

## **Scrutinizing Emerging Markets and Exploring the Impact of Paradigms on Knowledge Production in International Business**

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### **1. Introduction**

Over the last few decades, the global economy has witnessed an unprecedented interest in Emerging Markets. They have become critical players in the global economy and contribute a significant proportion of the GDP in many countries. Indeed, most of the fast-growing economies today are Emerging Markets, and this trend will become more pronounced in the next decades. Some regions that were underrepresented in global economic forums because of their negligible economic influence are now emerging as promising destinations for foreign direct investments (FDI) and international trade. This is the case of the African region where some of the fastest growing Emerging Economies are located. The continent is projected to become a major economic hub by 2050, with more than 25% of the world's population and consumers, the largest percentage of youth population and labor in the world, the largest reserves of mining and rare minerals, the largest reserves of underutilized water and arable land, and the largest Regional Economic Integration in the world, the African Continental Free Trade Area (AfCTA) that was effective in 2019. With these considerations, it is unsurprising to notice a growing interest among researchers and academic journals in Emerging Markets, especially those in the African region. This is the case of the *Journal of Comparative International Management (JCIM)*. Although this journal has focused on Emerging Markets for the last 25 years, it has reaffirmed its interest in Emerging Markets as one of its new strategic goals and is reinforcing its positioning in this regard with new leadership. I would like to mention that the second strategic goal of the journal is to raise its standard.

The journal is fortunate to have a high-profile editorial team that I have the distinct honor to coordinate. The Editorial Board is comprised of 105 scholars from 25 countries located on five continents. Many of them are leading scholars, including a former president of the Academy of International Business (AIB), fellows of AIB, chairs of AIB regional chapters, and editors and associate editors of leading journals. I extend my heartfelt gratitude for their support. Not one of them hesitated to join the journal when I contacted them, which was immensely encouraging. Due to space limitations, I cannot name all of them here in this editorial article, but I thank the following colleagues for their exceptional support since the beginning of this new journey, and most importantly, for their contributions to this inaugural issue: Robert Grosse, former president and fellow of AIB; Elizabeth Rose, former president of ANZIBA (Australia and New Zealand International Business Association) and fellow of AIB; Gary Knight and Rebecca Piekari, both

fellows of AIB; Helena Barnard, former vice-president of AIB; and Tanvi Kothari, co-chair of AIB-US West and board member of Women of Academy of International Business (WAIB). Also, I extend special thanks to Nandini Lahiri of American University, Katherina Pattit of St. Thomas University, Malou Roldan of San Jose University, Richard Fletcher of the University of Western Sydney, Claudine Gaibrois of the University of St. Gallen, and Marijana Johansson of the University of Glasgow for their contribution to this inaugural issue.

I extend my heartfelt congratulations and sincere thanks to Prof. Basu Sharma, who founded *JCIM* 25 years ago and served as its Editor-in-Chief until passing this role to me recently. Serving as Editor-in-Chief is a time and energy consuming responsibility. Without the tenacity of Prof. Basu Sharma, *JCIM* would not have become the well-established and ABDC ranked journal that it is today.

This inaugural issue of *JCIM* contains six papers that focus on subjects related to Emerging Markets. These subjects vary from a new theory of the competition in Emerging Markets firms to women entrepreneurship in Emerging Countries, influence of the institutional environment on trust in Emerging Countries, Corporate Social Responsibility, marketing communication strategies in Emerging Countries, and finally, the impact of researchers' paradigms on language-sensitive research in IB research. In this editorial article, I present these six papers by identifying their contributions and discussing the questions that they raise to inspire and enrich the conversation among International Business scholars.

## **2. Understanding the pathways of competition of Emerging Markets MNEs: a new theory**

Over the last few decades, Emerging Markets have become critical players in the global economy, and their contribution to the global GDP has been unprecedented. The socio-economic transformations in progress in many emerging countries, partially due to a significant increase of FDIs and the involvement of diaspora entrepreneurs (Chrysostome, 2019), especially in the case of Africa, have propelled them into the fastest growing economies of the world with the emergence of Multinational Enterprises (MNEs) involved in global competition. Although the recent literature has witnessed an increasing number of papers focusing on Emerging Markets MNEs, there is still much to learn about them and especially about how they manage to compete globally despite their development taking place in a weak institutional environment. This is the purpose of the paper of Robert Grosse that focuses on the global competition pathways of Emerging Markets MNEs.

Grosse presents a two-stage theory in which Emerging Markets firms learn to compete at home (domestically) before considering going abroad for global competition. It is a conceptual paper that, on one hand, presents an in-depth analysis of the literature focusing on the domestic competition of Emerging Markets MNEs. On the other hand, the paper presents an analysis of the literature focusing on the international competition of Emerging Markets MNEs. Among the papers of interest considered for this analysis are the following papers: Peng et al. (2008); Khanna and Palepu (2006); Narula (2012); Ramamurti (2012a) and Cuervo-Cazurra et al. (2019). After an exhaustive analysis of the literature, Grosse suggests that to succeed with their internationalization projects, Emerging Markets firms must first be successful and reach a threshold stage domestically based on traditional competitive advantages. This stage prepares them for global competition, which is the second stage. For this stage, Emerging Market MNEs have various capabilities that they develop from domestic competition and that differentiate them from traditional MNEs.

### **3. Determinants of trust in formal institutions in Emerging Markets**

The institutional environment is a critical factor in the performance of firms, as it determines how easy or difficult it is for a firm to conduct its operations. While nobody questions the importance of the institutional environment for the operations of businesses in general, in Emerging Markets, the impact of the institutional environment on the development of businesses and especially on SMEs is critical, as the Emerging Markets are characterized by a weak institutional environment or an institutional void that makes it very difficult to conduct business successfully. In fact, the weak institutional environment or the institutional void is characterized by various uncertainties that make doing business challenging in such an environment (see Meyer, 2001; Khanna & Palepu, 2006). These uncertainties motivate the economic agents of Emerging Markets to adopt, for the survival and the development of their businesses, a wide range of strategies or behavior that it is not always easy to understand from the perspective of Advanced Markets. The lack of trust or limited trust of economic agents in their institutions in Emerging Markets is one of the behaviors that deserve the attention of researchers and represent the focus of the paper of Elizabeth Rose and Nandini Lahiri in this inaugural issue.

The purpose of the paper by Rose and Lahiri is to investigate the determinants of individuals' perceptions of their institutional environment in an Emerging Market context. Their paper explores the factors that explain individuals' trust in various levels of government-related institutions in India and how these factors differ for the business actors that they consider in their study, namely the founding entrepreneurs, the second-generation (or later) managers of family businesses, and the employees. A survey conducted with large-scale questionnaire-based data reveals that the determinants of trust are different for these three groups of individuals and for six aspects of the institutional environment: the central government, the state government, the bureaucracy, the police, the army, and the judiciary system.

As stated by Rose and Lahiri, their paper provides a unique opportunity to compare the mindsets of members of three distinct occupational situations, namely the founders of entrepreneurial ventures, the inheritors of family firms, and the salaried individuals. As such, the paper contributes significantly in two ways to an enrichment of the existing literature. First, it goes far beyond the usual monolithic nation-state representation of the institutional environment of previous works to explore the different levels or aspects of the institutional environment. Second, instead of simply exploring the perception of the entrepreneurs considered as only one group of business people, the paper distinguishes among the founding entrepreneurs, the second-generation or later managers of family businesses, and the employees.

### **4. Ethics and corporate social responsibility in Emerging Markets: current drifts**

Corporate Social Responsibility (CSR) is a phenomenon that has significantly marked the business environment of the last few decades as a response to the excessive selfish profit-oriented behavior of business companies. While such a virtuous phenomenon was welcomed by many business companies at its beginning and seemed to fulfill its vocation of caring about the society and giving back to the community a part of its profits, the recent trend of CSR seems to betray this virtuous vocation. Unlike the normative conception that prevailed at the beginning of the concept of CSR, a strategic view seems well grounded in the current literature (see Porter & Kramer, 2006). Today, it is common to see businesses using CSR for strategic and/or profit-oriented purposes. As anyone

can understand, using CSR for profit purposes raises questions about its legitimacy and its ethics. This is the issue that the paper by Helena Barnard and Katherina Pattit addresses.

Drawing from the Sibly and Walker analysis of bridge failures, Barnard and Pattit examine how CSR is perceived and how it works when the goal of the CSR project is to conduct profit-oriented Research and Development (R&D). Using an analogy between the Sibly and Walker (1977) analysis of bridges failures and CSR, Barnard and Pattit illustrate the practices of CSR by some business companies today. Sibley and Walker's analysis of bridge failures in the nineteenth and twentieth centuries suggests that bridges tend to fail in roughly 30-year cycles, because as time passes from the commissioning of the bridge, its design is altered for new uses and the original design of the bridge is extended too far, making the bridge too long and ultimately dysfunctional as it is diverted from its initial role. In their paper, Barnard and Pattit present a comprehensive and well-organized literature review of the different understandings of the concept of CSR. Then, drawing from it, they discuss the previous works focusing on the role of CSR in innovation in Emerging Countries before proposing a candid analysis of the state of CSR characterized by some profit-oriented practices of CSR. Although this phenomenon is not epidemic at this point, the moral distortion that it creates about the original purpose of CSR raises serious concerns. In this regard, the paper proposes some actions that can be undertaken to protect vulnerable people of Emerging Countries from unethical practices of using CSR for firm profit-oriented activities. Most of these actions are organizational level actions that should be initiated by corporate executives. The other actions that can be considered as well are from the different levels of the institutional environment of the Emerging Countries, including the individual level, the societal (civil society level), and the government level (regulatory level).

The contribution of this paper is that it sheds light on the recent phenomenon of how some business companies use CSR as a mechanism to support innovation. Although this is not (yet) a widespread phenomenon, some cases have been identified in a few Emerging Countries like India and South Africa over the last two decades. The analysis proposed by Barnard and Pattit may drive to some important and interesting questions that help to nurture the conversation about the new benefit-oriented practices of CSR. Some of these questions are as follows: What is the legitimacy of the idea of corporate social innovations through which a company engaged in the firm benefiting activities of CSR can claim the privileges usually reserved for Not-for-Profit organizations? Is it possible for a business company to conduct a R&D as an action of CSR (a social innovation) in an Emerging Country strictly for the moral purpose of giving back to the community and without expecting any benefits in return? Is the phenomenon of corporate social innovation conducted by a business company ethically realistic in an Emerging Country characterized by a weak institutional environment? Where should the boundaries between CSR and the firm's profit-oriented projects or initiatives of the firm lie? Is it possible to disconnect the normative view of CSR to a strategic view?

## **5. Factors influencing women entrepreneurs' competitive advantage in Emerging Markets**

Female or women entrepreneurship has been on the rise for the last few decades almost everywhere in the world. Especially in Emerging Markets, the contribution of women entrepreneurs in economic activities has increased significantly. Even in some Emerging Countries where women are confined to traditional domestic responsibilities, female entrepreneurship has proven to be a key factor in poverty alleviation. As such, it is becoming a phenomenon of a larger amplitude as

it has been increasingly accepted in the communities. As a result, women entrepreneurship has captured more attention from researchers recently, as witnessed by the large number of papers focusing on this topic. Yet, such an interest in women entrepreneurship has not rendered this phenomenon fully explored, as many unknown or misunderstood aspects remain. In particular, the pathways that women entrepreneurs follow to build their entrepreneurial ventures and develop competitive advantages in frontier markets, where weak institutional environments make business ventures more challenging, are not well explored. In their article, with a provoking title that leaves no one indifferent, Tanvi Kothari and Malu Roldan endeavor to answer the following questions: What factors influence women entrepreneurs' opportunity recognition to pursue business in Emerging Markets? What types of social networks influence the capabilities of women entrepreneurs and the businesses they create? What are the determinants of the competitive advantages of women entrepreneur businesses in Emerging Markets? An in-depth multiple-case study was conducted with a sample of 22 women entrepreneurs (WE) from diverse geographical, social, economic, and industrial sectors in two of the world's fastest-growing emerging markets: India and the Philippines. The findings suggest that in Emerging Countries, women entrepreneurs' ability to (simultaneously) sell products or offer solutions to niche segments and their capabilities to optimize resources by being innovative in identifying sources of funding, despite the institutional voids in emerging markets, enhance the competitive advantage of their businesses. Kothari and Roldan propose a framework focusing on the pathways followed by women entrepreneurs to build competitive advantages. The contribution of this paper is that unlike many of previous women entrepreneurship works that focus on motivations, difficult access to financial resources, and the profile of women entrepreneurs, Kothari and Roldan dig into the pathways that women entrepreneurs of Emerging Markets follow to build competitive advantages.

## **6. Marketing strategies in Emerging Markets: the critical role of marketing communications**

The business environment of Emerging Markets is significantly different from the one of Advanced Markets. While the business environment of Emerging Markets in general is characterized by a weak institutional environment, the one of Advanced Markets is often formal and structured with a strong regulatory system. These differences make it difficult to transfer strategies that have been implemented with success in Advanced Countries to Emerging Markets. To be effective, the strategies implemented for the growth of firms in Emerging Countries should be designed in accordance with the characteristics of the business environment of these countries. This is the main idea developed in the paper of Gary Knight and Richard Fletcher who examine the role of marketing communication strategies in Emerging Markets. They investigate if marketing communications in Emerging Markets holds the same relevance it holds in Advanced Markets. For this purpose, they propose a literature review of recent works focusing on communications in Emerging Markets. These recent works include Cavusgil and Knight (2015) and Cavusgil, Ghauri and Liu (2021). Then, they conduct both a multiple case study and survey with a large-scale empirical data in Vietnam. Their findings confirm the applicability and importance of marketing communications in Emerging Markets.

The paper of Gary Knight and Richard Fletcher contributes to enrich the current conversation about marketing communication strategies in Emerging Markets. Some of the questions that can nurture this conversation are the following: How do Emerging Markets deal with a new generation of communication technologies in their marketing communication strategies while many of them face a limited capacity of technology absorption? For example, while access

to the internet has become a basic service provided to everybody almost everywhere in Advanced Countries, the stability of the internet connection is an everyday problem that may hamper the implementation of some marketing communication strategies in many Emerging Markets. Moreover, how do firms of Emerging Markets transition from the traditional marketing strategies to the advanced technology-oriented marketing strategies? How can the marketing communication of firms from Emerging Markets help them to compete globally, but most importantly in Advanced Markets, while their limited capacity of technology absorption may hold them back?

### **7. Emerging Markets research: influence of authors' paradigms on their research findings**

The papers presented and analyzed above are developed from specific paradigms that determine the perspectives of these research works, their logic or philosophical approaches, their theorizing, their methods, and therefore their findings. In other words, the authors of these papers proceed from a very specific paradigm that is a critical determinant of their theorizing style, their methodological choices, their findings and resulting theories. The field of International Business (IB) has recently witnessed an increasing interest for language-sensitive research from some of its scholars (see Piekkari and Zander, 2005; Piekkari & Tietze, 2021). Despite this interest, language-sensitive research has not yet imposed itself as a major research interest for IB scholars. Moreover, the paradigms of researchers and their impact on their research works have not been given all the attention that they deserve, and the literature focusing on this subject is relatively recent and still limited. In this regard, the paper of Rebecca Piekkari, Claudine Gaibrois, and Marijana Johansson, who are well-known experts of language-sensitive research in IB, is an important contribution. Their paper positions itself as an overarching paper in this inaugural issue of *JCIM*, because the idea it addresses applies to all the other papers of this issue.

The paper undertakes a paradigm-focused review of language-sensitive research in IB and explores how the paradigmatic positions of the researchers can affect the knowledge production in language-sensitive IB research compared to mainstream IB research. For this purpose, they conducted a comparative analysis of two samples: the first one of 299 publications in the field of language-sensitive research in IB, and the second one of 229 publications from the mainstream IB research. Their findings show that the paradigmatic diversity in language-sensitive research exceeds the one of mainstream IB. Moreover, they suggest that although positivism still dominates language-sensitive research in IB, the research built on interpretivist and critical paradigms represents an increasing proportion of research works over the years and exceeds those in mainstream IB research.

I strongly believe that this paper is an outstanding contribution to the literature focusing on the paradigm-oriented analysis of language-sensitive research in IB. To my knowledge, this is the first time that a paper focuses on the paradigmatic underpinnings of language-sensitive research in IB. As such, the paper sets the basis for a new perspective for works focusing on language-sensitive research in International Business. In this regard, the paper positions itself in the recent trend of growing interest for methodological and philosophical questions in the field. In addition to this contribution, the paper has the merit to address a complex subject that is not well covered in the current literature. In this regard, the courage of the authors of this paper should be recognized, as they were not refrained nor discouraged by the "slippery" boundaries (fuzzy) of the field of language-sensitive research in IB, which is a relatively recent research field.

I concur with the authors of this paper that questioning whether the field of language-sensitive research in International Business has started distancing itself from International Business would be important for International Business scholars given the maturity and authority that it has gained. Another important question for the conversation among International Business scholars can be to explore if the field of language-sensitive research in the field should keep its current “slippery boundaries” or set clear boundaries. Finally, it would be intriguing to find out the level of legitimacy that International Business mainstream scholars confer to language-sensitive research in the field.

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