

# **A Strategic Leadership Perspective on the Internationalization of Emerging Market**

## **Multinationals**

**Yannick Thams**

Florida International University

[thamsy@fiu.edu](mailto:thamsy@fiu.edu)

**Keith Kelley**

Florida International University

[kkelley@fiu.edu](mailto:kkelley@fiu.edu)

**Sumit Kundu**

Florida International University

[kundus@fiu.edu](mailto:kundus@fiu.edu)

## **ABSTRACT**

Considering the increasing presence of EM MNCs in the global economy and the aggressive internationalization strategies pursued by these new global actors, this paper takes a multidisciplinary approach to address the influence of top managers on EM MNCs' global expansion. Building on upper echelon theory, the authors formulate propositions revolving around the positive influence of the heterogeneity of top management teams on the internationalization pace of EM MNCs. We believe that given the preponderant role played by managers in the internationalization of these nascent firms, understanding how their characteristics might impact the international strategies employed EM MNCs remains essential.

### **Key Words**

Internationalization, Emerging Markets Multinational Corporations (EM MNCs), top management team (TMT)

## INTRODUCTION

As many theorists (Guillen and Garcia-Canal, 2009; Hoskisson et al., 2000; Ramamurti and Singh, 2009; Sauvant, 2009) and the press have vividly exposed, a new and dynamic set of actors, commonly referred to Emerging Markets Multinational Corporations (EM MNCs), has erupted in the global arena and imprinted the global economy. EM MNCs' rising global presence, partly fostered by numerous mergers and acquisitions initiated in up-stream and downstream markets, posed a significant threat to the traditional MNE originated mostly from developed markets. Deficient of firm-specific intangible assets (Guillen and Garcia-Canal, 2009), EM MNCs have also accelerated the pace of their internationalization by acquiring divisions of well-established western giants. Examples of such takeovers are numerous in the business press. Lenovo's acquisitions of the IBM division of personal computers or Tata's successful bid to acquire Jaguar and Land Rover from Ford have sparked some debates in the West. Businessmen, undergraduate/graduate business students, or academicians might now cite names of companies such as Cemex (S.A.) when discussing examples of global players (Cemex, S.A. is a construction and materials company headquartered in Mexico and employing 66% of its workforce outside its home nation) or Gazprom (Russia), Petrobras (Brazil), or Haier (China). The recent foreign direct investment (FDI) statistics have also showed the magnitude of the phenomenon. In 2002, firms issued from emerging countries represented 12% or \$849 billion of total FDI (Hoskisson, Kim, White, & Tihanyi, 2004).

Since Hymer's (1960) seminal contribution marking the emergence of the International Business academic field, it is well-established in the IB literature that firms go abroad to exploit

their key ownership advantages such as managerial and marketing capabilities, superior technology, brand names, etc... This asset exploitation theoretical perspective essentially originated from scholars' examination of the traditional or well-established MNCs. Nevertheless, emerging market multinationals, as many scholars indicate (Luo and Tung, 2007; Ramamurti and Singh, 2009), are deficient of these conventional critical resources and intangible assets (at the exception of a few players) that are thought to propel the internationalization of multinationals. The question that remains largely unanswered is: what are the drivers of their internationalization? What ownership advantages, resources, and assets do they leverage on? A few theorists notably Ramamurti and Singh (2009) or Guillen and Garcia-Canal (2009) have advanced that emerging markets firms' rapid and high-paced internationalization lie in their high degree of entrepreneurial capabilities, their ability to offer products suited to emerging markets or to operate in the challenging conditions of emerging markets (circumvent institutional voids). Although this work remains one of the first attempts to bring to light the key capabilities and advantages possessed by these emerging players vis-à-vis incumbent western multinationals, scholars clearly need to address this question further. It took decades of scholarship to uncover the ownership advantages of western firms. For emerging markets firms, the journey has just begun.

Building on this theoretical lacuna, the present authors endeavor to examine the internationalization of these late entrants taking the upper echelon perspective that posits that strategic choices are directly influenced by top managers' characteristics (Hambrick and Mason, 1984). Given the central role played by top executives in the internationalization of Western firms as established in the literature (Carpenter et al., 2004), we believe that this role is also

critical in the case of these late entrants that are not endowed with the enormous capabilities and resources of their Western counterparts . Additionally, understanding the strategic leadership of these firms remains essential to appreciate the internationalization trajectories, pace, process of EM MNCs. Top leaders remain an important driver of the global expansion strategies pursued by MNCs. The lack of intangible assets, the instability of their home environment, the complexities associated with managing operations across countries pressure top executives to innovate and think outside the box. In addition, considering the high degree of uncertainty inherent to the internationalization of EM firms, we expect that TMT effects be strong under these conditions. Similarly, EM MNCs operate in a highly dynamic environment, subject to diverse institutional and contextual pressures emanating from their home-nation, the countries in which they operate, and the international context. As highlighted by Simsek et al. (2010:112), “in this context, because cause-effect relationships are generally indiscernible or simply unknown (Finkelstein and Hambrick, 1996), the resulting means-ends ambiguity in decision-making affords CEOs even greater latitude of actions (Hambrick and Finkelstein, 1987).” . This concept of latitude of actions is referred to the notion of “managerial discretion”, a term coined by Hambrick and Finkelstein (1987).

Hence, this study aim at addressing the following questions: 1) given the idiosyncratic institutional, cultural, social, and economic environment of emerging market multinationals, what are the key characteristics of the strategic leadership of these firms that influence the aggressive and rapid pursuit of international diversification? How do these characteristics differ from what upper echelon scholarship has revealed do far? We believe that shedding light on this key relationship might advance the frontiers of knowledge on emerging market multinationals by

examining their strategic leadership and the manner to which leaders' characteristics impact the pace of internationalization. In addition, considering the significant competitive threats posed by these firms in many industries and their increasing role in the global landscape, management and IB theorists and practitioners should strive to explore the mechanisms, resources, and drivers contributing to their increasing presence in the international arena. Finally, we believe that the multidisciplinary focus (borrowing concepts from strategy, international business, psychology, and organization behavior) of our research endeavor could have tremendous explanatory power as suggested by Hambrick and Mason (1984).

The paper is structured as followed. The first section introduces the reader to the idiosyncrasies of emerging markets firms. Then, an overview of the theoretical foundation leading to our arguments and propositions is introduced. The third portion deals with the theoretical development and the hypotheses formulated based on our review of the literature. Finally, we conclude by identifying potential areas for future theoretical and empirical examinations

## **IDIOSYNCRACIES OF EMERGING MARKETS FIRMS**

Shortly after scholars began addressing the causes and consequences internationalization in MNCs from a developed-country (DC) perspective, scholars such as Donald Lecraw (1977; 1981), Sanjay Lall (1984), and Louis Wells (1983) addressed the behavior of MNCs from less-developed countries (LDC). Lecraw (1977) for example explores motivations of firms both from DCs and LDCs, investing in Thailand, and notes some obvious differences. For example, firms

from DCs sought to exploit technology in production and marketing-based competencies whereas, firms from LDCs wanted to exploit labour intensive technologies and diversify risk (Lecraw, 1977). Wells (1983), like Lecraw (1977), finds that “Third-World Multinationals” often invest abroad, nearby, and rather than exporting or licensing, perhaps due to a need to protect technological competencies or even a desire by the managers themselves to go abroad. Lecraw (1984) argues that firms from DCs operating in foreign countries often give up more equity ownership to local partners as a result of pressure from the host government, often thought to increase the transfer of technology. Lall (1984), for example, notes that restrictive trade and investment policies have limited the abilities of MNCs from India, even though the opposite effect was intended; by allowing investments in India by firms from DCs, technological advances by technology transfer and overall improvements in efficiency was stifled.

Early work was limited by access to information on LDC firms and by a need to research them, by as these markets, and the firms within them, have begun to truly ‘emerge’ in global importance a renewed interest in understanding how they may operate differently than MNCs from developed-nations has also resurfaced. Indeed, since the beginning of the century, emerging markets have aroused the interest of practitioners, the business community, management and IB scholars, governmental officials, etc...Navigating the agenda of scholarly forums and conferences and the front page of business magazines or newspapers, one may not neglect the great emphasis that has been placed on the topic. Business Weeks, the New York Times, or the Economist to cite a few new outlets have all recounted the bid of Sichuan Tengzhong Heavy Industrial Machinery Company Ltd (a Chinese MNC) for the Hummer division of GM or even Lenovo’s acquisition of the IBM’s PC division. The economic, political, geopolitical, cultural

hegemony classically exerted by the western world and a few economic superpowers is tremendously questioned; many are wondering whether the rise of the emerging markets particularly BRIC countries will result in an imminent shift of power in the global stage. On the academic arena, the interest for the topic is increasing significantly. Since the Academy of Management's special research forum in 2000 dedicated to emerging markets, three other leading journals (Journal of International Business, Journal of International Management, and Journal of Management Studies) have published a special issue about this theme. What prompts the academic and business community to inquire about emerging markets to such a great extent? What is the novelty with the global expansion of new EM MNCs?

These new actors of the global economy, mainly originating from countries experiencing accelerated economic growth, have been propelled to the international stage fuelled by some endogenous and exogenous factors. First, they have emerged capitalizing on an array of opportunities and possibilities at their disposal thanks to globalization, the numerous technological advances that characterized today's world, and the strong political will of their home governments to build national champions recognized in the global arena and symbolizing their economic prowess. Second, these firms, deficient of so-called ownership advantages such as brand names, technology capabilities, and know-how, management and marketing skills (at the exception of a few EM MNCs) that constitute the pride of western and established multinationals, have developed a great deal of entrepreneurial skills to circumvent the various obstacles posed by not only their position of late entrants but also the home-nations' institutional challenges to which they are confronted (Guillen and Garcia-Canal, 2009; Ramamurti and Singh,



2009).

Third, we should not disregard the favorable international context that aids to propel these newcomers to the international arena (Guillen and Garcia-Canal, 2009). Even if we cannot attribute the success or internationalization of EM MNCs entirely to this global environment, it tremendously facilitates cross-borders investments and creates a wealth of opportunities for late entrants. The establishment of global institutions such as the WTO or regional agreements between countries, advances in communication and transportation technologies, the development of the internet, the deregulation of the financial industry, the privatization of the telecommunication industry, the increasing economic interdependence of many countries are constitute important drivers of globalization. We will elaborate on the argument made by Friedman (2005) that the world is flat; but, it is certainly flatter than it was decades ago (Ramamurti and Singh, 2009) when the traditional MNE began its internationalization. Companies around the world have benefited from these important developments generated by globalization and continue to devise business strategies accordingly. Global sourcing of products, offshoring, the globalization of production and markets, etc... are just a few examples of strategic trends fuelled by globalization (Ramamurti and Singh, 2009). The numerous changes in the global context prompted MNCs to adapt and design new strategies and tactics in order to not only exploit new possibilities but also to simply survive as the highly competitive global environment in which they evolve. Evidently, EM MNCs did not stay out of the game; their entrepreneurial skills coupled with other internal resources and country specific advantages have contributed to their fast international expansion.

## **THEORETICAL BACKGROUND**

## *Upper Echelon Theory*

For the past last decades, students of the organization have explored the realms of top management team. The Hambrick and Mason's (1984) seminal piece introducing the upper echelon perspective has greatly influenced a wide array of disciplines from management to psychology (Peterson, Smith, Martorana & Owens, 2003) or economics (Bertrand & Schoar, 2003). Part of its success and wide appeal can be explained by its multidisciplinary and multilevel approach linking individuals, organizations, and their competitive environments and by its integration of organizational behavior, psychology, and strategy concepts (Hambrick and Mason, 1984). Thus, the foundation of the upon echelon theoretical lens lies in the premise that the "cognitions, values, perceptions" of top executives exert a great deal of influence on strategic choices and as a result on organizational outcomes (Carpenter et al., 2004). In other words, the main argument is that "top executives matter" and play a central role in the strategic direction that firms pursue which in turn determine their performance. "If we want to understand why organizations do the things they do, or why they perform the way they do, we must consider the biases and dispositions of their most powerful actors—their top executives" (Hambrick, 2007).

Due to the difficulty inherent to the operationalization of cognitions, values, perceptions, the UE school of thought usually employ managerial characteristics as proxies to represent these abstract concepts. The general characteristics encompass some psychological features such as cognitive base or values or observable traits including age, functional tracks, education, financial

positions, etc... (Hambrick and Mason, 1984). Top managers when confronted with highly complex managerial decisions, ambiguous cues, or conflicting objectives, their perceptions of stimuli are filtrated through their cognitive base and values. This idea revolves around the concept of bounded rationality, term coined by the nobel prize winner Herbert Alexander Simon and referring to limited ability of agents to “formulate and solve complex problems and process (receiving, storing, retrieving, transmitting) information" (Simon, 1955). As this psychological process would be challenging to assess and measure, upper echelon theory contends that the aforementioned characteristics remain reliable indicators of this quasi “unobservable” construct (Carpenter et al., 2004).

Having exposed the premises of this approach of strategic leadership, one question that might come to our mind would be “how does the upper echelon theory define the top management team?” Building on Cyert and March’s (1963) central concept of “dominant coalition”, a vast majority of scholars employing this approach consider the team of senior executives who represent the organization in its environment and exert a great deal of power; as a result, their initiatives and decisions exercise a significant influence on the firm (Hambrick, Finkelstein & Mooney, 2005). Given the highly strategic position that they occupy in the firm, senior executives would tremendously shape firms’ strategic outcomes and future direction.

Since the publication of the Hambrick and Mason (1984), a wealth of studies have strived to not only empirically validate the upper echelon perspective but also to examine the relationship between TMT profile and firms’ performance and the link between TMT profile and different strategic initiatives (Bantel & Jackson, 1989; Finkelstein & Hambrick, 1996; Smith,

Grimm, Gannon & Chen, 1991; D'Aveni, 1990; Haleblan & Finkelstein, 1993). A few scholars have also devoted their efforts to the application of the UE theoretical approach to different national contexts (Hoffman & Hegarty, 1993; Wiersema & Bird, 1993), suggesting that the theory could be pertinent in different cultural environments (Carpenter et al., 2004).

Along the same line, due to the numerous changes that are characterizing our economic landscape (acceleration of the globalization phenomenon, increasing of cross-border investments, global sourcing of production, etc...), companies are more and more interested in recruiting talents that could facilitate their global expansion or their international activities. This led strategic leadership researchers to direct their attention to the role played by TMT on the internationalization of firms or on their global posture. Carpenter et al. (2004) noted seven studies that investigated this link.

This emerging research stream has introduced a new characteristic, TMT international experience that was not explicitly articulated in the original upper echelon model (Hambrick and Mason's original model incorporated "career experience"). This literature contends TMTs' international experience favorably impact and aid MNCs' internationalization. Executives with such experience or background could better understand the various complexities associated with conducting business across national borders. As Prahalad (1990) contends, international diversification is a "process that compounds the complexity of all managerial tasks." Sanders and Carpenter (1998) also indicate that factors such as "national culture, information processing, causal ambiguity, and coordination and integration needs" inherent to the internationalization of firms create many complications; this prompts them to posit that "the more extensive a firm's

degree of internationalization, the greater the level of complexity confronting its top management team” (Sanders and Carpenter, 1998). It is also contended that international experience decreases the uncertainty associated with firms’ foreignness and fosters the creation of the social capital that aids the internationalization process (Hitt et al., 2006). Along with international experience, some prior studies indicate that elite education and lower average age positively impact international expansion (Hitt et al., 2006; Eriksson & Johanson, 1997; Herrmann & Datta, 2005; Sambharya, 1996; Tihanyi et al., 2000). This argument regarding education resides in the fact that higher education exposes leaders to a great variety of international issues. Concerning younger individuals, they tend to take more risks; as a result, they would be more prone to engage in international expansion and diversification.

Lastly, a few scholars, including Sanders & Carpenter (1998) and Sambharya (1996), focused on the diversity or heterogeneity of top executive teams and its benefits for geographical diversification. The diversity advantage traced its roots to Hambrick and Mason’s (1984) original paper which highlighted the gain of possessing a heterogeneous executive team especially in the case of turbulent environments. The subsequent section elaborates on the heterogeneity concept since our theoretical development principally emphasizes on this key idea. We believe that the turbulence associated with pursuing a geographical diversification strategy is exacerbated for emerging market firms given their lack of established resources such as brands, technology, and the like vis-à-vis established multinationals, their status of nascent firms, and the instability of their home environment. Therefore, studying the diversity of TMTs in the context of these firms might constitute a promising avenue.

## **THEORY AND HYPOTHESES DEVELOPMENT**

International Business scholarship defines internationalization or multinationality as the “process of increasing involvement in international operations” (Buckley and Ghauri, 1999). Similarly, strategists instead of using the term “internationalization” refer to the concept of “international geographic diversification” which they describe as “the share of foreign operations (sales, assets, subsidiaries, or profit) within the MNE's business portfolio, thus capturing the firm's level of international involvement” (Tihanyi et al., 2005). In the context of our study, we will use the terms interchangeably.

### **Heterogeneity of TMT**

Although internationalization constitutes a tremendous source of business opportunities for firms, it undeniably increases the level of complexity to which top managers are exposed. Managers will be introduced to a wide variety of cultures, regulative and cognitive institutional environments, different competitive landscapes, the “stigma” of being foreign (Hymer, 1960). Complications could arise from the management of the overall global operations (global strategies are needed to coordinate the vastness of operations) but also at the subsidiary level (management of each country’s local unit). As established in the IB literature, multinational firms are subject to the “liability of foreignness” which represents the disadvantages associated with foreign firms’ unfamiliarity to host countries’ social, political, economic, and cultural environments (Zaheer, 1995). As Sanders and Carpenter (1998) contend, a higher degree of internationalization would result to a higher level of complexities faced by top managers. A few studies on international diversification have revealed that the level of heterogeneity that exists

within the top management team would help firms cope with the challenges associated with the complex nature of internationalization (Carpenter and Fredrickson, 2001). Carpenter and Fredrickson (2001) further argue that this heterogeneity or diversity confers top executives a greater breadth of information sources and skill sets than would be otherwise at the disposal of more homogeneous teams. In addition, diversity could also foster creativity and innovation in strategic problem solving (Dutton & Duncan, 1987) and help firms surmount their “domestic myopia” (Barkema & Vermeulen, 1998; Carpenter and Fredrickson, 2001). Another positive effect of the heterogeneity is that it might accelerate the internationalization process as top leaders are embedded in a strategic environment characterized by a diversity of network ties, skills, and worldviews (Carpenter and Fredrickson, 2001). The upper echelon literature has identified a couple of characteristics that could contribute to this diversity. Among those, we could distinguish 1) the breadth of international work experience, (2) the educational heterogeneity, (3) the functional heterogeneity, and (4) the tenure heterogeneity.

Tailoring our discussion to emerging market firms, we contend that these characteristics should be complemented by other features given the idiosyncratic nature of the institutional environment in which these firms operate and the special circumstances of their international diversification. Therefore, we propose the addition of the subsequent characteristics.

### **Social Ties and Social Capital**

As various studies have illustrated (Burt, 1992; Tsai and Ghoshal, 1998), social capital and social ties constitute an important asset for the success of firms; the resource dependency

perspective also posits that firms depend on their ties with the external environment to obtain strategic resources (Pfeffer and Salancik, 1978). Granovetter's (1985) seminal contribution discusses the embeddedness of firms in a "structure of social relations." Granovetter (1985) alludes to the importance of social relationships among various actors and their impact of economic actions. Even if social capital might be critical to the success of any firms, research on emerging market firms has brought to light the even more salient value of social capital in emerging markets. First of all, the cultural inclination of individuals from emerging countries towards the development of social ties has been widely recognized. It seems that emerging market firms tend to possess the skills to build network ties more easily (Luo and Tung, 2007). In their summary of the intangible assets possessed by emerging market firms, Guillen and Garcia-Canal (2009:31) discussed the networking expertise of EM MNCs defined as their "ability to develop networks of cooperative relationships." These abilities constitute an important asset which EM MNCs exploit in crafting their internationalization strategy. For example, the importance of "Guanxi" in the Chinese culture and business culture exemplifies this concept of relationships and the creation of strong network ties with business partners. Second, to circumvent the numerous institutional voids that emerging market firms face in their home environment (lack of soft and hard infrastructures, weak legal systems, political instability, etc...), they tend to employ their network ties. As Peng and Heath (1996) suggest, managerial ties of emerging market firms "may embody more useful social capital that can compensate for these countries' lack of market-supporting institutions such as transparent laws and regulations." That leads us to expect that the diversity of social ties with actors from the private sector might be a critical characteristic of top executives.



***Proposition 1:** There will be a positive relationship between the social ties' heterogeneity of top executives and the pace of internationalization of EM MNCs.*

### **Work Experience (public versus private sector)**

In similar vein, an important driver of the internationalization of emerging market firms lies in the financial and political assistance provided by their home-nation government. The latter could intervene in the international activities of national firms at many levels. For example, it could provide loans and financial capital or engage in bilateral agreements with host-nations to allow cross-borders investments originated from its soil. In the case of China, the government has to approve every foreign direct investment initiated by Chinese firms. In a case study conducted on two large diversified Indian firms, Ghemawat and Khanna (1998) discuss the strategic tools used by one of the firms studied to capitalize on its access to governmental bureaucracy. The case study suggests that this company designed its overall strategy on this necessity to keep strong ties with the government and governmental actors. Ramamurti and Singh (2009) indicate that “good relations with the local government” remains a significant firm specific advantage that emerging market firms possess vis-à-vis incumbent western multinationals. They enable these firms to tap into country level advantages such as access to governmental capital or other forms governmental assistance including preferred access to markets or preferential regulations. In addition, many private firms in emerging markets were previously owned by the government (for example, Brazilian firms such as Petrobras or Embraer); as indicated by the Stinchcombe (1965), the imprinting effect of the government on

their structure, processes, and organizational culture might still be salient. Given the significant role played by the government and the imprint that it might have on many EM MNEs, we believe that executives who held previous positions in the public sector might enhance the diversity of the TMT which in turn could help the internationalization of the firm.

***Proposition 2:** There will be a positive relationship between a top management team's diversity of work experience (private and public sector position) and the pace of internationalization of EM MNCs.*

### **Educational Background and Country of Origin**

As mentioned earlier in our literature review, executives' higher educational background favors the global expansion of firms (executives are exposed to more international matters). Similarly, we argue that TMTs' diversity of educational background might lead to favorable internationalization outcomes. Specifically, we consider the country in which executives pursued their secondary education. Indeed, collaboration and exchanges among executives who studied in West and those who studied in emerging markets might offer a wider spectrum of views and perspectives, especially when firms pursue foreign investment on a global scope (investment directed to developed and developing markets). This diversity of background might enlarge TMTs' knowledge pool in the sense that individuals might have specific knowledge of the challenges and opportunities that exist in both markets (developed and developing). Real and practical experiences in the country or region in which managers pursued their education might

also increase their awareness of the market. In addition, executives might have built some strong social ties in the country in which they studied. Similar to our previous argument on the benefits of social ties, we contend that these social ties formed during the course of their studies might help executives in their formulation of international strategic alternatives. The same argument can be made when firms is endowed of an executive team composed of individuals coming from different countries. Due to the increasing emergence of a truly global workforce, EM MNCs might tap into this great resource to acquire human capital with different backgrounds.

***Proposition 3:** There will be a positive relationship between a top management team's diversity of educational background (studies undertook in the western world and in home or other emerging markets) and the pace of internationalization of EM MNCs.*

***Proposition 4:** There will be a positive relationship between a top management team's diversity of country of origins and the pace of internationalization of EM MNCs.*

### **The Moderating Effect of Personality: Executives' Core-Self Evaluation**

The previous section dealt with observable characteristics that contribute to the heterogeneity of TMTs. In addition to these observable attributes as distinguished by the Hambrick and Mason (1984), our study endeavors to examine the effect of psychological characteristics and personality traits. Following Simsek et al. (2010)'s reasoning that reckons that CEOs personality positively impacts firms' entrepreneurial orientation, we propose to examine

the effect of the executives' core-self evaluation. We believe that the context of our study makes the examination of core-self evaluation suitable and desirable given the exacerbated entrepreneurial inclination of the firms under study. As argued earlier, the aggressive entrepreneurial choices of emerging market firms might reflect their executives' personality. Instead of evaluating individual facets of managers' personality, we elect to analyze the unifying construct of core-self evaluation. According to Hiller and Hambrick (2005), core-self evaluation "should be adopted as a robust, well-validated umbrella construct for the studying the impact of executive personality on strategic processes and choice." Core-self evaluation refers to the evaluations that people form about themselves and "their functioning in the environment" (Resick et al., 2009). It includes four traits: locus of control, neuroticism, self-esteem, generalized self-efficacy (Judge et al., 1998).

Building on Simsek et al. (2010) contention that executives with "higher core-self evaluation are more apt to favor entrepreneurially oriented strategic choices", we conjecture that emerging markets managers' positive self evaluations would favor the global expansion of the firms that they lead. These leaders should be more prone to pursue aggressive internationalization, especially by making investment in the developed world. On the contrary, we expect that executives with low core-self evaluations to have doubts about risky internationalization alternatives and adopt a more conservative global expansion's approach. Applying this individual personality construct to our research centered on TMTs' heterogeneity, we assert that positive effect of teams' diversity will be more accentuated when a majority of team members has a strong sense of self-potency. That prompts to formulate the following proposition:

***Proposition 5:** The positive effect of team diversity on the pace of EM MNCs' internationalization will be positively moderated by executives' core-self evaluation.*

## **DISCUSSION AND CONCLUSION**

In light with recent attempts to study emerging markets multinational' international expansion, we examine in this study how various top executives' characteristics impact the internationalization pace of these new global actors. Since its inception in the 50s, IB scholarship has essentially concentrated its endeavors on established firms from the West and Japan. The global landscape and economy is facing a metamorphosis characterized principally by the presence of firms such as Hair, Embraer, or Tata Motor, etc... all originated from emerging markets, and for the most part from the BRIC nations. A significant research gap exists in the literature since our traditional and orthodox models of internationalization or multinationals' behavior need to be revised to consider the peculiar international strategic actions employed by these emerging players. Although many research opportunities could be pursued, the present article takes meso approach by examining the influence of individuals on a key organizational outcome, the pace of internationalization. The drivers of internationalization have been substantially examined through the lenses of the resource-based view, I/O economics (Hymer, 1960), or the OLI paradigm (Dunning, 1977). We definitely recognize the significant contribution of these theories in explaining MNCs' behaviors and strategies. However, we

believe that the managerial component should also be treated as an independent variable.

Organizations are driven and led by individuals, whose actions and decisions are decisive to the strategic direction of firms.

Although we recognize the difficulty of collecting data in emerging economies (Hoskisson et al., 2000), we hope that this model could be empirically tested in future studies. In addition to overcoming the challenges of collecting data on emerging markets firms, researchers undertaking this endeavor would need to address the heterogeneity of emerging markets. Indeed, although emerging markets firms share a number of similarities, including their nascent stage of internationalization (Ramamurti and Singh, 2009), home-nations' institutional voids (Khanna and Palepu, 2006), strong governmental involvement (Hoskisson et al., 2000), their rapid internationalization (Guillen and Garcia-Canal, 2009), it is also important for researchers to keep in mind the idiosyncratic features of each country.

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