

The decision-maker role in emerging market expansion choices

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Declaration

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

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Contents

Declaration	i
1. Journal choice.....	1
2. Literature review	2
2.1. Introduction	2
2.2. Internationalisation motives.....	7
2.3. Internationalisation process	8
2.4. Internationalisation decision	10
2.5. Evolution of managerial internationalisation mindsets.....	12
2.6. Internationalisation and the decision maker	13
2.7. Decision maker’s propensity to internationalise	15
3. Research methodology.....	17
3.1. Rationale for the chosen research methodology.....	17
3.2. Population	19
3.3. Unit of analysis.....	19
3.4. Sampling methodology and size	19
Table 2: Profiles of the EMNE leaders who were interviewed	20
3.5. Measurement instrument.....	21
3.6. Data validity, reliability and generalisability	21
3.6.1. Validity.....	22
3.6.2. Reliability.....	23
3.6.3. Generalisability.....	24
3.7. Data gathering process	24
3.8. Analysis approach	25
3.9. Limitations.....	26
References	27
4. Questionnaire.....	34

List of figures:

Figure 1: Schematic representation of literature review 8

Figure 2: The 1977 Basic Mechanism of Internationalisation – the original Uppsala Internationalisation Model (Johanson & Vahlne, 1977) 13

Figure 3: The business network internationalisation process – the revised Uppsala Internationalisation Model (Johanson & Vahlne, 2009) 14

Figure 4: Knowledge domains based on international business models (Maitland & Sammaritino, 2015) 18

List of tables:

Table 1: Decision modes, character of information used, and network attachment (Child & Hsieh, 2014) 16

Table 2: Profiles of the EMNE leaders who were interviewed 23

Table 3: Terminology and criteria used to evaluate the credibility of research findings (Noble & Smith, 2015) 26

Table 4: Interview questions 28

1. Journal choice

When deciding which journal to select for submission, a few criteria were considered. The first was credibility, as it would demonstrate the relevance and applicability of the submission. It would also be evidence of the rigor with which the editorial and peer review process is implemented.

The second consideration was the potential for impact. It was important that the journal selected had commitment from the editorial team to disseminate the article content as widely as possible. The motivation for this criterion was the desire to share knowledge that will assist current and future leaders by validating some of their unorthodox approaches when expanding into emerging markets.

The third and final criterion considered was the history of the journal. It was important to select a journal with a record of continuous publication, demonstrating that the journal had remained relevant over time.

When considering the above-mentioned criteria, the Management Decision Journal was chosen. The journal is blind peer reviewed and has been ranked number two since 2015 by the Association of Business Schools (ABS). The journal also publishes widely on topics including International Management and Organisation, which is a theme the article for submission addresses. Finally, the journal was founded in 1963, making it the oldest and longest-running journal focused explicitly on management, and demonstrating a longstanding history in academic publication.

2. Literature review

2.1. Introduction

Hennart (2012) classified emerging markets as the BRICS and VISTA countries, namely Brazil, Russia, India, China, South Africa, Vietnam, Indonesia, Turkey, and Argentina, as well as Mexico and Thailand (Hennart, 2012; Winterhalter, Zeschky, Neumann & Gassmann, 2017). Dutt, Hawn, Vidal, Chatterji, McGahan and Mitchell (2016) expanded the scope of emerging markets by defining them as markets where basic institutional pillars (capital markets, legal systems, labor markets, commercial institutions, etc.) could be classified as being in an early, or transitioning into an intermediate, phase of development. Multinationals from these markets, commonly referred to as Emerging Market Multinationals (EMNEs), have begun to hold interests in foreign markets in competition with Multinational Enterprises (MNEs) from more developed markets (Grewal, Saini, Kumar, Dwyer & Dahlstrom, 2018; Hennart, 2012; Lebedev, Peng, Xei & Stevens, 2015).

EMNEs contributed to 37% of global mergers and acquisitions (M&As) in 2013, valued at \$129 billion (Lebedev et al., 2015). These EMNEs possessed Firm Specific Advantages (FSAs) that differed to those possessed by MNEs (Grewal et al., 2018; Meyer & Peng, 2016). These FSAs included the ability of an EMNE to acquire resources using political networks, which increased their knowledge base, and in some cases led to improved radical innovations (Kotabe, Jiang & Murray, 2014; Holmes, Zahra, Hoskisson, DeGhetto & Sutton, 2016). The innovations referred to would not have otherwise been possible, due to organisational and resource constraints (Kotabe et al., 2014).

According to Hennart, Hernandez and Guille (2018), these EMNE FSAs were not sufficiently considered in current models and existing theoretical frameworks, despite the important role they played in a decision maker's choice to internationalise (Beugelsdijk, Kostova, Kunst, Spadafora & van Essen, 2018; Grewal et al., 2018; Ma, Wang & Li, 2017; Maitland & Sammartino, 2015). Pananond (2015) added that EMNEs may not be as independent as MNEs in their internationalisation decisions, however, as they were often part of the global value chain of an MNE and internationalised by virtue of that position.

Classic internationalisation theory was developed in the 1960s and 1970s, based on observations of the new phenomena which were then multinational enterprises (MNEs). The theories explored how MNEs functioned, not necessarily how they had become MNEs. Emerging market enterprises (EMNEs) offered the unique opportunity to explore how enterprises became MNEs. The word “emerging” was an important distinction for why EMNEs should be studied as separate enterprises to MNEs (Grewal et al., 2018; Hernandez & Guille, 2018; Ma et al., 2017; Meyer & Peng, 2016; Pananond, 2015).

An ongoing debate deliberated whether existing MNE expansion theories could explain the relatively new phenomenon of EMNEs expanding into new markets. The debate explored: (1) whether or not current theories on MNE expansion applied to EMNEs; (2) if current theories needed to be modified by adding boundary conditions peculiar to EMNEs; (3) whether current theories needed some underlying assumptions modified; and (4) if new theoretical frameworks needed to be developed in their entirety (Grewal et al., 2018; Hennart, 2012; Hernandez & Guille, 2018; Pananond, 2015; Peng, Lebedev, Vlas, Wang & Shay, 2018). There were advocates for all four schools of thought, although they were not evenly dispersed.

Related to this, research into the internationalisation of EMNEs’ decision-making processes, especially in the small and medium-sized enterprise (SME) category, was growing (Azam, Boari & Bertolotti, 2018; Child & Hsieh, 2014; Hennart, 2012; Lebedev et al., 2014; Maitland & Sammartino, 2015). The research was still emergent however, as information on emerging markets was reported to be limited and suboptimal, due in part to the lack of developed institutions that should provide unbiased and empirical information and infrastructure to support internationalising EMNEs (Dutt et al., 2016; Eberhart & Eesley, 2018; Grewal et al., 2018; Holmes, 2016; Ma et al., 2017). This lack of optimal institutions had seen an increase in institutional intermediaries that filled institutional gaps, which at times caused conflict with the limited institutions that existed in emerging markets (Eberhart & Eesley, 2018; Holmes, 2016).

Furthermore, the lack of institutions also assisted in developing FSAs, which was due to mitigating against institutional voids (Doh, Rodrigues, Saka-Helmhout & Makhija, 2017; Grewal et al., 2018). With institutions either lacking or sub-optimal, firms found alternative ways to develop that are specific to emerging economies (Dutt et al., 2016; Holmes, 2016). Doh et al. (2017) proposed that institutional voids presented both challenges and, more importantly, opportunities. This further suggested a reason why EMNEs should be considered separately to MNEs.

It was further proposed that the function of MNEs' decision makers in expansion strategies was insufficiently considered in the internationalisation decision-making process. It was argued that the managers or decision makers themselves could intentionally influence an enterprises' growth path, stemming from how the individual identified and connected elements within and across their personal knowledge domains (Azam et al., 2018; Beugelsdijk et al., 2018; Jiang, Ananthram & Li, 2018; Ma et al., 2017; Maitland & Sammartino, 2015; Reuber, Knight, Liesch & Zhou, 2018).

The limited institutional support available to internationalising firms in emerging markets, which has a bearing on how a decision maker views an internationalisation decision, could be substituted for by firms attaching themselves to reciprocal networks (Grewal et al., 2018; Johanson & Vahlne, 2009; Pananond, 2015). Montoro-Sanchez, Diez-Vial and Belso-Martinez (2018) defined networks as an interconnection between two or more companies, competitors, suppliers and private or public support entities (Doh et al., 2017; Montoro-Sanchez, Diez-Vial & Belso-Martinez, 2018). The applicability of these assertions was under explored in emerging markets (Grewal et al., 2018).

Numerous authors have drawn a distinct link between a decision maker's information (including their knowledge domains) and their attachments to reciprocal networks (Ahi, Baronchelli, Kuivalainen & Piantoni, 2017; Chandra & Wilkinson, 2017; Child & Hsieh, 2014; Hohenthal, Johanson & Johanson, 2009; Kano, 2017; Meyer & Peng, 2016; Turkina & Van Assche, 2018). These authors suggested that an enterprise's decision maker could use the information gained from these networks to inform their internationalisation decisions.

Johanson and Vahlne (2009) further added that it took up to five years and a considerable amount of managerial effort to form reciprocal networks. These networks ultimately facilitated the acquisition of information that could lead to the decision to internationalisation (Kano, 2017). Kano added that it was more beneficial to a firm's product and process improvement to have fewer participants in a network with high quality ties, than to have many participants with weak ties.

Reciprocal networks formed as a result of a prolonged and systematic building of knowledge and trust by managers and decision makers. Hohenthal, Johanson and Johanson (2014) demonstrated that even a single business relationship in a network

could play a decisive role in the internationalisation of a firm (Monaghan & Tippmann, 2018).

Managerial relationships were thus a necessity for business success in emerging markets (Doh et al., 2017; Holmes, 2016; Meyer & Peng, 2016). Child and Hsieh (2014) noted that decision makers created the conditions for organisational learning by their attachments to formal and social networks. These conditions facilitated strategic input to the firm's knowledge base, which in turn informed their internationalisation strategy (Ahi et al., 2017; Battaglia, Neirotti, & Paolucci, 2018; Chandra & Wilkinson, 2017; Child, Hsieh, Elbanna, Karmowska, Marinova, Puthusserry & Zhang, 2017; Child & Hsieh, 2014).

Informal networks had also been empirically proven to be a source where especially complex and risky ideas and issues were shared (Kano, 2017). Specific consideration was thus given to the decision maker's network attachment and the information they used to trigger an internationalisation decision, by the author.

The internationalisation process of an EMNE was either reactive or proactive. The less information on the business environment of the network a decision maker had, the more reactive they were in the internationalisation decision making process. Conversely, decision makers became more proactive in the process as they gained more experience and actively sought out information from the networks they were attached to (Ahi et al., 2017; Battaglia, 2018; Chandra & Wilkinson, 2017; Child & Hsieh, 2014; Holmes, 2016).

Johanson and Vahlne (2009) argued that networks were not location or market specific. Instead, they proposed that the position in a network was a greater determinant for internationalisation than geographic market entry (Johanson & Vahlne, 2009; Pananond, 2015; Pisani & Ricart, 2018). These assertions added to the notion that network attachment was an essential requirement for successful internationalisation (Doh et al., 2017; Forsgren, 2016; Grewal et al., 2018; Holmes, 2016; Johanson & Vahlne, 2009; Kano, 2018; Meyer & Peng, 2016; Pisani & Ricart, 2018).

Contrary to these insights, Child and Hsieh (2014) observed that MNEs in traditional sectors such as manufacturing initially did not perform as well as incumbents in a new territory. This was attributed to the incumbents having existing relationships with customers, suppliers, regulators and other enablers in the local country (Child & Hsieh, 2014; Montoro-Sanchez et al., 2018). The assertion that network attachments

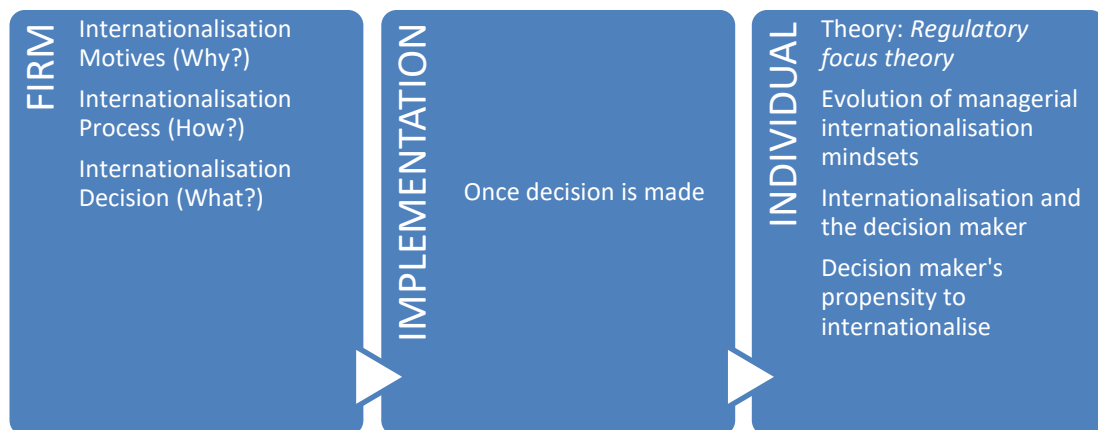
superseded market entry held true for knowledge intensive enterprises and knowledge-based enterprises (Child et al., 2017; Child & Hsieh, 2014; Holmes, 2016). Knowledge intensive enterprises were highly dependent on intangible intellectual property (IP) for their core offering, while knowledge-based enterprises were almost completely dependent on IP for their core offering.

'Network attachment' and 'information used' were inseparable concepts in an internationalisation decision. The networks in which a firm was embedded provided the key sources of information for the enterprise, including information that was used to signal that an important strategic decision, such as expanding into a new market, needed to be made (Ahi et al., 2017; Battaglia, 2018; Child & Hsieh, 2014; Grewal et al., 2018; Holmes, 2016; Kano, 2018).

Network attachments could therefore be viewed as both formal and informal relationships, through which a firm could connect and integrate in order to acquire and access information that would form a critical knowledge pool, as well as provide signals for decision making (Child & Hsieh, 2014; Doh et al., 2017; Grewal et al., 2018; Holmes, 2016). 'Network attachment' was different to 'networking', as networking was the process of building up the network that an enterprise could be attached to (Ahi et al., 2017; Child & Hsieh, 2014; Grewal et al., 2018).

The second element, 'Information used', was viewed as data in any format that had been extracted in order to enhance knowledge. Knowledge was viewed as information that had been validated from the knowledge holder's perspective and allowed the knowledge holder to use it to take action (Ahi et al., 2017; Child & Hsieh, 2014). There was thus a distinction between information and the knowledge used to inform the firm's knowledge pool. Johanson and Vahlne (2009) further explained that trust was an essential ingredient for learning and acquiring new knowledge. The only substitute for knowledge was a trusted relationship within the enterprises network, where certain operational aspects could be delegated to other members of the network (Johanson & Vahlne, 2009; Kano, 2018; Pisani & Ricart, 2018).

Figure 1: Schematic representation of literature review



2.2. Internationalisation motives

In their seminal work which led to the development of the Uppsala Internationalisation Process Model, Johanson and Vahlne (1977) asserted that the underlying motive of a firm's internationalisation strategy was to increase long-term profit, which was equivalent to growth (Johanson & Vahlne, 2009. Ozturk, Joiner and Cavusgil (2015) expounded on these assertions by suggesting that international firm growth occurred in relation to external market factors such as human capital and other macro-economic indicators. Furthermore, additional factors that influenced company profit growth were continuously building business credibility, growing revenues, technological advancements, organisational structure and global orientation (Contractor, 2012; Hernandez & Guillen, 2018; Hohenthal et al., 2013; Johanson & Vahlne, 2016; Ozturk et al., 2015)

Dunning and Lundan (2008) continued to build a case for the motivation of a firm to internationalise by differentiating between vertical and horizontal internationalisation. These forms of internationalisation were based on whether a firm was market seeking (horizontal integration) or efficiency and natural resource seeking (vertical integration). Both MNEs and EMNEs were also motivated to undertake expansion strategies in order to gain intangible assets such as brands, knowledge and technology. This was known as strategic asset seeking integration (Dunning & Lundan, 2008; Hernandez & Guillen, 2018; Pananond, 2015).

Despite the appealing motives for undertaking international expansion, numerous challenges faced multinationals pursuing an internationalisation strategy. MNEs that expanded into new markets were not always profitable, nor did they always achieve the

gains associated with market expansion (Contractor, 2012; Marano, Arregle, Hitt, Spadafora & van Essen, 2016).

Some challenges faced by MNEs that were expanding into new markets were their fundamental, but little understood, investment decisions, as well as the 'liability of foreignness' and the 'liability of outsidership' (Dutt et al., 2016; Johanson & Vahlne, 2009; Monaghan, Gunnigle & Lavelle, 2013). This caused great uncertainty, especially as the world, and consequently markets, became more interconnected (Monaghan et al., 2014).

Liability of foreignness was the disadvantage a firm faces when expanding into a new geography, specifically because the enterprise came from a different location, while liability of outsidership referred to the challenges faced by a firm that did not belong to a relevant network (Johanson & Vahlne, 2009; Forsgren, 2016).

Forsgren (2016) proposed that the liability of outsidership could be overcome by being embedded in an enabling, although sometimes constraining, business network, which allowed the enterprise to strengthen its internationalisation strategy by improving its relationship within the network (Kano, 2018; Pananond, 2015).

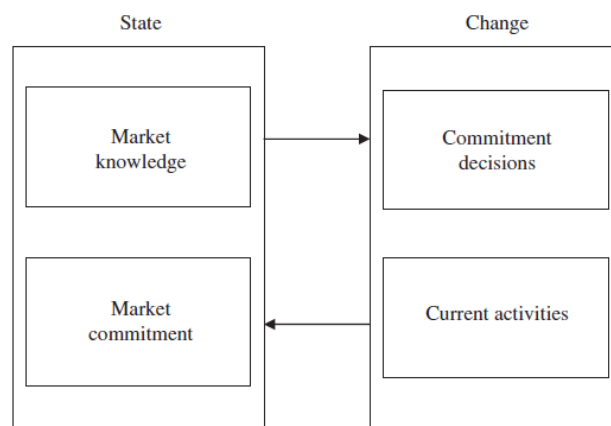
2.3. Internationalisation process

It was initially believed that firms decided on the best-suited international market mode of entry by considering their costs and perceived risks, as well as by looking at their internal resources, before pursuing an internationalisation strategy. Johanson and Vahlne (1977) found empirical evidence that the international market entry mode seemed to be more ad hoc however, which led to the development of the initial Uppsala Internationalisation Model (see Figure 2).

It was found that an activity (usually sales) would start to increase in a new geography. As this activity increased, the firm would formalise their presence in the foreign market following an establishment chain. The establishment chain warranted the appointment of a local agent for sales. As sales grew, the agent would be replaced by the local company's salesforce. The next step would be to establish manufacturing plants in the foreign country in order to overcome any trade barriers in place (Johanson & Vahlne, 1977; Monaghan & Tippmann, 2018). This process was viewed as vertical expansion and gained much traction in the 1960s and 1970s when classic internationalisation theory was developed (Hernandez & Guillen, 2018).

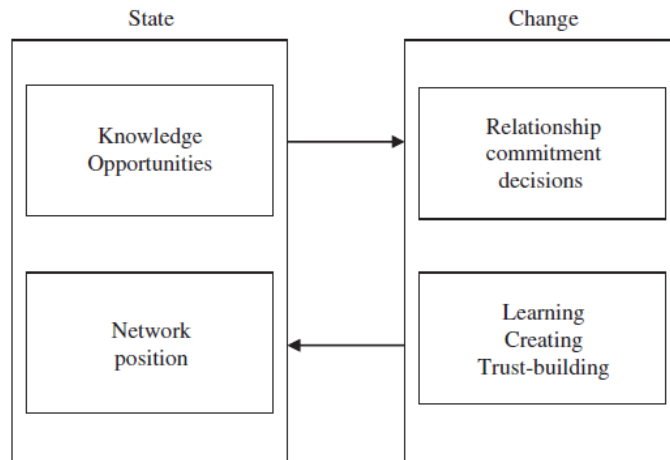
Another pattern observed was that the local enterprise generally entered foreign markets that had close psychic distance to the country where the expanding firm originated. Psychic distance was defined as peculiarities that made it challenging to understand the foreign market. Gradually, markets with further psychic distance would be entered (Johanson & Vahlne, 1977).

Figure 2: The 1977 Basic Mechanism of Internationalisation – the original Uppsala Internationalisation Model (Johanson & Vahlne, 1977)



Due to changes in the business and regulatory environment, Johanson and Vahlne (2009) revised their original Uppsala model (see Figure 3). The main revision made was that challenges faced by internationalising firms became less about the country being entered into, and more about the relationships across the firm's networks (Monaghan & Tippmann, 2018; Pisani & Ricart, 2018).

Figure 3: The business network internationalisation process – the revised Uppsala Internationalisation Model (Johanson & Vahlne, 2009)



The new insight shared by the revised model were the acknowledgement that markets were never in equilibrium. This meant that knowledge opportunities were always present and allowed a firm to take advantage of new developments. These opportunities were exposed by network “insidership” (Forsgren, 2016; Johanson & Vahlne, 2009; Monaghan et al., 2014; Monaghan & Tippmann, 2018; Pisani & Ricart, 2018). Insidership, which gave the decision maker access to the network’s knowledge, was the primary base that provided information which could trigger the business internationalisation process.

2.4. Internationalisation decision

Building on the Johanson and Vahlne model, which has been further revised to include business network and entrepreneurship theory (Forsgren, 2016; Johanson & Vahlne, 2009; Pisani & Ricart, 2018), Child and Hsieh (2014) proposed that there may be an identifiable and distinct way in which the internationalisation decision was reached. The authors proposed that three distinct categories should be considered when deciding to internationalise an enterprise, namely decision modes, information used and network attachment (see Table 1) (Ahi et al., 2017).

The decision mode was the way in which a firm took a decision; it was informed by the decision maker and, to some extent, the company culture. The first decision mode categorised by the authors was reactivity. Reactive firms made decisions by responding to changes in their immediate environment or an immediate occurrence of a situation that may affect them. They were generally conservative and lacked a long term and consistent strategy (Ahi et al., 2017; Child & Hsieh, 2014).

The second type of firm, those that took decisions incrementally, could also be described as conservative. They evaluated various possible options at every potential decision phase in order to avoid any negative consequences. These firms generally only made limited and incremental changes to strategy, especially when considering internationalisation, as they viewed this strategy as highly risky, with limited information to make decisions (Ahi et al., 2017; Child & Hsieh, 2014).

Firms that took decisions in bounded rationality were the third consideration. These firms were typified by being more rational in their decision making in that they set goals and aspirations, which then guided their course of action. Limited relevant information caused by various factors may have somewhat hampered goal achievement, but information that could be accessed was used to pursue aspirational goals by decision makers in firms with a bounded reality orientation (Ahi et al., 2017; Child & Hsieh, 2014; Kano, 2017).

Although there was growing recognition that suggested that MNE decision makers used intuition to make an investment decision (Ahi et al., 2017; Child & Hsieh, 2014), the information attained by the decision maker prior to making the decision played a significant role in the decision-making process. Networks seemed to be used to compensate for any lack of information and institutions (Eberhart & Eesley, 2018; Ma et al., 2017), and became more important as information about the country being expanded into became more irregular (Child & Hsieh, 2014; Doh et al., 2017; Meyer & Peng, 2016).

The fourth and final firm decision mode category was real options reasoning. This decision mode was characterised by a highly rational decision-making mode, which was not attached to the notion that there was full and complete knowledge (as was the case in the bounded reality mode). It was a calculated way to manage the risk that was associated with incomplete knowledge, where decision makers found ways of reducing this risk and uncertainty when formulating strategy. Alternatives were still considered but were not limited to options where only complete or maximum information was at hand (Ahi et al., 2017; Child & Hsieh, 2014; Monaghan & Tippmann, 2018). Real options allowed decision makers to take immediate decisions, prolong a decision, or reverse a decision already taken. This was accepted as the normal course of doing business. Ultimately, real options allowed decision makers flexibility and more time to take calculated risks.

The table below provides a framework that represents the factors that interacted when an internationalisation decision was undertaken. The framework was developed for SMEs from both developed and emerging markets that were considering international expansion.

Table 1: Decision modes, character of information used, and network attachment (Child & Hsieh, 2014)

	Decision mode			
	Reactivity	Incrementalism	Bounded rationality	Real options reasoning
Information used				
Degree of codification	Largely uncodified, often artistic or tacit	Some codification of precedents as guide to decisions	Codified	Codified
Scope	Relatively narrow	Range limited to what is required for assessment against precedents	Bounded	Wide
Network attachment				
Few/many links	Few	Mid-range	Mid-range	Many
Approach	Reactive	Path-dependent and incremental extension	Deliberate but satisficing	Strategically proactive
Scope	Primarily domestic	Mixed	Mixed	Primarily international
Tie basis	Primarily social	Mixed	Business	Business

It was evident from Table 1 that the decision mode had an impact on the approach that would be taken to internationalise.

2.5. Evolution of managerial internationalisation mindsets

Further to the internationalisation decision making debate, Bartlett and Beamish (2018) suggested that there had been a gradual evolution in the internationalisation mentality of MNEs. The authors argued that the evolution had seen decision makers' mentality evolve over four stages. The first of these was the International Mentality, where managers were assigned abroad typically because they knew the local language or had previously lived outside of the home country. This mentality was characterised by "psychic distance" and limited the commitment of the international enterprise in its new country (Bartlett &

Beamish, 2018). Some decision makers had not moved on from this mentality as they still valued psychic closeness over gains that could be achieved by internationalising into markets that were psychically more distant. The main motive for this preference was that information on the foreign country was easier to obtain, interpret and use to take decisive action (Williams & Grégoire, 2015).

Bartlett and Beamish (2018) asserted that the next step in the evolution was the Multinational Mentality. MNEs showed great commitment to international markets as the markets became more important in the home company's growth and performance. Managers in these instances tended to be highly independent and entrepreneurial, and were typically nationals of the country. This fostered more commitment to the country into which the MNE had expanded.

Next in the evolution came the Global Mentality, which saw the standardisation of products and processes across multiple geographical locations as the espoused state. There was limited consideration for local needs and nuances, and these global organisations consolidated power and decision making to a central control centre, typically at the home base. They also generally had home base managers with overall responsibilities for worldwide operations. These MNEs became threatening to local governments and civil movements and thus faced resistance, which led to the current stage in the evolution – the Transnational Mentality (Bartlett & Beamish, 2018).

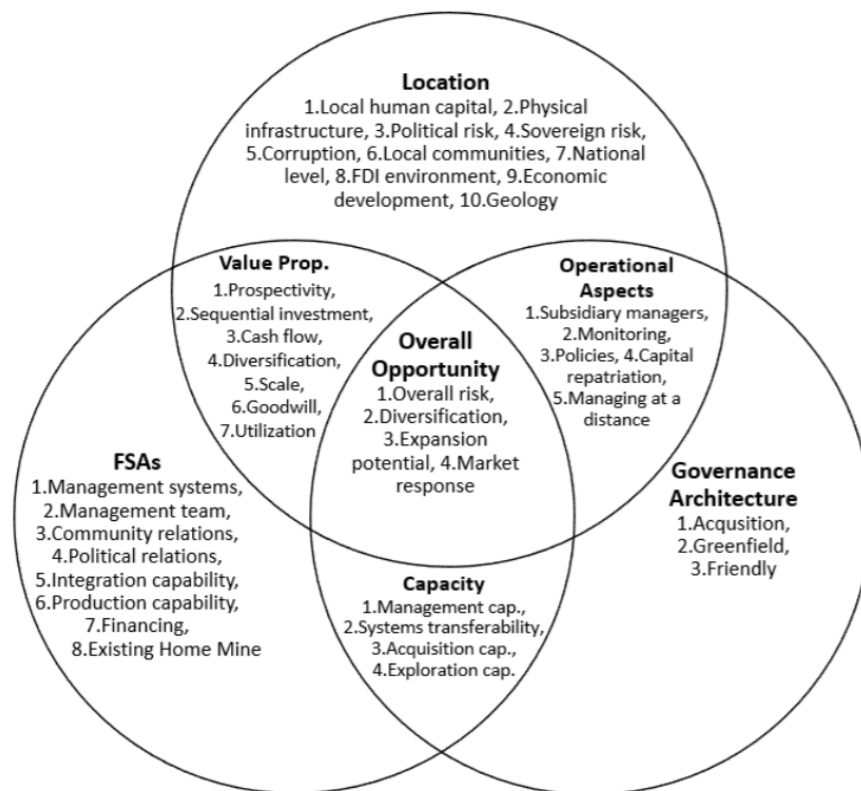
The Transnational Mentality saw MNEs being more responsive to local needs, while also keeping close ties to central headquarters. If this mental strategy was successful, it resulted in a firm which is effective in how it competes not only in the foreign country, but also globally. A successful Transnational Mentality was typified by managers who were skilled at coordinating various activities across geographies in order to achieve economies of scale, as well as operational and managerial efficiencies (Bartlett & Beamish, 2018).

2.6. Internationalisation and the decision maker

Drawing on the three internationalisation models, i.e. internalisation, the internationalisation process (IP) and institutional theory, Maitland and Sammartino (2015) suggested that the MNE decision makers in expansion strategies were underspecified in the internationalisation decision making process. They argued that the

decision makers themselves could intentionally influence their MNEs' growth path, stemming from how they identified and connected elements within and across their personal knowledge domains (see Figure 4) (Azam et al., 2018; Janssen, van der Voort, Wahyudi, 2017; Jiang et al., 2018; Maitland & Sammartino, 2015; Mueller, Melwani, Loewenstein, Deal; 2017; Reuber et al., 2018). In addition to this, it was believed that international experience was an essential factor in enabling decision makers to deal with internationalising strategies. There was particular applicability in emerging market expansion strategies, which are believed to be under researched (Hennart, 2012; Lebedev, Peng, Xie & Stevens, 2014).

Figure 4: Knowledge domains based on international business models (Maitland & Sammartino, 2015)



Some authors have claimed that international decision making expertise was determined by an individual's ability to identify the elements within the knowledge domains, connect these elements within and across domains, and identify inter-domain dependencies based on the domains they were able to connect (Beugelsdijk et al., 2018; Jiang et al., 2018; Ma et al., 2017; Maitland & Sammartino, 2015; Reuber et al., 2018). The more connections a decision maker could make between elements was indicative of their

internationalisation decision making experience and their confidence levels in making an international expansion decision.

It was incumbent upon managers to understand potential new markets and the cross-border transferability of FSAs (Beugelsdijk et al., 2018; Jiang et al., 2018; Maitland & Sammartino, 2015; Reuber et al., 2018). Typically, FSAs in developed markets included superior knowledge, products or marketing when compared to the new foreign market. Hernandez and Guillen (2018) observed that this was not always applicable in emerging markets, as FSAs such as agility, political skills and other distinctive skills made for a more compelling case for expansion. Acquiring FSAs comparable to the FSAs of MNEs was one of the reasons an EMNE considered internationalisation however (Ma et al., 2017; Hernandez & Guille, 2018).

2.7. Decision maker's propensity to internationalise

Regulatory focus theory proposed that organisational decision making and goal pursuit occur via two foci. The first was a promotion focus, which was the sensitivity to gains and a desire for advancement and growth. The second was a prevention focus, which was the sensitivity to losses and a desire for stability and security (Gamache, McNamara, Mannor & Johnson, 2015; Ashforth, Schinoff & Roger, 2015). Promotion focus saw the individual strive to become an ideal self, while the prevention focus saw the individual strive to be how they ought to be (Ashforth et al., 2015).

Ashforth et al. (2015) proposed that if there was a strategic decision to be made, such as the decision to expand into an emerging market, promotion focused individuals would be more biased towards risk taking, while prevention focused individuals would have a more conservative response bias. Gamache et al. (2015) added that CEOs with a strong promotion focus had higher aspirations for where they would like to take the firm, making them prone to internationalise by undertaking mergers and acquisitions, as well as making higher value Foreign Direct Investment (FDI) decisions, for personal achievement. The opposite was true for prevention focused CEOs.

The key themes that emerged from the literature review was that networks form a vital element of the strategic choices facing EMNE decision makers when they embark on internationalisation strategies (Child & Hsieh, 2014; Eberhart & Eesley, 2018; Ma et al., 2017; Meyer & Peng, 2016). Another theme was the either passive or proactive role the

decision maker played, depending on the information they had when embarking on an internationalisation strategy. Ultimately these factors inform the decision to internationalise.

The research went on to explore these themes in more depth in an emerging market context in order to build onto existing theory regarding the information used for internationalisation in emerging markets. The contribution this paper makes is providing empirical evidence that knowing the political environment and the relationships between influential players was specifically and critically important in the success of an EMNE internationalising into another emerging market for IP and services, while they play a less critical role for the manufacturing and retail industries. The more informed a decision maker was about these factors, the more they were likely to make an appropriate decision regarding their internationalisation strategy.

3. Research methodology

3.1. Rationale for the chosen research methodology

It has been observed that the field of international business lends itself well to qualitative research methods. Despite this method having been marginalised over time, there has been a recent endeavour to make more use of qualitative data in international business research (Birkinshaw, Brannen & Tung, 2011; Monaghan et al., 2014).

The objective of the research was to interpret the role of the decision maker within the context of an emerging market; interpretivists argue that there cannot be an understanding of the social world without interpreting it (Leitch, Hill & Harrison, 2009). Saunders, Lewis and Thornhill (2009) also explained that interpretivism advocates that it is necessary for the researcher to understand the differences between humans in their roles as social actors. Interpretivism as a philosophy was thus deemed the most appropriate philosophy to adopt, as it took into account that a decision maker's opinions are socially constructed, subjective and may change.

A deductive approach was taken to conduct the research, which allowed for the testing of previously developed theories in new contexts by using a research strategy specifically designed to test the theory (Saunders & Lewis, 2012; Ketokivi & Choi, 2014).

Five sequential stages were followed as informed by the deductive research approach, namely:

1. defining the research questions from existing theory;
2. formulating how the questions may be answered;
3. finding answers to these questions;
4. analysing the answers to determine if they supported the theory or if they suggested that a new theory needed to be developed; and
5. confirming the theory in a different context or modifying it considering new findings.

Ketokivi and Choi (2014) asserted that deductive research is appropriate for testing explicitly contextualised observations by using theory which has provided the logic for the research question. The researcher aimed to test theories, specifically the information used by the decision maker when expanding into an emerging market. Internationalisation theory was initially developed in developed economies, thus this research provided an opportunity to observe MNEs in an emerging market context.

A mono method in the form of a qualitative explorative study was used for the research project, as the objective was to examine the internationalisation concept in terms of what it means in emerging markets. Consequently, the outcome was the exploration of a specific concept in a specific context (Ketokivi & Choi, 2014).

Face-to-face interviews were held with the research sample, using a semi-structured questionnaire. The data were then codified and analysed using a computer-based analytical tool. Other data considered were credible business media sources, internal company documentation and websites, and external analyses in the form of published case studies in scholarly journals.

The project was explorative as the researcher aimed to seek new insights from the sample selected by assessing the research topic in new light (Saunders & Lewis, 2012). The questions asked were concerned with the effects of information used and network attachments in the EMNE decision maker's intention to expand into other emerging markets. The research aimed to accomplish this by asking questions and assessing the research topic in an emerging market context.

Although the internationalisation of MNEs is not new, the mindset of the decision makers warranted specific attention (Maitland & Sammartino, 2015) in order to gain new insights into the influencing factors of their commitment to entering emerging markets.

A semi-structured questionnaire was used to collect data from the defined sample by means of interviews. A concerted effort was made to make contact with the selected sample and have them complete the questionnaire face-to-face with the researcher. The interviews lasted 30 minutes on average. The semi-structured interviews were conducted in order to enable the researcher to maintain some consistency in terms of the key concepts covered by the questionnaires. The interview process also allowed the participants to add any additional information that they felt was relevant (Corbin & Strauss, 2015). The researcher was further afforded the opportunity to ask any additional questions, which added to the richness of the subject being explored and enhanced the data collected.

A cross-sectional time horizon was used because there was limited, if any, longitudinal data on the subject matter at hand. The researcher explored the topic at a particular

moment in time in order to test current theory in an emerging market context, which will allow for longitudinal studies for future researchers.

3.2. Population

The population used for the purposive selection of the sample was companies with evidence of operations in other emerging markets. Emerging markets were defined as markets where the basic institutional pillars (capital markets, legal systems, labour markets, commercial institutions, etc.) could be classified as being in an early phase of development, or transitioning into an intermediate phase (Dutt et al., 2016).

3.3. Unit of analysis

Top management has the ability and responsibility to influence, decide on and coordinate resources for a firm's strategic objectives. These include decisions on the structures, processes and procedures that result in the optimal performance of the organisation (Heyden, Sidhu & Volberda, 2015).

The internationalisation of an enterprise was viewed as a strategic objective, thus the unit of analysis for the research project was C-level executives or other senior managers with responsibility for the organisation's geographical market expansion.

3.4. Sampling methodology and size

Ritchie and Lewis (2003) stated that qualitative samples are usually small for three reasons, the first of which is that if the data were properly analysed, there would come a point where very little new evidence would be obtained from each additional unit of analysis. The second was that prevalence is not a concern of a qualitative study, and third, the type of information gathered in a qualitative study is rich in detail, which needs thorough exploration in smaller units in order to attain maximum benefit from the study.

According to Gentles, Charles, Ploeg and McKibbon (2015), 25 interviews are considered sufficient for a smaller research topic that is contained and does not explore open-ended topics such as human nature. This number of interviews is also acceptable if the findings do not contradict currently established research. Once data saturation is reached, additional interviews do not add any more insight to the subject being

researched. Based on this, the conclusion could be drawn that data saturation would demonstrate the validity of the result (Fusch & Ness, 2015)

The sampling method that was used was non-probability sampling with a combination of two techniques, purposive and snowballing. The researcher aimed to conduct 25 interviews with top managers within the sample companies. The research results were considered valid once data saturation was reached, which occurred after 17 interviews.

The purposive technique was used to ensure that access to top executives and senior managers was obtained. Referrals to the correct individuals in the chosen companies was thus critical. As per the literature reviewed, the companies selected were actively committed to expanding into other emerging markets.

Table 2: Profiles of the EMNE leaders who were interviewed

Job Title	Sector
Group Chief Executive Officer	Science
Managing Director (MD)	Oil and gas
Managing Director	Communications
Group Sales Director	Shipping and logistics
Group Chief Financial Officer	Shipping and logistics
Human Resources Manager: Africa	Retail
Head: HR and Legal Africa	Retail
Head of Sales (Sub-Saharan Africa – excluding South Africa)	Telecommunications
Senior Partner	Law
Group Executive	Communications
Business Development Manager: Africa	Multinational conglomerate
Regional Sales Director: Africa	Health technology
Managing Director	Travel management
Regional Director: Africa	Financial services

Director	Architectural design
Managing Director: Africa	Financial services (insurance)
Chief Operating Officer: Africa	Financial services (vehicle finance)

3.5. Measurement instrument

The measurement instrument used was a semi-structured questionnaire, which was the most appropriate research tool given the exploratory nature of the article. It afforded the researcher the flexibility to list themes and add or omit questions in particular interviews, according to the organisational context and flow of the conversation (Saunders et al., 2016).

3.6. Data validity, reliability and generalisability

A specific challenge faced by qualitative research is that it is often criticised for being biased, lacking scientific rigour, not being transparent, and having poor justification of the methods chosen. The results of qualitative research findings are also often criticised for being a collection of the researcher's biased opinions (Noble & Smith, 2015). It was therefore essential that care was taken to demonstrate the credibility of the outcomes of the research. The credibility of the findings was dependent on their validity, reliability and generalisability.

These concepts are defined in Table 3, along with the alternative terminology associated with them (Noble & Smith, 2015).

Table 3: Terminology and criteria used to evaluate the credibility of research findings (Noble & Smith, 2015)

Quantitative research terminology & application to qualitative research ⁴	Alternative terminology associated with credibility of qualitative research ⁵
<p><i>Validity</i> The precision in which the findings accurately reflect the data.</p>	<p><i>Truth value</i> Recognises that multiple realities exist; the researchers' outline personal experiences and viewpoints that may have resulted in methodological bias; clearly and accurately presents participants' perspectives.</p>
<p><i>Reliability</i> The consistency of the analytical procedures, including accounting for personal and research method biases that may have influenced the findings.</p>	<p><i>Consistency</i> Relates to the 'trustworthiness' by which the methods have been undertaken and is dependent on the researcher maintaining a 'decision-trail'; i.e. the researcher's decisions are clear and transparent. Ultimately an independent researcher should be able arrive at similar or comparable findings. <i>Neutrality (or confirmability)</i> Achieved when truth value, consistency and applicability have been addressed. Centres on acknowledging the complexity of prolonged engagement with participants and that the methods undertaken and findings are intrinsically linked to the researchers' philosophical position, experiences and perspectives. These should be accounted for and differentiated from participants' accounts.</p>
<p><i>Generalisability</i> The transferability of the findings to other settings and applicability in other contexts.</p>	<p><i>Applicability</i> Consideration is given to whether findings can be applied to other contexts, settings or groups.</p>

3.6.1. Validity

The researcher conducted an extensive literature review, which allowed her to clearly articulate the data required and design appropriate questions for the themes to be explored, thus increasing the research validity. This also ensured that the questionnaire had measurement validity, i.e. the questionnaire actually represented the reality that the researcher was measuring (Noble & Smith, 2015; Saunders et al., 2016).

Validity was further verified by external triangulation. Triangulation deals with the combination of different methods and data sources in a single study in order to gain a clearer picture of the subject matter being considered (Taylor, Bogdan & DeVault, 2015). The case studies that were used to select the companies to be interviewed were also considered against the research results in order to confirm consistency and hence validity. This was especially important as the case studies had undergone some form of academic rigor.

The measurement tool was piloted in order to ensure that it was amended and made as concise as possible in order to ensure that all ambiguities and vagueness were removed from the language and phrases used (Davies & Hughes, 2014). The researcher ran two pilot tests in order to refine the tool to the required specifications.

Content validity, which is the extent and precision to which the questionnaire covers the questions being investigated, was ensured through a careful definition of the research. This was based on an extensive literature review as well as prior discussions with subject matter experts on the decision of EMNE decision makers to expand into emerging markets (Saunders et al., 2016).

As this was a management behaviour research project, construct validity (the extent to which the measurement questions actually measure the presence of those constructs the researcher wishes to measure) was ensured by using a predefined data requirement table, detailing the data that needed to be gathered (Saunders et al., 2016). These constructs were formulated using Child and Hsieh's (2014) decision modes, the character of the information used, and the network attachment framework.

The researcher then ensured that the respondents understood the questions in the way in which they were intended to be understood. This was done by clearly outlining what the research article was about, in order for the respondents to answer the questions appropriately when decoding them. The questions were also articulated in the most self-explanatory manner possible. After the respondents answered each question, the researcher asked follow up questions if she was not clear about anything.

3.6.2. Reliability

Reliability was ensured by putting measures in place that would produce the same results if the research was conducted on a different occasion or if other researchers used the same method to conduct the research. It was important to demonstrate logical links between the data collected and the research conclusion (Nobel & Smith, 2015; Saunders & Lewis, 2012).

The questionnaire was crucial in ensuring that reliability was attained, thus the researcher used a semi-structured questionnaire. The structured part of the questionnaire assisted with achieving reliability in that it introduced some consistency to

the way in which the data were gathered. The researcher also remained mindful of the potential biases that may have existed, as they would threaten the reliability of the research findings if they were not mitigated against (Saunders & Lewis, 2012).

3.6.3. Generalisability

Generalisability means the degree to which the findings may be used across different contexts (Nobel & Smith, 2015). The generalisability of this research study was ensured by interviewing decision makers from more than one emerging market. The interviewees were also from a total of four nationalities, which somewhat mitigated against cultural biases.

3.7. Data gathering process

The data were collected via face-to-face interviews. The researcher used semi-structured interviews as the intention was to combine structure with flexibility. Because interviews are interactive in nature, the interviewer could probe the interviewees, which led to new knowledge and thoughts being created and explored (Ritchie & Lewis, 2003).

The data variables which the researcher endeavoured to collect were opinion variables, which recorded how the respondents felt about expanding into other emerging markets. These variables were contrasted with behavioural variables, which determined what the organisation did in the past, does now, and plans to do in the future (Saunders et al., 2016).

The interview questions used are outlined in Table 4 below, which were informed by an extensive literature review. The amount of reading was considered sufficient once no new information emerged from the articles read in relation to the topic under consideration.

Table 4: Interview questions

Research question	Interview question
Research question 1: What is the motivation in considering an expansion strategy into other emerging markets?	<ol style="list-style-type: none"> 1. Why would you undertake an expansion strategy into emerging markets? 2. What would make you personally commit to expanding into emerging markets?

	3. What factors would change your mind once you have decided to expand into an emerging market?
Research question 2: What information is considered when planning to expand into an emerging market?	4. What information do you use to make the decision to enter into emerging markets? 5. What other information would you like to have before deciding to commit to an emerging market expansion strategy?
Research question 3: What other considerations are taken into account when deciding whether to establish operations in an emerging market?	6. What else do you consider when you decide to enter an emerging market?
Research question 4: How are business networks built in emerging markets?	7. Have the networks you belong to had any influence on you deciding to expand into an emerging market? 8. How did you establish these network relationships?

3.8. Analysis approach

Atlas.ti analysis software was used to analyse the qualitative text data collected, as it was crucial for the researcher to adopt a uniform and consistent approach when collecting and presenting the text data.

To test existing theory in a new context (emerging markets in this instance), categories or codes are used to describe the data. As this research used a deductive approach, these categories were predefined from existing theory. The theories that were being tested were decision modes, character of information used, and network attachment (Child & Hsieh, 2014).

Sub categories were developed from the overarching themes of 'information used' and 'network attachment'. Relevant categories were then assigned to units of the gathered data (Saunders et al., 2016). Decisions were made about which data were most appropriate to analyse, and categories were assigned to these units of analysis. These steps facilitated the form in which the data were analysed to find patterns and test for alternative explanations for the results (Saunders & Lewis, 2012).

3.9. Limitations

Arregle, Miller, Hitt and Beamish (2013) argued that MNEs seem to select their market expansion location due, in part, to a country's institutions when compared to regional alternatives. In fact, institutions often emerge as a limiting factor for why emerging markets are viewed as particularly risky expansion markets (Dutt et al., 2016).

With institutions either lacking or being sub-optimal, EMNEs find alternative ways to develop that are specific to emerging economies (Dutt, et al., 2016; Holmes, 2016). Institutional voids present both challenges and opportunities for EMNEs (Doh, Rodrigues, Saka-Helmhout & Makhija, 2017), however the concept of institutions fell outside the scope of this research project and will not be considered in more detail.

Firm specific advantages is an area of much focus in MNE expansion strategies. This aspect was not be considered explicitly in this article however, as the scope was focused on the EMNE decision maker as a unit of analysis and not the firm. This is a limitation specifically if the FSA is a driver for expansion, despite the decision maker's inclination.

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4. Questionnaire

Research question	Interview question
Research question 1: What is the motivation in considering an expansion strategy into other emerging markets?	<ol style="list-style-type: none"> 1. Why would you undertake an expansion strategy into emerging markets? 2. What would make you personally commit to expanding into emerging markets? 3. What factors would change your mind once you have decided to expand into an emerging market?
Research question 2: What information is considered when planning to expand into an emerging market?	<ol style="list-style-type: none"> 4. What information do you use to make the decision to enter into emerging markets? 5. What other information would you like to have before deciding to commit to an emerging market expansion strategy?
Research question 3: What other considerations are made when deciding establish operations in an emerging market?	<ol style="list-style-type: none"> 6. What else do you consider when you decide to enter an emerging market?
Research question 4: How are business networks built in emerging markets?	<ol style="list-style-type: none"> 7. Have the networks you belong to had any influence on you deciding to expand into an emerging market? 8. How did you establish these network relationships?

4.1. Consistency matrix

Title: Information used in emerging market expansion decisions

Research questions	Literature review	Data collection tool	Analysis

<p>RQ 1: What is the motivation in considering commitment to an expansion strategy into other emerging markets?</p>	<p>Ashoforth, Schinoff and Roger (2015)</p> <p>Contractor (2012)</p> <p>Gamache, McNamara, Mannor and Johnson (2015)</p> <p>Johanson and Vahlne (2009)</p> <p>Maitland and Sammartino (2015)</p>	<p>Questions two and three in the questionnaire</p>	<p>Frequency analysis on fixed sum scale to determine categories and rank them in order of importance</p>
<p>RQ 2: What information is considered when planning to commit to expanding into an emerging market?</p>	<p>Child and Hsieh (2014)</p> <p>Hohenthal, Johanson and Johanson (2013)</p>	<p>Questions three and four in the questionnaire</p>	<p>Content analysis on open ended question to determine scope of information sources consulted</p>
<p>RQ 3: What other considerations are made when deciding to commit to establishing operations in a new emerging market?</p>	<p>Johanson and Vahlne (2009)</p> <p>Hernandez and Guille (2018)</p>	<p>Questions five and six in the questionnaire</p>	<p>Frequency analysis on fixed sum scale to determine categories and rank them in order of importance which was determined by frequency</p>
<p>RQ 4: How are business networks built in emerging markets?</p>	<p>Johanson and Vahlne (2009)</p> <p>Forsgren (2016)</p>	<p>Questions seven and eight of the questionnaire</p>	<p>Content analysis on open ended question to determine methods in network building</p>

	Hernandez and Guille (2018)		
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