

Progress in International Business Research (PIBR)

Call for Chapters: PIBR Volume #11

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Volume #11: “The Challenge of/for BRIC Multinationals”

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For Volume #11 of the PIBR book series, we invite two types of contributions:

- **Research papers** on emerging market - particularly BRIC - multinationals;
- **Teaching cases** that address managerial dilemmas related to the internationalization of BRIC firms.

This Call for Chapters is intended to provide prospective authors for a volume on BRIC multinationals to come up with relevant ideas. The Call first describes why the issue of BRIC multinationals defines a specific angle in international business research. Secondly, the Call specifies the content of the special issue that we plan for the *Progress in International Business Research* (PIBR) book series (published by Emerald). Thirdly, this Call elaborates possible themes and the way these could be tackled in the form of teaching-oriented case studies. You are warmly invited and welcome to contribute!

General Introduction: Why BRIC multinationals are special?

The recent emergence of a number of high-profile multinational enterprises (MNEs) from emerging markets has triggered considerable research and debate on how to understand and appraise this phenomenon (Sauvant, 2011). The challenge for empirical research includes the question of whether the strategies and motives for the internationalization of these MNEs can be considered fundamentally different from the strategies of firms from developed countries (Luo and Tung 2007), or whether their ownership advantages are fundamentally different from those of developed country MNEs (Mathews 2002; Luo and Tung 2007; Buckley et al. 2007; Li 2007). Increasingly described as “springboarding” (Luo and Tung 2007), the internationalization strategies of emerging market firms are characterized by their high-risk, aggressive, and “boom-and-bust” or radical nature, while targeting many customers in many foreign markets at once, in a strategy of entrepreneurial venturing (Yiu et al. 2007). Comparing developed country MNEs of the 1960s, with emerging market MNEs in the 2000s, Dunning, Kim, and Park (2008) identified a number of additional differences. These include forms of entry (alliances); motivation (asset augmentation); managerial approach (regional and geocentric); role of home governments (more active than in the past); regional destination; institutional triggers of internationalization rather than traditional motives related to neoclassical models; and the lack of firm-specific ownership advantages (177).

One of the problems with these observations is that the category of ‘emerging market multinationals’ does not distinguish between different types of emerging markets. Although the empirical research is dominated by Chinese, Indian and - to a lesser extent - Brazilian multinationals, the theoretical literature nevertheless tends to adopt the more neutral

term of emerging markets. But to what extent can the multinationals from these very specific country backgrounds be considered representative for a wider group of multinationals? Can China - as home country - be compared, for instance, to Malaysia or Thailand?

Taking these questions into account asks for the extent to which countries-of-origin matter in general for the strategies and consequently for the study of MNEs. Moreover, with regard to the special case of BRIC countries and BRIC multinationals, a further dimension should be taken into account: the size of the home country as well as in particular the political weight in the international arena that this brings with it. To what extent can domestic institutions be considered 'normal' for explaining the internationalization strategies of BRIC multinationals as compared to emerging market multinationals in general? Another dimension related to these questions is the circumstance that whereas the classical (developed country) multinationals matured more or less parallel to their home countries economic development and political power, BRIC multinationals still develop from relatively weakly developed countries, but with considerable political power and aspirations. Do these circumstances, therefore, imply that perhaps theoretical lines for 'emerging market multinationals' need not be redrawn, but that new approaches to explain the new breed of multinationals from BRIC countries need to be designed? If so what does that mean for the study of international business. Most modern IB theorists have either denied that there is need for new approaches, or have slightly modified their approach, not to explain for emerging market multinational specifically, but rather to include some of the characteristics of globalization in general. To what extent does this underestimate the 'uniqueness' of the BRIC multinationals? BRIC countries - in comparison to most other developing countries - have occupied a stronger bargaining position vis-à-vis developed countries' multinationals which prompted many of the latter to adopt different entry strategies (joint ventures and the like) than they would have otherwise preferred. To what extent have BRIC multinationals profited from national policies towards inward Foreign Direct Investments in their home turf? For strategic reasons most BRIC countries only started to 'allow' their domestic companies to move abroad relatively late (China and India for instance only after the turn of the century), thus creating substantial Outward Foreign Direct Investment flows. Many of these moves were accompanied by institutional arrangements, like Bilateral Investment Treaties (BITs), or membership of multilateral organizations like the WTO. Depending on the ownership of these companies, their international expansion has regularly been part of national strategies and policy agendas. Compared to the outwards internationalization strategies of 'western' multinationals, this therefore also provides a distinctive characteristic of BRIC multinationals: their links with the foreign ambitions of their home governments, as well as the pooled diplomatic initiatives backed by politically strong and ambitious emerging market countries.

Selected references

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PIBR #11 - Research papers

This PIBR Volume searches for a number of idiosyncratic elements in internationalization strategies of BRIC MNEs and, in particular, in their relationship with home country policies:

- 1 The theoretical challenge: do we need different or more specific theories of EMNEs to assess the phenomenon of BRIC multinationals?
- 2 The empirical challenge: what marks the changing position of BRIC countries in the world economy: including institutional differences and commonalities in outward orientation and participation and shaping of international institutions (such as the BRICs bank complementing Bretton Woods institutes).
- 3 The managerial challenge: coming of age of a new breed of multinationals: what distinguishes BRIC multinationals from other (emerging market) multinationals? To what extent is the diplomatic agenda aligned with the corporate agenda?
- 4 The policy making challenge: impact of outward Foreign Direct Investment on the home market: What impact have MNEs from BRIC countries on their domestic economy and the political constellations

PIBR #11 - Teaching cases

Educational ambitions

This volume emphasizes the unique characteristics of BRIC multinationals. We will actively solicit state-of-the art contributions, including systematic literature reviews - preferably by PhD students. Furthermore, the volume is intended to be used in an educational setting. For this, more extensive teaching cases as well as short cases (included as boxed in the book) are request that illustrate the above ambitions of the book:

- Examples of how the size of the home market influences the international strategies of companies
- Examples of how the international strategy of a company is linked to national political priorities
- Examples of companies that successfully combined a Bilateral Investment Treaty (or any other form of diplomatic support) with a foreign investment
- Examples of negative or positive responses by host governments to the entry of BRIC multinationals
- Examples of the risks and opportunities of 'springboarding' strategies of BRIC multinationals
- Examples of in particular the regional implementation of internationalization strategies by BRIC multinationals

The teaching case format

1. The special focus of BRIC cases

The BRIC countries are a 'special breed' in the internationalization strategies of firms, because of a number of reasons: (1) big home market, that is rapidly developing, (2) but that remains not very well developed yet with sizable institutional voids and great 'issues' at home, (3) at the same time these countries have sizable political weight in the international arena (member of security council, in international treaties etc.) that makes them incomparable to most other developing countries, which (4) therefore creates a different 'risk mitigation' strategy for the companies originating in the BRIC countries (Outward Foreign Direct Investment), and (5) at the same time creates a better bargaining position of these companies vis-à-vis incoming companies in their home turf (Inward Foreign Direct Investment), and explains also why (6) some of these companies have internationalized so rapidly (springboarding) due to a mix of domestic and foreign influences that in the case of BRIC multinationals really make a difference (strategic tipping points; for instance the political support to take over competitors in the home market and/or to invest abroad as part of geo-political strategic motivations).

2. Theoretical discussion

This distinguishes them from traditional multinationals (general theory on multinationals) and from 'emerging market multinationals' (general theory on latecomer multinationals). The discussion whether we need 'new theory' or can continue to base our studies on 'old' theories therefore seems a bit off-the-case. See, for example, van Tulder (2010), who argues that it is more important to re-address classical approaches to IB (the political economic) next to recent insights that look at the motivations to go abroad in a more holistic manner: such as the 'resource bundling' perspective and different ways of looking at stakeholder engagement and new angles to the 'liability of foreignness'.

3. The case format

Taking the above considerations into account, the [teaching case](#) should roughly follow the following characteristics:

- [a] discuss a BRIC multinational, with controlling ownership in the BRIC country (can be anything)
- [b] depart from a managerial problem: what should the manager do?
- [c] take a bargaining and stakeholder perspective: how to deal with stakeholders at

home and abroad (or how is action induced by stakeholder action at home)?

- [d] look at risk mitigation factors (that are typical for BRIC countries; bilateral treaties between the home and the host countries: BITs, DTTs, regional treaties and the like)
- [e] consider the institutional distance that the company has to overcome and the managerial problems it facing because of that
- [f] try to specify in which stage of internationalization this company is and what that entails for the management problem

NOTE: the core of the case can be any management problem in specific (R&D, take-over yes/no, marketing, license to operate, entry decision, independence of the subsidiary) as long as you are able to define the role that is played by the large home country basis (i.e., the BRIC nature)

ATTENTION: At the EIBA 2015 Rio conference (www.eiba2015.org), a special session around the prospective teaching cases on BRIC multinationals will be organized.

Dates & deadlines

- **April 30, 2015:** First submission of papers (to the [EIBA 2015 Rio](http://www.eiba2015.org) conference)
- **December 2015:** Pre-selection of papers/chapters
- **March 15, 2016:** Second submission of improved papers
- **May 15, 2016:** Final submission of papers
- **November 2016:** Publication of the book

Submit your contribution via the link: http://eiba2015.iag.puc-rio.br/?page_id=446

Teaching cases shall be submitted as competitive papers (as per the guidelines above) to Track 14 of the EIBA 2015 conference and must not exceed 25 pages (double-spaced), including tables, figures, references, and the respective teaching notes. Manuscripts submitted must not have been published, accepted for publication, or be currently under consideration elsewhere. Teaching cases must contain (1) the text of the teaching case itself, where the managerial dilemma is presented and information about the company and the context is shown; (2) teaching notes, which must present the learning objectives, issues for discussion, examples of appropriate analysis and of suggestions for in-class dynamics; and, ideally, also (3) a discussion of experiences in using the case in class.

ATTENTION: While PIBR Volume #11 is interested in cases about BRIC multinationals, *Academia Revista Latinoamericana de Administración* (ARLA) (<http://www.emeraldgroupublishing.com/products/journals/journals.htm?id=arla>) will be publishing the best teaching cases (submitted to the EIBA 2015 conference) that address internationalization challenges of Latin American firms (excluding Brazilian firms, which are within the scope of PIBR Volume #11).

Contact & further info

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