Introduction

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There is sufficient research on how large firms expand internationally (Yip, 1982; Chatterjee, 1990; Chang and Singh, 1999; Lee and Lieberman, 2010, and Tallman and Pederson, 2011). Much less is known about how these firms grow within international markets (Khanna et al., 2005; Bijapurkar, 2005; Puck et al., 2008). How small and medium sized enterprises (SMEs) in emerging markets grow internationally is an even less researched topic and the focus of this special issue. This special issue is titled 'Strategy in Emerging Markets'.

SMEs are quickly becoming multi-national firms operating both in other emerging markets in addition to fully developed markets (Drummond, 2012). Firms from emerging markets have made tremendous efforts in recent years to catch up with multinational firms from fully developed markets (Mudambi, 2010).

The study of emerging markets represents an important area for research (Hennart, 2012). Firms in emerging markets have been a source of innovation (Govindarajan and Ramamurt, 2011). These innovations could be transferred to other emerging markets or to fully developed markets. In order to capitalise upon these innovations it may be necessary for firms from emerging markets to adopt the 'Big Step Hypothesis' (Pederson and Shaver, 2011).

The 'Big Step Hypothesis' involves a rapid increase of international activities which generates rapid growth. This indicates that SMEs with "Big Step" characteristics may have higher growth rates than SMEs following other approaches to expansion. The 'Big Step Hypothesis' argues that internationalisation is not a gradual incremental process, rather a discontinuous process characterised by a big initial step. This big initial step approach requires SMEs to develop an infrastructure within the international market(s) these firms have targeted. When the infrastructure to support international operations is completed, it is less costly and time consuming to expand within these market(s).

As SMEs expand, they may acquire knowledge and/or technology. Instead of using capabilities already on hand firms expand overseas in search of capabilities that are not available in their home market (Drummond, 2012). As such, firms learn by investing in international markets.

Historically, the BRIC markets have been a focused group of countries which are becoming fully developed markets. A recent study by Bloomberg (2012) stated that fully developed markets invested about $50 billion in emerging markets. This capital will provide firms in emerging markets the ability to expand internationally. The BRIC markets are becoming large emerging markets.

Caterpillar CEO Douglas R. Oberhelman states that many markets in Southeast Asia (Thailand, Vietnam, Malaysia, and Indonesia) are all emerging markets. In addition, Oberhelman believes that Africa will emerge as a significant market. In a featured interview in this issue, Oberhelman discusses specific opportunities in South Africa and the plans to develop a northern African highway which will run across Algeria, Morocco, and Tunisia. Oberhelman also identifies growth opportunities for countries in the Middle East. Despite some political turmoil in this region, there are good reasons why SMEs should consider these markets. These emerging markets provide important natural resources, a young population and untapped market potential. As a result of high oil prices, Middle East nations may be classified as emerging markets. A driving force behind this is that about 40% of the world's crude oil reserves are controlled by countries in the Middle East.

To keep pace with the growing population as well as an increasing urbanisation, countries such as Saudi Arabia and the United Arab of Emirates (UAE) are increasingly directing funds towards infrastructure development with a focus on education, healthcare, transportation and power generation.

Strong opportunities also exist in Asia. As Oberhelman states in his interview, there is vast demand for infrastructure projects in Indonesia, and the Indonesian government has issued a new economic 'master plan' with an emphasis on infrastructure projects. Indonesia's ports are overstretched, its electrical grid is inadequate, and its road system is one of the least developed in the region. The government has pledged $150 billion on infrastructure spending in the next five years. One significant factor that is allowing SMEs to grow in other emerging markets or fully developed markets is deregulation.

Several governments are shifting from the state owned industry model to one anchored on privatisation. Government deregulation in many industries provides a catalyst for growth. Deregulation changes what had been tightly controlled and regulated industries into competitive markets (Mahon and Murray, 1981). This change allows for more opportunities for SMEs to grow within newly deregulated countries.

This special issue showcases articles that highlight entrepreneurial strategies in emerging markets.

In the paper authored by Daria Volchek, Daria Podmetina, Sami Saarenketo and Ari Jantunen, the authors take a novel approach by modifying Ansoff's (1957) growth, share matrix into the following categories (domestic replication, domestic innovators, international replicators, and domestic replicators). In their study, they found that firms that stress international innovation and international replication tended to grow faster than firms that stressed domestic growth.

The choice of the growth strategy by SMEs does not solely explain either the firm's realised growth or its profitability. The impact of the strategy chosen is intertwined with the influence of other explanatory variables, such as regional location and the knowledge-intensity of the firm.

The authors found that SMEs which were higher knowledge-intensive firms achieved higher sales growth, as well as higher returns on sales and assets. The international environment is often very complex and rapidly changing (Brooks et al., 2011). As such, SMEs may use strategic alliances to reduce risk but still acquire positions within emerging markets.

Strategic alliances provide for firm growth while reducing risk. In their study of an international alliance, authors Akmal S. Hyder and Desalegn Abraha examine growth in a highly turbulent environment. By their very nature, emerging markets are more turbulent than fully developed markets. In international markets, it is important to deal with the complexities of the market and to ensure that local hindrances do not complicate or stop growth. By engaging local partners, an alliance can minimise the impact of market turbulence.

An alliance with international firms requires an assessment of what large customers need in this type of an environment. SMEs create the capabilities within the alliance to satisfy these customers' needs.

Several authors address expansion of firms in emerging markets from a resource-base view (RBV) perspective. The RBV provides opportunities to understand the growth and sustainability of SMEs once they enter international markets. The RBV of the firm holds that it is not the resources which are of importance. It is how these resources are used which determines their value to a firm over time (Penrose, 1959; Moran and Ghoshal, 1999). Strategic flexibility is a key factor of the RBV. Several of the contributing authors take the position that due to their inherent flexibility, SMEs should be more able to rapidly adapt to international markets either by escalating their position or withdrawing from the markets when local conditions change (Agndal and Chetty, 2007).

The contributing authors take the position that entries of SMEs into international markets generate sales and profits. This will, on the one hand, increase the resources available for further expansion into the same or other international markets. In addition, successful entry into additional international markets may be easier because of the learning that takes place as a result of the initial international market entry.

The articles suggest that growth via acquisition is also a possibility for SMEs to develop positions within international markets. Growth via acquisitions is more of a 'Big Step Hypothesis' approach. On the upside, acquisitions come with fully developed infrastructures which can be leveraged for additional acquisitions within international markets.

In addition, target firms come with an established customer base. Firms which are acquired may have an established customer base in other international markets. In addition, sales executives provide an understanding of customer and competition which SMEs would not have access to via other modes of entry.

This special issue offers key concepts and insights that advance strategic thinking in emerging markets. While in most cases a tailor-fit approach is required for a successful entry in a foreign nation, lessons learned from similar markets offer points of consideration in planning for business success in other emerging markets.

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