
Editorial

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Biographical notes: Ali Taleb studied international strategies of multinational firms. His current focus is on developing markets as both the destination and the origin of multinational enterprises. His recent work and publications pertained to the non-market strategies of western multinationals in developing markets especially in the context of extreme events like Arab Spring, the dominant logics of location choices by multinationals from developing markets, and the comparative advantages of multinationals from developing markets that venture into upstream markets in more mature markets in developed countries.

Rick Molz has research interests in international business strategy, particularly in developing, emerging and transitional economies. He was the Co-Founder and Past Chair of the Montreal Local Global Research Group. He has published four books relating to international business and strategy, and more than 25 refereed journal articles. He has delivered invited guest lectures at the China Center for Public Sector Economy Research in Changchun China, and the Social Science Research Center (Wissenschaftszentrum Berlin für Sozialforschung). He has had guest lecturing and research positions at universities in Austria, Germany, Tunisia, Czech Republic, India, Poland and the United States.

Together, we have been intrigued by firms from emerging markets for more than 15 years. In the early 2000s firms from emerging markets, when viewed from the perspective of scholars in the advanced Asian economies, Canada, the USA or Western Europe viewed such firms with curiosity and quandaries of how to understand them. Were they like firms from developed economies, only wrestling with unique contexts? Were they handicapped such that they would flounder as they grew and began to attempt internationalisation? Was the paucity of managers trained in our developed market business schools a fatal limitation?

Today, we know that firms from developing markets are thriving and exceeding expectations from the early 21st century. We now know that firms from developing markets have been able to not only compensate for limitations of the developing market context, but have been able to leverage their local situation into a competitive advantage, one that firms from the developed market economies struggle to match.

This special issue includes five papers that directly investigate the theme of the issue. Collectively, the five supports the premise that firms in developing markets are different from those in developed markets, and this difference can be a source of competitive advantage through different mechanisms. One mechanism is the *focus on the local market*, as demonstrated in 'Environmental strategies in emerging markets as a source of competitive advantage'. Developing a strategic sensitivity and focus on the local conditions can be generalised into a strategic capability that is applicable when a firm competes in different developing markets.

A second mechanism is the uniqueness of the *entrepreneurial context of the developing economy* as a mechanism to enhance competitive advantage. Two papers address this issue, 'Emerging differently: an examination of entrepreneurial optimism in emerging economies', and 'Effects of entrepreneurial opportunity on socio-economic development and economic competitiveness'. The first shows that in developing economies entrepreneurial optimism is more likely to lead to success than the comparable situation for an entrepreneur in a developed market. The second paper shows the symbiotic effects of entrepreneurial opportunity, socio-economic development and economic competitiveness in developing economies, with the implication these effects are different from and more salient in developing markets than developed economies.

A third mechanism is the *power of market reforms in a developing economy* to develop competitive advantage. The paper 'The effect of transformational obstacles on new product development by emerging market firms' builds on 'Effects of entrepreneurial opportunity on socio-economic development and economic competitiveness' by showing that market reforms can reduce transformational obstacles, enabling emerging market firms to develop a competitive advantage when it comes to new product development, which is particularly relevant to the local economy, supporting the premise of the first paper, environmental strategies in emerging markets as a source of competitive advantage.

A fourth mechanism is that the *interaction of unique firm attributes and domestic institutional structure can enhance a firm's capabilities*. The paper 'Examining how firm and institutional factors affect lean capability development of emerging market firms' shows that this interaction can enhance the firm's internationalisation, and is related to the firm improving internal human capital development and lean capabilities.

Collectively these papers show that firms from emerging markets are in a unique position to develop competitive advantages, based on the different internal and external situations of such firms, particularly when compared with the more stable, mature and less dynamic contexts of the developed economies.

The research methodologies utilised in the five papers are all appropriate to the research questions being investigated. One of the papers uses a rigorous comparative case analysis, while the other four use quantitative analysis and databases. Papers carry out analysis at the firm level, firm/individual level, firm/country level, and multilevel analysis. Three of the papers focused on one, two or three countries (Brazil, Laos, Kenya, China or India) and two of the papers used data samples from 30 or more nations.

This special issue has achieved its objective of exploring the relationship between developing market firms and competitive advantage. We wish to thank all those who submitted papers for consideration in the special issue, and Dr. Satyendra Singh, the senior editor of the *International Journal of Business and Emerging Markets*, for his continued support and patience.