Journal of World Business 51 (2016) 655–661

Contents lists available at ScienceDirect

Journal of World Business

journal homepage: www.elsevier.com/locate/jwb

Learning and knowledge management in and out of emerging markets: Introduction to the special issue

1. Introduction

During the past three decades, many emerging markets around the world have undertaken economic reforms of varying magnitude with objectives that include a move away from inward-oriented import substitution policies toward outward-oriented export-led growth, improved access to foreign technology and capital in order to make domestic firms competitive in the global economy, and enhanced capabilities in value-added manufacturing industries to enable a broader shift of the economy away from traditional commodity goods (Hoskisson, Eden, Lau, & Wright, 2000; Wright, Filatotchev, Hoskisson, & Peng, 2005). While these economic reforms have yielded country-level benefits reflected in positive trade balances and economic growth, there is growing concern whether liberalization and global integration has the expected positive influence on the innovation capabilities and competitiveness of emerging economy firms (Chittoor, Aulakh, & Ray, 2015).

Recent research suggests that in place of the projection model of global expansion where firms expand into international markets to exploit their home-grown knowledge advantages, there is an imperative for firms to treat the world as a learning laboratory. Unlike traditional multinationals, new multinationals identify emerging knowledge from around the world, leverage it into innovations, and turn these into value. Companies are transitioning from the vertically integrated "do-it-all-yourself" approach toward a new model of open innovation in which they import ideas from without and let their own innovations enter the wider marketplace. This implies an important 'sensing' role for research and development (R&D), and the need to prospect foreign markets for knowledge, take the knowledge home, convert it into innovation capabilities, and develop new products. Participating in global resources and product markets therefore serves as a critical learning conduit (Hitt, Li, & Worthington, 2005; Luo & Tung, 2007; Mathews, 2006).

Research has focused on ways to understand how multinational corporations (MNCs) from developed nations enter and compete in various emerging markets. Furthermore, scholars are contributing to a growing body of research that concentrates on how firms from emerging markets internationalize to compete in the global arena. There is unanimity among researchers that competing within emerging markets and internationalizing out of these markets require strategic choices that are markedly different from those prescribed in traditional models of MNC behavior (Aulakh & Kotabe, 2008; Contractor, Kumar, & Kundu, 2007; Hoskisson, Wright, Filatochev, & Peng, 2013; Luo & Tung, 2007; Meyer, Estrin, Bhaumik, & Peng, 2009). But how firms learn and manage knowledge as they compete in and out of emerging markets is yet to gain serious scrutiny in the contemporary international business research (Lahiri, 2011; Peng, Bhagat, & Chang, 2010). The aim of this *JWB* special issue is to foster scholarship that develops new theory and promotes novel empirical and practitioner insights on learning and knowledge management (LKM) strategies in the context of emerging markets.

The literature well documents the importance of processes and outcomes of LKM (Argote & Miron-Spektor, 2011). Organizational learning theory considers firms as cognitive enterprises. Although some overlaps exist between learning and knowledge management, one can consider the former a precursor of the latter. Through learning, organizations are able to create, acquire, and transfer knowledge and accordingly modify behavior to reflect new knowledge and insights. Knowledge acquired as a result of learning allows firms to either reinforce or change organizational routines. Scholars advance the notion of *learning organizations*, wherein individual-level learning transfers to the organization level, resulting in shared mental models. These mental models allow leaders to update their firms' beliefs about various cause-effect relationships relating to themselves, their markets, and their competitors, and devise strategies to adjust and respond to internal and external environments. A firms' experience, both positive and negative, facilitates learning and consequent knowledge development (Chang, Gong, & Peng, 2012). Scholars agree that properly implemented LKM processes can be a source of competitive advantage. However, they also caution that firms can make erroneous strategic decisions if the basis for learning is biased representation of past reality.

To compete in foreign markets, MNCs need to learn and gather knowledge about the local business environment, including roles played by various stakeholders, business partners, and competitors. Dealing with various components of learning (information acquisition, information dissemination, shared interpretation, and development of organizational memory) and knowledge management can be tricky as host nations may present institutional environments that may be ambiguous and uncertain to foreign MNCs. Therefore, MNCs may need to frame different LKM strategies that fit local contexts and allow them to compete over local rivals by grafting new knowledge, or engaging in learning and knowledge gathering from others. Given that business environments in emerging markets are markedly different from those in developed nations, question arises as to how MNCs engage in LKM as they

http://dx.doi.org/10.1016/j.jwb.2016.07.014

compete in and out of emerging markets and whether LKM processes differ owing to differences in MNCs' home market attributes.

This special issue comprises scholarly contributions that advance understanding of LKM strategies deployed by both firms operating in and out of emerging markets. In particular, the intent is that submissions address the following issues: How do developed nation MNCs (DMNCs) learn and build knowledge from their prior entries into emerging markets? What strategies and structures do DMNCs employ to use existing knowledge to compete in emerging markets? How do emerging-market MNCs (EMNCs) learn and build knowledge from their prior internationalization moves out of their home markets? What strategies and structures do EMNCs employ to use existing knowledge to compete in developed markets or other emerging markets (Peng, 2012)? How do DMNCs and EMNCs organize resources and capabilities (Lahiri, Kedia, & Mukherjee, 2012) to efficiently formulate and implement LKM strategies?

The response to our call for papers was 34 manuscripts focusing on the general themes outlined above. After the first round of revision, eight papers were selected for further consideration based on the comments of reviewers (three per submitted paper, see Appendix A), and the authors were asked to make final revisions and resubmit. Six of these papers appear in the special issue. While these six articles do not discuss all the issues we outlined in the call for papers, given their diverse geographical context, theoretical foundations, and methodological approaches, collectively they provide important insights related to knowledge management, innovation, learning, and competitive advantage related to emerging markets. Before discussing the specific contributions of each article, we first provide a broad overview of the research streams focusing on knowledge management and learning in emerging markets (or developing economies).

2. Innovation, learning, and knowledge management in developing/emerging economies[1]

In order to catch up with developed economies in technology development, developing countries have long sought to use national policies to stimulate international technology transfer and domestic absorption of advanced technologies (Hoekmana, Maskusa, & Saggia, 2005). Accordingly, there is a strong tradition in development studies, economics, and management literature to understand both macro- and micro-level factors related to innovation and development (e.g., Abramovitz, 1986; Kim, 1997; Lall, 1992; Li & Kozhikode, 2008; Nelson & Pack, 1999; Nelson, 2005). This literature falls under three broad themes: national-level innovation, innovation and learning through spillovers, and learning by doing. Below we discuss the major underpinning of each theme, fully acknowledging that these are not mutually exclusive categories and that there are interconnections between the themes and their units of analyses. The underlying commonality in all the themes is that developing economies need to have access to international know-how in order to catch up with the innovation frontier. For instance, according to Nelson (2008, p. 5), "[f]or countries aiming to catch up, the basic challenge is to learn to master new ways of doing things .... The innovation in catching up involves bringing in and learning to master ways of doing things that may have been used for some time in the advanced economies of the world, even though they are new for the country or region catching up." However, the vehicles through which developing economies access international/global knowledge differ across the three themes in the literature.

2.1. National policies and innovation regimes

The first theme related to innovation and learning in developing countries focuses on national policies related to moving countries toward greater industrialization, which necessarily entails moving up the technology frontier. Based on the success of newly industrialized countries (NICs) in the 1970s and 1980s, studies examine how these countries quickly move toward export-led growth and the associated impact on economic development. For instance, Lall (1992) suggests that national technological capabilities in some of these countries were the outcome of interplay of incentive structures (related to macroeconomics, factor markets, and competition) with human resources, technological effort, and institutions. Since each of these may be underdeveloped in developing economies, the role of government in making corrective interventions becomes important. This idea of government playing a key mediating role in facilitating technology capabilities is fully explored by Kim (1997) in examining the developmental state behind the growth model of South Korea (also see Kohli, 2004). This line of thinking is rooted in what Nelson (2005) characterizes as the accumulation theoretical approaches which see learning and economic growth in developing economies coming mainly through government investments in physical and human capital in order to absorb and adapt imported technological know-how (Abramovitz, 1986; Chittoor et al., 2015; Kim 1997). According to Lall (1992, p. 180), "South Korea has developed arguably the most advanced and competitive base of technological capabilities in the developing world, drawing on foreign technology mainly in non-equity forms (i.e., by capital goods imports, licensing, and minority foreign ventures . . .)" while "Singapore, in contrast, relied entirely on technology generated elsewhere, but intervened (selectively) to induce investors to move up the technological scale and (functionally) to provide a well-trained workforce." Much of this research stream examined the technology and innovation aspects during the period when developing economies practiced some form of import-substitution industrialization and where technology imports in mainly capital goods and arms-length know-how facilitated the development of national level technological regimes.

The above discussed theme of research provided important understanding of national- level technological trajectories and was instrumental in understanding how erstwhile developing economies transitioned to NICs through economic development facilitated by export orientation. However, the level of analysis is at the country level and emphasizes the primacy of the state as the vehicle that facilitates access and absorption of imported know-how. These accumulation theories have been criticized on the grounds that they "pay little explicit attention to firms, seeing their behavior as being determined basically by the environment – the incentives and constraints – they face, which determines the actions that are most profitable" (Nelson, 2005, p. 42). Accordingly, a substantial body of research has developed around evolutionary and behavioral theories of the firm (termed assimilation theories), which stress innovation, learning, and entrepreneurship in developing economies through the lens of 'learning by doing' (Lall, 1997; Nelson, 2005). We discuss the major insights from this theme below.

2.2. Knowledge transfer through spillovers

A second prominent theme in learning and knowledge management in developing economies relates to the spillover

[1] We use the terms developing economies and emerging markets interchangeably. While recent articulations in the academic literature and popular press distinguish emerging markets based on high and persistent growth rates, we believe that the issues related to institutional development, absorptive capacities, and learning and knowledge management persist in most non-OECD countries and, therefore, implications from the papers in the special issue apply to a broad definition of developing economies.