



INTRODUCTION

International expansion of emerging market enterprises: A springboard perspective

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Abstract

In this article, we present a springboard perspective to describe the internationalization of emerging market multinational corporations (EM MNEs). EM MNEs use international expansion as a springboard to acquire strategic resources and reduce their institutional and market constraints at home. In so doing, they overcome their latecomer disadvantage in the global stage via a series of aggressive, risk-taking measures by aggressively acquiring or buying critical assets from mature MNEs to compensate for their competitive weaknesses. We discuss unique traits that characterize the international expansion of EM MNEs, and the unique motivations that steer them toward internationalization. We further delineate peculiar strategies and activities undertaken by these firms in pursuit of international expansion, as well as internal and external forces that might compel or facilitate their propulsion into the global scene. We finally explain the risks and remedies associated with this international 'springboarding' strategy and highlight major issues meriting further investigation.

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Introduction

The past two decades have witnessed rapid growth and remarkable transformation in emerging economies. According to the World Investment Report 2005 (UNCTAD, 2005: 34), of the top six most attractive global business locations five are emerging economies (China, India, Russia, Brazil, and Mexico). Unlike the early path of internationalization for multinational enterprises (MNEs) from advanced markets (e.g., US, Europe and Japan) and newly industrialized economies (e.g., Korea, Singapore, Hong Kong and Taiwan), emerging economy enterprises have benefited tremendously from inward internationalization at home by cooperating (via original equipment manufacturing (OEM) and joint venture in particular) with global players who have transferred technological and organizational skills, allowing emerging market enterprises to undertake outward internationalization later in some unconventional ways. Although developed country MNEs remain the major source of outward foreign direct investment (FDI) today, outflows from developing and emerging economy MNEs have significantly risen, from a negligible amount in the early 1980s to \$83 billion in 2004, or 11% in world stock, with active engagement in a large number of cross-border mergers and acquisitions (UNCTAD, 2005: 8).

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