

**RACE FOR MARKET SHARE GAINS: HOW EMERGING MARKET AND
ADVANCED ECONOMY MNEs PERFORM IN EACH OTHER’S TURF**

Abstract

The international business literature, while extensive by now, has given scant attention to the direct comparison of the performance of advanced economy multinational enterprises (AMNEs) and emerging market multinational enterprises (EMNEs) in international markets. In particular, the question of how well these firms perform in each other’s home markets is an intriguing one. In this study, we examine “market share” performance of AMNEs and EMNEs in each other’s countries using a comprehensive, longitudinal dataset. Drawing from the eclectic paradigm, we contend that, in comparison, EMNEs perform better as they: i) develop non-traditional ownership advantages based on their learnings in their home markets, and ii) expand into advanced economy markets relying on non-traditional ownership advantages. Our findings show a declining performance of AMNEs operating in emerging markets over time, while EMNEs generally appear to benefit from increased market shares in advanced economy markets for the same period.

Keywords : Advanced economy multinational enterprises (AMNEs); Emerging market multinational enterprises (EMNEs); Market share performance; International competition; Eclectic paradigm.

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1. Introduction

The current global economy is best described as a competitive landscape where firms from distant parts of the world roam in each other's markets. Multinational enterprises (MNEs), originating historically from advanced economies, have been targeting emerging markets for some time now (Buckley, 2016; Cavusgil, Ghauri & Liu, 2021; Hoenen & Kostova, 2015). More recently, however, EMNEs have been pursuing business opportunities with great success in advanced economy markets (Buckley, 2018; Buckley, Elia, & Kafouros, 2014; Buckley, Munjal, Enderwick, & Forsans, 2016; Cavusgil, 2021; Cavusgil, Deligonul, & Yaprak, 2005; De Beule, Elia, & Piscitello, 2014). While MNE performance is dependent on several factors (Cavusgil et al., 2021; Rangan & Drummond, 2004; Rugman, Oh & Lim, 2012; Zou & Cavusgil, 1996), their interaction with the indigenous firms is a critical discussion in international business (Ayyagari, Dau & Spencer, 2015; Cuervo-Cazurra & Genc, 2008).

Sheth (2011) highlights the importance of market heterogeneity between advanced economies and emerging markets. When entering foreign markets, MNEs need to recognize these differences and adapt their strategies accordingly. Both AMNEs and EMNEs have advantages and disadvantages in each foreign market (Awate, Larsen & Mudambi, 2015; Cano-Kollmann et al., 2016; Marquis and Raynard, 2015; Ramamurti & Williamson, 2019; Schotter, Mudambi, Doz & Gaur, 2017). The former struggles to understand emerging market customers and developing relational strategies, whereas the latter aims to develop firm-specific advantages, such as accumulated knowledge, managerial, technological, and innovative capabilities, and their brands and reputation (DeBeule et al., 2014; Khan, 2020; Khan, Freeman & Lee, 2020).

The extant literature concerning the performance of EMNEs in advanced economies and AMNEs entering emerging markets has primarily focused on either EMNE performance or the AMNE performance. Thus, the phenomenon is explored from only a single perspective. The performance of AMNEs and EMNEs in each other's markets has not been considered, yet it is a compelling research question (Cavusgil, 2021; Ramamurti & Williamson, 2019). By responding to this gap, this study is focusing on a neglected issue in the literature. How well do MNEs, in general, fare in gaining market share against local firms? Does such performance vary between AMNEs and EMNEs when they operate in each other's markets? Second, what identifiable patterns can be ascertained regarding the relative performance of AMNEs and EMNEs in each other's markets, measured in terms of market share gains over time? Drawing from the eclectic paradigm, we contend that EMNEs tend to realize greater market share gains than AMNEs as they: i) develop ownership advantages by learning from AMNEs in home markets (O), and ii) expand into similar (L) advanced economy host markets also relying on ownership advantages.

The performance of an MNE is contingent upon a complex set of factors (Buckley, 2018; Buckley & Tian, 2017; Cavusgil et al., 2021). We also contend that MNE performance in competitors' markets is time-dependent and varies across particular country markets and industry sectors. Thus, we expect a complex set of idiosyncratic factors, in each 'country-industry' combination, to interact and determine the outcome of the rivalry between defenders (local firms) and challengers (foreign firms). While it is possible to ascertain some expected patterns regarding AMNE-EMNE performance in each other's markets, it is incumbent upon scholars to delineate the role of country-industry combination and other factors influencing market performance. Our empirical analysis validates the expectation that MNE performance is contingent on both industry and country factors. Most importantly, we find strong evidence that,

overall, AMNE performance in emerging markets declines over time, while EMNEs in the study record market share gains in the advanced economy markets for the same period.

The scope of the present study can be illustrated with the scenarios depicted in Figure 1. This exhibit identifies the four scenarios of potential scholarly interest in global rivalry. Quadrant 1 presents the scenario where EMNEs expand into other emerging markets. Quadrants 2, 3, and 4 correspond to the remaining rivalry scenarios between foreign and local firms: EMNEs operating in advanced economies, AMNEs in other advanced economies, and AMNEs entering emerging markets, respectively. In the present study, we focus only on Scenario 2 and Scenario 4 as these provide the proper context for our investigation. We differentiate between AMNEs and EMNEs and explore their performance in less familiar markets -- AMNEs operating in emerging markets, on one hand, and EMNEs operating in advanced economies, on the other. Scenarios 1 and 3 are associated with operations in familiar markets due to various similar characteristics. Therefore, we argue that the theoretical explanations will differ for scenarios 1 and 3, where AMNEs and EMNEs operate in similar markets.

Insert Figure 1 about here

We aim to make several contributions through this study. First, we include both EMNEs and AMNEs in the same analysis, comparing the two groups side-by-side in terms of their performance (i.e., market share gains). Our study advances the literature that has primarily examined AMNE or EMNE performance separately (Khan & Khan, 2021; Li et al., 2021; Luo et al., 2019). Moreover, a former conceptual study compared AMNE and EMNE capabilities' weaknesses in a limited number of advanced and emerging markets, such as China, India, the U.S., and Europe (Ramamurti & Williamson, 2019). The present study is based on actual performance metrics while examining longitudinal data in several countries *and* industries.

Importantly, we provide a direct comparison of performance of AMNEs and EMNEs in each other's markets. Another key contribution of this study is the application of the eclectic paradigm to explain the superiority (market share gain performance) of EMNEs compared to AMNEs. We argue that the eclectic paradigm, initially developed for AMNEs, can be extended for EMNEs. Finally, our study reveals how the performance of AMNEs and EMNEs is evolving over time, considering specific country-industry dyads.

The data employed in the present investigation is drawn from the *Euromonitor Passport*, a rich, proprietary database that enables us to carry out our investigation at a granular level. In addition, the longitudinal nature of the data enables us to reveal patterns that reflect long-term trends. Thus, our findings provide a test of generalizability across industry sectors as well as idiosyncratic patterns.

2. An Overview of the Pertinent Literature

There is a lack of understanding regarding the performance of AMNEs and EMNEs when they enter each other's home markets. Table 1 provides an integrative overview of the literature, with a focus on the relative advantages and disadvantages experienced by EMNEs and AMNEs.

Insert Table 1 about here

With the emergence and rapid growth of multinational firms from emerging markets as world leaders in specific industries, scholarly interest in understanding EMNEs has regained its momentum in recent years (Cuervo-Cazurra, 2012). As modern theories of MNEs are typically based on experiences of multinational companies from advanced economies, it can be expected that most of the research in this area reflects the applicability of existing theories on EMNEs (Gammeltoft et al., 2012; Hennart, 2012; Li & Oh, 2016; Ramamurti, 2009a; Rugman, 2010a).

The eclectic paradigm, also known as the OLI (ownership, location, internalization) model, is a useful framework in explaining competitive advantages experienced by multinational firms (Dunning, 1979). The ownership advantage refers to a firm's ownership rights of proprietary information, skills, and other internally available resources (e.g., branding, patents, management expertise, and innovation capabilities). This advantage determines what competencies MNEs wish to leverage in the internationalization process. Location advantage refers to the alternative regions or countries with comparative advantage in performing a particular business function. Examples include easy access to, or lower cost of, natural resources, cheap or skilled labor, and geographically strategic locations. Location advantage considerations shed light on MNE's choice of global expansion. Finally, internalization advantage refers to the firm's consideration of whether it is more beneficial to conduct certain business functions in-house or outside contractors. This internalization advantage largely determines the entry mode MNE chooses in entering another country.

Scholars have taken on very different views when EMNEs are compared with AMNEs along these three pillars of advantages. EMNEs have been traditionally viewed as inferior when they are compared with MNEs from advanced economies. It is argued that EMNEs suffer from latecomer disadvantages in areas such as customer base, brand recognition, and technology leadership (Luo & Tung, 2007). Their deficiency directly translates into a lack of firm-specific advantages among EMNEs (Rugman, 2009; Ramamurti, 2009b). Lessard and Lucea (2009) suggest that EMNEs which solely compete on country-specific advantages such as natural resources and cheap labor are not sustainable as natural resources will be depleted and wage differences will eventually narrow. Other than firm-specific disadvantages, EMNEs also suffer from domestic institutional voids and political hazards. Such factors include poor intellectual

property protection, underdeveloped factor markets, political instability, government interference, and corruption in the home country (Luo & Tung, 2007). Due to these deficiencies, EMNEs are assumed to encounter significant challenges from their advanced economy counterparts in international expansion. Unlike the AMNEs, which primarily need to address the liability of foreignness in their internalization efforts, EMNEs face additional challenges of liability of origin and liability of advantage (Pant & Ramachandran, 2012).

While the liability of foreignness applies to both AMNEs and EMNEs in the host country, the liability of origin amounts to a unique challenge for EMNEs because of common perceptions of emerging markets. Typically, negative attributions to the country image and quality perceptions accompany products originating from emerging markets (Johansson, Ronkainen, & Czinkota, 1994). Such a liability poses significant challenges for EMNEs in gaining cultural-cognitive legitimacy in the advanced economy markets. Pant and Ramachandran (2012) further argue that the competitive advantages possessed by EMNEs are significantly different from those of the AMNEs in nature. With their access to low-cost labor and natural resources in their home markets, EMNEs enjoy the comparative advantage of low-cost production. However, such advantages may be labeled as “cheap” or “bad quality” in the eyes of consumers from advanced economies. Furthermore, low-cost production can also be interpreted as stemming from adopting exploitative practices in their home countries (Khan, Muir, & Willmott, 2007).

Despite the disadvantages, EMNEs are making their mark in the global marketplace, and some have even become global leaders in specific industries. As such, scholars have explored what capabilities EMNEs possess that made such success possible and the strategies they adopt to overcome their inherent constraints and liabilities. The literature has documented that EMNEs,

while not possessing traditional firm-specific advantages as those of AMNEs such as brand recognition and innovation capability, enjoy a different set of capabilities that enable them to compete globally. Such advantages include expertise in mass production, low-cost manufacturing process, and improvisation routines (Pant & Ramchandran, 2012; Mathews, 2006; Cuervo-Cazurra & Genc, 2008).

In a comparison of traditional AMNEs and newly emerged multinationals, Guillen and Garcia-Canal (2009) emphasize several advantages experienced by EMNEs. First, EMNEs demonstrate superior technology adaptation skills to adapt the available technology to small-scale product markets. When this is combined with cheap labor and imperfect input markets, it renders EMNEs significant competitive advantage (Ferrantino, 1992; Tolentino, 2010). In addition, even though EMNEs may trail behind AMNEs in pioneering technological innovation, they seem to be taking on different competencies when competing in technology. They are fast adopters and implementers of new technologies developed elsewhere; in many ways, they demonstrated the leapfrogging phenomenon. This is particularly true when the technology is related to infrastructure such as construction, electricity, and telecommunications (Guillen, 2005). Furthermore, unlike AMNEs who focus on breakthrough and radical innovations, EMNEs are more competent in advancing incremental innovations and designing specialized products for niche market segments (Lall, 1983). Without the pioneering technology advantage, EMNEs are forced to innovate along cost-saving and price reduction techniques which are appealing to both advanced and emerging markets (Cuervo-Cazurra, 2012).

Home country constraints of EMNEs such as less-than-perfect legal systems and bureaucracy can also turn into certain advantages when competing with AMNEs in the global market. Poorly developed institutions in the home country induce firms to develop capabilities in

managing high transaction costs and political influences, rendering them more resilient organizations while accommodating environmental instability. As such, they are more successful in other countries with problematic governance. Guillén and Garcia-Canal (2009) argue that the home institutional environment nurtures high organizational adaptability and political knowhow of EMNEs which help them outperform their counterparts from advanced economies in other emerging markets. This idea is also supported by Luo and Wang (2012) and Williamson (2015). Finally, other advantages can also arise from networking capabilities as a firm's network relationships can also lead to competitive advantage. This is largely due to cultural traits. Network relationships are viewed to compensate for the lack of effective institutional intermediaries, which is characteristic of emerging markets (Pananond, 2007; Tan & Meyer, 2010).

EMNEs also enjoy location specific advantages as they tend to have favorable access to low-cost labor, natural resources, and financing support from governments (Gammeltoft et al., 2010). However, Hennart (2012) states that EMNEs can translate certain locational advantages into firm advantages. The idea is that most locational advantage resources in EMs, such as cheap labor and natural resources are not freely available to challengers. Such preferential access to resources gives defenders significant market power which enables them to compete with AMNEs. Williamson and Wan (2018) add that EMNEs are far more sensitive when it comes to new market opportunities. They are keen on seizing such opportunities with far less cost than AMNEs due to their flexible organizational processes that combine vertical hierarchy and horizontal coordination.

Even though scholars have contrasted AMNEs and EMNEs in terms of their competitive advantages and liabilities, scant attention has been given to investigating how such variations

translate into performance differentials, particularly in each other's home territory. Thus, the present study aims to address this gap by examining the performance differences between AMNEs and EMNEs in each other's home country.

3. Theoretical Development and Hypothesis

3.1. Experiential Knowledge and Organizational Learning

Experiential knowledge and organizational learning are strategic tools for MNEs operating in international markets (Cavusgil, 1980; Hsu & Pereira, 2008; Johanson & Vahne, 1977; Kogut & Zander, 1993). Experiential knowledge refers to all types of knowledge that is accumulated through operating in foreign markets, and the ability to search, analyze, and act on international business issues (Blomstermo, Eriksson, Lindstrand, & Sharma, 2004). MNEs refine their approaches to foreign markets and operations by accumulating knowledge. Institutionally diverse and dynamic markets contribute to knowledge and capabilities for effective business and firm growth (Argote & Miron-Spektor 2011; Lundan & Li 2019). Cumulative knowledge from internationalization efforts and international operations grows gradually over time (Cyert & March, 1963; Hsu & Pereira, 2008). Thus, growing international knowledge and learning prepare MNEs for successful expansions (Ruigrok & Wagner, 2003).

Behavioral explanations of internationalization (e.g., Cavusgil, 1980; Johanson & Vahlne, 1977; Johanson & Vahlne, 1990) underscore the key role played by organizational learning. Organizational learning refers to the behavioral changes firms experience through the development of knowledge or insights (Hurley & Hult, 1998; Levitt & March, 1988; Liu, Gao, Lu, & Lioliou, 2016). If firms learn from their experience and previous mistakes, they can adjust their routines in host markets. Accordingly, we argue that both AMNEs and EMNEs can mitigate the liability of foreignness, overcome the liability of 'outsidership' (Li & Fleury 2020), and deal

with challenges in unfamiliar host markets through learning. A recent commentary on learning in international business asserts that if MNEs can sufficiently acquire and implement learning, it can become a source of competitive advantage (Luo 2020).

3.2. Eclectic Paradigm

Dunning (1977) formulated his OLI framework when AMNEs were dominant in international expansion efforts. As depicted in Section 2, the eclectic paradigm underscores firm-specific advantages in explaining the cross-border activities of advanced economy internationalizing firms (Dunning, 1977; Dunning, Kim, & Park, 2008; Ozcan, Mondragon, & Harindranath, 2018; Rugman, 2010b). EMNEs, on the other hand, first appeared in global markets, relying on country-specific advantages (Bhaumik, Driffield, & Zhou, 2016). Nevertheless, they also developed firm-specific ownership advantages through their: i) experience of operating in difficult home market conditions (Buckley, Cross et al., 2008), and ii) learnings from AMNEs. Therefore, as detailed in Figure 1 and following Dunning, Kim, and Park (2008) and Rugman (2010a), we argue that existing internationalization theories (e.g., eclectic paradigm) can be extended to explain performance patterns of EMNEs instead of searching for completely new theories.

3.3. Relative Superiority of EMNEs in International Markets

Against the backdrop of extant literature review (see section 2), we contend that EMNEs have turned their late-mover status into a net advantage rather than a disadvantage (Ramamurti, 2009b). Furthermore, we suggest that the eclectic paradigm explains the internationalization of EMNEs adequately. Yet, EMNEs follow a different path than AMNEs in developing non-traditional ownership advantages (Hennart, 2012; Ramamurti, 2009b; Ramamurti, 2012; Rugman, 2008). They do so by: i) quickly adapting cutting edge technologies that they learned

from AMNEs and innovating; ii) converting disadvantages of operating in home markets with underdeveloped institutions into advantages; and iii) some of them being large, established family-owned firms. Next, we provide the arguments for these explanations.

3.3.1. EMNEs as Quick Technology Adaptors and Innovators:

EMNEs tend to learn greatly both from the collaboration and competition with the AMNEs operating in their home markets (Hennart, 2012; Pananond 2007; Rugman, 2007). Thus, they develop knowledge-based, firm-specific skills adding to their competitive advantage. For instance, while providing free access to complementary resources in their home markets, they enjoy the opportunity to gain technological knowhow and skills from AMNEs, as in the case of Lenovo, Huawei, and Suzlon (Hennart, 2012). Furthermore, EMNEs adopt AMNEs' technologies to develop new products for customers in advanced economies (e.g., washing machines from Haier washing vegetables). Moreover, they combine their country-specific advantages (e.g., low-cost resources) with such firm-specific advantages to offer superior value to customers (Hennart, 2012; James, Sawant, & Bendickson, 2018; Rugman, 2008).

It is now generally agreed that EM firms have enjoyed technological leapfrogging in recent years. Whether it is South Korean firms in electronics or Mexican firms in cement production, world-class MNEs have sprung up from the emerging markets, competing effectively with their counterparts from advanced economies (Domínguez & Mazumdar, 2016). High demand from the middle-class consumers and government support at home markets facilitated advancements of EMNEs. For instance, the Chinese government often subsidized and aided the international ventures of their indigenous firms through such incentives as tax breaks, access to capital, and foreign policy measures.

3.3.2. *EMNEs Converted Disadvantages of Operating in Difficult Markets into Advantages:*

According to Buckley, Cross et al. (2008), EMNEs possess unique ownership advantages due to their experience of operating in difficult home market conditions. Cuervo-Cazurra and Genc (2008) argue that EMNEs can convert the disadvantages of being from countries with underdeveloped institutions into advantages because they are accustomed to dealing with challenging market conditions. They become agile and competitive under relatively harsh home market conditions. Building on these skills, they can outperform AMNEs in other difficult markets. The authors assert that they can convert ownership disadvantages in branding, country of origin, image, etc., in advanced economies into an advantage by obtaining better market knowledge and possessing key distribution channels, and lower overhead costs. These studies hint that EMNEs will demonstrate improved performance over time in advanced markets.

3.3.3. *EMNEs as Family Conglomerates:*

About a third of the EMNEs in our dataset are family-owned. Family-owned conglomerates played an important role in the long-term performance of emerging markets (Cavusgil et al., 2021; Kim, Kandemir, & Cavusgil, 2004). Family-owned MNEs are common and dominant in such emerging markets as Brazil, Mexico, South Korea, Thailand, and Turkey. Accustomed to managing well in highly volatile home country conditions, they have gained resilience and can make timely decisions, benefiting from favorable demand conditions. They can also make long-term decisions effectively and be persistent in their strategies (Andrade, Mitchell, & Stafford, 2001). Therefore, it is plausible to argue that family-owned firms play a role in developing firm-specific advantages in emerging markets.

Armed with these non-traditional firm-specific advantages, EMNEs could successfully compete with AMNEs in advanced economy markets. Choosing similar markets in their

internationalization efforts, EMNEs have benefited from location advantages as well. Their focused strategy in selecting industries and country markets may have been most prudent for them. Therefore, we contend that EMNEs will outperform AMNEs in terms of market share gains over time. This is due to their: i) ownership, and ii) location advantages. Thus:

***Hypothesis:** Growth trend in market shares of EMNEs operating in advanced economies will be greater than that of AMNEs operating in emerging economies.*

4. Methodology

4.1. Data

To examine respective market performance of AMNEs and EMNEs operating in each other's markets, we draw data from the *Euromonitor Passport*, a proprietary database which enables us to carry out our investigation at a granular (industry and country specific) level. This database affords us several important advantages. First, the Euromonitor database allows us to examine annual performance with a well-established objective measure – market share data – for each firm that operates in each country. The literature on the measurement of performance supports the use of market share as a robust indicator of firm performance (Katsikeas, Morgan, Leonidou, & Hult, 2016; Talay, Townsend, & Yenyurt, 2015; Guo 2013; Iversen & Hem 2011). It is also regarded as one of the principal determinants of business profitability (Faria & Wellington, 2005; Farris et al., 2006; Szymanski, Bharadwaj, & Varadarajan, 1993).

Second, the Passport database provides annual market share data in percentage points for each firm operating in each country-industry combination or dyad. Compared to the extant work that considers performance at the industry or country level, this feature affords us an important advantage – the ability to compare the market share performance of defenders and challengers. Third, apart from identifying overall trends in firm market share, we can explore the contingent

nature of market share performance of a group of MNEs based on numerous country-industry combinations. In addition to including a representative set of advanced economies and emerging markets, we consider a set of consumer industries (retail, ready meal, apparel, soft drink, personal, small home appliances, and electronics), providing robust comparisons. Fourth, the data allows us to examine performance in a dynamic setting with a ten-year time span.

4.1.1. Context of the Study

For our analyses, we selected a sample of advanced economies and emerging markets and a sample of service and manufacturing industry sectors that are available in the Euromonitor Passport database. For country selection, we considered the following two criteria. First, we ensured sufficient geographic and cultural representation. Second, we selected a representative set of advanced economies and emerging markets from the Group of Twenty (G20) countries as these are some of the world's major economies with abundant market potential. As a group, G20 countries account for more than 75 percent of the world GDP, 75 percent of the global trade, and 60 percent of the world population (Statisa Research Department, 2020; The G20, 2021). Consequently, the following six advanced economies were included in the preliminary analysis: Canada, France, Germany, Japan, the U.K., and the United States. Similarly, we selected six countries that are representative of emerging markets: Brazil, China, India, South Africa, South Korea, and Turkey. Cumulatively, the selected countries account for major proportion in terms of their contribution to GDP.

Industry selection is based on accessibility of data as well as generalizability. Industry sectors selected for this analysis are retail, ready meal, apparel, soft drinks, personal care, small home appliance, and electronics. These are the target consumer markets for the AMNEs more than a decade and they are open to foreign competitions. Thus, a focus on these industries allows

for cross-country comparisons. Our data includes actual leading multinational firms operating in these seven industries in the six advanced economies and six emerging markets. We discuss the results of the preliminary and the random effects analyses next.

4.2. Analyses and Measures

Our focus in this study is foreign market performance of MNEs. However, we differentiate between AMNEs and EMNEs and explore the performance of AMNEs in emerging markets and EMNEs in advanced economies to respond our research questions. Therefore, for each AMNE case, the dependent variable is the market share performance in emerging markets only. In contrast, for each EMNE case, the dependent variable is the market share performance in advanced economies.

We analyzed the data in two steps to respond to our research questions. First, to gain some preliminary insights on the market share gain performance phenomenon, we examined the overall behavior of market share gain performance of both AMNEs and EMNEs as a group. Next, to provide deeper insights, we carried out a statistical analysis of market share gain performance comparing individual AMNEs and EMNEs across industries and country markets, utilizing a panel time series analysis. For this analysis, we adopted the random effects model using generalized least squares. The generalized least squares estimation method for random effects (Wooldridge 2002) is often used to analyze datasets that are cross-sectional time series panels (Aaker and Jacobson 1994; Dewan and Kraemer 2000; Prabhu et al., 2005). Further, a fixed effects estimation is not viable for models that include dummy variables such as the EMNE/AMNE and country dummies that overlap with the fixed effects (Wooldridge 2002).

In parallel, we operationalize foreign market performance in select country-industry combinations in two ways: i) collective (aggregate) market share gain of leading AMNEs or

EMNEs over a ten-year period as a first step, preliminary analysis; and ii) annual individual market share of each AMNE or EMNE through a multivariate, random effects analysis

4.2.1. Preliminary Analysis

To derive initial insights into the fundamental question of performance in each other’s turf, we compare the collective market share gain by leading challengers and defenders over the study period of 2010-2019. More specifically, we evaluate the market share performance of foreign firms over a ten-year period comparing the difference between market share gain of leading foreign and local firms. Thus, a positive value suggests that leading foreign firms have outperformed local firms. A negative value, on the other hand, implies that local firms have outperformed foreign firms in the particular country-industry dyad. Responding to our research question, it is our objective to demonstrate whether the market share gain performance vary between AMNEs and EMNEs in emerging markets and advanced economies, respectively.

$$\text{Collective Market Share Gain Performance of MNEs} = \frac{\text{Total Market Share Gain of Leading AMNEs/EMNEs (From 2010 to 2019)}}{\text{Total Market Share Gain of Leading Local Firms (From 2010 to 2019)}} - \frac{\text{Total Market Share Gain of Leading Local Firms (From 2010 to 2019)}}{\text{Total Market Share Gain of Leading Local Firms (From 2010 to 2019)}}$$

For “collective market share gain,” we limit the scope of the comparison by examining only those (foreign and local) firms with *leading* market shares: those *above the median value* in 2019, the most recent year for which we have data. We included firms above the median value for the following reasons: i) firms below the median value are very small firms with 0.1 – 0.5% market share, and ii) their market shares do not vary considerably over time, meaning that they do not influence the collective market share performance of MNEs or local firms.

4.2.2. Econometric Analysis – Random Effects Model

In contrast to the preliminary analysis where we examined the market share gain performance of MNEs as a group, we next engaged in a more definitive analysis by using firm-

level, individual MNE market share data for the firms under study. To provide more definitive insights into the market share performance of AMNEs and EMNEs operating in emerging markets and advanced economies, respectively, we carried out an econometric analysis. We analyzed AMNE and EMNE market shares across industries and country markets utilizing a panel times series approach. The dataset was organized by country-company dyads on a yearly basis, from 2010 to 2019. To investigate AMNE and EMNE market share differences among industries and countries, we estimated the following random effects model using generalized least squares:

$$Market\ Share_{ijt} = \beta_0 + \beta_1 Country_j + \beta_2 Industry_i + \beta_3 Age_{it} + \beta_4 Year_t + \beta_5 EMNE_i + \beta_6 Year_t \times EMNE_i + \varepsilon_{ijt}$$

Where, I denotes the focal company studied, j denotes the country in which the company is operating, and t denotes the time period. As such, the unit of analysis for this model is the company-country pair (I, j) over time (t) . *Market Share* denotes the market share of the focal company in country j in time period t . *Country* denotes the vector of dummies that identifies each particular country, with China and USA being the base cases. *Industry* denotes the vector of dummies that identifies the industry in which company I is operating, with the apparel industry being the base case. *Age* denotes the age of the company I in year t . *Year* is the trend variable and accounts for the calendar year corresponding to the time period t . *EMNE* is a dummy variable that takes the value 1 if the focal company studied is an EMNE and the value zero if the focal company studies is an AMNE. $Year_t \times EMNE_i$ is the interaction term that is utilized to test the hypothesis regarding differences in market share growth over time between EMNEs and AMNEs. B denotes the coefficients and ε is the error term.

4.2.3. Measurement of Market Performance

To summarize, we operationalize foreign market performance in the preliminary and econometric analysis-random effects model in two ways: i) collective market share gain of leading foreign (AMNEs or EMNEs) and local firms as a group over a ten-year period as a first step; and ii) annual individual market share of each AMNE or EMNE through a multivariate, random-effects analysis. Constructing firm performance through two complementary measures allows a more comprehensive understanding of MNE performance over time.

5. Findings

5.1. Preliminary Analysis

To derive initial insights into the fundamental question of performance in each other's markets, we examined collective market share gains of MNEs over the study period of 2010-2019. As discussed earlier, we calculated market share gains by leading foreign and local firms in specific industry-country dyads.

The results of the analysis for these industry-country dyads are presented in Figure 2 for Scenario 4, and in Figure 3 for Scenario 2. Figure 2 illustrates the performance of AMNEs in select emerging markets, and Figure 3 shows the performance of EMNEs in select advanced economies. Discussion below reveals key trends in rivalry between challengers and defenders.

*** Insert Figures 2 and 3 about here ***

5.1.1. *Competition for Market Share Gains:*

Our analysis of the magnitude and direction of market share gains by MNEs and their local rivals suggests an ongoing competition for market share gain. We observe instances of robust ability by defenders to preserve and grow their market shares against challengers. A case in point is the unsuccessful forays of soft drink AMNEs into emerging markets. Interestingly,

AMNEs in the soft drink industry registered negative growth of their market shares during the study period in each emerging market examined. As an example, leading South African (local) soft drink firms grew their market share by 9.8 percent between 2010 and 2019, while foreign entrants experienced a decline of 2.5 percent for the same period. Findings also attest to the learning capabilities of local firms in emerging markets. Of all the industry categories in the present study, soft drinks may offer the least opportunity for innovation and differentiation along with product features other than taste. This allows for a relatively fast learning process for the local firms in emerging markets to push competition to a more cost/price-based basis. Given the liability of foreignness, AMNEs find it difficult to maintain their market share.

Another example of successful market share preservation includes U.S. electronics firms, whose market share grew by 25 percent while the EMNEs registered only a modest gain 3.7 percent. Similarly, we also observe remarkable success by local Chinese electronics firms growing their market share by 46.3 percent. On the other hand, there is notable success of foreign entrants over local rivals (e.g., market share gain in ready meals by AMNEs in China and India, and market share gain in electronics by EMNEs in Japan and the UK). These findings suggest that the competition between local firms and MNEs are intense and complex with no clear-cut winning or losing industry sectors.

5.1.2. Country or Industry Effects:

When it comes to AMNE performance in emerging markets, it is interesting to investigate which matters more-- country or industry. Figures 4a and 4b illustrate the performance of AMNEs in different emerging markets and different industries, respectively. The findings suggest a gradual convergence of market shares by country rather than by industry. As an example, in 2019, AMNEs market shares in retail, apparel, ready meal, electronics, on one

hand, and soft drinks, personal care, small home appliance industries, on the other, vary between 2 to 15 percent and 25 to 60 percent, respectively. This may result from several factors, such as industry-specific market barriers and idiosyncratic competitive factors. Therefore, average market share of AMNEs exhibit greater variance across industries. In contrast, average market share of AMNEs tend to converge across countries.

When we examine the performance of AMNEs in different countries as depicted in Figure 4a, we can identify a consistent pattern in that the average market share of AMNEs appear to suffer a decline in almost all the countries -- sharpest decline was observed from 2010 to 2011. In addition, AMNEs lose market share in most industries, except for retail, ready meal, and apparel as illustrated in Figure 4b.

*** Insert Figures 4a and 4b about here***

The findings are much more complicated when we examine the AMNE market share across different industries. No consistent pattern is found among the industries over time. Instead, each industry tells a unique story. AMNEs in the apparel sector have maintained a stable performance over the ten-year period without much change. Consumer electronics and ready meals went in two opposite directions where AMNEs in the ready meals industry have enjoyed a steady increase in their market shares over the years while AMNEs in the consumer electronics sector have suffered a steady decline over the years. The soft drinks industry also witnessed a steady decline for the period but at a much more significant magnitude compared with consumer electronics. Collectively, these results suggest that the industry sector appears to be a more significant driver of market share performance than country effects.

Several plausible explanations can be offered for these results. It is reasonable to expect that emerging markets, as a group, share much in common in terms of market conditions,

infrastructure, and political stability. They face similar challenges and enjoy similar opportunities. However, AMNEs competing in different industries may be presented with different opportunities in such markets. For example, what sets the ready meal industry apart from the other three industries is that ready meal is a relatively new concept in most emerging markets. In essence, the AMNEs dominate this industry. Local firms have not yet acquired sufficient business competence in this area. On the other hand, apparel, consumer electronics and soft drinks are relatively mature industries where standardization is high and opportunity for differentiation is limited. It is interesting to speculate how long the AMNEs in the ready meal industry can hold on to the growth trend before emerging market firms catch up.

As illustrated in Figure 5a, average market shares of EMNEs converge and stabilize around 3 percent in all the advanced economies in our sample. On the contrary, there is no specific trend in industries as depicted in Figure 5b. As an example, market share gains of EMNEs for electronics are consistently higher than their local rivals regardless of the advanced economy within which they compete. Similarly, AMNEs prevail in cumulative market share gain in ready meal in Brazil, China, India and South Africa. An exception is the Turkish market where local firms have registered a higher market share gain over the study period.

*** Insert Figures 5a and 5b about here***

Our preliminary analysis results reveal that EMNEs operating in advanced economy markets are active in only select industry sectors such as beauty and personal care, small home appliances and electronics. While they maintained relatively modest market shares over the study period, they appear resilient and do not exit these markets. Moreover, starting from 2015, they appear to be more active in certain industries and countries, which may be an indication of future performance. An example is their engagement in the ready meal sector in North America.

5.1.3. *Industry Choice Patterns:*

The data points to the possibility that EMNEs tend to be active in select industries only (Cavusgil, Kiyak, & Yeniyurt, 2004). This is evident from the higher number of Scenario 2 cells that are marked “N.A.,” indicating an absence of EMNE firms: those above the median value in 2019 operating in these sectors. It appears that EMNEs entering advanced economy markets tend to concentrate on personal care, small home appliance, and electronics industries. In contrast, we find that AMNEs tend to be present across all industry sectors in the emerging markets they have entered. As depicted in Figure 3, we also observe that EMNEs are largely successful in the “collective market shares gains” in the foreign markets they enter.

5.1.4. *AMNE vs EMNE Performance:*

A key finding is that AMNEs do not dominate in terms of market share gains across *all* industry-country combinations. Thus, we can rule out the assumption that AMNEs are likely to prevail in all or most market sectors when operating in emerging markets, presumably due to their often-accentuated firm and country-specific advantages. What emerges from the empirical analysis is a contingency explanation – it all depends on particular industry-country dyads.

EMNEs appear to have better performance vis-à-vis their local rivals in personal care, small home appliance, and electronics – the sectors they seem to have chosen to compete (Scenario 2). For example, in electronics, EMNEs have outpaced their local rivals in France, Germany, Japan, and the U.K. by 12 percent or more between 2010 and 2019. Examining the performance of AMNE firms in emerging markets (Scenario 4), we find them to be relatively more successful against their local rivals in the apparel and ready meal industries. Yet, their market share differentials are much more modest in cumulative market share gains -- typically in

single digits. A notable exception is Brazil, where AMNEs achieved market share differential of 44.7 percent over local rivals.

These findings suggest that, for the study period, AMNEs have not been as successful in emerging markets as much as the EMNEs doing business in advanced economy markets. Local firms in emerging markets demonstrate greater resilience in the face of AMNE entrants, especially in retail, soft drinks, small home appliances, and electronics. Whether this is due to their rapid learning capabilities, homegrown advantages, or government-imposed market barriers, local firms in such countries as Brazil, China or India display greater effectiveness in preserving their market shares. While some authors have suggested this trend, the present study provides the rare evidence-based finding that local firms in emerging markets exhibit robust resilience in defending their home bases (Cavusgil & Cavusgil, 2012).

5.2. Econometric Analysis - Random Effects Model

The descriptive statistics and the correlations matrix for the variables employed in this model can be seen in Table 2. The correlations table does not indicate any concerns regarding multicollinearity. The mean variance inflation factor (VIF) is 2.08 with the highest value of 6.91, further indicating that multicollinearity is not of a significant concern. The generalized least squares estimates can be seen in Table 3. The model has a satisfactory overall fit, with a statistically significant Wald Chi-Squared ($p < .001$).

*** Insert Tables 2 & 3 about here***

The results indicate that some differences exist among *countries* with respect to the market share performance of AMNEs and EMNEs. AMNEs enjoy the highest market shares in India and South Africa, whereas there are no significant results for the EMNEs across different markets. When other industries are compared to the base case industry, apparel, the results

indicate that MNE market shares for beauty and personal care, consumer appliances, and consumer electronics tend to be significantly ($p < .001$) greater. The largest MNE market shares are in consumer appliances, followed by beauty and personal care industries. Store-based retailing industry also has greater MNE market shares than apparel, yet this difference is not statistically significant at the 0.1 confidence level. MNEs have the smallest market shares in the ready meals and soft drinks industries, yet these differences are also not statistically significant.

Importantly, age has a positive effect on market share while the EMNE dummy has a negative effect on market share. This implies that older companies generally enjoy larger market shares while EMNEs generally tend to have smaller market shares than AMNEs. The interaction of our yearly trend variable and the EMNE dummy has a positive and statistically significant effect on market share ($\beta_6 = .092$; $p < .001$), indicating that the upward trend in EMNE market shares in advanced economies is greater than the market share growth of AMNEs in emerging economies. On average, AMNEs lose .029 percentage points of market share in emerging markets every year ($\beta_4 = -.029$). Conversely, EMNEs gain .063 percentage points of market share in advanced economies every year ($\beta_4 + \beta_6 = -.029 + .092 = .063$) throughout the study period of 2010-2019. This a notable finding.

6. Discussion

6.1. Overall Trends

A major aim of this research is to provide empirical evidence for the ongoing debate on the relative performance of AMNEs and EMNEs in the international markets they enter. How well do they perform when they venture into international markets? Our empirical analyses address this puzzle in a relatively robust manner by directly comparing market share gains achieved by these firms in select markets and select industries over a ten-year period, 2010-2019.

Statistical analysis is carried out in two steps: first, a preliminary analysis of aggregate market share gains of MNEs, and second, an econometric analysis of individual MNE market share employing panel time series. Findings are consistent across these two studies.

6.1.1. *Which firms fare better in market share performance?*

Empirical results lead us to the following conclusions. First, most significantly, we find that, while there is no evident systematic pattern for AMNE and EMNE performance, EMNEs tend to fare much better in their international forays than the AMNEs over the study period. While, on average, AMNEs have lost .029 percent in market share every year in emerging markets, EMNEs expanded their market share by .063 percent every year in the advanced economies they operated. This is a remarkable finding, lending support to the view that emerging market firms have achieved much success in their international ventures over the past decade. Therefore, we rule out the assumption in extant literature that AMNEs are likely to prevail in all or most market sectors when operating in emerging markets.

6.1.2. *Contingency Effects of Country and Industry:*

Apart from the key finding that EMNEs have performed relatively better in their internationalization efforts than the AMNEs, an important finding relates to our contingency theory expectations. We anticipated that market share gains by MNEs would be a function of the industries and markets entered. On this point, we find some evidence for the existence of industry and country effects. In particular, for AMNEs operating in emerging markets, we find that country effects are present for India and South Africa. Nevertheless, for EMNEs entering advanced economy markets, the country effect appears to be much less pronounced. Industry effects are significant for several industries: beauty and personal care, consumer appliances, and consumer electronics. Thus, it can be concluded that industry variations in market share gain

tend to overshadow country variations, as industry-specific drivers of market performance appear to be more potent determinants of competition.

6.1.3. *Time Effects - Longitudinal Trends*

As illustrated in Figure 5, Scenario 2 data suggest an uptick in market shares of EMNEs in most advanced economies from 2011 on. Then, some are leveling off, and others converge around 3 percent average market share beginning with 2016. We observe three different paths for the EMNEs in North America, Europe, and Japan. EMNEs entering North America increase their market share up to 5 percent and stabilize around 3 percent. Those operating in Europe maintain a market share of 2-3 percent throughout the period. Finally, those in Japan gain a modest market share of one percent and then increase their share to 3 percent. Future research should investigate if additional analysis is necessary to help explain these country-specific patterns.

Overall, the findings of this study are novel. First, as depicted in Table 1, we see that previous studies have observed EMNE and AMNE performance independently. For example, Ramamurti & Williamson (2019) compare weaknesses of AMNE (from USA and Europe) and EMNE (from China and India) capabilities. However, the study is conceptual in nature and does not examine firm performance. Considering a recent call for research examining AMNEs and EMNEs rivalry (Cavusgil, 2021), the direct comparison of AMNE-EMNEs performance on a longitudinal basis in various country-industry dyads offers new empirical insights.

6.2. Theoretical Implications

As depicted in Figure 6, there is no consensus among the scholars about the use of existing theories for EMNEs. Following the suggestions of Dunning, Kim, and Park (2008) and Rugman (2010a), we argue that the eclectic paradigm is applicable for EMNEs but need to be extended in accordance with EMNEs' specific path of internationalization (Hennart, 2012;

Ramamurti, 2012). Specifically for the eclectic paradigm, we argue that ownership and location advantages are still valid. However, they are subject to variation and embellishment. First, ownership advantages in a globalizing world render significant benefits over time. We suggest that the ownership advantages shift over time; new sources of advantages emerge and benefit these firms. Second, it appears that EMNEs are selective in the markets they enter. They benefit from their experience in home markets and favor certain industry sectors in advanced economies.

*** Insert Figure 6 about here***

A key finding of our empirical analysis is that, on average, AMNEs lose .029 percent in market share every year, whereas EMNEs gain .063 percent in market share every year, for the study period. Drawing from eclectic paradigm we provide the following plausible explanations: i) EMNEs are quick technology adaptors and innovators, ii) they tend to convert disadvantages of operating in difficult markets into advantages, iii) a good number of the EMNEs benefit from the agility rendered by private ownership. In exploring the relative performance of AMNEs and EMNEs, there does not appear to be a simple conclusion; more than likely such factors as industry sector, nature and competitiveness of the foreign market, and time, all impact relative performance of MNEs. These findings also support the relevance of a contingency explanation.

Finally, data presented in Figures 4a and 4b may point to another possibility. The analysis suggests what Vernon (1966, 1979, 1992) observed regarding the source of manufacturing and exports in world markets during the 1960s and 1970s. Vernon noted that, while a more advanced economy may initially assume the role of the innovator, manufacturer, and later exporter in a particular industry sector, over time, emerging markets will assume manufacturing and export activities. Thus, Vernon's International Product Life Cycle theory identifies four stages: introduction, growth, maturity, and decline. Hence, we may be observing that AMNEs are

leaving the production and export of certain products – e.g., standard electronics, washing machines, and kitchen appliances to their counterparts in emerging markets.

6.3. Managerial Implications

The current study provides interesting implications for practitioners. First, we can rule out the assumption that AMNEs are likely to prevail in all or most emerging market sectors. Being aware of the enhanced ability of local emerging market firms to preserve and grow their market shares, managers in advanced economy firms should give more emphasis to competitive analysis in an emerging country before entry. In addition to high-performing local firms, rising EMNEs may also have the potential to overcome competition in familiar emerging markets. Practitioners should not assume that AMNEs are a major threat in each scenario.

Significantly, in addition to the country-specific advantages, EMNEs appear to develop firm-specific advantages over time. Benefitting from being technology ‘leapfroggers,’ they learn from AMNEs by cooperating and competing. Subsequently, they can offer superior products to their customers at home and host countries. Therefore, AMNE managers need to understand the new capabilities of EMNEs, the resulting changing conditions, and consider the following trends in their market entry scenarios and strategies. We find that EMNEs: i) are getting stronger in their home markets in certain industries; ii) seem to be resilient in the foreign markets they enter; and iii) tend to be selective in their choice of markets and industries. Taking these trends in the market environment into consideration, AMNEs may build competitive advantage.

AMNEs should monitor the activities of competitor EMNEs regardless of whether they are operating in the same country or market. First, EMNEs tend to be selective in their choice of markets and industries, and they generally gain and preserve market shares when they enter a foreign market. EMNEs have become an important threat in the recent years. Therefore, local

firms and AMNEs should not only focus on the competition in their local and host markets, but also closely monitor EMNE activity in different markets. These EMNEs may potentially be a future rival. Second, EMNEs tend to be successful in their foreign market entries and are nimble. Western firms must be ready for future competitive shifts by EMNEs. Though we see that EMNEs have attained relatively modest market shares in the personal care and small home appliance industries, experiential learning can result in significant market shares gain in other industries, such as in electronics. Finally, we also observe that EMNEs from China and South Korea achieved remarkable market share gains, particularly in electronics. Therefore, to enhance preparedness, practitioners should perhaps monitor the efforts of firms from these two countries.

Finally, organizational learning should be a focus for both the challengers and the defenders. As challenging firms learn and adapt their resources and strategies to local market conditions to take full advantage of the location advantage, defending firms are also keen on learning from the new entrants in terms of their capabilities (Gu & Lu, 2011). Firms also need to develop market sensing capabilities. This is particularly important for firms competing in the emerging markets where rules, laws, and regulations are constantly changing. Firms need to be market-oriented to identify growth opportunities that come with such changes.

6.4. Limitations and Future Research

The present research offers valuable insights on the relative success of AMNEs and EMNEs in each other's markets. The results show, unequivocally, a favorable trend on the part of the EMNEs, while the AMNEs appear to be suffering from market share losses over the study period. While our findings provide solid evidence for examining the relative performance of MNEs originating from emerging markets and advanced economies, there are ample opportunities for future research.

First, the particular choices we made in our empirical study pave the way for future work. Thus, scholars may further contribute to this stream of research by broadening the scope to include additional industries, countries, and time periods. The choice of industry and country may be traced to presumed comparative advantages of nations. For example, one may explore South Korean semiconductor firms' performance or German automotive firms' performance in foreign markets. Similarly, scholars may investigate whether bilateral trade relationships may help explain the performance of rivals. For example, would we expect a Mexican baked foods company such as Grupo Bimbo to do better in the NAFTA partners than in Europe?

Second, a natural extension of this study is to explore the other two remaining scenarios not examined in the current study: AMNE performance in other advanced economies, and the performance of EMNEs entering other emerging markets. Certainly, such an exploration would round out our findings on the study of rivalry. An interesting research question in this context is whether the competitive advantage of MNEs is symmetrical. More specifically, are the conditions that foster AMNE success the same for both emerging and other advanced economy markets? Similarly, should we expect the same set of factors to explain EMNE success in both emerging and advanced economy markets?

Third, while the present work considered the rivalry for MNEs at the aggregate level as well as at the individual firm level, it would be worthwhile to carry out additional examinations of firm-level market share performance of MNEs in international markets. Naturally, such a line of inquiry would reveal the role of firm strategy, enabling us to explore the role of such factors as entry mode, channel type, brand strength, firm reputation, product portfolio (narrow vs. wide), and product launch choices (e.g., simultaneous vs. gradual launch). Fourth, future scholarly work may more deliberately explore antecedents of MNE success in international markets other than

strategy. Some antecedents that may be considered are such macro drivers as FDI patterns, trade intensity, openness, the middle-class percentage in the population, tightness, market size, competitive intensity, and consumption profile. Other drivers may be micro-level considerations, such as firm's international experience, longevity, or duration of operations in the host market, and ownership type. Fifth, the foreign market exit phenomenon is still salient, independent of foreign markets, industry, and experience of internationalizing firms. Extant studies suggest that the longevity of foreign entrants varies across different cases (Koc, 2016; Ozkan, 2020).

Longevity of AMNEs vs. EMNEs in foreign markets is worthwhile of future investigations.

There are also some limitations in the present investigation. First, we operationalize performance of MNEs in the foreign markets using market share that is associated with product-market performance (Katsikeas et al. 2016). It may also be interesting and insightful to explore the phenomenon from different perspectives, such as accounting performance (e.g., profits) and financial-market performance (e.g., investor returns). Second, we focus on a particular period (2010 – 2019) based on the availability of the data. It may be interesting to study the relative performances of AMNEs and EMNEs for a similar time span before 2010 and to replicate it in the future. There may be unique conditions and explanations for different periods. This study is based on one hypothesis; hence, future studies should examine other conditions under which AMNEs and EMNEs performance can be compared (e.g., ease of doing business and institutional conditions including normative and regulative etc.). Future studies should also examine the longevity of EMNEs and AMNEs in each other's markets. Studies may also examine the effects of pandemics.

We hope that the present work and the findings inspire future scholarly investigations and serve as the basis for more definitive and comprehensive studies.

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FIGURE 1 Four Scenarios of Global Rivalry in terms of Market Share Performance

CHALLENGERS	HOST COUNTRIES	
	Emerging Markets	Advanced Economy Markets
Emerging Market Multinational Enterprises (EMNEs)	Scenario 1	Scenario 2
Advanced Economy Multinational Enterprises (AMNEs)	Scenario 4	Scenario 3

FIGURE 2 Market Share Gains of Local Firms and AMNEs in EMs from 2010 to 2019

		EMERGING MARKETS					
		Brazil	India	China	S. Africa	Turkey	S. Korea
AMNEs	Retail	1.2 vs. 6.8 %	N.A.	0.4 vs. 0.3 %	(1.5) vs. 3.9 %	14.6 vs. 0.2 %	13.3 vs. (2.2) %
	Ready Meal	(45.7) vs. 1.1 % Difference: 46.8 %	6.1 vs. 18.4 %	(10.1) vs. 6.7 %	(0.4) vs. 2.3 %	9.7 vs. 1.5 %	N.A.
	Apparel	5.7 vs. 4.9 %	(0.1) vs. 1.0 %	1.3 vs. 2.9 %	(4.2) vs. 3.7 %	9.9 vs. 1.1 %	(1.7) vs. 11.9 %
	Soft Drinks	(0.3) vs. (6.2) %	(0.4) vs (12.1) %	1.2 vs. (4.8) %	9.8 vs (2.5) %	(5.7) vs. 6.9 %	2.1 vs. (7.5) %
	Personal Care	(2.1) vs. 3.0 %	1.6 vs. (12.8) %	7.0 vs. (6.6) %	(0.9) vs. (10.5) %	3.8 vs. (2.1) %	(3.9) vs. (1.7) %
	Small Home Appliances	16.7 vs. (1.3) %	8.0 vs. (4.5) %	(1.9) vs. (1.4) %	0.1 vs. 1.2 %	(5.3) vs. 7.4 %	3.9 vs 3.5 %
	Electronics	1.6 vs. (27.9) %	9.4 vs. (37.0) %	46.3 vs. (17.9) %	0.4 vs. (24.9) %	4.9 vs. (32.7) %	3.4 vs. 2.6 %

1. The first and second figures are the market share gains of EM Local Firms and AMNEs, respectively.
2. Figures are colored in **blue** or **green** to highlight that **AE** or **EM** firms perform better.
3. The figures in parentheses are negative.

FIGURE 3 Market Share Gains of Local Firms and EMNEs in AEs from 2010 to 2019

		ADVANCED ECONOMIES					
		Japan	US	France	UK	GER	Canada
EMNEs	Retail	N.A.	N.A.	0.4 vs. 0.6 %	6.0 vs. 0.4 %	N.A.	N.A.
	Ready Meal	N.A.	23.4 vs. 2.6 %	N.A.	N.A.	N.A.	(4.9) vs. 6.3 %
	Apparel	5.2 vs. 1.1 %	N.A.	0.9 vs. 1.5 %	N.A.	N.A.	N.A.
	Soft Drinks	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
	Personal Care	3.4 vs. 0.7 %	(6.9) vs. 0.4 %	N.A.	0.7 vs. 2.1 %	0.5 vs. 0.8 %	0.4 vs. 1.9 %
	Small Home Appliances	(3.9) vs. 2.4 %	1.7 vs. 0.1 %	(3.0) vs. 0.7 %	(3.0) vs. 1.1 %	(0.2) vs. (0.2) %	(0.1) vs. 0.1 %
	Electronics	(22.1) vs. 19.5 %	25.0 vs. 3.7 %	0.2 vs. 13.1 % Difference: 12.9%	0.2 vs. 15.1 % Difference: 14.9%	0.1 vs. 14.2 % Difference: 14.1%	0.0 vs. 2.1 %

1. The first and second figures are the market share gains of AE Local Firms and EMNEs, respectively.
2. Figures are colored in **blue** or **green** to highlight that **AE** or **EM** firms perform better.
3. The figures in parentheses are negative.

FIGURE 4a Average AMNE Market Share in Emerging Markets

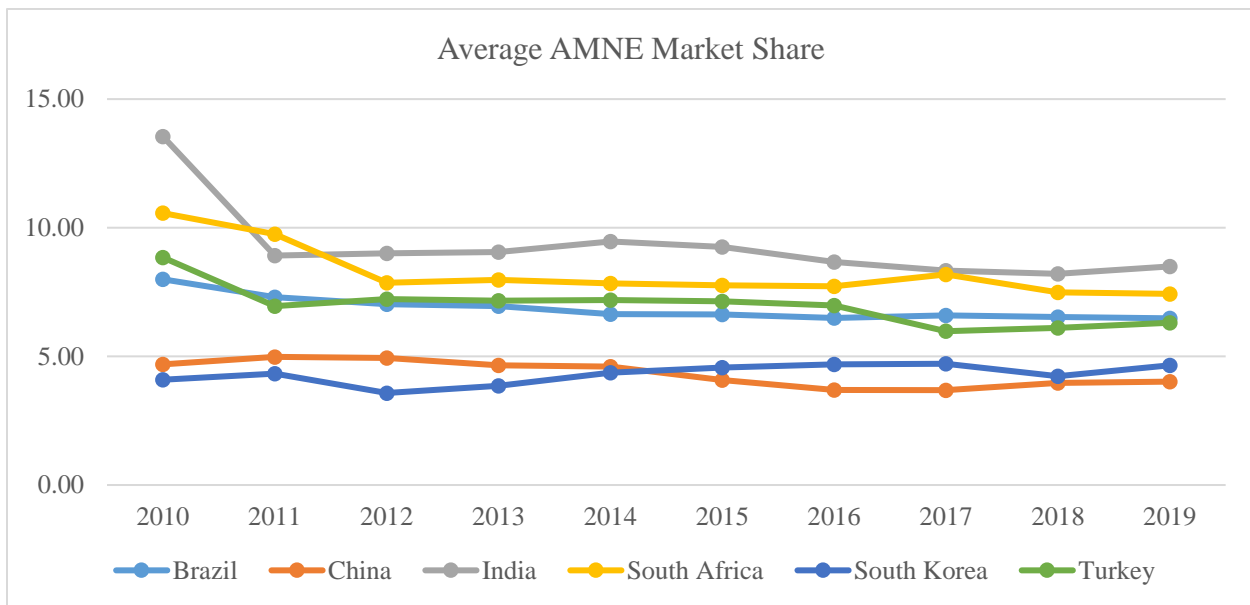


FIGURE 4b Average AMNE Market Share in Emerging Market-Industries

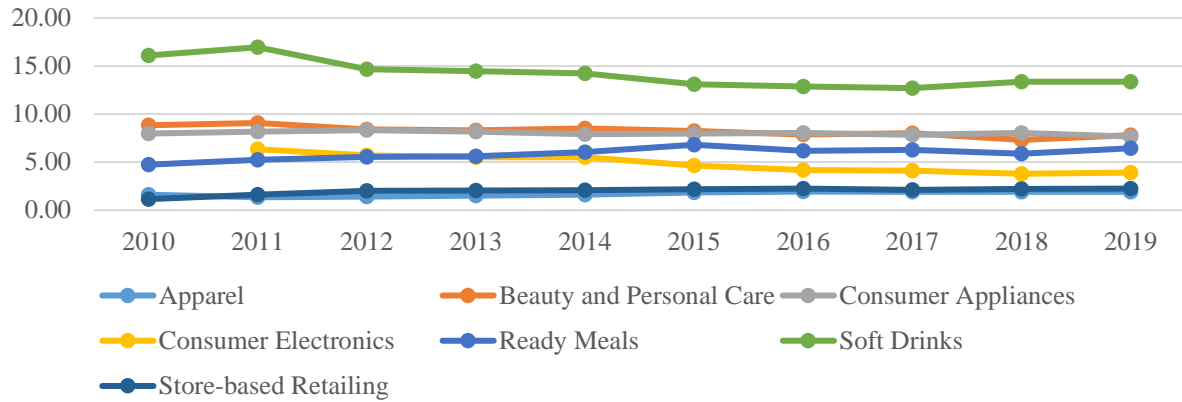


FIGURE 5a Average EMNE Market Shares in Advanced Economy Markets

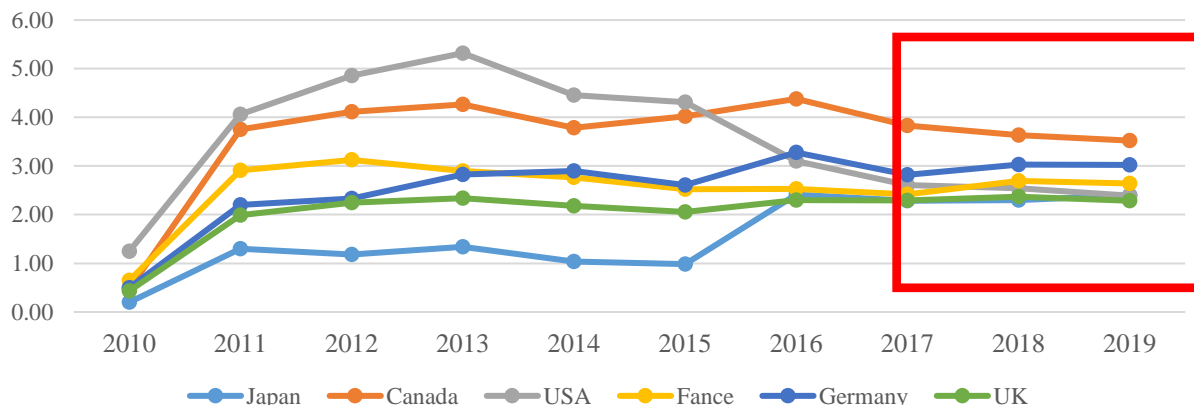


FIGURE 5b Average EMNE Market Shares in Advanced Economy-Industries

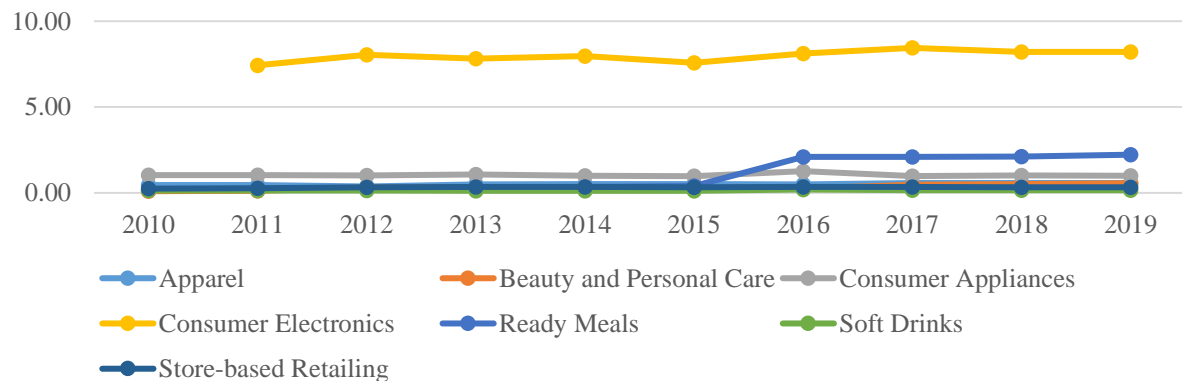
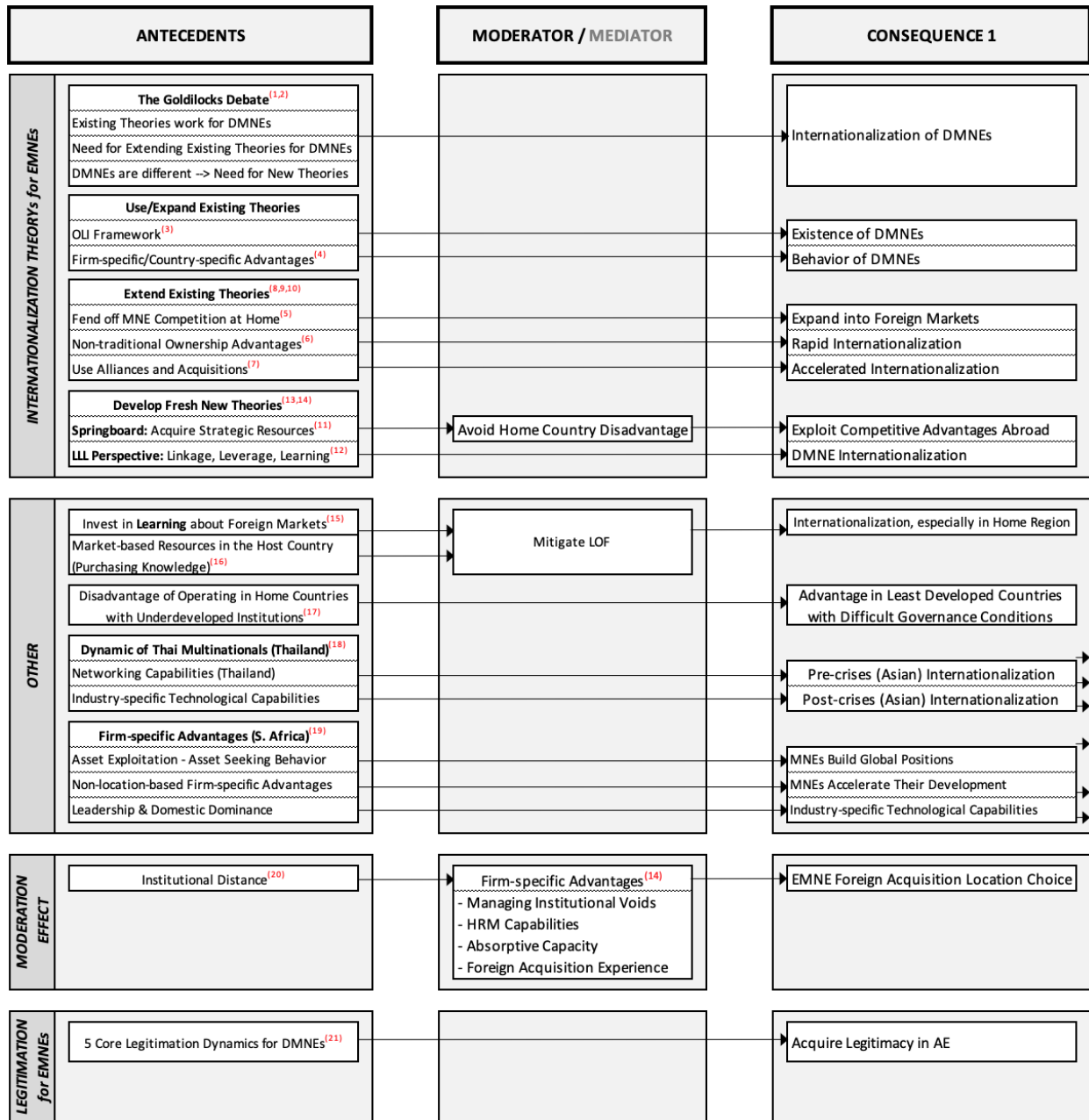


FIGURE 6 What scholars contend about the applicability of existing theories for EMNEs



- (number) indicates the related reference (Please see References).

TABLE 1: Select Literature on Advantages and Disadvantages of EMNEs vs. AMNEs

Study	EMNEs Advantages	EMNEs Disadvantages
Cuervo-Cazurra (2012)	<ul style="list-style-type: none"> • Low-cost innovation appealing to both emerging and advanced markets • Ability to manage high transaction cost and political influences • Resilient to environment instability • Competitive advantage in other countries with problematic governance 	<ul style="list-style-type: none"> • Less sophisticated innovation system • Underdeveloped capital market • Fewer developed suppliers • Less sophisticated financial infrastructure
Gu & Lu (2011)	<ul style="list-style-type: none"> • Interorganizational and interpersonal relationships (guanxi) 	<ul style="list-style-type: none"> • Lack of track records and reputation • Lack of experience in global operations and offshore fundraising
Luo and Tung (2007)	<ul style="list-style-type: none"> • Risk taking • Non-path dependent growth • Home government support • Springboard strategies 	<ul style="list-style-type: none"> • Latecomer to the global competition • Home institutional and market constraints • Strong global rival in home market • Poor governance • Lack of internationalization experience
Pant & Ramachandran (2012)		<ul style="list-style-type: none"> • Liability of foreignness • Liability of origin • Liability of advantages
Guillén and Garcia-Canal (2009)	<ul style="list-style-type: none"> • Accelerated internationalization • Strong political capabilities • High organizational adaptability • High network skills and political knowhow 	<ul style="list-style-type: none"> • Lack of resources upgrades • Home government constraints
Luo and Wang (2012)	<ul style="list-style-type: none"> • High efficiency in foreign market operation • Abilities to deal with uncertainties and harsh environments 	
Williamson (2015)	<ul style="list-style-type: none"> • Country specific advantages such as low-cost labor • Low-cost innovation • Optimizing product and process for EMs • Dealing with weak institutions and infrastructures. • Economies of scale 	<ul style="list-style-type: none"> • Lack of proprietary intangible assets • Lack of brand equity • Lack of Technological innovation

TABLE 1: Select Literature on Advantages and Disadvantages of EMNEs vs. AMNEs

Study	EMNEs advantages	EMNEs disadvantages
Pananond (2007)	<ul style="list-style-type: none"> • Reduced cost of imported technology • Learning from advanced partners • Networking capabilities • Network relationship viewed as way to compensate for lack of effective institutional intermediaries 	<ul style="list-style-type: none"> • Limited choice of foreign markets that they can enter • Lack of technological development
Gammeltoft, Bernard, and Madhok (2010)	<ul style="list-style-type: none"> • Preferential government support • More horizontally/vertically integrated business groups • Advantage of cross-utilizing scarce resources 	<ul style="list-style-type: none"> • Product limitation: cost-competitive products • Market limitation: other emerging markets
Hennart (2012)	<ul style="list-style-type: none"> • Local firm advantage due to imperfect market str. • Better understanding of emerging market customers • Profits arising from CSAs help fund development of FSAs. 	<ul style="list-style-type: none"> • Weak firm specific advantages
Bernard (2010)	<ul style="list-style-type: none"> • Advantages in competing in less developed markets • Adversity advantage • Competitive in medium (not high or low) research intensive industries 	<ul style="list-style-type: none"> • Smaller sales forces • Less R&D resources
James, Sawant, & Bendickson (2018)	<ul style="list-style-type: none"> • Deep understanding of emerging market customers • Ability to drive down cost • Capacity for just-right products with quality & cost • Ability to navigate unstable political and regulatory environments. 	<ul style="list-style-type: none"> • Deficient in technological and product differentiation • Smaller firm sizes
Khanna & Palepu (2000)		<p>Home market constraints</p> <ul style="list-style-type: none"> • Infrastructure deficiencies, unreliable supply chain • Lack of complementary services • Institutional voids
Klein & Wocke (2007)	<ul style="list-style-type: none"> • Use of small-scale labor-intensive technologies • Focus on niche market opportunities 	<ul style="list-style-type: none"> • Lack of product differentiation • Lack of pioneering technology
Rugman (2009)	<p>Country Specific Advantages:</p> <ul style="list-style-type: none"> • Low-cost labor; Finance; Natural resources 	<ul style="list-style-type: none"> • Firm specific advantages other than economies of scale

TABLE 2 Descriptive Statistics and Correlations for AMNEs and EMNEs

		Correlations																			
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
1	Market Share	1.000																			
2	Brazil	.063	1.000																		
3	India	.161	-.127	1.000																	
4	S. Africa	.129	-.139	-.123	1.000																
5	S. Korea	-.052	-.131	-.116	-.127	1.000															
6	Turkey	.058	-.135	-.120	-.131	-.124	1.000														
7	Japan	-.088	-.076	-.067	-.074	-.069	-.072	1.000													
8	Canada	-.047	-.092	-.082	-.090	-.084	-.087	-.049	1.000												
9	France	-.080	-.095	-.085	-.093	-.087	-.090	-.050	-.062	1.000											
10	Germany	-.081	-.092	-.082	-.090	-.084	-.087	-.049	-.060	-.062	1.000										
11	UK	-.097	-.097	-.097	-.094	-.089	-.092	-.051	-.062	-.065	-.062	1.000									
12	Beauty_PC	.028	-.004	.028	.035	.051	.042	-.074	-.091	.054	.014	.089	1.000								
13	Appliances	-.012	-.024	-.007	-.052	-.035	-.054	.101	.074	.032	.080	.047	-.181	1.000							
14	Electronics	-.074	-.060	-.058	.029	.045	.036	-.076	.065	-.096	-.045	-.029	-.141	-.186	1.000						
15	ReadyMeal	-.031	.059	.090	-.033	-.013	.011	-.031	.023	.038	-.021	.048	-.156	-.204	-.159	1.000					
16	Soft Drinks	.321	-.021	.053	.048	-.049	.010	-.066	-.045	-.083	-.080	-.085	-.123	-.161	-.126	-.138	1.000				
17	Retailing	-.181	.027	-.125	-.016	-.020	-.044	.002	.051	.036	.051	-.041	-.167	-.220	-.171	-.188	-.149	1.000			
18	Age	.294	.153	.257	.052	-.036	.029	-.152	-.118	-.127	-.162	-.082	-.139	-.212	-.071	.243	.224	.106	1.000		
19	Year	-.033	-.022	.021	-.021	-.019	-.023	.048	.032	.013	.000	.029	-.017	.019	-.039	.019	.011	.002	.011	1.000	
20	EMNE	-.215	-.260	-.231	-.253	-.238	-.246	.291	.355	.367	.355	.372	-.018	.205	-.125	.002	-.140	.081	-.372	.087	1.000
Mean		5.197	.125	.101	.119	.107	.113	.039	.056	.059	.056	.062	.149	.168	.192	.098	.126	.121	77.434	2014	.321
Std. Deviation		7.637	.331	.302	.324	.309	.317	.192	.230	.237	.230	.240	.356	.374	.394	.298	.332	.327	55.660	2.851	.467

TABLE 3 Generalized Least Squares Estimates for AMNEs and EMNEs

Independent Variables	Coefficient	SE	Significance p-value
Emerging Markets			
Brazil	2.529	2.043	.216
India	4.244	2.183	.052
South Africa	4.273	2.066	.039
South Korea	.589	2.131	.782
Turkey	2.692	2.095	.199
Advanced Economies			
Japan	-.639	2.778	.818
Canada	.512	2.630	.846
France	-.148	2.634	.955
Germany	-.213	2.629	.935
UK	.254	2.503	.919
Industry			
Beauty and Personal Care	5.869	1.529	<.001
Consumer Appliances	8.319	1.504	<.001
Consumer Electronics	5.809	1.527	<.001
Ready Meals	-.142	1.590	.929
Soft Drinks	-1.303	1.644	.428
Store-based Retailing	.379	1.884	.840
Company Age	.019	.010	.069
EMNE Dummy	-187.487	69.362	.007
Year (Trend)	-.029	.020	.151
Year x EMNE Interaction	.092	.034	.007
Intercept	57.545	40.213	.152
Model Statistics			
Wald Chi Squared (d.f.)		140.06 (20)	<.001
Observations		1597	
Country-Company Dyads		189	