



## **Journal of World Business**

**A Special Issue on**

### **How Does a Multinational Company's Home Country Matter?**

Submissions open January 1-31, 2017

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**Objective of the Special Issue:**

“The multinationalizing trend (is) widely recognized as similar in nature irrespective of the nationality of the parent company” – Raymond Vernon (quoted in Wilkins 1986: 202)

Vernon's quote above presents an interesting hypothesis that is worthy of deeper examination. Does the home country of a multinational company (MNC) not matter much, as he asserts, or does it, and if so how? That is the main question explored in this special issue of the *Journal of World Business*.

The rise of new multinationals from emerging markets serves as a valuable natural experiment for probing the impact of a firm's home country on its international strategy and behavior (Ramamurti, 2009). By 2015, emerging market multinational companies (EMNCs) accounted for one-quarter of world outward foreign direct investment (FDI) flows and one-fifth of the largest firms in the *Fortune Global 2000*. This growth led to a surge in academic interest in these firms, including special issues and volumes dedicated to their analysis (e.g. Aulakh, 2007; Cuervo-Cazurra, 2012; Cuervo-Cazurra & Ramamurti, 2014; Gammeltoft, Barnard & Madhok, 2010; Luo & Tung, 2007; Ramamurti & Singh, 2009; Williamson et al., 2013). However, there has also been a growing debate on the value of studying them as a distinct type of MNC (see Aharoni, 2014; Cuervo-Cazurra, 2012; Dunning, Kim & Park, 2008; Godley, 2014; Ramamurti, 2012; Rugman, 2010). Part of the debate and associated confusion emerges from the flawed comparison that some of the analyses make, particularly in disentangling the impact of a multinational's home country from that of other variables. Some unique features of these firms may be not so much associated with their home country but rather with their industry of operation, stage of internationalization, ownership structure, and international experience (Ramamurti, 2012). An appropriate comparison of EMNCs with firms from other countries, such as advanced country multinational companies (AMNCs), may reveal which features of EMNCs are truly unique because of the country they come from and which are common to all MNCs regardless of their home country.

Many of the current MNC theories have paid limited attention to an MNC's home country. Location has received relatively less attention than other firm characteristics (Dunning, 1998). Even those studies that tackle location explicitly have tended to focus on how characteristics of the host country affect the expansion of foreign firms, such as the host country's level of development, its institutional and political system, or its economic size and degree of economic openness (e.g., Barkema, Bell & Penning, 1996; Chung & Beamish, 2005; Delios & Henisz, 2003; Meyer et al., 2013). Other studies have examined how the "distance" between the home and host country affects the international expansion of companies (e.g., Johanson & Vahlne, 1977; Ghemawat, 2001; Luo & Shenkar, 2011). More recently, a few studies have started paying attention to the impact of home country characteristics on a firm's innovations and foreign expansion (e.g., Cuervo-Cazurra, 2006; Cuervo-Cazurra & Genc, 2008; del Sol & Kogan, 2007; Garcia-Canal & Guillen, 2008; Govindarajan & Ramamurti, 2011; Holburn & Zelner, 2010; Hoskisson et al., 2013; Luo & Wang, 2012).

In this special issue we propose to go beyond these studies and expand theories and models of the multinational by explaining how the home country affects the internationalization of the firm. This includes not only analyses of EMNCs, but also studies of AMNCs as well as comparisons of the behavior of EMNCs and AMNCs. Studies of EMNCs are a natural laboratory for extending existing models of the multinational because these have been built implicitly on the experience of AMNCs. Hence, studies that focus on EMNCs can provide new insights because their variation in home country characteristics and lower levels of economic, social, and political development facilitate the identification of mechanisms and a comparison of differences with current models. Moreover, home country tends to be more important to EMNCs than to incumbent AMNCs, providing another base for understanding how the home country affects internationalization. Studies of AMNCs can provide useful insights as long as they focus on advancing our theoretical understanding of the role of home country on internationalization. Comparative studies of companies from multiple home countries are particularly welcome if they tease out the role of the home country on internationalization. Single-country studies that pay particular attention to the mechanisms by which the home country affects a firm's internationalization are also welcome. We welcome papers using diverse methodologies, including theoretical essays, large-sample analyses, and qualitative studies, as long as they provide a clear and detailed explanation of theoretical mechanisms and a strong theoretical contribution.

The objective of the special issue is to develop a better understanding of the theoretical mechanisms that explain how the home country influences the internationalization of the firm. The following topics are meant to illustrate the range of submissions rather than limit the ideas; authors are welcome to contact the guest editors to discuss the appropriateness of other topics related to theme of this Special Issue:

1. How do companies coming from countries at different levels of economic or political development differ in their global strategies? How do early globalizers from emerging countries differ from late globalizers as their home country conditions have changed quickly over time? How does the change in the home country (economic growth, pro-market reforms, pro-market reversals, political change, etc.) affect the global expansion of firms?
2. How do the home country and its relationships with particular host countries affect the international expansion of firms? How do changes in relationships among home and host countries (economic integration, political conflict, increased immigration, etc.) alter firm internationalization?
3. How does the level of development of the country affect the innovativeness and types of innovations that firms create and use in their global expansion? How do innovations for the base of the pyramid in the home country become global innovations? What adaptations are made to these to use abroad and how are they transferred?
4. What can one learn from EMNCs about the process by which firms become multinationals? How does this process vary across different home countries, and how does it compare with the process by which earlier generations of MNCs emerged out of Japan, South Korea, the United States, or Western Europe?
5. How do firms develop resources and capabilities to deal with the particular economic, geographic, political and social conditions of their home countries and use these abroad? How are these resources and capabilities transferred and adapted to other countries? How do EMNCs adapt and modify their

strategies developed in the home country to address differing conditions of countries that are more or less developed than their home country?

6. What is the role of the government in the international expansion of firms? Under what conditions does it facilitate internationalization? Under which conditions does it hinder it? How do state-owned firms differ from private firms when it comes to internationalization? How do these patterns vary across countries?
7. How do EMNCs establish home-host country technological, organizational and operational links? How do they differ from AMNCs in organizing and managing such links? What are some effective mechanisms through which EMNCs orchestrate home-host country links? How do they integrate their acquired foreign strategic assets with their home base operations, and then use this stronger home base to reverberate to and further nurture international operations?

### **Submission Process:**

Between January 1 and 31, 2017, authors should submit their manuscripts online via the Journal of World Business submission system: <http://www.journals.elsevier.com/journal-of-world-business>. To ensure that all manuscripts are correctly identified for consideration for this Special Issue, it is important that authors select 'SI: MNC Home Country' when they reach the "Article Type" step in the submission process

Manuscripts should be prepared in accordance with the Journal of World Business Guide for Authors available at <https://www.elsevier.com/journals/journal-of-world-business/1090-9516/guide-for-authors>. All submitted manuscripts will be subject to the Journal of World Business's double blind review process.

We will organize a workshop designed to facilitate the development of papers that will be held at Northeastern University in June of 2017. The workshop will be sponsored by the Center for Emerging Markets at Northeastern University and the Center for International Business Education and Research at the University of Miami. Authors of manuscripts that have progressed through the revision process will be invited to it. Presentation at the workshop is neither a requirement for nor a promise of final acceptance of the paper in the Special Issue.

Questions about the Special Issue may be directed to the guest editors: Alvaro Cuervo-Cazurra, Northeastern University ([a.cuervocazurra@neu.edu](mailto:a.cuervocazurra@neu.edu)); Yadong Luo, University of Miami ([yadong@miami.edu](mailto:yadong@miami.edu)); Ravi Ramamurti, Northeastern University ([r.ramamurti@neu.edu](mailto:r.ramamurti@neu.edu)) and JWB Supervising Editor Siah Hwee Ang, Victoria University of Wellington ([SiahHwee.Ang@vuw.ac.nz](mailto:SiahHwee.Ang@vuw.ac.nz)).

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