



BUSINESS
RESEARCH
QUARTERLY

www.elsevier.es/brq



REGULAR ARTICLES

Imprinting and early exposure to developed international markets: The case of the new multinationals

Esteban García-Canal^{a,*}, Mauro F. Guillén^b, Paloma Fernández^c, Nuria Puig^d

^a *Departamento de Administración de Empresas, Universidad de Oviedo, Avda. Cristo s/n, E-33071 Oviedo, Spain*

^b *The Wharton School, University of Pennsylvania, 212 Lauder-Fischer Hall, 256 South 37th Street, Philadelphia, PA 19104-6330, USA*

^c *Facultat d'Economia i Empresa, Universidad de Barcelona, Torre 2, 4a planta, despatx 2418, Avda. Diagonal, 690 08034 Barcelona, Spain*

^d *Facultad de Ciencias Económicas y Empresariales, Universidad Complutense de Madrid, Campus de Somosaguas, 28223 Pozuelo de Alarcón, Madrid, Spain*

Received 4 September 2017; accepted 30 May 2018

JEL CLASSIFICATION

M160;
F23;
M10

KEYWORDS

Imprinting;
Early
internationalization;
New multinationals;
Entry mode;
Capability upgrading

Abstract Previous research has analyzed the imprinting effect associated with the firm's international expansion without considering the full range of differences between home and host countries. These differences are important because, depending on the development gap, and the direction of the difference, learning opportunities and the possibility of upgrading firm's capabilities will be vastly different. For this reason, we analyze the specific influence of the exposure to a specific group of international markets, those that are more developed than the country of origin of the focal firm. Obviously, this exposure benefits especially firms from emerging and middle-income countries, which we refer to as "new multinationals." We analyze the different factors that influence the nature and intensity of the imprinting effect associated to the exposure to developed international markets by new multinationals.

© 2018 ACEDE. Published by Elsevier España, S.L.U. This is an open access article under the CC BY-NC-ND license (<http://creativecommons.org/licenses/by-nc-nd/4.0/>).

Introduction

Since the late 1980s the phenomenon of accelerated internationalization has become more visible, both in advanced and emerging economies (Guillén and García-Canal, 2009).

* Corresponding author.

E-mail address: egarcia@uniovi.es (E. García-Canal).

<https://doi.org/10.1016/j.brq.2018.05.001>

2340-9436/© 2018 ACEDE. Published by Elsevier España, S.L.U. This is an open access article under the CC BY-NC-ND license (<http://creativecommons.org/licenses/by-nc-nd/4.0/>).

Please cite this article in press as: García-Canal, E., et al., Imprinting and early exposure to developed international markets: The case of the new multinationals. BRQ Bus. Res. Q. 2018, <https://doi.org/10.1016/j.brq.2018.05.001>

Two groups of companies have called the attention of business media and academics: born global firms (Oviatt and McDougall, 1994; Cavusgil and Knight, 2015) and emerging market multinationals (Mathews, 2006; Madhok and Keyhani, 2012; Narula, 2012). The accelerated growth shown by the most conspicuous members of these groups has challenged the traditional assumptions of established theories on the internationalization process. Instead of following a gradual exposure to foreign markets, these firms expand quickly to increase their international reach, moving beyond what would be advisable according to their experience and knowledge (Buckley et al., 2018; Verbeke and Kano, 2015). This overexposure to international markets can be modeled as a trade-off between the increased risk in foreign operations and the knowledge and experience spillovers that can be obtained (Guillén and García-Canal, 2013). Regarding these spillovers, Sapienza et al. (2006) have highlighted the importance of an early exposure to international markets to activate and enhance dynamic capabilities that favor internationalization through a process of imprinting. Their work was the first to consider the possibility of international imprinting and its positive effect on firm competitiveness. Every new country entered requires adjustments in the firms' capabilities. For this reason, they argued that companies familiarized with expanding to new countries since their early days have a deeply imprinted dynamic capability for making these adjustments (Sapienza et al., 2006). Imprinting theory focuses on the persisting impact that the environment exerts in firms' routines during sensitive periods, like the early stages of their existence (Stinchcombe, 1965; Marquis and Tilcsik, 2013). For this reason, the intensity and the persistence of the foreign environment's influence on a firm expanding abroad can be expected to be different according to the timing of the expansion. Thus, this line of research acknowledges the fact that foreign environments, and not only the home country environment, can also leave a positive lasting mark in firm routines. However, previous research only considers the possibility of international imprinting associated to this dynamic capability, without accounting for the characteristics of either the host or the home country of the firm expanding abroad. Consequently, two important questions remain unanswered. First, are all external environments equally able to exert a positive external influence in the internationalizing firm? Second, are all firms (regardless of their origins and background) equally permeable to external international influences?

To answer these questions, we develop a theoretical framework to explain the magnitude of the imprinting effect associated with the exposure of international developed markets. In this paper we argue that it is in the most developed markets where more opportunities exist for positive external influences, so the country of destination would condition the magnitude of the imprinting effect associated to international expansion. In addition, the country of origin would also have an influence, because it is the gap between the home and the host country that determines the possible spillovers that may arise from international expansion. We build on previous theoretical developments in the imprinting field, complemented with the knowledge-based view of the firm (Kogut and Zander, 1992, 1993; Grant, 1996) to explain the benefits of being exposed to the most developed markets.

We add to the literature on international imprinting by highlighting the fact that to properly analyze its magnitude we need to focus on the features of both the home and the host country environments. Our main point is that the effects of early exposure to international markets will depend on the development gap between home and host countries. We believe that it is important to analyze the main features of the markets the firm gets exposed to. Depending on the features of the country of destination, as compared to those of the home country, the firm is going to face different challenges and have access to different resources (Kim et al., 2015). As a consequence, the adjustments that can be expected in the structure and processes are different.

In the sections that follow, after providing some background on the causes and consequences of imprinting, we analyze the different factors that influence the intensity and strength of the imprinting effect associated to the exposure to more developed markets than the one of the focal firm. As previously mentioned, we argue that the relationship between home and host country matters, given that relative differences in economic development are the main drivers of this international competitive imprinting. We discuss the imprinting effect of the country of origin by relating our work to existing theories on the MNE and, more specifically, to the approaches explaining the international expansion of firms from middle income, newly industrialized and emerging countries. We refer to these firms as "new multinationals" (Guillén and García-Canal, 2009). The main reason for grouping together this wide set of countries is that, despite their differences, these companies have the opportunity to overcome the constraints of their home countries in terms of technology development and brand reputation by being exposed to more developed markets. We also analyze the boundary conditions of international competitive imprinting. To fully identify the boundary conditions of this exposure, we examine its interaction with the main elements of a firm's international strategy, namely, the when (stage of the life cycle), where (location), and the why (motives for international expansion). We also discuss at the end of the paper how this exposure to developed markets can be active (by serving other markets) or passive (by engaging with other firms from other countries that act as suppliers of raw materials, parts, or technologies).

Domestic and international organizational imprinting

The relationship between organizations and their environments has been extensively studied from different perspectives. Whereas some approaches tend to focus on how organizations shape their environment, others highlight the influence of the latter on the firm's structure and strategy (Astley and Van de Ven, 1983; Child, 1997; Lewin and Volberda, 1999). It is unquestionable that the interaction of the organization with its environment leaves a mark in its structure and processes, but there is an established tradition in organization theory showing that this influence is more important at the early stages of the life of an organization. The classic work of Stinchcombe (1965) was the first to identify this phenomenon, which is labeled as imprint-

Download English Version:

<https://daneshyari.com/en/article/7414700>

Download Persian Version:

<https://daneshyari.com/article/7414700>

[Daneshyari.com](https://daneshyari.com)