Editorial

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Biographical notes: Murali D.R. Chari is an Associate Professor at the Lally School of Management, Rensselaer Polytechnic Institute. His research interests are on topics at the intersection of strategic management and international business. One of his ongoing research programs deals with strategies of emerging economy firms and strategies for succeeding in emerging economies. His research has been published in various journals including the *Strategic Management Journal*, *Journal of International Business Studies*, *Journal of World Business* and *Management Science*.

Emerging economy firms have been internationalising their operations rapidly. For example, FDI by firms from countries classified as developing and transition economies has grown eight-fold from about 5% of all FDI in 1990 to about 40% of all FDI in 2014 (UNCTAD, 2015a). Similarly, the number of cross border (CB) M&As by acquirers from developing and transition economies has grown nearly four-fold from about 4.9% of all CB M&As in 1990 to a little over 19% of all CB M&As in 2014 (UNCTAD, 2015b). Along with the greater internationalisation, these firms have also increased their competitiveness. For example, firms from developing and transition economies made up a meager 4% of the largest 500 industrial companies in 1995 (The Fortune Global 500 firms), but this number has grown to about 31% by 2014. In addition, most developing and transition economy firms on the 1995 Fortune Global 500 list were in primary sectors such as oil and power generation. Firms from these economies in the 2014 list, however, had broken into a much broader range of industries, including several high-tech industries such as aerospace and defence, electronics and electrical equipment, engineering and construction, computers and office equipment, industrial machinery, network and communication equipment, pharmaceuticals, and chemicals (Fortune, 2014).

The rapid internationalisation of emerging economy firms presents scholars with the opportunity to re-examine and extend our understanding of how firms internationalise (Chari, 2013; Cuervo-Cazurra, 2012; Luo and Tung, 2007; Ramamurti and Singh, 2009). Similarly, the rising competitiveness of emerging economy firms provides opportunities to learn how firms enhance or upgrade their competitiveness. Extant research, for example, has shed light on various competencies that are critical for enhancing firm competitiveness, and the various processes through which emerging economy firms upgrade these competencies (Bartlett and Ghoshal, 2000; Chari, 2015; Mathews, 2002).

Scholarship in these two areas (internationalisation and competitiveness of emerging economy firms) is still evolving with plenty of room for more work. This special issue was commissioned to add to the evolving body of research in these two areas. This special issue represents the culmination of over a year of work by authors, reviewers, myself, and the journal staff, and contains six papers. The papers make original contributions which I believe usefully extend our understanding of internationalisation and competitiveness of emerging economy firms.

The first paper in the special issue, by Roth and Banalieva, studies the internationalisation propensities of SMEs from economies that are transitioning from communist systems. The study shows that the imprinting effects of the SMEs' institutional environment during their founding has an important effect on the SMEs' internationalisation propensity. An interesting finding from this paper is that a longer communist legacy (i.e., operating longer under the communist institutional regime) increases a SME's internationalisation propensity. The authors argue that this is because a longer communist legacy unlocks the entrepreneurial mechanisms of self-help which enable firms to internationalise once the economy transitions.

The second paper in the special issue, by Yuan and Pangarkar, studies the drivers of international location choices of Chinese firms. It is well-known in the literature that such choices are influenced by a firm's own experience and the experiences of similar firms. This study adds to our understanding by finding that the influence of these factors is lower for more international firms and for firms in high-technology industries. Greater internationalisation, the authors explain, enable the firm to develop sufficient knowledge and adaptability required to establish operations in new locations. The rapidly changing environment characterising high-technology industries, the authors contend, renders past strategies including location choices less relevant and hence promotes new location choices.

The third paper, by Vecchi, reports on an in-depth case study of two Chinese firms acquiring Italian manufacturing firms. Empirical studies with large data bases are common in the cross-border acquisitions literature. In-depth case studies are rare, but can shed greater light on the relatively newer phenomenon of cross-border acquisitions by emerging economy firms. This is because in-depth case studies can provide 'thick' descriptions of the circumstances surrounding the acquisitions and the post-acquisition experiences of firms. This paper provides such descriptive accounts and interesting insights into the circumstances surrounding acquisitions by emerging economy (Chinese) firms in an advanced economy (Italy), the reactions of competitors to these acquisitions, the dynamics surrounding post-acquisition integration, and the contributions of the acquisitions to the performance of acquiring and target firms.

The fourth paper in the special issue, by Joshi, examines entrepreneurial responses of existing firms in an emerging economy (India) after reforms change the competitive environment in the country. The paper develops a framework which predicts the type of initial entrepreneurial response based on the size of the firm and its market focus. The paper presents an interesting application of concepts and frameworks from the corporate entrepreneurship literature to the emerging economy context.

The fifth paper, by Jiang, Yang, Song and Annavarjula (2016), deals with how emerging economy firms catchup with the competitiveness of advanced economy firms with respect to their product development activities. While this paper draws on the link leverage and learn (LLL) framework of Mathews (2006), it extends the framework in some interesting ways. For example, the paper suggests that the 'links' consequential for catchup are not limited to those with foreign firms, but also include those with the home country government and industrial clusters.

The final paper in the special issue, by Ben Hamida and Khairallah, examines the productivity spillovers to Swiss firms from the presence of emerging economy firms in

Switzerland. The study is novel because spillover effects from the presence of advanced economy firms in emerging economies is the typical focus in the spillover literature. While emerging economy firms on average may not possess capabilities on par with advanced economy firms, their capabilities are in different areas and some emerging economy firms are rapidly upgrading their capabilities. Whether the presence of these firms in advanced economies can create spillover effects, therefore, is an interesting question. Ben Hamida and Khairallah (2016) find that the productivity spillovers depend on the motive (knowledge seeking versus knowledge exploiting) of the emerging economy firms and on the technological capacity of the local (Swiss) firms.

Acknowledgements

I would like to thank Professor Satyendra Singh for inviting me to guest edit this special issue.

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