Project Title: Foreign Market Expansion Behavior of International SMEs from Emerging Markets

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Abstract
For several decades, international business scholars have dedicated considerable effort to understanding the factors that affect foreign market expansion behavior of multinational enterprises (MNEs). Foreign market expansion emphasizes the seamless integration of value-creating activities across national boundaries to bring products and services to foreign markets and encompasses inherent complexity and intricacy. The most fundamental question raised in the literature pertains to why MNEs expand internationally, despite the difficulties they encounter when competing in foreign markets. This question has motivated many influential studies on the genesis of MNE foreign market expansion behavior, such as the international capital movement and liquidity, national currency arbitrage, location, and market imperfection theories, as well as the eclectic paradigm.

These theories have been developed primarily with MNEs from advanced economies in mind, and no theory regarding the foreign market expansion behavior of MNEs from emerging markets exists. This trend is understandable because, for much of the twentieth century, American, European and Japanese MNEs occupied the dominant share of the world economy. However, by the early 1990s, a new breed of ambitious MNEs is rising on the world scene, presenting both challenges and opportunities for established global players. These new contenders hail from seemingly unlikely places, emerging markets such as China, India, Brazil, Taiwan, Russia, Vietnam, and even Egypt. They are shaking up the entire industries. In 2006, Boston Consulting Group (BCG), from 3,000 companies in 12 emerging nations, identified 100 emerging MNEs that appear positioned to "rapidly transform industries and markets around the world." Thus, a call to examine the applicability of traditional foreign market expansion theories for MNEs from emerging markets has attracted serious recent attention.

Furthermore, a review of the literature leads to an important and interesting observation: Studies of the foreign market expansion behavior have been biased toward larger, established MNEs. In this context, international small- and medium-sized (SMEs) do not represent simply smaller versions of large MNEs. Because they lack the size and diverse resources, which large service firms possess, required to compete effectively in capital- and technology-intensive industries, SMEs cannot enjoy the advantages of those resources when they expand to foreign markets. Instead, SMEs are constrained by their resource unavailability, lack of brand recognition, and inadequate management. These characteristics constitute significant barriers and influence the behavior of international SMEs, because even one business failure can cause the collapse of a small firm. Therefore, SMEs that intend to expand to foreign markets must rely on unique advantages, different than those discussed in research on large MNEs, to overcome their size-related disadvantages. Therefore, a call to develop appropriate foreign market expansion framework for SMEs is in need.

In response to these two calls, this research aims to describe the foreign market expansion in the context of SMEs from emerging nationals, such as China, Hong Kong, Taiwan, and Vietnam. Using a qualitative approach, it draws insights form the founders themselves on a number of issues: When does the idea or decision to make foreign market expansion come to founders' mind? What are the factors that contribute to the formation of foreign market expansion decision? What processes or activities are involved prior to the implementation of such decision?
What strategies do they adopt to deal with their size disadvantages, foreignness, and inexperience in the global marketplace? How do these factors, activities, and strategies, interrelate with each other during formative period of foreign market expansion?

This research is unique in three important respects. First, in contrast with the bulk of foreign market expansion research that focuses primarily on big MNEs, this investigation is grounded in the real experience of international entrepreneurs. Second, rather than using "generic" scales and models, this research tries to discover new insights about the relevant concepts and relationships through in-depth interviews of founders. Third, this project will go beyond the extant, primarily advanced economy-centric, international business literature and target international SMEs from emerging markets to develop a more universal conceptualization of foreign market expansion behavior.

Methodology
In order to capture the holistic essence of the foreign market expansion behavior of international SMEs from emerging markets, a qualitative approach, based on grounded theory research, will be adopted. This approach is deemed appropriate because international SMEs from emerging markets is a relatively recent phenomenon and the objective of the research is to gain insights that will help build a framework rather than to test one. Through this approach, relevant concepts and their interrelationships are allowed to freely emerge.