and political environment of Latin America, then discuss aspects of internalization behavior of Latin American firms, and finally address some changes firms have made in order to compete in the global economy. |
|  | Ciravegna, LucianoLopez, Luis E.Kundu, Sumit K. | 2016 | The internationalization of Latin American enterprises-Empirical and theoretical perspectives | Journal of Business Research | Introduction to special issue on internationalization of Latin American firms. This special issue aims to shed light on the ways in which existing theories can explain the internationalization of Latin American firms, providing examples from a broad range of countries. |
|  | Cuervo-Cazurra, Alvaro | 2007 | Sequence of value-added activities in the multinationalization of developing country firms | Journal of International Management | This paper studies the sequence of value-added activities in the multinationalization of firms from developing countries. I analyze 20 Latin American MNEs, or multilatinas, to explore whether, how and why their multinationalization process differs from that proposed in existing literature. |
|  | Cuervo-Cazurra, Alvaro | 2008 | The multinationalization of developing country MNEs: The case of multilatinas | Journal of International Management | In this paper I analyzes the multinationalization of developing country MNEs. In particular, I study the multinationalization of Latin American MNEs or multilatinas, to illuminate this process. |
|  | Cuervo-Cazurra, Alvaro | 2016 | Multilatinas as sources of new research insights: The learning and escape drivers of international expansion. | Journal of Business Research | This study reviews the literature on multilatinas, Latin American multinationals, and provides suggestions for using these firms as a laboratory for extending existing theories and models of the multinational. This review explains how four characteristics of their home countries (political uncertainty, pro-market reforms and reversals, and geographic isolation) can result in the foreign expansion of firms.  |
|  | Cuervo-Cazurra, Alvaro | 2011 | Selecting the country in which to start internationalization: The non-sequential internationalization model | Journal of World Business | This paper analyses the selection of the country in which a firm starts internationalization. It proposes that some firms strategically chose a non-sequential internationalization, that is, they select a country that is dissimilar to their country of origin for their first foreign expansion. This paper contributes to the theory and to the empirical literature. |
|  | Cuervo-Cazurra, AlvaroDau, Luis Alfonso | 2009 | Promarket Reforms and Firm Profitability in Developing Countries | The Academy of Management Journal | The objective of this study is to clarify the debate by analyzing how promarket reforms affect firm profitability in developing countries. In examining this question, we extend agency theory (Ross, 1973) to argue that the improvements in external monitoring that accompany promarket reforms lead to a reduction in agency cost and, subsequently, an improvement in the firm profitability. |
|  | Cuervo-Cazurra, AlvaroGenc, Mehmet | 2008 | Transforming Disadvantages into Advantages: Developing-Country MNEs in the Least Developed Countries | Journal of International Business Studies | This paper contributes to three statements in literature: one focusing on institutions and MNE behavior, a second on competitive advantage and disadvantage, and a third on developing country MNEs. We analyze advantages and disadvantages of developing-country multinational enterprises in comparison with developed countries MNEs. |
|  | Cuervo-Cazurra, AlvaroRajnesh, NarulaUn, Annique | 2015 | Internationalization motives: sell more, buy better, upgrade and escape | The Multinational Business Review | The purpose of this paper is to review the motives for internationalization to clarify previous arguments and provide a theory-driven classification. |
|  | D’Angelo, AlfredoMajocchi, AntonioBuck, Trevor | 2016 | External managers, family ownership and the scope of SME internationalization | Journal of World Business | Do certain governance structures encourage the scale and scope of their internationalization? We jointly apply social capital and corporate governance theories to explain the scope of family SMEs internationalization. |
|  | Dominguez, Luis V.Brenes, Esteban R. | 1997 | The internationalization of Latin American enterprises and market liberalization in the Americas: A vital linkage | Journal of Business Research | This article points out the most salient characteristics of Latin America's economy and the factors that have led to market liberalization. A rationale is given for case-based research. The primary purpose of this special issue is to stimulate international and comparative management research that is grounded in the realities of Latin America. A second purpose is to enrich the content of international management courses. |
|  | Fleury, Alfonso, Fleury, Maria Tereza  | 2011 | Brazilian Multinationals: Competences for internationalization | Cambridge University Press | This book analyzes the internationalization of Brazilian multinationals and their management models.  |
|  | Gammeltoft, PeterPradhan, Jaya PrakashGoldstein, Andrea | 2010 | Emerging multinationals: home and host country determinants and outcomes | International Journal of Emerging Markets | The purpose of this paper is to present a framework for analyzing home and host country determinants and outcomes of emerging markets multinationals. |
|  | Gonzalez-Perez, Maria AlejandraVelez-Ocampo, Juan | 2014 | Targeting one’s own region: internationalisation trends of Colombian multinational companies | European Business Review | This paper aims to provide an examination of the ongoing internationalisation processes undertaking by 30 major multinational Colombian-owned firms. It also presents a theoretical overview and a conceptual framework for the understanding of internationalisation patterns from emerging countries' multinational enterprises. |
|  | Grosse, RobertMudd, ShannonGarcia Cerchiari, Cecilio | 2013 | Exporting to the far and near abroad | Journal of Business Research | This research seeks to learn factors relevant for explaining observed differences across firms. Does the behavior of its (Uruguayan) firms differ from firms located either in more developed countries or in larger. |
|  | Guillén, Mauro F.García-Canal, Esteban | 2009 | The American Model of the Multinational Firm and the “New” Multinationals From Emerging Economies. | Academy of Management Perspectives | In this paper we analyze the process through which these firms became MNEs and to what extent we need a new theory to explain their international growth. |
|  | Han, Min | 1989 | Country image: halo or summary construct?  | Journal of Marketing Research | This paper examines the role of country image in consumer evaluations of television sets and automobiles. Author clearly defines the construct country image.  |
|  | Han, MinTerpstra, Vern | 1988 | Country-of-Origin effects for uni-national and bi-national products | Journal of International Business Studies | This paper examines the effects of Country-of-Origin and brand name cues on consumer evaluations of uni-national and bi-national products and estimates the perceived values of such cues.  |
|  | Herrera-Echeverri, HernánGeleilate, Jose GalliGaitan-Riaño, SandraHaar, JerrySoto-Echeverry, Nidia | 2015 | Export behavior and board independence in Colombian family firms: The reverse causality relationship | Journal of Business Research | The objective of this research is to study the relationship between board characteristics and export behavior. Specifically we analyze how family firms increase their boards to access international markets, noting that at the same time high export activity in family firms generates improvements in the quality of boards. |
|  | Kearney, Colm | 2012 | Emerging markets research: Trends, issues and future directions | Emerging Markets Review | Our aim is to highlight the recently topical strands of the literature and to identify some interesting directions for future research. |
|  | Lopez, Luis EKundu, Sumit KCiravegna, Luciano | 2009 | Born global or born regional? Evidence from an exploratory study in the Costa Rican software industry | Journal of International Business Studies | This research aims to contribute to this debate by providing empirical evidence about born globals in the software industry of a small developing country with an open economy: Costa Rica. |
|  | Losada-Otálora, MauricioCasanova, Lourdes | 2014 | Internationalization of emerging multinationals: the Latin American case | European Business Review | The purpose of this paper is to develop an analytical framework that challenges the condescending view of multinationals of emerging countries. In this paper, it is showed that emerging multinational companies (EMNCs) developed valuable resources that leveraged their internationalization strategies. |
|  | Martin, Silvia L.Javalgi, Rajshekhar (Raj) G. | 2016 | Entrepreneurial orientation, marketing capabilities and performance: The Moderating role of Competitive Intensity on Latin American International New Ventures | Journal of Business Research | The present study addresses the following still unanswered question: what is the contingent effect of competitive intensity in Entrepreneurial Orientation (EO), with respect to marketing capabilities and performance of INVs? |
|  | Martinez, Candace A.Kalliny, Morris | 2012 | Academic research in the Latin American context: a review of the empirical literature 1990‐2010 | Multinational Business Review | The purpose of this literature review is to provide a systematic overview and analysis of the trend and methodological issues of empirical scholarship in the Latin American context. |
|  | Martínez, Jon I.Esperanca, José PauloDe la Torre, José R. | 2005 | Organizational change among emerging Latin American Firms | Management Research: Journal of the Iberoamerican Academy of Management | Are these emerging MNCs going through an evolutionary path similar to that which characterized the more experienced multinationals, or are they learning from previous experiences and adopting more complex and sophisticated managerial processes early in their development? |
|  | Ménard, Claude | 2000 | Institutions, contracts and organizations. Perspectives from new institutional economics (Book)  | Edward Elgar Publishing Limited | This book presents original contributions from some of the world´s leading economists including Ronald Coase, Douglass North, Masahiko Aoki, Oliver Williamson and Harold Demsetz. It demonstrates the extent and depth of the new institutional economics research program.  |
|  | Ménard, ClaudeShirley, Mary M.  | 2005 | Handbook of new institutional economics (Book) | Springer | This handbook explores and explains the domain of NIE, political institutions and the State, legal institutions of a market economy, modes of governance, contractual arrangements, regulations and institutional change.  |
|  | North, Douglass C.  | 1990 | Institutions, institutional change and economic performance (Book)  | Cambridge University Press  | This book approaches the central issues of the institutional change, institutional evolution, economic performance and human cooperation.  |
|  | North, Douglass C.  | 2005 | Understanding the process of economic change | Princeton University Press | In this book, the author develops a new way of understanding the process by which economies change.  |
|  | Parente, Ronaldo C.Cyrino, Alvaro BrunoSpohr, NicoleVasconcelos, Flavio Carvalho de | 2013 | Lessons learned from Brazilian multinationals' internationalization strategies | Business Horizons | In this article, we broadly address the issue of whether or not there is anything new to be learned from these emerging market multinational companies (EMMNCs) compared to the overall body of knowledge accumulated by developed market MNCs. |
|  | Scoth, W. Richard | 2008 | Institutions and organizations, ideas and interests (Book)  | SAGE Publications | The book provides a comprehensive analysis of the relationship between institutional theory and the study of organizations.  |
|  | Thomas, Douglas E.Grosse, Robert | 2001 | Country-of-origin determinants of foreign direct investment in an emerging market: The case of Mexico | Journal of International Management | The purpose of this paper is to empirically test a multidimensional model of factors that affect FDI flows into an emerging market. More specifically, we employ a country-of-origin economic, political, cultural and geographical variables to explain FDI inflows to Mexico over a 16-year period.  |
|  | Velez-Ocampo, JuanGonzalez-Perez, Maria Alejandra | 2016 | International expansion of Colombian firms: Understanding their emergence in foreign markets | Cuadernos de Administración | This paper aims to show that, although there is no evidence of a generalized pattern within the internationalization process of Colombian firms, there are common features in the majority of the observed firms: the election of exportations as the main entrance tool, the entrance to countries within a short geographical and psychological distance, and the development of local strategic advantages that eventually replicate abroad. |
|  | Yaprak, AttilaKarademir, Bahattin | 2011 | Emerging market multinationals' role in facilitating developed country multinationals' regional expansion: A critical review of the literature and Turkish MNC examples | Journal of World Business | We explore the question of the possible role of emerging market multinationals as facilitating agents in regional expansion. We explore this question through a critical review of the literature and examples from Turkish multinationals. |

1. **Methodological Considerations**

During the last few decades, scholars working within NIE and international business (IB) have triggered tremendous developments in the research program of these fields. together with a challenging research agenda with respect to theory developments, methods, approaches and underlying mechanisms that illuminate future research. Scholars pursuing relevant theoretical and practical implications for their research in business-related areas must face both disciplinary and methodological challenges.

Building relevant scholarly contributions to any business theory or framework is a complex process that should not be oversimplified; neither unnecessarily tangled to make it look more sophisticated or better built. This unit is split into two subsections, the first one deals with broad methodological foundations for doing research in business, while the second part is about the specific methodological considerations for developing the specific objectives.

* 1. **Broad Methodological Foundations**

Corley and Gioia (2011) explore the recommendations that Academy of Management (AM) has considered more appealing for new contributions within the last four decades: advancing knowledge and helping the field move forward, making new connections on previous constructs, and studying the empirical implications of these connections. Based on these motives, they propose a categorization that took into account the originality and utility (see figure 3). Originality is a dimension of rigueur for AM that can be incremental when advancing the understanding of a discipline, or revelatory when research illuminates unstudied fields, relations or phenomena. This classification clearly related to Davis (1971) and former developments of Gray and Wegner (2013) when they propose that interesting theories are the one that deny certain assumptions and attack taken-for-granted understanding but at the same time are articulated to phenomena and properly introduced to both laypeople and scientists.

### **Figure 3. Assessing Research Contributions**

|  |  |
| --- | --- |
|  **3.1. Categorization of Dimensions for Theoretical Contributions** | 3**.2. Four-fold Typology of Research** |
|

|  |  |  |  |
| --- | --- | --- | --- |
| **ORIGINALITY** | **Revelatory** | **4.** Papers that normally undergo longer reviewing and resubmitting processes | **1.** Papers preferred by editors and reviewers |
| **Incremental** | **3.** Papers with the highest likelihood of desk-rejection | **2.** Papers that normally undergo longer reviewing and resubmitting processes |
|  |  | **Practically useful** | **Scientifically useful** |
|  |  | **UTILITY** |

 |

|  |  |
| --- | --- |
|  |  **Theoretical and methodological rigor** |
| **Practical Relevance** |  | Low | High |
| High | **Quadrant 1:** Popularist science | **Quadrant 2:** Pragmatic science |
| Low | **Quadrant 3:** Puerile science | **Quadrant 4:** Pedantic Science |

 |
| Taken and adapted from Corley and Gioia (2011) | Taken and adapted from Tranfield, Denyer, and Smart (2003) |

Corley and Gioia (2011) use categorization in figure 3.1 to exemplify the kind of papers that usually succeed at top business journals, for them, papers in quadrant 1 are the preferred ones for both editors and reviewers and go along the reviewing process smoothly. Papers in quadrants 2 and 4 constitute a higher challenge for authors, editors and reviewers, and normally need to undergo longer and deeper reviewing and resubmitting processes. While papers in quadrant 3 exhibit the highest likelihood of being desk-rejected or outlast until the first round of reviews to end up being rejected with scorn. Meanwhile Tranfield et al. (2003) provide a framework for assessing social sciences contributions. They argue that most of research in management lack both rigor and relevance, so they label those contributions as popularist, puerile and pedantic. Moreover, pragmatic science refers to those inputs that exhibit high practical, theoretical and methodological relevance and therefore are the role models in management research. At his point, the evident inference is that this thesis proposal is intended to be both: on the one side, revelatory and scientifically useful; and on the other side, high in theoretical rigor, methods and practical relevance.

However, building relevant contributions out of a doctoral thesis is not just about good intentions. Being aware of sources, techniques, methodologies and other researchers’ mistakes is imperative to design future doctoral research. There are several studies on the IB contributions of business schools and single authors. Xu, Poon and Chan (2014) analyze previous studies and propose a ranking of scholars and business schools as influential contributors to IB. They found that the most distinguished journal in IB, the *Journal of International Business Studies* has the highest mean normalized citation among the other seven top-tier IB journals (IBR (*International Business Review*), JWB (*Journal of World Business*), MIR (*Management International Review*), JIMkt (*Journal of International Marketing*), IMR (*International Marketing Review*), JIMgt (*Journal of International Management*)). Besides, they found that the quality of papers in these journals varies significantly, to the point that some papers remain uncited.

According to Thomas, Cuervo-Cazurra, and Brannen (2011) the most frequent reason for reviewers to reject a paper from the *Journal of International Business Studies* (JIBS) is the lack of theoretical contribution. This is not directly related to the specific discipline or methodology but to the underlying mechanisms that are used to clarify theoretical relations between independent, mediating, moderating and depend constructs and variables. These authors state that researchers frequently bypass a clear explanation of the logical relationships among constructs and substitute it with fancy and sophisticated mathematical models with a description of the constructs and variables as a token of previous literature. Bello and Kostova (2012) also address the issue of theoretical weaknesses in IB manuscripts; table 5 presents an overview of common flaws that in IB research and recommendations for authors to avoid these mistakes.

### **Table 5. Common Weaknesses in IB Manuscripts[[1]](#footnote-1)**

|  |
| --- |
|  |
| Weaknesses | **Recommendations** |
| Lack of clear and explicit expression of research motivation and justification | Explain not just relations among constructs but how and why the research is interesting, important and different from the existing studies. The first paragraphs of the manuscript should clearly state why is the study necessary, what is it about the observed phenomenon that is not understood, where does the literature remain shadow or unexplored on providing explanations and how the paper contributes to the theoretical gap.  |
| Lack of articulation in the relationships among concepts, constructs or variables  | A list of description of selected constructs and variables, and a cocktail of former studies that used the same concepts, ideas and measures to understand phenomena is not enough. Constructs must be both broad and parsimonious, the former to significantly reflect the domain of the studied phenomenon, while the latter, to focus inquiry. Authors should clearly state *how* and *why* constructs influence each other, what is the underlying mechanism and under what circumstances the relation is predicted to happen.  |
| Relying on repetition as a predictor | Correlations and findings in former studies are not to be taken as permanent explanations and predictors of future phenomena, especially in alterative IB fieldwork. Authors should be aware of this and explain the reasons behind construct and variable selection; furthermore, these should be validated and logically related to findings.  |
| Insufficient contribution to subject area | Both poorly communicating the contribution of the paper and over assessing its findings are equally wrong.Authors should clearly state how findings change the current understanding of the studied phenomenon; besides, they should answer key questions about their contribution: What is new? What is different? Why so? So what? Along with specifying the underlying logic, boundaries conditions, causal connections and relevant constructs. Authors should express if their study confirm, expand, modify or reject existing theory, and what exact theory is affecting. Moreover, they should inform practical implications, for instance for business practitioners and policymakers.  |
| Fail to obtain benefits from the revision process | Reviewing and resubmitting a manuscript is a long and sometimes exhausting process. Authors should be ready to extract the most benefits from the reviewing rounds in order to take the manuscript to the next level and improve the theoretical contributions, conceptual development, discussion and conclusions.  |
| Weak conceptual development | Authors should avoid being too simplistic or banal about models in order to reach stronger outcomes. IB research usually borrows constructs and variables from other disciplines, which creates risks of trivializing, inadequately operationalizing measurement and even achieving tautological findings. Failing in adequately mixing moderating, mediating and interactive effects boils down to poor conceptual development.  |
| Wrongly using multiple theories for studying a phenomenon.  | As IB research is multidisciplinary, authors tend to use multiple theories as lens to study a given phenomenon. This prevents researchers to achieve conceptual rigor and effectively contribute to theory development. Authors that integrate several disciplinary perspectives in one paper should be very aware of this risk and should as well integrate multiple validations in their studies.  |
| Lack of diversity and creativity in the research context  | Most of the manuscripts in IB study MNE-specific reality like entry modes decisions, internationalization motives, international joint ventures and so on; some other manuscripts validate and expand theories based on multiple complexities and contexts like different formal and informal institutions, intra-firm complexities, diversity in cultural frameworks. However, few studies dare to study the context of MNEs as a source of new theoretical insights that could eventually both broaden and propose theories for understanding IB in different contexts.  |
| Lack of theoretical impact  | Authors should explore the boundaries and special characteristics of MNEs for proposing and building new theoretical frameworks that could be influential not only for IB but for general organizational theory. MNEs offer special characteristics that are worth studying and represent the potential to obtain more significant theories, for instance regarding centralization, control, integration, standardization, differentiation and autonomy among others.  |
| Own construction based on Bello and Kostova (2012) and Thomas et al. (2011) |

Both scholars and doctoral students should be able to satisfactorily explain two set of questions when doing research. The first one regarding research itself and manuscripts (e.g. are constructs clearly defined and international? Is research logically motivated? Are former theoretical developments properly integrated? Are hypothesis or propositions related to former studies but relevant to empirical evidence? Are mediators and moderators clearly defined and explained? And, are the theories, methods and contributions properly and parsimoniously presented?), the second set of questions are more business grounded (e.g. are the contributions to business specifically stated? Are the findings relevant to business practice, public policy and/or future research? If a theory was propose, does it have the ability to explain and predict phenomena? And, Are contributions not just theoretical and pragmatically useful?) (Corley & Gioia, 2011; Thomas et al., 2011).

* 1. **Specific Methodological Considerations**

This section discusses some of the preliminary methodological considerations for approaching the general and specific objective of this thesis proposal. For practical reasons every specific objective is disaggregated and discussed separately, however, it is assumed that the development of these objectives contribute to the attainment of the general objective: to analyze the internationalization of EMMNEs using new institutional economics (NIE) as theoretical framework. Each specific objective is intended to be developed in the form of a publishable manuscript; here are some considerations for the resulting papers.

**Specific Objective 1:** To integrate and critique the evolution of the research and literature on internationalization of EMMNEs from an institutional perspective.

To fulfill this objective, published papers in high impact journals selected by Xu et al. (2014) will be analyzed. This investigation will be focused on research outcomes, methods, theories and applications of selected papers that involve either new institutional economics or internationalization of EMMNEs, or both. The resulting manuscript must not only integrate what others have said, but also build bridges between authors, identify central issues and gaps in the literature. This is the reason why this objective should be the first one in being addressed.

As Tranfield et al. (2003) recommend, there are three main steps in doing a literature review: planning the review, conducting it, and disseminating the findings. This objective corresponds to the what questions discussed by Blaikie (2000). It belongs to the functionalist paradigm, with a noteworthy influence of nominalism, positivism, deterministic, and nomothetic assumptions.

This systematic literature review (SLR) will not only provide bridges across different paradigms by identifying transition zones and triangulation at metaparadigm level as recommended by Gioia and Pitre (1990), but also, identify key research themes and developmental trends on the internationalization of EMMNEs (Wang & Chugh, 2014) that serve as a foundation for pursuing objectives 2 and 3. Figure 4 presents the steps in the SLR, these steps were defined taking into account the recommendations of Tranfield et al. (2003) and inspired by the model proposed by Wang and Chung (2014).

**Figure 4. Systematic Literature Review Process (Specific Objective 1)**

**Setting the research objectives:**

* To integrate and critique the evolution of the research and literature on internationalization of EMMNEs from an institutional perspective
* To identify key research themes, outcomes, methods and applications of internationalization and NIE
* To illuminate further research on internationalization of EMMNEs using NIE as theoretical foundation

**Defining the conceptual boundaries:**

* Broadly defining internationalization and EMMNES
* Selecting the unit of analysis

|  |
| --- |
| **Selecting the inclusion criteria** |
| **Search boundaries:** - Journals selected in Xu, et al. (2014) - Primary and secondary subject areas - Databases to be used  | **Search terms:** - Internationalization, internationalisation, international expansion, expansion overseas, NIE, neoinstitutionalism | **Cover period:** - From 1980 to 2016 |

**Applying exclusion criteria:**

* Papers that address internationalization but not the internationalization of EMMNEs
* Papers that are primarily focused on EMMNEs but not from a NIE perspective

**Validating search results:**

* An independent search of literature using Google Scholar will be done to compare with the former results

|  |  |
| --- | --- |
| **Independent data coding:**- Researcher A (Student) | **Independent data coding:**- Research B (Supervisor) |

**Validating data coding:**

* **-** Cross-checking coding outcomes
* - Revisiting papers for recoding
* - Ensuring inter-rater reliability

**Specific Objective 2:** To analyze the influence of formal institutions on the internationalization of EMMNEs

The achievement of the first objective would contribute to identify a dependent variable (e.g. internationalization), and its independent variables related to institutions (e.g. governmental support, taxes, exchange rates, political risk, debt, among others). These variables need to be operationalize based on literature and availability of data sources.

Preliminary, and based on recommendations for analyzing the internationalization of *multilatinas* that Cuervo-Cazurra (2016) this study would have four independent variables: political uncertainty (political), violence (social), pro-market reforms and reversals (economic) and isolation (geography) that will be nested in a multi-group model of two dimensions: managerial learning driver and escape driver. Country of origin (CoO) will be the moderator variable between the predictor and the outcome variables. Figure 5 presents the conceptual model for this study.

### **Figure 5. Conceptual Model (Specific Objective 2)**



This would be a quantitative study in which hypothesis are tested using either multiple regression or logic regression within a multi-group model. Some of the possible data sources for dependent and independent variables would be UNCTAD Multinationality index, Political Risk Index, Global Peace Index, Doing Business Index, Global Competitiveness Report, Bloomberg, Economatica, Good Country Index, Emerging Markets Information System, among others. While moderator variable would be operationalized using the contributions of (Ménard & Shirley, 2005)Bloemer, Brijs, and Kasper (2009); Brodowsky, Tan, and Meilich (2004); and Han and Terpstra (1989).

As Ridenour and Newman (2008) recommend, the research design of this kind of study needs to avoid threats of validity, for example, the mismatching between the objective and the design, or the wrong operationalization of constructs and variables. Four institutional dimensions of home country were selected based on (Cuervo-Cazurra, 2016) recommendations for studying internationalization of *multilatinas*. Table 6 displays a set of propositions that once the SLR (objective 1) is done, will serve as the basis for the refinement of the hypotheses to be tested.

### **Table 6. Preliminary Propositions as Basis for Future Hypotheses (Specific Objective 2)**

|  |  |  |
| --- | --- | --- |
|  | Managerial Learning Driver (Facilitates foreign expansion)  | Escape Driver (Induces foreign expansion)  |
| Political uncertainty (political dimension)  | **Political uncertainty learning**P1a. Managerial learning of political uncertainty at home facilitates the management of political diversity across countries P1b. Managerial learning of political uncertainty at home provides an advantage in other countries with political uncertainty | **Political uncertainty escape** P2. Political uncertainty at home induces managers to relocate the firm to stable countries |
| Violence (social dimension)  | **Violence learning** P3. Managerial learning of violence at home provides an advantage in other countries with violence | **Violence escape**P4a. Violence at home induces managers to self-expatriate to safe countries P4b. Violence at home induces managers to transfer operations to safe countries and reduce home country operations |
| Pro-market reforms and reversals (economic dimension)  | **Pro-market reforms and reversal learning** P5a. Managerial learning of pro-market reforms at home facilitates the management of economic diversity across countries P5b. Managerial learning of pro-market reforms at home provides an advantage in other countries implementing pro-market reforms | **Pro-market reforms and reversal escape** P6a. Pro-market reversals at home induce managers to undertake foreign investments to maintain flexibility in decision-making P6b. Pro-market reforms at home induce managers to invest in countries with more sophisticated technologies or skills to upgrade home operations quickly |
| Isolation (geographic dimension)  | **Geographic isolation learning**P7a. Managerial learning of geographic isolation at home facilitates the management of distant operations abroad P7b. Managerial learning of geographic isolation at home results in innovations that solve isolation and facilitate foreign expansionEscape | **Geographic isolation escape**P8. Geographic isolation at home induces managers to invest in locations near key markets that are inefficiently served from the home country |

Based on (Cuervo-Cazurra, 2016)

**Specific objective 3:** To contribute to the understanding of the role of informal institutions on the internationalization of EMMNEs

As informal institutions are very widespread, this objective will need to be specified and bowled down to a more manageable stage by exploring the influence of CoO perceptions in the internationalization of EMMNEs. However, this selection requires further review of literature to identify the scope of the concept and its limitations from a NIE’s perspective. Preliminarily, this study is qualitatively focused.

This manuscript will be attached to the model for inductively develop theory based on case studies that (Eisenhardt, 1989) put forward. Eisenhardt’s model start with the definition of research question, selection of cases and constructing the instruments and protocols, to later enter the field, analyze data, shape hypothesis and enfold literature. This approach offers some advantages and disadvantages. The former are the generation of novel, testable, empirically valid theory; while the former is associated with extremely complex, narrow and ambitious theory building. Comparing successful and unsuccessful internationalization cases, in which outliers are taken into consideration, would be relevant and enriching.

Propositions are to be defined and tested, a preliminary exploration of this issue led researchers to the propositions that Ciravegna, Lopez, and Kundu (2014) proposed when comparing the CoO and network effects on the international expansion of small and medium enterprises (SMEs) originated in both Costa Rica and Italy. Their exploratory study provides evidence on the internationalization of these companies and proposes future research on the comparative study of CoO and network effects between emerging and developed markets, furthermore, they argue that further research should keep on comparing other Latin American and large European countries to specifically contrast the effect of CoO on the internationalization of MNEs. Figure 6 and table 6 introduces the conceptual model and propositions that would be eventually refined and tested in this comparative, qualitative study.

### **Figure 6. Conceptual Model (Specific Objective 3)**



### **Table 6. Preliminary Propositions for Qualitative Study (Specific Objective 3)**

|  |  |
| --- | --- |
| Proposition 1  | High technology small and medium enterprises (HTSMEs) based in Latin America are more likely to use school networks in comparison to use of contacts developed through civil society organizations than HTSMEs based in Europe. |
| Proposition 2 | HTSMEs based in large European economies are less likely to hire foreign experts to help their internationalization than HTSMEs from Latin American economies. |
| Proposition 3 | HTSMEs based in Latin America are more likely to perceivetheir country-of-origin conferring a negative reputation than HTSMEs inEurope. |
| Proposition 4 | Fortuitous circumstances of European HTSMEs affect their internationalization more heavenly than their Latin American counterparts  |

 Bases on and adapted from (Ciravegna et al., 2014)

|  |  |
| --- | --- |
|  |  |

As observed, this thesis is based on multiparadigm perspectives and methodologies. As Gioia and Pitre (1990) argues, this kind of perspective allows a more comprehensive view of organizational phenomena. Furthermore, as Kostova et al. (2008) recommend, research on institutionalism requires multidisciplinary and multi-methodological approaches and a shift on ontologies that also considers empiricism.

1. **Timeline Overview**

Table 7 presents the major steps in the development of the current research proposal. Specific objectives are not to be considered as activities themselves; however, those were included in the activity column for practical reasons. Although this timeline seems unidirectional and deterministic, research process and dissertation preparation is multidirectional and iterative.

International internships, collaborations with seasoned researchers and participations in doctoral colloquiums are not included in this timetable but will be assessed and pursued on a continuous basis.

### **Table 7. Timeline of Doctoral Activities at a Glance**

|  |  |  |  |
| --- | --- | --- | --- |
| **Activity** | **Second Year** | **Third Year** | **Four Year** |
| **Q1**  | **Q2**  | **Q3** | **Q4** | **Q1** | **Q2** | **Q3** | **Q4** | **Q1** | **Q2** | **Q3** | **Q4** |
| Coursework and preparation of research proposal |  |  |  |  |  |  |  |  |  |  |  |  |
| Defense of research proposal  |  |  |  |  |  |  |  |  |  |  |  |  |
| (Specific objective 1)\* To systematically review the literature on NIE and internationalization of EMMNEs  |  |  |  |  |  |  |  |  |  |  |  |  |
| (Specific objective 2)\* To examine the influence of formal institutions on the internationalization of EMMNEs  |  |  |  |  |  |  |  |  |  |  |  |  |
| (Specific objective 3)\* To augment the understanding of the role of informal institutions on the internationalization of EMMNEs  |  |  |  |  |  |  |  |  |  |  |  |  |
| Thesis report writing |  |  |  |  |  |  |  |  |  |  |  |  |
| Dissertation defense |  |  |  |  |  |  |  |  |  |  |  |  |

\* Includes crafting and refining research design and methodology, data collection and analysis, participation in conferences and submitting manuscripts to journals.

1. **Acknowledgements**

I would like to thank professors and colleagues that provided valuable comments and recommendations for designing this preliminary research proposal. I wish to thank my supervisor, Maria Alejandra Gonzalez-Perez, for her constant guidance, direction and encouragement. I extend my gratitude to Professor Claudia Alvarez Barrera for her valuable insights in institutional economics, Professor Jorge Velez-Castiblanco for his wise comments on English language and proper word selections and Professor Juan Pablo Roman-Calderon for his generous comments and recommendations for improving this research proposal. In addition, I thank Universidad EAFIT for supporting my doctoral studies with an institutional scholarship.

# **List of References**

Bello, D. C., & Kostova, T. (2012). From the Editors: Conducting high impact international business research: The role of theory. *Journal of International Business Studies*, *43*(6), 537–543. http://doi.org/10.1057/jibs.2012.14

Blaikie, W. H. (2000). *Designing social research: the logic of anticipation*. Cambridge: Polity Press.

Bloemer, J., Brijs, K., & Kasper, H. (2009). The CoO-ELM model: A theoretical framework for the cognitive processes underlying country of origin-effects. *European Journal of Marketing*, *43*(1/2), 62–89. http://doi.org/10.1108/03090560910923247

Brodowsky, G. H., Tan, J., & Meilich, O. (2004). Managing country-of-origin choices : competitive advantages and opportunities. *International Business Review*, *13*, 729–748. http://doi.org/10.1016/j.ibusrev.2004.09.007

Chittoor, R., Sarkar, M., Ray, S., & Aulakh, P. S. (2009). Third-World Copycats to Emerging Multinationals: Institutional Changes and Organizational Transformation in the Indian Pharmaceutical Industry. *Organization Science*, *20*(1), 187–205. http://doi.org/10.1287/orsc.1080.0377

Ciravegna, L., Lopez, L. E., & Kundu, S. K. (2016). The internationalization of Latin American enterprises-Empirical and theoretical perspectives. *Journal of Business Research*, *69*, 1957–1962. http://doi.org/10.1016/j.jbusres.2015.10.141

Ciravegna, L., Lopez, L., & Kundu, S. (2014). Country of origin and network effects on internationalization: A comparative study of SMEs from an emerging and developed economy. *Journal of Business Research*, *67*(5), 916–923. http://doi.org/10.1016/j.jbusres.2013.07.011

Coase, R. H. (1937). The nature of the firm. *Economica*, *4*(16), 386–405.

Coase, R. H. (2000). The new institutional economics. In C. Ménard (Ed.), *Institutions, contracts and organizations: perspectives from new institutional economics* (pp. 3–6). Northhampton: Edward Elgar.

Corley, K. G., & Gioia, D. A. (2011). Building Theory About Theory Building : What Constitutes a Theoretical Contribution? *Academy of Management Review*, *36*(1), 12–32. http://doi.org/10.5465/AMR.2011.55662499

Cuervo-Cazurra, A. (2016). Multilatinas as sources of new research insights: The learning and escape drivers of international expansion. *Journal of Business Research*, *69*(6), 1963–1972. http://doi.org/10.1016/j.jbusres.2015.10.142

Cuervo-Cazurra, A., & Genc, M. (2008). Transforming Disadvantages into Advantages: Developing-Country MNEs in the Least Developed Countries. *Journal of International Business Studies*, *39*(6), 957–979. Retrieved from http://www.jstor.org/stable/25483316

Cuervo-Cazurra, A., & Narula, R. (2015). A set of motives to unite them all? Revisiting the principles and typology of internationalization motives. *Multinational Business Review*, *23*(1), 2–14. http://doi.org/http://dx.doi.org/10.1108/02683940010305270

Cuervo-Cazurra, A., & Ramamurti, R. (2014). *Understanding Multinationals from Emerging Markets*. *Understanding Multinationals from Emerging Markets*. Cambridge: Cambridge University Press. http://doi.org/10.1017/CBO9781107587632

Dacin, M. T., Goodstein, J., & Scott, W. R. (2002). Institutional theory and institutional change: introduction to the special research forum. *The Academy of Management Journal*, *45*(1), 43–56.

Davis, M. (1971). That’s interesting. Towards a phenonomenology of sociology and sociology phenomenology. *Philosophy of the Social Sciences*, *1*(4), 309–344. http://doi.org/10.1177/004839317100100211

Dunning, J. H., Kim, C., & Park, D. (2008). Old wine in new bottles: A comparison of emerging-market TNCs today and developed-country TNCs thirty years ago. In *The Rise of Transnational Corporations from Emerging Markets: Threat or Opportunity?* (pp. 158–180). Edward Elgar Publishing Ltd. Retrieved from http://www.scopus.com/inward/record.url?eid=2-s2.0-64749106478&partnerID=tZOtx3y1

Eisenhardt, K. M. (1989). Building Theories from Case Study Research Author. *The Academy of Management Review*, *14*(4), 532–550.

Gammeltoft, P., Pradhan, J. P., & Goldstein, A. (2010). Emerging multinationals: home and host country determinants and outcomes. *International Journal of Emerging Markets*, *5*(3/4), 254–265. http://doi.org/10.1108/17468801011058370

Gaur, A. S., Kumar, V., & Singh, D. (2014). Institutions, resources, and internationalization of emerging economy firms. *Journal of World Business*, *49*(1), 12–20. http://doi.org/10.1016/j.jwb.2013.04.002

Gioia, D. A., & Pitre, E. (1990). Multiparadigm perspectives on theory building. *Academy of Managment Review*, *15*(4), 584–602.

Gray, K., & Wegner, D. M. (2013). Perspectives on Psychological Science Six Guidelines for Interesting Research. *Perspectives on Psychological Science*, *8*(5), 549–553. http://doi.org/10.1177/1745691613497967

Guillén, M. F., & García-Canal, E. (2009). The American Model of the Multinational Firm and the “New” Multinationals From Emerging Economies. *Academy of Management Perspectives*, *23*(2), 23–35. http://doi.org/10.5465/AMP.2009.39985538

Han, M., & Terpstra, V. (1989). Country-of-Origin Effects for Uni-National and Bi-National. *Journal of International Business Studies*, *19*(2), 235–255.

Kostova, T., Roth, K., & Dacin, M. T. (2008). Institutional Theory in the Study of Multinational Corporations: A Critique and New Directions. *The Academy of Management Review*, *33*(4), 994–1006.

Luo, Y., & Tung, R. L. (2007). International expansion of emerging market enterprises: A springboard perspective. *Journal of International Business Studies*, *38*(4), 481–498. http://doi.org/10.1057/palgrave.jibs.8400275

Malhotra, N., & Hinings, C. (Bob). (2010). An organizational model for understanding internationalization processes. *Journal of International Business Studies*, *41*(2), 330–349. http://doi.org/10.1057/jibs.2009.75

Ménard, C., & Shirley, M. M. (2005). *Handbook of new institutional economics*. (C. Ménard & M. M. Shirley, Eds.). Dortecht: Springer.

Meyer, K. E., Estrin, S., Bhaumik, S. K., & Peng, M. W. (2009). Institutions, resources, and entry strategies in emerging economies. *Strategic Management Journal*, *30*(1), 61–80. http://doi.org/10.1002/smj.720

North, D. (1990). *Institutional Change and Economic Performance*. Cambridge: Cambridge University Press.

Peng, M. W., Wang, D. Y. L., & Jiang, Y. (2008). An institution-based view of international business strategy: a focus on emerging economies. *Journal of International Business Studies*, *39*(5), 920–936. http://doi.org/10.1057/palgrave.jibs.8400377

Ridenour, C. S., & Newman, I. (2008). *Mixed methods research: exploring the interactive continuum*. Carbondale: Southern Illinois University Press.

Scott, W. R. (2008). *Insitutions and organizations: ideas and interests.* (3rd ed.). Los Angeles, CA: Sage Publications.

Thomas, D. C., Cuervo-Cazurra, A., & Brannen, M. Y. (2011). From the Editors: Explaining theoretical relationships in international business research: Focusing on the arrows, NOT the boxes. *Journal of International Business Studies*, *42*(9), 1073–1078. http://doi.org/10.1057/jibs.2011.44

Tranfield, D., Denyer, D., & Smart, P. (2003). Towards a methodology for developing evidence-informed management knowledge by means of systematic review \*. *British Journal of Management*, *14*, 207–222. http://doi.org/10.1111/1467-8551.00375

UNCTAD. (2015). *World Investement Report 2015*. *New York and Geneva*.

Wang, C. L., & Chugh, H. (2014). Entrepreneurial learning: Past research and future challenges. *International Journal of Management Reviews*, *16*(1), 24–61. http://doi.org/10.1111/ijmr.12007

Williamson, P. J. (2015). The competitive advantages of emerging market multinationals: a re-assessment. *Critical Perspectives on International Business*, *11*(3/4), 216–235. http://doi.org/10.1108/cpoib-02-2014-0008

Xu, N., Poon, W. P. H., & Chan, K. C. (2014). Contributing Institutions and Authors in International Business Research: A Quality-Based Assessment. *Management International Review*, *54*(5), 735–755. http://doi.org/10.1007/s11575-014-0207-6

Yaprak, A., & Karademir, B. (2011). Emerging market multinationals’ role in facilitating developed country multinationals' regional expansion: A critical review of the literature and Turkish MNC examples. *Journal of World Business*, *46*(4), 438–446. http://doi.org/10.1016/j.jwb.2010.10.004

1. Clarification note: the information in this table was adapted by the author of this proposal using Bello & Kostova (2012) and Thomas et al. (2011). Besides, this table was used in the final paper in the Epistemology class in February 2016. [↑](#footnote-ref-1)