Chapter 1

Introduction

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This book contains eight chapters from eight countries — Australia, China, Croatia, Japan, Mexico, Tunisia, UK and USA. In the lead chapter, Hewett, Krasnikov and Hepworth examine the impact of home market institutional conditions on market entry strategies of firms from emerging markets. The authors explore the extent to which the regulatory institutional environment, corruption and a particular market's legal system strength influence the overall market expansion patterns of firms from a focal market to other foreign markets. Using the imprinting theory which suggests that firms' home market institutions become imprinted on their strategies and behaviors, and using data on international trademark registrations and institutional conditions for several emerging markets over a period of 14 years (1999–2012), the authors find corruption to be negatively associated with both the overall intensity and scope of market expansion of firms from a particular market. In addition, they discover that while the level of strength of the emerging market's legal system is negatively associated with the scope of international expansion, it is positively associated with the intensity of market expansion.

In Chapter 3, Imagawa and Nakagawa investigate how Yakult's specific marketing method — Yakult Lady method — could be an alternate market expansion strategy in emerging markets. Focusing on Yakult, a Japanese beverage maker, which developed a unique marketing method using local women in Japan in the 20th century, and now has become very successful in entering emerging markets, the authors find that Yakult method is an effective market entry strategy as it contributes to sustainable economic development. Based on an exploratory case analysis of four of Yakult's overseas businesses, they further find that the Yakult Lady method has performed well in emerging markets because it fills the institutional voids with its own resources: the well-trained Yakult Ladies. By organizing local women, Yakult develops a system that serves as a distribution network, information channel, rich pool of skilled labor and mechanism for money collection. Managers can use the findings to consider a different approach for winning in emerging markets.

In emerging markets, artificial intelligence (AI) and cyber-security play a vital role as catalysts to accelerate growth while providing mechanisms to protect and support critical infrastructure. In Chapter 4, Sarma, Matheus and Senaratne present a new pathway for growth in emerging economies via the knowledge economy and examine a critical question of what the implications are of the use and growth of AI and cyber-security in emerging economies. The authors find that the application of AI tools and techniques to specific cyber-security issues such as intelligent malware and the rapid evolution of cyber-attacks offers solutions to complex challenges faced by emerging economies. It could potentially underpin solutions for the protection of critical sectors such as education and health (cyber-security) while offering a new pathway to innovation and entrepreneurship, enabling co-operation and communication in the new knowledge economy. The authors further conceptualize the AI–cyber-security relationship in the context of economic growth and distil and connect the specific elements of AI and cyber-security that offer an advantage to emerging markets through improved output, increased income and accelerated economic performance.

Chapter 5 relates to economic performance but measures its success in terms of poverty reduction. In fact, the Joint Harmonized European Union Program of Business and Consumer Surveys produces useful data for economic modeling, forecasting and investigating poverty levels and social problems. Specifically, Čižmešija and Škrinjarčić examine if the monthly data available from the consumer survey can be used to

forecast future poverty rates of a country. By using the mixed sampling (MIDAS) regression analysis, the authors find that the monthly consumer data on selected variables relating to the financial situation of consumers could be used to model and forecast yearly data on the poverty rates. The implication of the findings of the chapter for policy-makers of emerging markets is that they could use the MIDAS regression to forecast future poverty rates so that timely decisions can be made and action can be taken to reduce costs and increase the capacity for economic development.

In the related Chapter 6, Yang, Zhou, Chen and Carney explain what drives regional innovation capacity building in China, as building innovation capacity is critical to continuing economic development. By adopting the regional innovation system and regional innovation capacity (RIC) approaches, the authors investigate the relatively new phenomenon of RIC and identify key factors that explain variations in innovation capacity across regions of China. Their empirical results show that the key drivers of RIC differ substantively between radical innovation and incremental innovation. That is, innovation capacity is largely related to innovation inputs and these inputs tend to affect incremental innovation more than radical innovation in China. The authors contribute to literature on RIC in a transitional economic context and provide implications for future studies and government policymakers.

Innovation capacity building also relates to talent management and acquisition from the world economy. An important component of globalization over the past two decades has also been emerging markets' rapid integration into the world economy. Consequently, multinational enterprises (MNEs) have faced substantial talent management challenges to attract and retain high-performing employees. Keeping this in mind, Beamond, Farndale and Hartel in Chapter 7 address the question of how MNEs tackle these challenges by focusing on Latin America as an example of a region undergoing rapid economic development during the mining industry boom. Based on a case study of one MNE, the authors collected data through interviews in Peru, Chile and Argentina at a time of substantial skill shortages in the region. By analyzing the organizational structure of the MNE and its translation of talent management strategies from corporate to subsidiary levels, the authors explain the key actors who are in the process of translation and identify the five key talent management challenges that foreign-owned MNEs face when operating in Latin America.

Two other variables, management control systems (MCSs) and business incubators (BIs), have also been argued to support start-ups in their survival and growth. Thus, in Chapter 8, Robles and Klarner link these two variables and explain how an incubation process affect MCSs in start-ups. By using a qualitative and exploratory case study and semi-structured interviews with three start-ups and the management of the Mexican incubator *TecLean*, the authors find that an incubation process influences the development of MCSs in start-ups in at least two ways. First, an incubation process pushes the start-ups toward a non-traditional conceptualization of MCSs to include their stakeholders' perspective. Second, an incubation process highlights the relevance of MCSs when aiming at obtaining venture capital (VC) and thus increasing the start-ups' awareness and initiative to implement stricter MCSs. The implication of the study for practitioners in BIs is that they should train start-ups on the design of MCSs to increase start-ups' access to VC.

The role of the information and communication technologies (ICTs) in the creation of social networks is also important in emerging markets. To understand the importance of ICTs and the users' psychological states against these devices, Saad and Choura in Chapter 9 present their social response theoretical framework and conduct a qualitative analysis. The authors find that virtual anthropomorphic agents and commercial discussion forums with specific characteristics as main technologies can enhance the present experience on a commercial website. It is therefore essential for designers of commercial websites to use sophisticated ICTs to offer content that is sensory-based and move from a utilitarian dimension to a hedonistic one.

Singh and Camacho in Chapter 10 summarize all chapters and conclude the book.