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1

Introduction: Towards advancing the growth of international businesses and the global economy

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International businesses, as a collective grouping, have been among the stellar performers of the post-crisis global economy. The upward trending world merchandise and commercial services exports, largely stable global foreign direct investment flows (UNCTAD 2015), and rising average *transnationality indices* for the top 100 non-financial transnational corporations from developing and transition economies (UNCTAD 2014) all illustrate this golden era of international enterprise. So is the heightened internationalization and entrepreneurship of small and medium-sized enterprises (Coviello 2015; Zander, McDougall and Rose 2015). A number of factors might explain the resilience of this economic sector.

The first is the typically masterful way in which international enterprises leverage knowledge and act upon the divergent growth-opportunity-risk profiles offered by different geographies and sectors. The second is their ever increasing capacity to deploy firm-specific advantages, including strategic and operational capabilities, to pursue growth opportunities in national, regional and global markets, including emerging frontiers. The third is their effectiveness in managing complex, spatially dispersed and diverse business environments, value-laden networks and innovative hubs via a mixture of collaborative and competitive strategies (Giroud and Mirza 2015; Chen, Li and Shapiro 2012). Other reasons for the robust health of international business firms include the continuing emergence of game-changing globally-marketed innovations and brands; expanding digital internationalisation and globalisation; markedly rising outward FDI from developing economies, which now account for the preponderance of global outward FDI (UNCTAD 2015); increasing prevalence of strategic asset-seeking M&As by developing economy multinationals (Chimanade and Rabelloti 2015; Yang, Yang and Chen 2014); and deepening intra-regional expansion of multinationals from developing regions, notably Latin America and Africa (Ibeh 2015; Ramamurti and Singh 2009).

Despite the undoubted contributions of these actors, the global economy has continued to stutter, remaining at best in a multi-speed dial (El-Erian 2014; Reuters 2014). This edited volume, a product of the 43rd AIB UKI Conference hosted by Department of Management at Birkbeck, University of London, April 2016, aims principally to capture and document frontier ideas and reflections on avenues and strategies for further advancing the growth of international enterprises and the global economy. The title of this book, '*Growth frontiers in International Business'*, reflects the above-stated focus.

The term Growth Frontiers is used here to encompass avenues, pathways and opportunity triggers that offer potential sources of new radical and incremental growth as well as value creation to international businesses and their home and host economies. These sources may be internal [1] or external [2] to the organization, or a mixture of both [3]. The editors of this volume are pleased to have received contributions, from a diverse cast of established and emergent IB scholars, which richly reflect and illustrate the foregoing conceptualization of international business growth frontiers. These contributions are grouped in four parts that focus respectively on policy frontiers, emerging market frontiers, innovation pathways, and ethical growth avenues.

The four parts of the book and their constituent chapters are now discussed.

Part I Policy Frontiers

Part I comprise contributions on growth-enhancing policy or institutional mechanisms that support businesses to more actively pursue international market opportunities or undertake foreign direct investment or re-investment. Three chapters, two to four, make up this section of the book.

Chapter Two by Mainela, Puhakka and Sipola sets the tone by discussing the confluence of private-public sector interests and institutional infrastructure that underpin and support start-up industries to undertake international high-growth venturing. Drawing on a review of contextual influences on international entrepreneurship, including the social setting in which international entrepreneurial behavior is embedded, the authors develop a conceptualization of a collective activity–based start-up industry for international high-growth venturing. Subsequent empirical study of Israeli's start-up industry enables the explication of the contextual determinants of international venturing in start-up industries and contributes to the understanding of start-up industries as a particular growth frontier in international business.

Kalinic and Clegg's Chapter Three picks up the growth narrative, by focusing on one of the most prominent themes within the economic growth agenda of the European Union (EU), specifically the internationalization of small and medium-sized enterprises and the role of public policies and allied initiatives in facilitating this. Reflecting the widespread appreciation of SMEs and entrepreneurial firms as quintessential engines of economic growth, at national and international levels, many governments are actively pursuing policies to support the internationalization of their SMEs. Kalinic and Clegg argue that such support measures must, for effectiveness sake, be underpinned by an appropriately identified and 'proven' internationalization theory (or theories). Pertinent theoretical insights should influence how best to tackle firm-level gaps, for example, regarding availability and terms of finance, capacity-building, knowledge acquisition, and 'brand' awareness. The chapter underlines the need for all internationalization boosting measures to contribute to the ultimate objective of enhancing the economic growth of focal economies.

Chapter Four by Kalfadellis and Freeman continues on the theme of support measures, specifically 'after care' services provided by Inward investment promotion agencies (IIPAs) to attract repeat investment by multinational enterprises. Such additions to stock of foreign direct investment represent an often ignored, but important growth avenue in international business. These authors argue that IIPAs need to invest effort and resources, typically via 'after-care' service provision, in nurturing and 'looking after' established MNE operations within their sphere of interest, given evidence that these firms are likely to engage in repeat investment or upgrade operations in their existing foreign location(s). Based on their study of the perceptions of foreign MNE subsidiaries in Australia, the authors called on governments and their IIPAs to consider varying 'after-care' service provision to according to the size and age of foreign subsidiaries. They further posit that such differentiation of 'after-care' service provision might help to generate growth-boosting repeat investment from larger MNEs as well as SMEs and recently established foreign MNEs.

Emerging Market Frontiers

Part II assembles studies on emerging market firms, arguably the most prominent growth symbols of the past few decades. The three constituent chapters, five to seven, examine the contemporary remarkable growth of international businesses from newly emerging economies, now accounting for the preponderance of global outward FDI.

Tang and Pearce's Chapter Five discusses the pervasive rise of Chinese and other emerging market multinationals (EM-MNEs) associated with spectacular international growth levels. These authors acknowledge that the earlier-than-expected emergence of these firms as MNEs challenges established thinking in IB theorizing, but argue for their accelerated internationalization to be seen as integral to the processes of their home-country development, in ways that were not relevant to the comparable growth of traditional 'Western' MNEs. The paper, organized around a Macro-Micro, FSA-CSA framework, suggests that at the macro-home country level, these countries' development generates resources (e.g., capital, foreign exchange) that can be leveraged to support FDI, but also creates imbalances (resource shortages, knowledge constraints) that provide motivations for FDI. This, at the micro firm-level, places EM-MNEs' growth within the institutions of national development and thereby indicates the need for relationship building competences to secure this position.

Chapter Six by Coban explores Business Groups, another increasingly important, internationally active organizational form originating mainly from emerging economies. The chapter underlines the pivotal role of BGs, especially Turkish BGs, in internationalization activities in emerging economies, and examines the factors, including unique home country environmental characteristics, that influence their emergence and enabled them to compete with developed country MNEs.

Chapter Seven by Laine, Kuivalainen and Asimov examines institutional constraints on the internationalization of new ventures in Russia, based on the premise that re-engineering and upgrading the institutional environment in previous command economies such as Russia might offer an important new frontier for boosting new venture creation and entrepreneurial internationalisation. Drawing on interviews with entrepreneurs and government officials, specifically regarding their perceptions and experiences of the impact of Russian institutional environment on entrepreneurial growth and internationalization, the chapter illuminates and discusses critical impediments to the growth and internationalization of new Russian ventures. The authors also offer practical insights on how the internationalisation of entrepreneurial ventures might be facilitated through improvements in institutional environment.

Innovation Pathways – sectors, knowledge flows and entry modes

Part III accommodates studies of emergent IB sectors whose relative newness to internationalization opens up spaces for new international market actors and offers additional international business growth opportunities. Also included here are chapters on knowledge flows and entry mode options, which reportedly have positive implications on growth at various levels. Each of the four chapters, eight to eleven, constituting this part of the book is now discussed.

Chapters Eight and Nine focus on a recently emerging internationalization growth pathway, specifically the innovative expansion of socially oriented organizations and arts organizations into international markets. Ritvala, Piekkari, Franck and Granqvist's Chapter Eight draws on a qualitative study of Guggenheim Foundation to discuss the relatively recent opening of foreign outposts by art museums, largely overlooked in international business research. Contending that museums provide an interesting context to study how institutional complexity shapes internationalization, and using an innovative narrative methodology, the authors found that the Foundation's internationalization process to be characterized by unpredictability and complex political negotiations where non-business actors had a powerful voice, and that past international market entries and heritage shaped its subsequent moves. The next chapter by Jie, Saarenketo and Puumalainen adds to the scant knowledge base on internationalization of socially oriented organizations, by exploring three potential determinants, specifically organizational form or relative economic sustainability, social nature or type of interventions undertaken and home country's institutional environment. Based on a data set of 271 socially oriented organizations from 63 countries, these authors found that organizations undertaking social interventions aimed at improving beneficiaries' satisfaction with employment opportunities and employment conditions were less likely to be international than their counterparts that do not. Socially oriented organizations that conduct social interventions to improve beneficiaries' satisfaction with formal and informal education, natural and communal environment, physical and mental health, or access to physical resources such as clean water, energy and housing were found more likely to be international than those that do not. The study also found that nonprofit organizations do not differ significantly from social ventures in terms of likelihood of internationalization, and that stronger and better-developed institutions in the home country facilitated the internationalization of socially oriented organizations.

In Chapter Ten, Cook, Shevtsova, Lööf and Larijani continue on the innovation theme, by examining the impact of local and global external knowledge on the productivity and innovativeness of multinational corporations located in various UK regions. This study's focus on productivity, measured as Total factor productivity (TPF), is critically important as it is a driver of long-run growth, a major focus of this book. The authors distinguish between high-technology and low-technology industries, use the global openness of regional industry and regional economy as proxies for global knowledge flows and assess the effect of access to complex and tacit knowledge on innovation. The study finds, inter alia, that access to knowledge-intensive professional services had a generally positive and significant effect on productivity growth in domestic MNEs, but not on patenting. The effects of openness to trade were also found to be generally positive and sometimes significant for productivity growth.

The next chapter, Eleven, by Ahi and Kuivalainen draws on real options reasoning to conceptualize firm entry mode choices as alternative investment opportunities with varying growth implications. As the authors argue, noticing and later exercising shadow options offer potential growth opportunities to firms entering international markets, depending, however, on the firm's attention structure and entrepreneurial orientation. The chapter attributes entrepreneurially orientated firms, with requisite internal capabilities and attention structure, with greater likelihood of noticing and exercising effective shadow options (or selecting more appropriate entry modes), hence achieving international market growth. Two illustrative practice-based examples are used by the authors to further develop the arguments made in the chapter, which ends with a discussion of its contribution to enhancing firm's growth in uncertain global markets.

Ethical Growth Avenues

Part IV accommodates the final two chapters of the book devoted to the ethical underpinnings of growth, specifically the role of democratic values and pay equity in facilitating firm performance and FDI inflow, hence economic growth.

Filippaios, Annan Diab and Hermidas' Chapter Twelve suggests that the deepening of democratic tenets offers an important avenue for promoting inward FDI, job creation and economic growth in host economies. Cognisant of the contrasting findings reported on the democracy level-inward FDI relationship in previous studies, the authors introduced a number of conceptual refinements, notably using disaggregated measures of democracy (civil liberties and political rights) and integrating the investing MNEs' motivations and existence of human capital as moderators. Their empirical tests, which drew on vast, longitudinal of sample of investment projects in 110 developing and emerging economies, found a non-linear relationship between civil liberties and FDI and a positive moderating effect of human capital on this relationship.

Based on the view of pay equity as a probable 'new frontier' for enhancing firm performance and growth internationally, Chapter Thirteen, by Yu and Luu, examines the relative relevance of equity/fairness theory (smaller pay dispersion) and tournament theory (greater pay dispersion) in explaining firm performance and global valuation. Controlling for cultural differences across countries, they found evidence that equity theory prevails in most sub-groups of their sample. The authors, thus, call for greater adoption of pay equity or lower pay dispersion among international corporations given its overall positive impact on corporate performance and growth.

Conclusion

Taken together, this book showcases external (Part I and II), internal (Part III) and external-internal pathways or frontiers to international growth available to organizations across demographic divide. The overarching message can be summarized as follows. First, effective policy and institutional support measures are still enduring sources and catalysts for growth at multiple levels - micro, macro, local, regional, international and global. Such support measures appear to underpin the high-growth international venturing witnessed among startup industries and can be similarly influential in boosting internationalization and repeat investment among SMEs and foreign direct investors respectively. Second, as Part II's focus on Chinese multinationals, Turkish Business Groups, Russian entrepreneurial ventures demonstrates, emerging market firms continue to represent an important frontier for growth in international business and the global economy. Upgrading the pervasive institutional voids in their home economies might further help to unleash the growth potentials of international business actors from these economies. Third, the recent but increasing international expansion of art museums, social ventures, not-for-profit organizations and allied socially oriented organizations, presents a somewhat innovative growth path for international enterprises.

Understanding the levers to be pulled and the conditions that need to exist for this new internationalization corridor to continue sustainably is again critically important. Fourth, access to local and global external knowledge and firm level entrepreneurial orientation respectively seem to increase the likelihood of productivity growth among MNEs, and of noticing and exercising shadow options (or selecting more appropriate entry or growth modes) among firms entering international markets. Although the role of these capabilities as growth-enhancers in international business is widely known, greater effort to facilitate their adoption among enterprises of varying demographics would be further helpful. Finally, the deepening of democratic tenets and greater adoption of pay equity among corporations operating internationally, both ethical and sustainable organizational principles, appear to be important pathways for attracting inward FDI and enhancing firm performance respectively.

The foregoing themes, clearly, do not exhaust the range of actual and potential growth frontiers in international business. The challenge thus remains for International business scholars to identify and crystallise the many other staircases to international business growth and value generation not covered in this book. Questions that might assist this germane research programme include: which new markets, geographies, industries, and network constellations might international businesses further capitalise upon to grow? What strategies might help unleash new market opportunities or resource configurations? How might international businesses enhance their engagement with fast growing economies? How might they enhance their contributions to addressing some of the world’s major growth-constraining challenges, including geo-political tensions? And what further roles could institutions – national, regional, global – play in redressing growth-limiting leakages or corporate abuses?

Notes

[1] Internal growth frontiers refer to growth avenues emanating from organizational actions, notably strategic initiatives, innovations, resource configurations or structural or cultural transformation that might enable international businesses take better advantage of new market opportunities.
[2] External growth frontiers include newly emerging economies, marketplaces, industries, radical innovations or practices emanating from shifts or trends in the global, regional, technological, institutional or socio-cultural environments, which international businesses might capitalize upon to grow further.
[3] External-internal growth frontiers encompass opportunity platforms arising from organizational responses to initiatives by national, regional, global institutions to address major global challenges, including advancing human/equal rights, including pay equity/fairness, and combatting climate change and corporate abuses.

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