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**A Co-evolution Perspective of EMNE Internationalization and Institutions: An
Integrative Framework of 5Cs**

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Abstract

While significant progress has been made on the contextual role of institutions, scholarly research on the dynamic process of emerging economy multinational enterprises' (EMNEs) international activities interacting with home country and host country institutions still seems to be in its infancy. Therefore, in order to move the current academic debate forward, we examine the intersection between the internationalization of EMNEs and their institutional environments by undertaking a critical review of the existing literature, given that institutional forces not only shape organizational behavior but also affect EMNEs' internationalization strategies and organizational outcomes. We propose an integrative framework of 5Cs (context, capability, change, concomitance and configuration) underlying the co-evolution of EMNEs' internationalization and institutions, and position all the papers included in this Special Issue within this framework in order to point towards a number of directions for future scholarship.

Keywords: co-evolution; emerging economies; emerging economy multinational enterprises; institutions; internationalization.

A Co-evolution Perspective of EMNE Internationalization and Institutions: An Integrative Framework of 5Cs

1. Introduction

The intersection between emerging economy multinational enterprises (EMNEs) and the institutional environment within which they operate has attracted much attention from international business (IB) scholars. Significant progress has been made on the contextual role of institutions, and it is widely recognized that institutional forces not only shape organizational behavior but also affect EMNEs' internationalization strategies and related organizational outcomes (Cuervo-Cazurra et al., 2019; Meyer & Peng, 2016; Peng et al., 2008). In this stream of the literature, firms are perceived as rather passive and reactive actors, aligning their strategies and operations with their heterogeneous institutional contexts at the multinational enterprise (MNE) level and the subsidiary level through multiple embeddedness (Meyer et al., 2011).

Nevertheless, the international activities of EMNEs may also affect their institutional environments. Instead of being passive recipients of institutional influence, firms actively engage with governments and other institutional actors to alter the institutional conditions of both the home and the host countries (Cantwell et al., 2010; Doh et al., 2012). In other words, institutions are not exogenous factors, and firms do not only exploit, adjust and adapt to the existing institutional environment/systems, but also initiate, shape and transpose institutional changes in the process of internationalization. The feed-back and feed-forward from EMNEs' internationalization to institutional changes has attracted limited attention in contrast to the literature on the role of institutions in IB activities. In this article, we take stock of the extant literature and propose a 5C framework (i.e. context, capability, change, concomitance, and configuration) on the intersection and co-evolution of EMNE internationalization and institutions.

During the co-evolution process, EMNEs and their institutional environments simultaneously co-evolve: EMNEs emerge from their home country institutional *context* and operate in the host country institutional *context*. Both institutional contexts independently and conjointly shape the EMNEs' capabilities for and strategies of internationalization, and influence their corporate and subsidiary performance. The collaborative or contestatory interactions of EMNE internationalization and the institutional contexts give rise to EMNEs' *institutional capabilities* (Carney et al., 2016; Landau et al., 2016). EMNEs as institutional entrepreneurs (or brokers) deploy resources to shape *institutional changes* in the home and/or the host countries. In view of the institutional voids in emerging economies (EEs), EMNEs may engage with home country governments and stakeholders, introducing new institutional elements and formulating a new institutional logic that would support

their internationalization. Eventually, an evolved institutional system becomes a new norm in the home country (Carney et al., 2016; Child & Marinova, 2014; Dieleman & Sachs, 2008; Yan et al., 2018).

EMNEs' operations can also induce institutional changes in the host countries. In addition to adopting the traditional approach often employed by developed economy MNEs, i.e. direct negotiations with the host country governments, EMNEs may utilize business diplomacy and/or home country agencies to put pressure on host country governments and other stakeholders, challenging social norms and expectations, questioning the validity of institutional arrangements, and engaging in battles that arise from tensions between existing and emerging institutions (Child et al., 2012; Kolk & Curran, 2017). Notwithstanding the increasing interest in the *concomitant* processes of EMNE internationalization and institutional transition/transformation, little attention has been paid to the interactions between institutions and EMNEs designed to achieve common strategic objectives and the evolution of systemic *configuration* patterns that are conducive to EMNE internationalization and institutional transformation.

To move the literature forward on the intersection and co-evolution of EMNEs' internationalization and institutions, this Special Issue aims to contribute to unpacking the unique characteristics relating to the interdependence between EMNE internationalization and institutions. More specifically, it not only focuses on examining the interactive relationships between institutions and EMNEs but also the mechanisms through which such interactions occur, and related organizational outcomes.

In this introductory article, we first provide a systematic literature review by setting the scene for the Special Issue, starting with research on the direction from the institutional context to EMNE internationalization, followed by an overview of the literature on EMNEs' institutional capabilities and the institutional entrepreneurial activities that lead to institutional change. While the two streams of research are fragmented in the extant literature, we put forward an integrative 5Cs framework that offers a co-evolutionary perspective of EMNE internationalization and institutions through the feedback and feed-forward processes. Finally, we introduce and position the seven articles included in this Special Issue within the 5Cs framework.

2. Methodology

In line with our aim, in this work we conducted the critical literature review in order to present our view concerning the existing scholarly debate centered on the links between EMNEs and institutions (Webster & Watson, 2002; Nielsen et al., 2017; Papanastassiou et al., 2020). In doing so, we selected a collection of studies based on the following steps. First, using standard bibliographic databases (e.g. the Web of Science, ScienceDirect and Google Scholar), we adopted the Boolean

search operators of predetermined keywords to identify the relevant articles. Our purposely selected keywords included, for example, terms such as ‘emerging economy multinational’, ‘emerging market multinational’, ‘EMNE’, ‘institution’. These were used both in isolation and in combination, for example, as in ‘emerging market multinational/EMNE’ and ‘EMNE/institution’. Second, because formal search techniques based on keywords may overlook some relevant studies, we also utilized the snowball search technique by examining the bibliographies of our findings for additional work of relevance (Greenhalgh & Peacock, 2005).

Our search strategies yielded a collection of 541 papers. After excluding 178 duplicative studies, we reviewed the remaining 363 papers in order to identify their relevance to our research topic. By confining our review only to EMNEs and not to broad emerging market firms with internationalization activities and institutional factors, our final dataset included 88 articles. These were published across 36 journals, with the majority of articles (15, or 17%) coming from the Journal of World Business, followed by 12 (14%) from the Journal of International Business Studies and then 10 (11%) from the International Business Review. Our database spans the years from 2007 to 2021.

Having our dataset in place, and similar to Chidlow et al. (2014) and Nielsen et al. (2020), we undertook a systematic content analysis to comprehensively examine the text within each article as well as to understand the context in which such text was evaluated (Schreier, 2012; Schaffer & Riordan, 2003). The results are illustrated in Table 1.

Due to the complexity of the examined text, we do not claim that our review in Table 1 is the only way of interpreting the studies we gathered. Rather, we are claiming it is a reasonable interpretation based on careful reading and an examination of all the text we considered (Ahuvia, 2001). Below, and in-line with the aim of this Special Issue, we now turn our attention to the findings from the content analysis.

INSERT TABLE 1 HERE

3. From institutions to EMNE internationalization

The institutional contexts in which EMNEs originated differ markedly from those of MNEs in developed countries. Therefore, scholars have paid considerable attention to the impact of the institutional context on the internationalization strategies and subsequent performance of EMNEs from the perspective of the home country institutions, the host country institutions, and the conjunction of the two. However, this line of research tends to take existing institutions as given and

stable. If there were changes, these were slow moving and exogenously determined. Therefore, little attention has been paid to the interaction between EMNEs, their institutional environments, and dynamic changes in national institutional environments caused by their internationalization.

3.1 The role of home country institutions

Out of 47 papers that examined the role of home country institutions (see Table 1), 33 papers investigate their impact on EMNEs' investment or location strategies, which are captured by EMNEs' propensity for outflow foreign direct investment (OFDI), new foreign market entry, existing foreign market expansion, the number of foreign subsidiaries, and the flows of total OFDI or the flows of cross-border mergers and acquisitions (CBMAs). Seven papers focus on entry mode strategies, including the comparison between joint ventures (JVs) and wholly owned subsidiaries, the equity share of foreign subsidiaries, and the shift from exports to OFDI¹. Other papers examine EMNEs' capability for internationalization (Degbey et al., 2021; Nayyar, 2018), international human resource management (HRM) strategy (Haak-Saheem et al., 2017), corporate strategy of international diversification (Fathallah et al., 2018; Li et al., 2014), subsidiary strategy of global integration and local responsiveness (Wei & Nguyen, 2017), corporate performance (Kim et al, 2010; Liou & Rao-Nicholson, 2019), and subsidiary performance (Han et al., 2018).

Regarding theoretical perspectives, most papers apply institutional theory², in particular, new institutional economics (NIE) (North, 1990) or the institution-based view (IBV) (Peng et al., 2008) to study the effect of home country institutions on EMNEs' internationalization strategies and performance. A range of institutional factors, serving as either determinants or moderators, has been explored, including market supporting institutions, institutional reforms, institutional fragility that incorporates both the scope and speed of market reforms, pro-market reforms and reversals, perceived institutional hardship, and institutional obstacles/constraints/instability.

EEs are characterized by uncertain and complex institutional contexts with formal institutions being underdeveloped and undergoing rapid transitions, and informal institutions complementing/accommodating/substituting/competing with or dynamically interacting with formal institutions (Horak & Restel, 2016). These institutional characteristics influence EMNEs' capability for internationalization, a proposition advocated by Nayyar (2018) and confirmed by Degbey et al. (2021) in their examination of CBMAs of African MNEs. Studies have differentiated the role of formal or regulative institutions, such as government policies, regulations and legal frameworks, and that of informal institutions, namely state ownership and ties with the home country government, or other political ties.

The examination of formal or regulative institutions has largely focused on the investment/location strategy of Chinese MNEs, with two studies each on Latin American MNEs

(Cuervo-Cazurra, 2016; Dau, 2012) and MNEs which originated from Central and Eastern European countries (CEEC) (Stoian, 2013; Sun et al., 2018), and one each on Indian MNEs (Stucchi et al., 2015), Lebanese MNEs (Fathallah et al., 2018), and South African MNEs (Barnard & Luiz, 2018) (see Table 1). Nevertheless, regulatory institutions are also important to EMNEs' international HRM **strategy** (Haak-Saheem et al., 2017) and entry mode strategies (Cui & Jiang, 2012; Liou et al., 2016; Wei et al., 2014). Han et al. (2018) and Wei & Nguyen (2017) also show that government support affects Chinese MNEs' subsidiary performance. This line of inquiry is often based on three arguments which we will elaborate below.

The first argument is that government involvement in businesses tends to be prominent in EEs which offer formal institutional support to firms, e.g. China's 'Go Global' policy. Emerging economy firms (EEFs) can leverage institutional advantages derived from such support to become EMNEs, and adopt appropriate investment, location and entry mode strategies that maximize the value of institution based resources for firm performance (Hong et al., 2015; Luo et al., 2010). Additionally, institutional support may compensate for the potential losses from high risk investments and/or exert coercive pressures on EMNEs to adopt certain internationalization strategies (Noh & Shin, 2018).

The second one is associated with institutional voids that reflect underdeveloped institutions, e.g. regulatory uncertainty, underdeveloped intellectual property protection, poor law enforcement, underdeveloped factor markets and inefficient market intermediaries (Doh et al., 2017). This line of research also pays attention to institutional fragility, where different institutional dimensions develop at a different pace, which creates internal friction and conflict (Shi et al., 2017), and institutional misalignment which results from profound changes in the institutional environment causing misalignment between the expectations of firms and the institutions of the country (Barnard & Luiz, 2018). The institutional characteristics of the home country, such as institutional voids, institutional fragility, and/or institutional misalignment trigger firms to undertake escape FDI by investing abroad in order to limit exposure to an uncertain home country institutional environment and seek better institutional conditions for their development needs (Cuervo-Cazurra et al., 2018; Witt & Lewin, 2007). This is also known as institutional escapism. Fathallah et al. (2018) explore the stepwise process of Lebanese MNEs' internationalization from rent-centric to value-centric, and finally to scale-centric institutional arbitrage.

The third line of theoretical rationale contests the second one. Institutional voids and fragility, instead of resulting in competitive disadvantages for EMNEs, induce them to update their competitiveness to international levels (Cuervo-Cazurra & Genc, 2008) and build an uncertainty management capability (Cuervo-Cazurra et al., 2018). The experience of operating in a challenging institutional environment and adapting to institutional change provides EMNEs with institutional advantages over developed-economy MNEs and local competitors in other countries with lower

levels of institutional development (Cuervo-Cazurra, 2016; Cuervo-Cazurra & Genc, 2008; Cuervo-Cazurra et al., 2018; Yang, 2018). Thus, internationalization is not an exit strategy from the home country as predicted by the second argument, but a way of exploiting specific competitive advantages derived from home embeddedness (Buckley et al., 2016).

The role of informal institutions in EMNE internationalization is equally salient. Corporate control through state ownership and the level of government affiliation, or political ties with home country government agencies, are shown to affect EMNEs' investment and location strategies. However, how the effects occur is debatable. For example, state ownership is found to positively impact on OFDI in general (Hong et al., 2015; Noh & Shin, 2018; Wang et al., 2012; Wang et al., 2012), as well as OFDI in host countries with weak institutional systems (Yang, 2018). In contrast, a few studies recognize that state ownership connects firms with governments, which increases the firms' resource dependency on home country institutions and causes firms to balance between their market and nonmarket strategies.

Accordingly, there are boundary conditions for state ownership. Park & Xiao (2017) argue that state ownership jointly works with the exploration orientation of EMNEs to negatively affect OFDI propensity and intensity. Shi et al. (2017) consider that state ownership grants firms the power and channels to respond to institutional fragility, and consequently moderates the effects of institutional fragility on OFDI propensity. Duanmu (2014) recognizes that state-owned EMNEs have the dual role of being the principals of the assets and facilities of their subsidiaries in the host country and the agents of their home states who, in the face of expropriation risk, have the incentive and capability to negotiate with, and even retaliate against the host country government. As a result, state ownership mitigates the negative relationship between the expropriation risk and OFDI. Li et al., (2018) contend that the relationship between interstate diplomatic relations and foreign location choice is positively moderated by state ownership, in addition to the level of government affiliation. Cui & Jiang (2012) take a different angle to examine entry mode strategies, contending that state ownership moderates the effects of home country regulatory restrictions on EMNEs' entry mode strategies.

The role of political ties is unequivocally contentious. Political ties help facilitate EMNE internationalization through providing EMNEs with privileged information and business contacts in the international market, as well as access to the diplomatic services which are an important channel for information exchanges and government support, and for conferring legitimacy and status on firms (Chen et al., 2018; Li et al., 2018; Wang et al., 2012). Wu & Ang (2020) contend that political ties are context specific and face transferrable problems across institutional contexts. Its value to EMNE internationalization depends on its interaction with firms' foreign ties. In contrast, Noh & Shin (2018) and Sun et al., (2018) oppose the positive internationalization effect of political ties. Noh & Shin

(2018) argue that a Chinese firm's links with home provincial politicians not only negatively affect CBMAs directly, but also have indirect effects through weakening the positive effect of state ownership on CBMAs. Sun et al. (2018) reveal that cooperative ties with the home country government reduce the positive link between OFDI propensity and external deterrents at home, including institutional obstacles and market competition.

3.2 The role of host country institutions

Similar to the examination of home country institutions, most studies on host country institutions have focused on EMNEs' investment or location strategies (21 out of 31 papers), followed by the investigation of entry mode strategies (5 papers), innovation performance (3 papers), corporate strategy (1 paper) and subsidiary strategy (1 paper).

The NIE and IBV remain the dominant theoretical perspectives. From the perspective of formal or regulative institutions based on traditional arguments, managers are deterred by institutional risks (Buckley et al., 2018). When making investment and choosing foreign locations, MNEs in general prefer host countries with well-established institutional environments where there is impartiality of host institutions i.e., a 'level playing field' without differential treatment of foreign and domestic firms, and limited government intervention in business activities (Li et al., 2018). In choosing entry modes, they have a strong incentive to choose wholly owned subsidiaries over JVs (Cui et al., 2011; Lu et al., 2018) and a full acquisition mode over a partial acquisition mode (Ahammad et al., 2018). Well-established institutions also enable better innovation performance (Wu et al., 2016). EMNEs are no exception. Well-established institutions attract EMNEs to take advantage of such favorable conditions and reduce transaction costs for foreign operations (Avioutskaa & Tensaout, 2021; Cui et al., 2016). They also help boost risk-taking capabilities by reducing information asymmetry and the regulatory ambiguity associated with OFDI activities (Lu et al., 2014). Such a context that enables firms to gain sufficient knowledge may reduce the importance of prior international experience in a host country in relation to FDI entry.

More recently, an emerging view contesting the traditional argument maintains that owing to the experience of institutional voids and fragility at home, EMNEs have the ability to deal with weak institutions, making them impervious to host country political risks (Buckley & Munjal, 2017) and weak intellectual property institutions (Alexiou & Vogiazas, 2021). They may even prefer risky environments, which are generally avoided by developed economy firms, and therefore are less competitive and offer potentially higher returns (Buckley et al., 2007; 2016).

In addition to having direct effects on EMNE internationalization, host country institutions act as boundary conditions. Kang (2018) and Kolstad & Wiig (2012) argue that the relationship between the natural resource endowment of the host country and Chinese OFDI is positively moderated by

poor institutions (reflected by high political risk and low economic freedom). Wu & Ang (2020) explore the positive interactive effects of domestic political ties and foreign ties being stronger for EMNEs that expand to institutionally developing host markets compared to institutionally developed host markets.

3.3 The conjunction of home and host country institutions

A total of 20 papers studied the conjunction of home and host country institutions with eight papers on EMNEs' investment or location strategies and six papers on entry mode strategies³. Out of four papers on firm performance, one is on corporate performance (Liou & Rao-Nicholson, 2019), one on subsidiary performance (Han et al., 2018) and two on innovation performance (Wu et al., 2019; Wu & Park, 2019). Another three papers examine EMNEs' internationalization strategies (Child & Marinova, 2014). international HRM strategy (Khan et al., 2019) and branding strategy (Liou et al., 2018).

Most of these studies focus on institutional distance (institutional similarity and/or difference) between the home and host countries along multiple dimensions, particularly cultural, as well as regulatory, normative, economic, knowledge, linguistic and corruption distance. There are two conflicting views. One considers that institutional distance causes unfamiliarity hazards and relational hazards (Gaur & Lu, 2007), increases external uncertainty, intensifies the liability of foreignness and represents disadvantages for EMNE subsidiaries operating in host countries. As a result, it deters OFDI and CBMA (Buckley & Munjal, 2017; Dike & Rose, 2019; Dowling & Vanwalleghem, 2018; Kittilaksanawong, 2017), encourages lower equity participation (Kittilaksanawong, 2017; Liou et al., 2017) and weakens innovation performance (Wu et al., 2019). The other one sees institutional distance as representing opportunities for gaining competitive advantage, fresh knowledge, innovative thinking and technological upgrading, thus having a positive impact on CBMA (Boateng et al., 2017), and encouraging equity participation (Gaffney et al., 2016). Besides the direct effect of institutional distance on EMNEs' strategies and performance, its indirect or moderating effects have also attracted scholarly attention. Kittilaksanawong (2017) examines its joint effects with EMNEs' resources on foreign location strategies. On entry mode strategies, it acts as a boundary condition for the effects of EMNEs' resources (Kittilaksanawong, 2017), home country conditions (Liou et al., 2017; Liou et al., 2016), mimicking foreign firms (Ang et al., 2015) and board composition (Ilhan-Nas et al., 2018).

The conjunction of home and host country institutions is not limited to the comparison of their similarities or differences. A few studies have explored their connections through colonial ties (Dike & Rose, 2019) and interstate political relations (Duanmu, 2014; Han et al., 2018; Li et al., 2018). Child & Marinova (2014) have attempted to gain deeper theoretical insights through exploring

different combinations of home and host country characteristics, in particular, political stability and institutional maturity, which act as boundary conditions under which Chinese MNEs develop their internationalization strategies and practices.

4. From EMNE internationalization to institutions

More recently, institutions are no longer viewed as exogenously determined, and only affect MNEs. MNEs can also leverage their institutional capability to affect or alter institutions (Cuervo-Cazurra et al., 2019). MNEs, as change agents, can influence the existing institutions or change the institutional environment in their favor through interaction with external stakeholders and governmental actors (Bonardi & Keim, 2005; Doh et al., 2012; Dorobantu et al., 2017).

There are two change agents, namely institutional entrepreneurs and institutional brokers. The former refer to “actors who have an interest in particular institutional arrangements and who leverage resources to create new institutions or to transform existing ones” (Maguire et al., 2004: 657). The latter are defined as intermediaries embedded in home and host communities succeeding in institutional transformation (Newenham-Kahindi & Stevens, 2018). Institutional brokers also refer to how actors actively participated in the shaping of the socio-cultural characteristics of their environment (Pant & Ramachandran, 2017).

As institutional entrepreneurs or institutional brokers, MNEs not only conform to institutional expectations but also manipulate, initiate and create institutions in both home and host countries. Based on organizational institutionalism rooted in the framework by DiMaggio & Powell (1983), and Scott (1995), this line of research has attracted much scholarly attention; nevertheless, they are either conceptual studies or mostly focus on MNEs in general or those which originated from developed economies (Cantwell, Dunning, & Lundan, 2010; Cuervo-Cazurra et al., 2019; García-Cabrera & Durán-Herrera, 2016; Horner, 2015; Luiz et al., 2017; Rana & Sorensen, 2021). Few studies explicitly investigate EMNEs, and those that do are mostly based on case study evidence.

4.1 Institutional capabilities and EMNEs as institutional entrepreneurs/brokers

Institutional capabilities underpin EMNEs’ role as institutional entrepreneurs/brokers. In contrast to the institutional advantages discussed above, institutional capabilities (Carney et al., 2016) and institutional leverage capabilities (Landau et al., 2016) are viewed as firm-specific assets that can be transferred across national borders. Carney et al. (2016: 882) define institutional capability as “heuristics, skills, and routines that enable a firm to navigate in a context of institutional voids” and has two key dimensions: social-political networking capabilities and business model innovation. Landau et al. (2016: 51) define institutional leverage capability as “its capacity to continuously

identify local institutional benefits, establish and maintain the legitimacy to engage with the institutions, purposefully interact with them, and configure its existing resources in such a way as to integrate institutional benefits for achieving its desired end”.

Related to EMNEs, there is a significant overlap between the two concepts and both indicate their ability to generate economic values in internationalization, in combination with existing firm resources, through simultaneously exploiting the institutional benefits originating from their home environment and exploring the institutional frameworks in the host country context (Luiz et al., 2017). Following the examination of the transfer of HRM practices by a Brazilian MNE to host countries, Canada, the UK, Switzerland and Norway, Geary & Aguzzoli (2016: 989) argue that EMNEs are neither “rule-makers”, nor “rule-takers”, rather they “rewrote the practice of rules to its liking in a most pragmatic and instrumental fashion and moved on”.

Institutional (or leverage) capabilities enable EMNEs to proactively engage in institutional entrepreneurship/brokerage (Carney et al., , 2016; García-Cabrera & Durán-Herrera, 2016; Kolk & Curran, 2017), not merely to accept institutions as given and passively undertake institutional adaption through configuring resources and adjusting structures to align with the institutional environment (Cantwell et al., 2010; Cuervo-Cazurra et al., 2019) or institutional arbitrage by exploring different institutional contexts (Cui et al., 2017; Luo & Wang, 2012; Witt & Lewin, 2007). In other words, armed with institutional capabilities, EMNEs can shift their strategic actions in response to institutions from conformity and adaptation, or arbitrage, to taking the role of institutional entrepreneurs/brokers and stimulate institutional changes in their home and host countries.

4.2 EMNEs and institutional change in their home country

Existing studies have shown that there are three main ways that EMNEs can influence and initiate institutional change at home. First, EMNEs may proactively engage with home-country governments to purposely influence public policy making and change certain policies and regulations, or set up common technology standards (Cantwell et al., 2010; Khanna & Palepu, 1997). For example, Yan et al. (2018) argue that institutional arrangements for OFDI in China are the result of Chinese firms’ institutional work which can bring them greater legitimacy to better compensate for their internationalization. Chinese MNEs, through public persuasion and private negotiations, engage with government agencies and legal bodies to co-design or modify laws and regulations.

Second, EMNEs tend to adopt the alignment perspective and formulate their internationalization strategy so that it is compatible with the home country governmental objectives at the macro level, such as improving international competitiveness, upgrading technologies, and promoting the country’s long-term development through investment in “strategic industries” (Child & Marinova, 2014; Cui & Jiang, 2012). In doing so, they may have the opportunity to interact with

the state agencies in charge of policy making and implementing regulations, thus influencing government policies and regulations to support their international expansion and achieve their broad objectives at the macro level. Through this reciprocal and interactive process, EMNEs may ultimately change the institutions or legal frameworks which affect all firms. A case in point is Salim Group, an Indonesian MNE that achieved growth through aligning their strategies with the government policy of import substitution industrialization. Their close relationship with the Indonesian government led to existing regulations being “amended when they hindered the Salim Group’s development” (Dieleman & Sachs, 2008: 1290).

Third, the exposure of EMNEs to host country institutions may motivate them to persuade their home country governments to change or adopt institutions which are similar to foreign institutions. For example, EMNEs in high-tech industries may benefit from effective protection of intellectual property when they operation in a host country and may lobby their home government to enforce the protection of intellectual property. In doing so, they act as change agents to improve the legal aspect of the institutional environment at home. They may have to address legitimacy concerns by foreign customers, such as the labor standards of the home country and CSR standards. This in turn prompts them to lobby their government to pass legislation that matches the expectations of foreign customers and improves their image, or overcomes the liability of the country of origin when competing internationally (Meyer & Peng, 2016). In addition, EMNEs may also import best practice or new organizational forms from their subsidiaries or local networks which are unique in a host country. Such a change may be diffused throughout the whole industry or region and become institutionalized in the home country (Carney et al., 2016).

4.3 EMNEs and institutional change in host countries

EMNEs can shape the political and legal institutions when operating in host countries and influence the development of host country institutions through the diffusion of home country policy and management practices to host countries (Child, Rodrigues, & Tse, 2012). There are two main mechanisms through which EMNEs can initiate institutional changes within host countries. The first mechanism is the traditional means which is often adopted by MNEs within developed economies: negotiations with the host country governments. This may lead to the host country governments altering the rules and regulations that govern international investment and offering preferential treatment in the implementation of regulations, such as a tax holiday and government financial support. Governmental supportive policies can be extended to local firms, thus changing the institutional environment for all firms at country level. For example, a case study by Child et al. (2012) of the JV by Hong Kong-based Hutchison Port Holdings in China notes their lobbying of government to ease in-port regulatory restrictions. A case study of Ciputra Group (Carney et al., 2016: 891) reveals

the Indonesian MNE in Vietnam engaged in relational contracting with different branches of the Vietnamese government and “was careful to play a game of ‘creating’ new and appropriate institutions with its business model, rather than one of disrupting old ones, which would likely invite resistance from local stakeholders”.

The second mechanism is indirect action by EMNEs which can utilize business diplomacy and/or home country agencies to put pressure on host country governments to alter their institutions. For example, firms may use the power of their home country government to get preferential treatment. Firms actively involve themselves with the home country government and seek to modify host-country institutions that control their behavior (Han et al., 2018). Kolk & Curran (2017)’s case study of Chinese MNEs in the EU solar panel industry illustrates how EMNEs achieve legitimacy for survival in host countries through initiating institutional changes and promoting new institutional arrangements. In reaction to the liability of country of origin and liability of foreignness, Chinese MNEs take initiatives at both the corporate and the subsidiary level and engage with government agencies of the home country, and key stakeholders in the host countries, through negotiations and discourse to develop new institutional norms and rules in order to pursue their own interests.

5. A co-evolution perspective of EMNE internationalization and institutions: The 5Cs framework

Taking stock of the existing knowledge of the inter-relationships between EMNE internationalization and institutions, and providing an integrative view, we propose the 5Cs framework in Figure 1.

INSERT FIGURE 1 HERE

The *context* dimension concerns the home-country and host-country institutional features of EMNEs which directly influence EMNEs’ capabilities, strategy and performance, as well as acting as boundary conditions. The *capability* dimension illustrates the institutional capabilities of EMNEs which enable them to act as institutional entrepreneurs/brokers. The *change* dimension is underpinned by the structural changes of institutions as a result of EMNE internationalization. The *concomitance* dimension reflects the collaborative or contestatory interactions between institutions and EMNEs for achieving common strategic objectives. The *configuration* dimension reflects the evolution of a systemic configuration pattern. EMNEs may need to configure/reconfigure their resources and

strategies in response to new and changing institutional contexts within the home and host countries. In view of the multiple embeddedness of EMNEs in both the home and host country contexts (Meyer et al., 2011), and EMNEs' deviation from the home and/or host country standard practice (Cuervo-Cazurra et al., 2019), institutions may also need to configure and transform their existing framework and logic. The configuration dimension, therefore, resembles a general system where the individual constructive elements and nurturing process work together with system activities to deliver integrated configuration patterns.

Our thematic review reveals that the extant literature has largely focused on the first three dimensions, in particular, the context. To move forward the current scholarly debate centered on EMNEs, the objective of the Special Issue is to serve as a platform for not only enhancing our understanding of the unique characteristics of EMNEs and the co-evolution of EMNE internationalization and institutions but also for pointing towards a number of directions for future research in this area. In doing so, each paper included in this Special Issue highlights the elements of the 5Cs framework and also sheds lights on the conjunction of EMNEs and institutional changes which could be examined further in our scholarly community.

More specifically, in their work, Liu et al., (2021) complement the review conducted in this introductory paper. With a broader coverage of the interactions of institutions and MNEs, including those that originated from developed economies operating in EEs and EMNEs, the authors critically discuss the conceptualization, theorization and methodologies. In doing so, the paper underlines the context, capability and change dimensions of the 5Cs framework. The authors' call for future research also signifies the need for more contextualized theoretical perspectives, and for more innovative and multiple research methods.

Both Funk et al., (2021) and Chan & Pattnaik (2021) explore the co-evolution of home country institutions and EMNE internationalization, with the former focusing on the resource curse and the latter on institutional support. For example, by applying the process-oriented approach to institutionalization, Funk et al. (2021) present a conceptual model to explain how resource curse characteristics change co-evolutionary relationships between regulative, normative and cognitive institutional processes, and EMNE internationalization, in a cyclical manner. Chan & Pattnaik (2021)'s work is more empirically oriented. By adopting a processual approach, the authors not only provide insights but also nuanced meanings of home country support for internationalization through multi-directional interactions and re-configurations, as well as from adaptation, to proactively influence diverse business actors to initiate institutional changes over time. Taken together, both papers place an emphasis on context, change and configuration, with Chan & Pattnaik (2021) also pointing out to EMNEs' capabilities.

In contrast, Mazé & Chailan (2021) and Roger et al. (2021) are concerned with the interactions between host country institutions and EMNE internationalization. More specifically, Mazé & Chailan identify the co-evolutionary process through exploring how Chinese MNEs engage with institutions in African countries to win contracts and securely embed the firms within the host countries, which results in the opening up of the host country institutions and a redefinition of the rules for MNEs. During this process, Chinese MNEs leverage institutional capabilities acquired at home and tap into the home government - host government EMNE networks. Through three mechanisms of influence in the host country: the deployment of an expanded-value and offset-based strategy, network creation and contract bundles, Chinese MNEs take a long-term perspective in engaging in coevolution to influence the institutional backdrop of developing African institutions. Roger et al. (2021) focus on quantitatively assessing the effect of MNE activities on institutional development in Africa, proposing that home country institutional quality is a determinant of FDI, but the host country institutional quality is also influenced by FDI. While both papers clearly highlight the context, capability and change dimensions of the 5Cs framework, Mazé & Chailan (2021) also touch on the concomitance dimension as network members of the host country government, government agencies and Chinese firms act as partners to serve a common goal.

The last two papers of this Special Issue by Han (2021) and Huang et al., (2021) consider the effects of institutions on firm performance. In her work, Han (2021) adopts the notion of government-created advantages and the legitimacy-based perspective to propose that home country risk-safeguarding mechanisms shape EMNEs' overseas subsidiary performance, both independently and jointly, in tandem with firms' legitimacy with the host-country government and with host-country business communities. Huang et al. (2021) recognizes the accelerated internationalization of EMNEs. Such a strategy is a double-edged sword with significant risk, but it also enables EMNEs to rapidly configure a specific portfolio of multiple host countries. EMNE performance, therefore, is not only determined by the firm's internal resources, and the breadth of its internationalization, but also by the OFDI portfolio with appropriate configuration of host institutions. Both papers highlight the context and the configuration dimensions of the 5Cs framework, respectively.

6. Conclusions

EMNEs are increasing important players within the IB field as they have reshaped the competitive landscape of the world economy. They not only exhibit unique characteristics but also have different ways of engaging in institutional environments at home and abroad. This introduction to the Special Issue highlights various ways and mechanisms through which institutions impact on

EMNEs' capabilities, strategy and performance, and on how they initiate institutional change and alter their macro-environment in the process of internationalization.

As institutions are outcomes of collective action by individuals, firms, coalitions and other actors, the relationship between institutions and EMNEs is not one way. While this aspect has been reflected in the literature on co-evolution of institutions and organizations (Cantwell et al., 2010), our knowledge on the co-evolutionary perspective on EMNEs remains fragmented. Therefore, motivated by the growing influence and importance of EMNEs in the business world, we have not only carried out a thematic review but also proposed a 5Cs framework to guide future research on EMNEs. Our integrative framework could help to identify and examine possible gaps in the existing literature in order to move the existing scholarly debate forward.

In doing so, we positioned the papers of this Special Issue within our framework in order to spark such a debate. Collectively, the papers included in the Special Issue extend our existing knowledge on EMNEs by providing new insights into the complex relationship between the unique characteristics of these firms and the role of home and host country institutional factors. By addressing an important, but under-explored topic, this Special Issue contributes theoretically and empirically to the literature on the internationalization of EMNEs and institutional development. It further advances our understanding of the complex interactions between macro and micro-level factors by capturing the broader outcomes of EMNE internationalization. In addition, by considering firms as institutional entrepreneurs or institutional brokers, it enriches the literature on EMNEs by identifying the mechanisms through which firms bridge home and host countries when initiating institutional changes in both contexts. More importantly, it also provides an excellent opportunity to refine existing theories in order to develop new concepts that underpin the inter-play between institutions and the process of internationalization of EMNEs.

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Figure 1: The 5Cs framework of EMNE internationalization and institutions

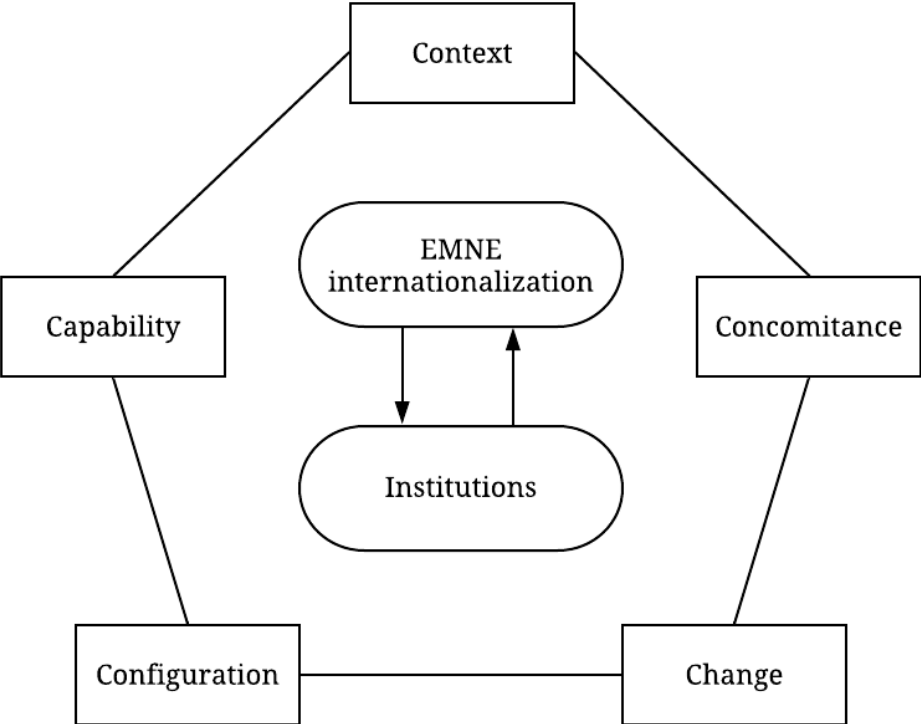


Table 1: Overview of the literature on EMNEs

Authors	Theoretical lens	Institutional factors	EMNE strategy and operations
Context: Home country institutions → EMNE internationalization: <i>Investment/location strategy</i>			
Alvarez & Torrecillas (2020)	Learning	National innovation system (NIS)	Outflows of CBMA of 78 developing countries
Barnard & Luiz (2018)	The stress-strain-fail model of failure in materials research	Institutional misalignment resulting from changes in institutions that lead to the misalignment between the expectations of firms and home country institutions	Escape OFDI of South African MNEs
Buckley et al. (2007)	NIE	Policy liberalization	Flows of Chinese OFDI
Buckley et al. (2016)	NIE	FDI policy liberalization	Transaction volume of Chinese CBMAs across 150 countries
Chen et al. (2018)	IBV	Political connections	Chinese OFDI location choice captured by institutional distance between home and host country
Chen et al. (2015)	IBV	Market-supporting institutions including economic liberalization, property rights protection and the effectiveness of legal systems	Chinese MNE's propensity to invest in developed countries
Cuervo-Cazurra (2016)	IBV	Pro-market reforms and reversals	International expansion of Latin American MNEs
Cuervo-Cazurra et al. (2018)	Multiple theoretical framework	Experience developed from exposure to weak institutions at home can be leveraged for host country use	Location preference of other countries with weak institutions (institutional learning) or with stable institutions (institutional escape)
Dau (2012)	IBV	Pro-market reforms	The number of foreign subsidiaries of the largest Latin American firms
Duanmu (2014)	Principal-agency framework	State ownership	Flows of Chinese OFDI
Elia & Santangelo (2017)	No explicit theoretical framework	NIS	The extent to which an EMNE's acquisition is intended for strategic asset seeking measured by the intangible asset intensity of the target firm
Hobdari et al. (2017)	IBV	Institutions (directly and indirectly through the joint working with resource munificence)	Strategies of EMNEs including motives, locations and partnerships
Hong et al. (2015)	IBV	Pro-market reforms	OFDI of Chinese firms
Li et al. (2018)	Network theory	Firm-government ties (moderating the effects of interstate diplomatic relations)	Location strategies of Chinese MNEs

Liu et al. (2013)	IBV	Institutional support including supporting policies, and information, financial, technological and legal support	International venturing of Chinese firms captured by new foreign market entry and further foreign expansion
Liu et al (2014)	IBV	Institutional environment captured by economic and legal institutions	The extent of OFDI
Lu et al. (2014)	IBV	Government support policies (directly and indirectly through moderating prior entry experience of the focal firm)	Chinese firm's OFDI propensity
Luo & Wang (2012)	IBV	Perceived institutional hardship	Early timing of Chinese OFDI, overseas investment scale and expansion to developed countries
Luo et al. (2010)	Political economy theory	Government support policies	Chinese OFDI
Noh et al. (2018)	Neo-institutionalism	'Go Global' policy; political ties	The number of Chinese CBMA
Park & Xiao (2017)	IBV	Corporate control through state ownership; Government support; subnational institutional environment	Chinese firm's OFDI propensity and intensity
Shi et al. (2017)	IBV	Institutional fragility that incorporates both the scope and speed of reforms; State ownership	Chinese firm's OFDI propensity
Stucchi et al. (2015)	NIE	Inward-oriented institutional change; Outward-oriented institutional change	Number of foreign subsidiaries of Indian MNEs
Stoian (2013)	IBV	Trade and foreign exchange liberalization reforms; Privatization reforms; Enterprise restricting reforms; Overall institutional reforms	OFDI flows of CEEC (20 post-communist economies)
Stoian & Mohr (2016)	IBV and institutional escapism view	Protectionism; Corruption; Bureaucracy	OFDI flows of 29 emerging economies
Sun et al. (2018)	Institutional escapism view	Institutional obstacles; Ties with the home government	OFDI propensity of EMNEs originated from the Central and Eastern European countries
Sun et al. (2012)	IBV	Institutional facilitation; Institutional constraints	CBMAs by Chinese and Indian MNEs
Wang et al. (2012)	IBV	Corporate control through state ownership and the level of government affiliation (both directly and indirectly through moderating the effects of firm resources and capabilities)	Flows of Chinese OFDI by location (developed vs. developing countries) and type (resource-seeking vs. market-seeking)
Wang et al. (2012)	IBV and institutional escapism view	Government industrial policy (i.e. firms in industries that encouraged OFDI or not)	Flows of Chinese OFDI
Wu & Ang (2020)	IBV	Domestic political ties	Chinese firm's OFDI propensity
Wu & Chen (2014)	IBV	Institutional development; Institutional instability	Chinese firm's propensity to invest in developed countries

Yang (2018)	Institutional advantage logic and organizational learning	Subnational institutional development	Chinese firm's location choice of a host country with weak institutional systems
Context: Home country institutions → EMNE internationalization: <i>Entry mode strategy</i>			
Chung et al. (2016)	IBV	Government institutional pressures measured by official approval of foreign exchange and entry mode; State ownership	JV vs. WOS entry mode of Chinese MNEs
Cui & Jiang (2012)	IBV	Regulatory restrictions on outward FDI; State ownership	JV vs. WOS entry mode and equity share of foreign subsidiaries of Chinese MNEs
Gaur et al. (2014)	IBV	Institutional reforms as reflected by whether firms are in the service sector or not.	Shift from exports to FDI of Indian firms
Hobdari et al. (2017)	IBV	Institutions (directly and indirectly through the joint working with resource munificence)	Entry mode strategies of EMNEs
Li & Xie (2013)	IBV	Institutional change captured by China's entry into the WTO (as a moderator for the effects of target technology intensity, diversification and cultural distance); State ownership	Equity share of China's CBMA
Liou et al. (2016)	NIE	Regulatory institutional quality moderating the effects of formal/informal institutional distance	Equity stakes of EMNEs from 9 emerging markets
Wei et al. (2014)	NIE	Subnational institutional environment; Support from industry associations and intermediary organizations	Shift from exports to FDI of Chinese firms
Context: Home country institutions → EMNE internationalization: <i>EMNE's capability for internationalization</i>			
Degbey et al. (2021)	Dynamic capability approach	Uncertain and complex African institutional context; Institutional transition from socialism to capitalism; Interconnectedness of formal and informal institutions	Dynamic capabilities in pursuing cross-border mergers and acquisitions of African MNEs
Nayyar (2018)	Review article covering various theories	Subnational institutions, in particular, economic liberalization, property rights protection, legal system	Indian firm's capability for internationalization
Context: Home country institutions → EMNE internationalization: <i>Corporate/subsidiary strategy</i>			
Haak-Saheem et al. (2017)	Neo-institutionalism	Regulatory, normative and cognitive institutions	International HRM strategy
Fathallah et al. (2018)	Theory building	Turbulent home institutional environment leading to firm to arbitrage rent, value and scale to match the characteristics of home and host countries	Different types of institutional escape

Li et al. (2014)	Comparative capitalisms and diversity in capitalism theory	Institutional change, including administrative decentralization, fiscal decentralization, industrial restructuring, and market liberalization, leading to diversity among SOEs which is connected to institutional legitimacy	EMNE's FDI strategy in internationalization path (gradual vs. leapfrog) and international business diversification (diversified vs. undiversified)
Wei & Nguyen (2017)	IBV and the I/R framework	Government support; Institutional weaknesses	Subsidiary strategy of global integration and local responsiveness of Chinese MNEs
Context: Home country institutions → EMNE internationalization: <i>Corporate/subsidiary performance</i>			
Liou & Rao-Nichol (2019)	IBV and LLL	Economic freedom moderating the effects of age	South African MNE's post-acquisition operating performance
Kim et al. (2010)	IBV	Two periods of market-oriented institutional change, i.e. institutional friction and institutional convergence (moderating the effects of OFDI on firm performance)	Korean MNE's performance
Han et al. (2018)	Political economy theory	Government policy support and government financial support (directly and being moderated by the interstate relationship between China and the host country)	Subsidiary performance of Chinese MNEs
Context: Host country institutions → EMNE internationalization: <i>Investment/location strategy</i>			
Alexiou & Vogiazas (2021)	IBV	IP institutions	Stock of Chinese OFDI
Anderson & Sutherland (2015)	Liability of foreignness	Investment promotion agencies and trade mission led by provincial Premier to China	Flows of Chinese OFDI
Avioutsikii & Tensaout (2021)	Internationalization models and NIE	Institutional quality	Stock of Chinese and Indian OFDI in 38 European countries (EU, EFTA, Western Balkans, Turkey, Russia and Ukraine)
Buckley et al. (2018)	Behavioral decision theory	Institutional risks (Non-controllable institutional risk reflected by political instability and controllable institutional risk captured by legal protection)	Chinese OFDI location choice
Buckley et al. (2007)	Transaction costs theory	Political risk	Flows of Chinese OFDI
Buckley & Munjal (2017)	Internalization theory	Political risk	Number and flows of Indian cross-border M&As
Buckley et al. (2016)	NIE	Government stability; Legal and social order	Location strategies of Chinese CBMA across 150 countries
Chen et al. (2018)	IBV	Political connections	Chinese OFDI location choice captured by institutional distance between home and host country
Cuervo-Cazurra & Genc (2008)	Resource-based theory	Institutions captured by voice and accountability, political stability and absence of violence, government effectiveness, regulatory quality, rule of law, control of corruption	Prevalence of developing country MNEs measured by the share of the number of largest affiliates of MNEs from developing countries

Cui et al. (2017)	Awareness-motivation-capability framework	Liberal (LME) vs. coordinated market economies (CME) (host countries of MNEs)	Chinese MNE's strategic-asset-seeking FDI location in OECD countries
Dike & Rose (2019)	NIE	Corruption	Location strategies of sub-Sahara African MNEs
Dowling & Vanwalleghem (2018)	NIE	Formal institutions captured by governance quality	Number of CBMA deals by firms from GCC countries
Elia & Santangelo (2017)	No explicit theoretical framework	NIS	The extent to which acquisition by EMNEs from BRIC countries in the Triad is intended for strategic asset seeking measured by the intangible asset intensity of the target firm
Gunessee & Hu (2020)	"Comparative institution-based" view	Formal institution captured by governance quality	Number of Chinese CBMA in developing countries
Kang (2018)	IBV and the locational advantage of nature resource endowment	Formal institution captured by political risk and economic freedom	Stock of Chinese OFDI
Kolstad & Wiig (2012)	No explicit theoretical framework	Institutions captured by rule of law	Flows of Chinese OFDI
Li et al. (2018)	Network theory	Impartiality of host institutions (moderating the effects of interstate diplomatic relations)	Location strategies of Chinese MNEs
Lu et al. (2014)	IBV	Institutions moderate the effects of prior entry experience of the focal firm	Chinese firms' propensity for OFDI
Luiz & Ruplal (2013)	OLI paradigm	Institutional voids	Location choice of South African mining MNEs
Outreville (2018)	OLI paradigm	Cultural dimensions; Government effectiveness; Political risk; Corruption	Location choice of largest financial groups from emerging economies
Wu & Ang (2020)	IBV	Host country institutional development moderating the effects of political ties	Chinese firm's OFDI propensity
Context: Host country institutions → EMNE internationalization: <i>Entry mode strategy</i>			
Ahammad et al. (2018)	Institutional theory	Intellectual property (IP) institutions	Full vs. partial acquisition mode of BRICS MNEs in 22 European countries
Cui & Jiang (2012)	IBV	Regulatory restrictions on inward FDI; Normative pressure to attain local legitimacy (both directly and being moderated by firm's state ownership)	JV vs. WOS entry mode and equity share of foreign subsidiaries of Chinese MNEs

Cui et al. (2011)	IBV	Regulatory restrictions; Cultural barrier; Cognitive pressure	JV vs. WOS entry mode of Chinese MNEs
Luiz & Stephan (2012)	No explicit theoretical framework	Institutional factors including political stability, government policy, regulatory environment, protectionism, country governance	South African mining MNEs' entry mode strategy
Lu et al. (2018)	IBV	Political institution as reflected by political hazards (directly and indirectly through moderating host country experience of a focal firm and foreign aid of the home country)	JV vs. WOS entry mode of Chinese MNEs
Context: Host country institutions → EMNE internationalization: <i>Corporate/Subsidiary strategy</i>			
Li et al. (2014)	Comparative capitalisms and diversity in capitalism theory	Institutional change, including administrative decentralization, fiscal decentralization, industrial restructuring, and market liberalization, leading to diversity among SOEs which is connected to institutional legitimacy	EMNE's FDI strategy in internationalization path (gradual vs. leapfrog) and international business diversification (diversified vs. undiversified)
Wei & Nguyen (2020)	IBV	Institutional development (directly and indirectly through moderating the effects of local relational assets and marketing seeking motives of EMNEs)	Subsidiary strategy of local responsiveness of Chinese MNEs
Context: Host country institutions → EMNE internationalization: <i>Corporate performance</i>			
Mi et al. (2020)	NIE	Institutional quality moderating the effects of strategy-assets seeking intent	Innovation performance of Chinese MNEs
Wu et al. (2019)	NIE	Market maturity; IPRs protection	Innovation performance of Chinese MNEs
Wu et al. (2016)	NIE	Institutional development (including voice and accountability; political stability and absence of violence; government effectiveness; regulatory quality; rule of law; control of corruption)	Innovation performance of Chinese MNEs
Context: Conjunction of home- and host-country institutions → EMNE internationalization: <i>Investment/location strategy</i>			
Boateng et al. (2017)	Multiple theoretical perspectives	Cultural distance	Flows of Chinese cross-border M&As
Buckley & Munjal (2017)	Internalization theory	Cultural distance	Number and flows of Indian cross-border M&As
Dike & Rose (2019)	NIE	Common language; Colonial ties	Location strategies of sub-Saharan African MNEs
Dowling & Vanwalleghem (2018)	NIE	Cultural similarity; Interaction term between governance quality and cultural similarity	Number of cross-border M&A deals by firms from GCC countries
Drogendijk & Martin (2015)	Institutional theory	Socio-economic development distance; Cultural and historical distance	OFDI from China and Spain
Duanmu (2014)	Principal-agency framework	Interstate political relations (moderating the negative effects of expropriation risk on OFDI)	Flows of Chinese OFDI

Kittilaksanawong (2017)	Resource-based theory	Institutional distance (being moderated by EMNE's resources)	Location choice and JV vs. WOS entry mode of MNEs from newly industrialized economies
Li et al. (2018)	Network theory	Interstate diplomatic relations	Location strategies of Chinese MNEs
Context: Conjunction of home- and host-country institutions → EMNE internationalization: <i>Entry mode strategy</i>			
Ang, Benischke, and Doh (2015)	Neo-institutionalism	Regulatory distance; Normative distance (directly and indirectly through moderating the effect of mimicking foreign firms)	Cross-border acquisition vs. alliance of EMNEs from China and India plus Indonesia, Malaysia, the Philippines, and Thailand from Southeast Asia
Gaffne et al. (2016)	No explicit theoretical framework	Institutional distance (captured by knowledge distance and economic distance)	Equity participation of EMNEs based in Brazil, Russia, India, or China
Ilhan-Nas et al. (2018)	Agency theory and Neo-institutionalism	Institutional distance at the regulative and normative levels; Cultural distance; linguistic distance; corruption distance	Equity stake of Turkish MNEs
Kittilaksanawong (2017)	Resource-based theory	Institutional distance	Location choice and JV vs. WOS entry mode of MNEs from newly industrialized economies
Liou et al. (2017)	NIE	Formal institutional distance; informal institutional distance	Equity stakes of EMNEs from 26 emerging markets in the US
Liou et al. (2016)	NIE	Formal institutional distance; informal institutional distance	Equity stakes of EMNEs from 9 emerging markets
Context: Conjunction of home- and host-country institutions → EMNE internationalization: <i>Corporate/subsidiary strategy</i>			
Child & Marinova (2014)	Multiple theoretical perspectives	Institutional maturity referring to a country's institutions, such as legal system and regulatory institutions, function transparently and efficiently, free from political interference and bureaucratic obfuscation. The interplay between institutional maturity and political stability determining country context.	Chinese OFDI practices
Khan et al. (2019)	Multiple theoretical perspectives	Cultural and institutional differences	International HRM strategy of Chinese MNEs
Liou et al. (2018)	Corporate visual identity theory	Formal institutional distance; Cultural distance; Economic distance	EMNEs changing the names of acquired firms
Context: Conjunction of home- and host-country institutions → EMNE internationalization: <i>Corporate/subsidiary performance</i>			
Liou & Rao-Nicholson (2019)	IBV and linkage-leverage-learning model	Economic distance (moderating the effects of age)	South African MNEs' post-acquisition operating performance

Han et al. (2018)	Political economy theory	Interstate political and economic relations	Subsidiary performance of Chinese MNEs
Wu & Park (2019)	Multiple theoretical perspectives	International institutional complexity (directly and indirectly through moderating the effects of TMT host exposure and TMT heterogeneity)	Innovation performance of Chinese MNEs
Wu et al. (2019)	NIE	Cultural distance	Innovation performance of Chinese MNEs
Capabilities/Change/Coevolution			
Carney et al. (2016)	Institutional theory	Institutional capabilities	Ciputra Group, an Indonesian MNE in Vietnam
Child et al. (2012)	Coevolutionary approach	Firm's Institutionally embedded practices; Government institutions of the host country taking initiatives and exercising power with consequence for their own evolution or that of the firm and the industry	The firm (equity joint venture between Hong Kong-based Hutchison Port Holdings and Yantian Port Group) taking initiatives and exercising power with consequence for their own evolution or that of the industry and other external parties
Davila et al. (2018)	Stake engagement theory	Social infrastructure institution	Stakeholder engagement of Latin American MNEs (or Multilatinas)
Dieleman & Sachs (2008)	Coevolutionary theory	Institutionally embedded practices/Institutional entrepreneurship	Salim Group, an Indonesian MNE
Geary & Aguzzoli (2016)	Comparative Institutionalism	Institutional capabilities	Transfer of HRM practices by a Brazilian MNE to host countries (Canada, the UK, Switzerland and Norway)
Luiz et al. (2017)	Institutional theory	Institutional capabilities	SABMiller, a South African MNE
Kolk & Curran (2017)	Institutional theory	Institutionally embedded practices/Institutional entrepreneurship	Strategies and tactics to address liability of foreignness and liability of origin of Chinese MNEs
Yan et al. (2018)	Institutional work view	Institutionally embedded practices/Institutional entrepreneurship	Internationalization process of Chinese MNEs

¹Hobdari, et al., (2017) cover EMNEs' broad strategies including investment, location and entry mode. Therefore, both figures 33 and 7 include this study.

²There are a variety of theoretical approaches on institutions in the disciplines of Economics, Politics, Sociology, Psychology and Management. It is not the intention of this paper to review this mammoth volume of literature in such a wide range of subject fields; interested readers are encouraged to consult the review by Cuervo-Cazurra et al. (2019).

³Kittilaksanawong (2017) examines EMNEs' location strategy and entry mode strategy. Therefore, both figures 10 and 6 include this study.

