

CALL FOR PAPERS
Special Issue of the Journal of International Business Studies
INNOVATION IN AND FROM EMERGING ECONOMIES

Special Issue Editors:

- Jaideep Anand (Ohio State University, USA, anand.18@osu.edu)
- Gerald McDermott (University of South Carolina, USA, gerald.mcdermott@moore.sc.edu)
- Ram Mudambi (Temple University, USA, rmudambi@temple.edu)
- Rajneesh Narula (University of Reading, UK, r.narula@henley.ac.uk)

Deadline for submission: November 1, 2018

Tentative publication date: Summer 2020

Introduction

This special issue focuses on the nature of innovation, within and across firms, in the context of emerging economies. It follows a recent trend by scholars increasingly using emerging economies as terrains to explore core assumptions about FDI, foreign market entry, alliances, and institutions (Govindarajan & Ramamurti, 2011; Henisz, 2000; Khanna & Palepu, 2000; Morck, Yeung, & Yu, 2000; Narula, 2012). This issue also seeks to build on work from fields such as strategy, organizational theory, economic geography, and economic sociology that has sought to identify the mechanisms that lead to different patterns of product and process innovations as well as the breakthrough and diffusion of new technologies and knowledge (Gordon & McCann, 2005; Henderson & Clark, 1990; Owen-Smith & Powell, 2004; Rosenkopf & Tushman, 1998).

Innovation remains a critical component for sustained growth and competitive advantage for emerging economies and their firms. Over the last two decades, research at the intersection of innovation and development has increasingly forced us to reframe some fundamental assumptions about the nature, process and underpinnings of innovation in *all* economies. As global value chains (GVCs) and MNEs link innovation systems in advanced market economies with those in emerging economies, cross-border opportunities and challenges arise that were not seen in previous decades. These challenges often relate to economic development and upgrading at the emerging economy end (Giuliani, Pietrobelli, & Rabellotti, 2005), whereas at the advanced market end, they relate to offshoring and rationalization (Leigh & Gifford, 1999).

The dynamics and spread of GVCs and MNEs and their associated innovation activities has pushed scholars to reconsider the mechanisms and direction for cross-border transfer of knowledge and technologies (Gereffi, 1999; Zhao & Anand, 2009; Narula, 2014). Scholars have shown how firm learning often depends on distinct vertical and horizontal network linkages (Hirschman, 1968; Morris, Kaplinsky, & Kaplan, 2012) as well as the ability of local firms to generate new absorptive capacities

(Mudambi et al., 2017; McDermott & Corredoira, 2010; Thun, 2006; Vasudeva & Anand, 2011). We see shifts in the direction of cross-border knowledge creation, as MNEs from advanced countries are using emerging economy innovation systems to develop new types products and processes that leverages their GVCs and brings new knowledge back to headquarters (Brandt & Thun, 2010; Govindarajan & Ramamurti, 2011; Herrigel et al., 2013).

These streams of scholarship have led to fresh debates on the fundamental types of knowledge and skills critical for firms in emerging economies. Dominant views on innovation, from network analysis to innovation systems to MNC spillover effects, often place a premium on the necessity of firms having access to pioneering technologies and societies creating institutions focused promoting the transfer of pioneering knowledge (Breznitz, 2007; Nelson, 1993; Owen-Smith & Powell, 2004). However, recent work reveals that sustained innovation in emerging economies may depend more on access to diverse applied, experiential knowledge which enables backward firms to shift to more modern organizational capabilities. (McDermott & Pietrobelli, 2017; Perez-Aleman, 2011; Pietrobelli & Rabellotti, 2011). The vast majority of emerging economy firms (many of which are small- and medium-sized enterprises) face large technological gaps, and cannot take advantage of international standards and technologies. This absence of absorptive capacity constrains the sequence and nature of learning processes, the shape of technological advances and the core mechanisms of knowledge transfer.

Concerns about forms of innovation, technological upgrading and knowledge diffusion are at the center of growing debates at the intersection of economic geography and MNE strategy, particularly regarding the role of MNEs in emerging economy innovation systems. Traditionally, the view was rather pessimistic where MNEs tended to minimize their local linkages, set up value extracting “islands” within poor economies (Narula, 2018). More nuanced views can be found in cluster analysis that highlights the importance of social capital in developing linkages to prevent the rise of dualism (Giuliani, 2006; Schmitz, 2004). However, the debate about the role of MNEs in establishing innovation connectivity with and in emerging economies is far from settled and this special issue is an attempt to make progress toward resolving it.

In turn, the context of emerging markets offers a growing opportunity to evaluate how innovation systems or broader innovative capacities emerge in ways to create sustained advantage. Emerging economy industry leaders are forced to generate new organizational and institutional constellations in order to overcome technological gaps with the advanced world (Mair, Marti, & Ventresca 2011). Understanding the process of innovation in emerging economies opens the door to exploring new networks, mechanisms and alternative institutional resources to improve access to this knowledge and implement “catch-up processes” (Vasudeva & Anand, 2011; Bartholomew, 1997; McDermott & Pietrobelli, 2017; Fu et al., 2011).

Such discussions naturally lead us to re-examine dominant theories of the MNE and of capabilities creation. In researching issues of knowledge creation as well as product and process upgrading in emerging economies, scholars are exploring the assumptions about internalization theory (Hennart 2012; Narula, 2012), the nature and upgrading of firm-specific advantages (FSAs) as well as the relative locational advantages for MNE innovation activities (Mudambi et al., 2018; Madhok & Keyhani, 2012). Recent debates on the validity of MNE motives to understand strategic-asset augmenting activity by

emerging economy MNEs are also worth exploring (Meyer, 2015; Benito, 2015; Elia & Santangelo, 2017).

Indeed, innovation in these countries offers an excellent context to study the creation of new firm capabilities. For instance, MNEs display considerable variation in the governance modes for organizing their R&D activities, which in turn impacts the competence creation in subsidiaries (Palmie et al., 2014). The cross-border transfer of firm level capabilities via joint ventures, strategic alliances and mergers & acquisitions also provides valuable research opportunities (Zhao & Anand, 2009, 2013; Narula & Verbeke, 2015).

Suggested Topics for Submissions

We encourage research that can address innovation at multiple levels of analysis, such as the firm, industry, and value chain as well as comparative analysis of different patterns of firm and institutional strategies across nations and regions. We encourage submissions that draw on a variety of theoretical and disciplinary approaches to the study of innovation in emerging market countries. Suggested topics can include, but are not restricted to:

- What types of innovation strategies are emerging market MNEs creating to penetrate new markets?
- In what ways are advanced economy MNEs altering their learning and alliances strategies with emerging market firms to improve their own innovative capacities?
- What types of cross-border network relationships are emerging and advanced economy firms creating to facilitate and leverage their innovation processes?
- What types of strategies and organizational forms are emerging market public and private actors using to improve their absorptive and innovative capacities?
- What types of internal and external strategies are SMEs using to overcome inherited technological and resources gaps in order to participate in global innovation networks?
- What sort of institutional rules and resources appear to impede or facilitate innovation in emerging market countries?
- What organizational mechanisms provide the best conduit for knowledge flow into and out of emerging markets?
- Under what conditions can emerging economy firms take global leadership in terms of innovation?

Submission Process

All manuscripts will be reviewed as a cohort for this special issue. Manuscripts must be submitted in the window between October 18, 2018, and November 1, 2018, at <http://mc.manuscriptcentral.com/jibs>. All submissions will go through the JIBS regular double-blind review process and follow the standard norms and processes.

For more information about this call for papers, please contact the Special Issue Editors or the JIBS Managing Editor (managing-editor@jibs.net).

References

- Bartholomew, S. 1997. National systems of biotechnology innovation: Complex interdependence in the global system. *Journal of International Business Studies*, 28(2): 241-266.
- Benito, G. R. 2015. Why and how motives (still) matter. *Multinational Business Review*, 23(1): 15-24.
- Brandt L., & Thun, E. 2010. The fight for the middle: upgrading, competition, and industrial development in China. *World Development*, 38(11): 1555–1574.
- Breznitz, D. 2007. *Innovation and the State: Political Choice and Strategies for Growth in Israel, Taiwan, and Ireland*. New Haven, CT: Yale University Press.
- Corredoira, R. A., & McDermott, G. A. 2014. Adaptation, bridging and firm upgrading: How non-market institutions and MNCs facilitate knowledge recombination in emerging markets. *Journal of International Business Studies*, 45(6): 699-722.
- Elia, S., & Santangelo, G. D. 2017. The evolution of strategic asset-seeking acquisitions by emerging market multinationals. *International Business Review*, 26(5): 855-866.
- Fu, X., Pietrobelli, C., & Soete, L. 2011. The role of foreign technology and indigenous innovation in the emerging economies: technological change and catching-up. *World Development*, 39(7): 1204-1212.
- Gereffi, G. 1999. International trade and industrial upgrading in the apparel commodity chain. *Journal of International Economics*, 48(1): 37-70.
- Giuliani, E., Pietrobelli, C., & Rabellotti, R. 2005. Upgrading in global value chains: Lessons from Latin American clusters. *World Development*, 33(4): 549-573.
- Giuliani, E. 2006. The selective nature of knowledge networks in clusters: Evidence from the wine industry. *Journal of Economic Geography*, 7(2): 139-168.
- Govindarajan, V., & Ramamurti, R. 2011. Reverse innovation, emerging markets, and global strategy. *Global Strategy Journal*, 1(3-4): 191-205.
- Gupta, A., & Govindarajan, V. 2000. Knowledge flows within multinational corporations. *Strategic Management Journal*, 21: 473-496.
- Hennart, J. F. 2012. Emerging market multinationals and the theory of the multinational enterprise. *Global Strategy Journal*, 2: 168–187.
- Henderson, R. M., & Clark, K. B. 1990. Architectural innovation: The reconfiguration of existing product technologies and the failure of established firms. *Administrative Science Quarterly*, 35(1): 9-30.
- Henisz, W. J. 2000. The institutional environment for multinational investment. *Journal of Law, Economics, and Organization*, 16(2): 334-364.
- Herrigel, G., Wittke, V., & Voskamp, U. 2013. The process of Chinese manufacturing upgrading: transitioning from unilateral to recursive mutual learning relations. *Global Strategy Journal*, 3(1): 109-125.
- Hirschman, A. O. 1968. The political economy of import-substituting industrialization in Latin America. *Quarterly Journal of Economics*, 82(1): 1-32.
- Khanna, T., & Palepu, K. 2000. The future of business groups in emerging markets: Long-run evidence from Chile. *Academy of Management Journal*, 43: 268-285.
- Leigh, D. & Gifford, K. 1999. Workplace transformation and worker upskilling: the perspective of individual workers. *Industrial Relations*, 38(2): 174-191.
- Madhok, A., & Keyhani, M. 2012. Acquisitions as entrepreneurship: Asymmetries, opportunities, and the internationalization of multinationals from emerging economies. *Global Strategy Journal*, 2(1): 26–40.

- Mair, J., Marti, I. & Ventresca, M. 2012. Building Inclusive Markets in Rural Bangladesh: How Intermediaries Work Institutional Voids. *Academy of Management Journal*, 55(4): 819-850.
- McDermott, G. A., & Corredoira, R. A. 2010. Network composition, collaborative ties, and upgrading in emerging-market firms: Lessons from the Argentine auto-parts sector. *Journal of International Business Studies*, 41(2): 308-329.
- McDermott, G., & Pietrobelli, C. 2017. Walking before you can run: The knowledge, networks and institutions for emerging market SMEs. In A. Camuffo & T. Pedersen (Eds), *Breaking up the global value chain: Opportunities and consequences*. Advances in International Management, Vol. 30.
- Morris, M., Kaplinsky, R., & Kaplan, D. 2012. "One thing leads to another"—Commodities, linkages and industrial development. *Resources Policy*, 37(4): 408-416.
- Morck, R., Yeung, B., & Yu, W. 2000. The information content of stock markets: Why do emerging markets have synchronous stock price movements? *Journal of Financial Economics*, 58(1): 215-260.
- Meyer, K. E. 2015. What is "strategic asset seeking FDI"? *Multinational Business Review*, 23(1): 57-66.
- Mudambi, R., Narula, R., & Santangelo, G. 2018. Location, collocation and innovation by multinational enterprises: a research agenda. *Industry and Innovation*, 25(3): 229-241.
- Mudambi, R. 2008. Location, control and innovation in knowledge-intensive industries. *Journal of Economic Geography*, 8(5): 699-725.
- Narula, R. 2012. Do we need different frameworks to explain infant MNEs from developing countries? *Global Strategy Journal*, 2(3): 188-204.
- Narula, R. 2014. Exploring the paradox of competence-creating subsidiaries: Balancing bandwidth and dispersion in MNEs. *Long Range Planning*, 47(1-2): 4-15.
- Narula, R. 2018. Multinational firms and the extractive sectors in the 21st century: Can they drive development? *Journal of World Business*, 53(1): 85-91.
- Narula, R., & Verbeke, A. 2015. Making internalization theory good for practice: The essence of Alan Rugman's contributions to international business. *Journal of World Business*, 50(4): 612-622.
- Nelson, R. (Ed.) 1993. *National Innovation Systems: A Comparative Analysis*. New York: Oxford University Press.
- Owen-Smith, J., & Powell, W. 2004. Knowledge networks as channels and conduits: The effects of spillovers in the Boston biotechnology community. *Organization Science*, 15(1): 5-21.
- Palmié, M., Keupp, M. M., & Gassmann, O. 2014. Pull the right levers: Creating internationally "Useful" subsidiary competence by organizational architecture. *Long Range Planning*, 47(1-2): 32-48.
- Pietrobelli, C., & Rabellotti, R. 2011. Global value chains meet innovation systems: Are there learning opportunities for developing countries? *World Development*, 39(7): 1261-1269.
- Rosenkopf, L., & Tushman, M. L. 1998. The coevolution of community networks and technology: Lessons from the flight simulation industry. *Industrial and Corporate Change*, 7: 311-346.
- Schmitz, H. (Ed.) 2004. *Local enterprises in the global economy: Issues of governance and upgrading*. Northampton, MA: Edward Elgar.
- Thun, E. 2006. *Changing Lanes in China: Foreign Direct Investment, Local Governments, and Auto Sector Development*. New York: Cambridge University Press.
- Vasudeva G., & Anand, J. 2011. Unpacking Absorptive Capacity: A Study of Knowledge Utilization from Alliance Portfolios", *Academy of Management Journal*, 54(3): 611-623.
- Zhao, Z. J., & Anand, J. 2009. A multilevel perspective on knowledge transfer: Evidence from the Chinese automotive industry. *Strategic Management Journal*, 30(9): 959-983.

Zhao, Z. J., & Anand, J. 2013. Beyond boundary spanners: The 'collective bridge' as an efficient interunit structure for transferring collective knowledge. *Strategic Management Journal*, 34(13): 1513-1530.

About the Guest Editors

Jaideep Anand is the William H. Davis Chair and Dean's Distinguished Professor at the Fisher College of Business, and the Academic Director of the Center for Innovation and Entrepreneurship at the Ohio State University. He is also a Senior Research Fellow at the Center for Emerging Market Studies at CEIBS. Prior to joining Fisher, he was faculty at the University of Michigan (Ross) and Research Fellow at the William Davidson Institute. His interests include corporate growth and innovation, mergers & acquisitions, and multinational management.

Gerald McDermott is Professor of International Business at the Moore School of Business of the University of South Carolina and is Senior Research Fellow at IAE Business School in Argentina. He specializes on issues of innovation, risk, and institutional change in emerging market countries. His books and articles have examined the impact of industrial networks on the economic governance institutions in post-communist countries; the creation of innovation clusters in manufacturing and agriculture in South America; and the impact of transnational regulatory integration on developing countries.

Ram Mudambi is the Frank M. Speakman Professor of Strategy at the Fox School of Business, Temple University. He is also the Executive Director of the Temple CIBER. Previously he served on the faculties of Case Western Reserve University, University of Reading (UK) and University of North Carolina – Chapel Hill. He is a Fellow of the Academy of International Business (AIB), an Honorary Professor at the Center of International Business, University of Leeds (CIBUL), UK, and a Life Fellow of the Academy of the University of Messina, Italy. His current research projects focus on the geography of innovation and the governance of knowledge-intensive processes, especially in the context of emerging economies.

Rajneesh Narula is the John H. Dunning Chair of International Business Regulation at the Henley Business School, University of Reading, UK. His research and consulting have focused on the role of multinational firms in development, innovation and industrial policy, R&D alliances and outsourcing. He has published over a 100 articles and chapters in books on these themes. He is an area Editor of JIBS. He holds honorary appointments at UNU-MERIT, Norwegian School of Business, Urbino University and Oxford University.