



# Accelerated internationalization and resource leverage strategizing: The case of Chinese wind turbine manufacturers



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## ABSTRACT

Accelerated internationalization is an important phenomenon in international business (IB), where it has been linked mainly with studies of born globals and patterns of internationalization utilized by small and medium-sized enterprises. Building on recent research on the (redefined) concept of speed of internationalization, we seek to extend the domain of accelerated internationalization to encompass cases where large firms in certain industries from emerging markets such as China and India globalize at an accelerated pace. We utilize cases from the Chinese wind turbine manufacturing industry to illustrate the process, and apply strategic reasoning based on resource leverage as a means of explaining such phenomena – complementing the extant frameworks based on microeconomic reasoning. We argue that both approaches are needed to make sense of the important empirical phenomena revealed by examination of the patterns of internationalization exhibited by emerging market multinationals.

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## 1. Introduction

The rapid rise (and in some cases fall) of renewable energy multinational companies from emerging economies in the international market is stunning. Firms from the Chinese wind turbine manufacturing industry, for example, have made a spectacular debut on the world stage – rising from nowhere in the mid-2000s to world market leadership by 2009.<sup>2</sup> A number of Chinese wind turbine manufacturing companies have emerged as significant players in the industry, four of which are now among the top ten wind turbine manufacturers in the world (Table 1). The growth of Chinese wind turbine manufacturing companies is attributable not only to the explosion of Chinese domestic demand (with capacity installed now exceeding that of any other country), but even more significantly to their expansion into the international market. According to the data from Chinese Wind Energy Association (AWEA), exports of Chinese wind turbines have

increased from a mere 2.3 MW in 2007 to 430 MW in 2012, a 200-fold growth (Fig. 1). Chinese turbines are now sold in more than 19 countries, and according to BNEF, the top four Chinese wind turbine manufacturing companies accounted for 26.7% of the world market in 2011 – but falling back in 2012 to 16.6% (REN21, 2012).

Despite the setback in 2012, the creation, expansion and internationalization of renewable energy companies from emerging economies has been nothing short of explosive, and has caught the attention of scholars around the world (Zhang, Wang, Huo, & Martinot, 2010). But so far it has elicited little comment from IB scholars, with a few exceptions (Awate, Larsen, & Mudambi, 2012; Pinkse & Kolk, 2012). Here we find ample justification for examining how firms from emerging economies globalize at an accelerated pace, and for framing the strategic reasoning to account for accelerated internationalization.

In this paper, we focus on accelerated internationalization (AI) as a distinctive pattern characterizing the international expansion of emerging market multinational enterprises (EM-MNEs) and explore its possible drivers, using Chinese wind turbine manufacturers as a case study. We ask two questions in this paper: (1) how to properly define accelerated internationalization? and (2) What accounts for the phenomenon, especially in the case of EM-MNEs? Accordingly, our paper makes two contributions. First, we build on the recent research on speed of internationalization (Casillas & Acedo, 2013; Casillas & Moreno-Menéndez, 2014;

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<sup>2</sup> As Lewis (2011) comments: 'It took firms in China, India and South Korea less than 10 years to go from having no wind turbine manufacturing experience to have the ability to manufacture complete wind turbine systems that are state-of-the-art and either already available or soon to be available on the global market.' (p. 301)

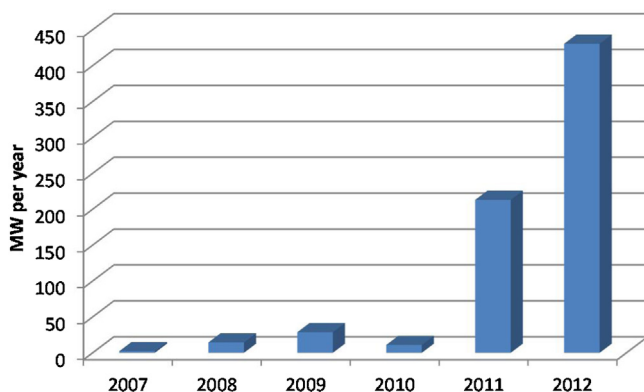
**Table 1**  
Market shares of top 10 wind turbine manufacturers, 2011.

Rank	Wind turbine manufacturer	Country of origin	Global market share (%)
1	Vestas	Denmark	12.9
2	Goldwind	China	9.4
3	GE Wind	USA	8.8
4	Gamesa	Spain	8.2
5	Enercon	Germany	7.9
6	Suzlon Group	India	7.7
7	Sinovel	China	7.3
8	United Power	China	7.1
9	Siemens Wind Power	Germany	6.3
10	Ming Yang	China	2.9
	Others		21.5
Total sales			>40 GW

Source: REN21 (2012).

Chetty, Johanson, & Martín, 2014), and focus on *change* in the speed of internationalization as a novel way to conceptualize accelerated internationalization (AI). Unlike previous studies on AI, we believe the concept of AI should be kept separate from the concept of born globals, because they have different defining characteristics. We re-conceptualize AI by focusing on the ‘rapidity’ of internationalization and operationalize AI accordingly; while we see the phenomenon of born globals as more concerned with the “earliness” of internationalization.

Second, we explore possible drivers of AI on the part of emerging market multinational enterprises (EM-MNEs) utilizing a resource leveraging perspective. While AI can be observed in companies from both developed and developing countries, the pattern appears more pronounced and evident among EM-MNEs in recent years, as discussed intensively in the IB literature (Bonaglia, Goldstein, & Mathews, 2007; Yeoh, 2010; Yiu, 2011). As Deng (2012, p. 319) puts it, AI is perhaps “the most startling characteristic” of EM-EMEs’ internationalization. A range of factors can be suggested as possible driving forces producing AI by EM-MNEs, including those derived from the industry-based, institution-based and resource-based views (Peng, 2009). In this present paper, we bring a strategic focus to bear on the issue, utilizing the notion of resource leveraging as a key strategic factor enabling EM-MNEs to accelerate their internationalization. Utilizing the Linkage, Leverage, and Learning (LLL) framework established by Mathews (2002, 2006a, 2006b), we argue that AI of many EM-MNEs has been facilitated by their LLL strategies; the sequence is characterized by forging initial linkages with established players, and leveraging resources (technologies, skilled personnel, market access) from them. As this is repeated over and over again, so a process of organizational and economic learning is accomplished



**Fig. 1.** Exports of Chinese wind turbines: 2007–2012 (MW per year).  
Source: Based on CWEA (2013).

in an accelerating fashion. We thereby aim to shed light on the debate over global competitive advantages of EM-EMEs and their internationalization (Cuervo-Cazurra, 2012; Hennart, 2012; Peng, 2012; Yamakawa, Khavul, Peng, & Deeds, 2013).

We examine AI of EM-MNCs in the context of a renewable energy industry, namely the wind turbine manufacturing industry in China. Compared with other industries, renewable energy-related industries have distinctive features and seem to provide a powerful test bed for theories of internationalization and global strategizing of EM-MNEs. This is so for at least five reasons: the industries in emerging economies are recent (so that their entire trajectory can be evaluated); they are highly competitive while also being guided by national policy; they have surprisingly spawned the creation of many EM-MNEs and promise to create many more; the role of technology development lies at the core of those EM-MNEs’ international success; and they are totally global in both their operations and strategizing.

## 2. Re-defining accelerated internationalization as a distinctive pattern of internationalization

The term ‘AI’ first caught the attention of IB scholars (Oviatt & McDougall, 1997; Shrader, Oviatt, & McDougall, 2000) in the 1990s. It has been utilized particularly to emphasize the distinctive internationalization patterns of small and medium-sized enterprises.<sup>3</sup> In Shrader et al. (2000, p. 1227), AI was defined as “the phenomenon of firms engaging in the international business activities earlier in their organizational life cycles than they have historically” – where the examples are overwhelmingly of SMEs. In previous studies, the ‘speed’ is considered a key dimension of AI, which commonly refers to “time elapsed since the year firms were founded until the first year of exporting” (Musteen, Fancis, & Datta, 2010; Pla-Barber & Escriba-Esteve, 2006, p. 264). The concept of AI in this sense overlaps with other concepts in IB such as ‘international new ventures’ (INVs) or ‘born globals’. In fact, AI has been used almost interchangeably with terms such as ‘born-global’, ‘international new venture’, ‘global start-up’, ‘international entrepreneurship’, ‘new venture internationalization’ and ‘early internationalization’ in previous studies (Rialp, Rialp, & Knight, 2005; Yeoh, 2010).

A recent stream of research has re-examined the concept of speed in the internationalization process of the firm (Casillas & Acedo, 2013; Casillas & Moreno-Menéndez, 2014; Chetty et al., 2014). As Autio, Sapienza, and Almeida (2000, p. 909) pointed out, speed of internationalization (Sol) could refer to both “the time lag between the founding of a firm and its initiation of international operations” and the pace of its subsequent international growth; and the two concepts have not been “sufficiently distinguished” in the literature. While Sol in the latter sense is largely an under-researched topic (Casillas & Acedo, 2013; Prashantham & Young, 2011), this dimension is considered critical to understanding internationalization as a time-based process (Jones & Coviello, 2005). Thus Casillas and Acedo (2013) propose a typology to classify different approaches to study Sol according to whether: (1) the focus is on discontinuous or continuous changes; or (2) the analysis is based on a short-term or long-term timescale. Prashantham and Young (2011, p. 277) distinguish between initial entry and post-entry speed of international new ventures (INVs); and argue that such a distinction “is particularly critical for the long-term growth and success or failure of knowledge- and technology-intensive INVs”. Finally, in their comprehensive review of the concept of Sol, Chetty et al. (2014, p. 2) conclude that “most

<sup>3</sup> This is despite that Oviatt and McDougall (1997) remarked that “the acceleration of the internationalization process in firms worldwide appears to be a more pervasive phenomenon than INVs (i.e. international new ventures)” and thus called for studies beyond small and medium enterprises.

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