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Article:

Dong, L, McDonald, F orcid.org/0000-0003-4621-0524 and Xie, J (2022) Improving knowledge on the entry mode decisions of emerging market multinationals. *Transnational Corporations Review*. ISSN 1918-6444

<https://doi.org/10.1080/19186444.2022.2073753>

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Improving knowledge on the entry mode decisions of emerging market multinationals

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A version of this paper is published by Transnational Corporation Review, DOI:
10.1080/19186444.2022.2073753

Improving knowledge on the entry mode decisions of emerging market multinationals

Abstract

A significant number of studies explore outward foreign direct investment (OFDI) by emerging market multinationals (EMNEs) mainly focusing on the rationale for and the evolution of such investments. It is not clear if the entry mode patterns established in studies on developed economy multinationals (DMNEs) are valid for EMNEs. This study assesses the literature on entry mode by EMNEs by volume of output by major academic disciplines, the evolution of the number of papers in the area, the theoretical underpinnings of the papers, the methodologies used in studies and the number of emerging economies that have been investigated. The review suggests that there is a need for research in this area especially by academic disciplines other than international business and area studies, and for studies to be extended to cover a larger range of emerging economies. It also suggests that the theoretical underpinning for such studies needs to be developed.

Keywords

Emerging market multinationals (EMNEs); entry mode; outward foreign direct investment (OFDI)

1. Introduction

There has been a significant increase in outward foreign direct investment (OFDI) from emerging economies, \$89 billion in 2000 to \$373 billion in 2019 (UNCTAD¹, 2021), leading to emerging market multinationals (EMNEs) accounting for a significant proportion of entry mode decisions. The growth of OFDI by EMNEs has contributed to calls to extend research on entry mode to improve understanding in this area (Surdu & Mellahi, 2016; Hennart & Slangen, 2015; Laufs & Schwens, 2014; Shaver, 2013). Differences in the country backgrounds of firms engaging in OFDI are considered to be important factors affecting OFDI and entry mode (Dikova & Brouthers, 2016) especially in emerging economies (Casanova & Miroux, 2018; Lee, 2018; Liu & Yu, 2018; Varma et al., 2017; Jaklič, 2016; Varma, 2011; Wu et al., 2011). The existing studies on entry mode by EMNEs do not make it clear if this phenomenon is simply due to a new set of host countries and therefore has no implications for theory or research design. (Shaver, 2013). Studies on entry mode by EMNEs have also been focused on Chinese firms, thereby calling into question if existing research has examined possible differences due to the host country of EMNEs. A review of the literature on entry mode decisions of EMNEs is therefore useful to assess the extent and development of study of this issue by the major disciplines, the theoretical and methodological approaches that have been used and the range of emerging economies that have been studied. Our objectives in this study are twofold. First, to establish whether the

¹ United Nations Conference on Trade and Development (UNCTAD) is a permanent intergovernmental body established by the United Nations General Assembly in 1964. UNCTAD regularly provides and publishes online(<https://unctad.org/>) authoritative data and analysis report on world foreign direct investment.

theoretical and methodological underpinnings of existing entry mode studies of EMNEs are sufficiently developed to effectively study this phenomenon. Second, to identify key issues where developments in theoretical underpinning, research design and coverage of emerging economies may help to improve understanding on this topic.

The OFDI decisions of EMNEs are considered by some scholars to depart from the main postulations that emerge from conventional theories (Mathews, 2017; Luo & Zhang, 2016; Deng, 2012; Jormanainen & Koveshnikov, 2012). The home base conditions of EMNEs, it is argued, lead to different motivations, strategies, competitive advantages, and risk associated with OFDI (Kedia et al., 2012; Cui & Jiang, 2010). These home country characteristics are likely to affect the entry mode decisions of EMNEs. Most existing reviews of the development of EMNEs focus on the whole process of internationalisation (e.g., Luo & Zhang, 2016; Deng, 2012; Jormanainen & Koveshnikov, 2012) and often do not consider, or only touch on, entry mode. This review provides an examination of the literature that considers entry mode decisions of EMNEs in the major discipline areas of Economics, Finance, General Management, International Business and Strategy. This provides evidence on which disciplines have a paucity of research on this topic, thereby indicating which disciplines may be able to help foster understanding by extending research in this area. Identification of the discipline (International Business) that provides the most focused research on this topic highlights where most existing knowledge resides. Evidence on where the major disciplines stand on research in this area suggests where knowledge can be sought and where it needs to be developed to help with strategic and managerial implications associated with entry mode and the development of policy.

Most studies on entry mode use theoretical approaches based on transaction costs/internalisation and institutional theories (Anderson & Gatignon, 1986; Brouthers, 2002 & 2007, Brouthers & Hennart, 2007; Chen et al, 2017; Chung et al, 2016). Transaction cost analysis/internalisation theories focus on the many variants of the 'make or buy' decisions associated with OFDI and influencing entry mode. Institutional theory centres on the effect of institutional differences between home and host locations. There has, however, been a move towards consideration of other dimensions that affect entry mode. These include issues connected to resource-based views, such as how learning by use of networks and other organisational learning processes influences entry mode. The impact of technological and institutional conditions in home and host locations is also considered to affect entry mode. These developments have led to a proliferation of theoretical approaches that are used to examine entry mode (Surdu & Mellahi, 2016). Arguments are therefore made suggesting that studies based on traditional theoretical approaches may not be applicable in different home country settings (Brouthers & Hennart, 2007). The effects of different home country contexts that are not fully taken into account in studies may also at least partly explain why reviews and meta-analyses yield inconsistent findings on entry mode (Hennart & Slangen, 2015). The internal and external motivations for OFDI have differences when compared to such investment from developed economies (Mathews, 2017; Deng, 2012 & 2009; Kedia et al., 2012; Cui & Jiang, 2010; Luo & Tung, 2007). This literature implies that it is important to consider if the theoretical and methodological foundation of existing studies on entry mode decisions of EMNEs adequately encompasses the major factors that drive such decisions. In short, do the theoretical and methodological underpinnings of existing entry mode studies adequately capture the major determinants of entry mode choice of EMNEs? This study helps

to develop a better understanding on these issues. The findings of this review on these issues provide evidence of where there may be deficiencies in understanding and consider how further research might help to improve understanding. This may also help to improve knowledge useful for developing strategic, operational and policy areas.

The review makes three contributions. First, it provides evidence on the extent and evolution of studies in this area by the major disciplines that investigate EMNEs. This provides evidence helping to identify which disciplines may require further research to develop understanding on entry mode decisions of EMNEs. Second, the review considers the range of theories and methods that are used to examine entry mode decisions of EMNEs, thereby providing an overview of the diversity of approaches employed and considering whether they are sufficiently developed to provide useful knowledge to guide policymakers in firms and governments. Third, the range of emerging economies that have been studied is revealed, thereby providing evidence on which sections of the large and diverse emerging economy sector are under researched.

The paper is organised into several sections. Firstly, the data selection and analysis of the study are outlined, and the results section follows, considering three areas: distribution of papers by subject area of journals and the evolution of the frequency of the literature, theoretical foundations underpinning the studies, the major methodological approaches used, and the range of countries examined in the studies. The final section provides the limitations of this study, a summary of the findings, and an outline of key issues for future research.

2. Data selection and analysis

Given that leading journals are the main disseminators of the knowledge of contributors to academic development in their fields (Luo & Zhang 2016; Jormanainen & Koveshnikov, 2012; Deng, 2012), papers were selected from journals that were ranked 4*, 4 or 3 in the Academic Journal Guide 2018 (CABS, 2018) of the Chartered Association of Business Schools (CABS). This guide is widely accepted as a good indicator of the quality of journals. To ensure comprehensive coverage of the literature across different scholarly fields, the subject areas of journals included international business & area studies, economics, econometrics & statistics, general management, ethics & social responsibility, finance and strategy journals. We used a keyword search via four major electronic databases (Emerald, Wiley Online Library, Web of Science and EBSCO²) for the literature search between 2000 and 2019, supplemented by manually going through all relevant article reference lists. The starting date was selected because it was identified as the turning point in OFDI from emerging economies (UNCTAD, 2006). The keywords included 'entry mode,' 'outward investment and emerging economies,' 'internationalisation strategies,' and 'entry mode and emerging economies.' The terms used for emerging economies have significantly varied (Luo & Zhang, 2016). Search terms were therefore included using classifications such as 'emerging markets,' 'developing economies,' 'transition economies' and 'newly industrialised countries' to capture the many different terms used to encompass non-advanced economies. The International Monetary Fund (IMF) World Economic Database classification of advanced and emerging economies was used to identify the type of the home country. The

² EBSCO is an electronic database provided by EBSCO Industries, Inc., a pioneer in the library services industry in the United States.

definition of EMNEs is companies based in emerging economies that engaged in OFDI leading to effective control of activities in one or more countries (Luo & Tung, 2007). This definition includes large and small and medium enterprises, private-owned (including family-owned) and state-owned enterprises.

Entry mode involves decisions to acquire an existing enterprise (merger & acquisition) or to have start up investment (greenfield investment) and the choice to establish wholly owned subsidiary (WOS) or a type of joint venture (JV). Some studies regard these as independent decisions (Brouthers & Hennart, 2007; Dikova & Witteloostuijn, 2007), whereas other studies consider these decisions to be linked (Chen, 2010; Hennart, 2009; Meyer et al., 2009; Estrin, et al., 2009; Demirbag et al., 2007). A few studies include licensing agreements as an international entry mode (Che & Facchini, 2009) and others include exporting (Álvarez & Marín, 2010). This study encompasses all of these concepts of entry mode, thereby considering a wide range of issues connected to entry modes of foreign direct investment (FDI). Papers that considered the choice between an FDI entry mode and a non-equity mode and that only considered one FDI entry mode were excluded. This selection process identified 77 articles in 19 journals that met the criteria for inclusion (a list of the papers can be obtained from the corresponding author of this paper). It is possible that some important articles are excluded because they were published in journals with a ranking of less than 3 or in books or book chapters. A search using Google Scholar was conducted to discover if articles in journals ranked less than 3, or if books and book chapters on entry mode involving EMNEs had high levels of citations. This search revealed no relevant papers with citations above 40. Nevertheless, it is possible that there are important published papers that are not included in this review. The search processes used, however, suggests that this is unlikely.

The 77 articles were classified into two main groups: entry mode studies only considering EMNE, and studies including EMNEs and developed economy multinationals (DMNEs). A qualitative content analysis of the 77 papers was conducted using standard approaches. Following Hsieh and Shannon (2005), direct content analysis was undertaken based on three main categories. The choice of these categories was influenced by the need to obtain data to address the major objectives of this study, namely, to evaluate the frequency of relevant articles in key subject area journals, the theoretical foundations of the studies and to assess the characteristics of key elements in research design. This led to a content analysis of the distribution of papers by the subject area of journals, theoretical foundations of studies, and major methodological approaches used. The results of the content analysis were subjected to summative content analysis involving comparisons and interpretations of the data and implications for future research (see Figure 1).

Figure 1 about here

3. Distribution of papers by subject area and journal

Consideration of the subject discipline of the journals publishing papers on entry mode involving EMNEs reveals that most publications (74%) appear in 6 journals in the subject area of international business and area studies (Table 1). Since 2000, these journals provided 79% of studies exclusively on EMNE entry mode and 71% of the studies that included EMNEs. The Journal of International Business Studies (JIBS) provided 76% of entry mode studies. Only 4 articles were published in grade 4* general management journals, 1 in a grade 4* strategy journal and none in 4* or 4 economics and finance journals. No articles were

published in 4* journals (other than JIBS) exclusively focusing on EMNEs. It appears that among 4* journals only JIBS displays an interest in the FDI entry mode choice of EMNEs. In some ways this is not surprising as entry mode is primarily an international business concept. The failure of this concept of FDI entry mode choice of EMNEs to interest the other major disciplines is, however, somewhat surprising given that topics other than entry mode connected to EMNEs attract considerable attention in these other subject areas. The low level of interest by strategy and also general management journals is especially surprising given that entry mode is an important strategic decision. The diverse financial structures of many EMNEs and the differences in these structures compared to DMNEs (Chen et al., 2011; Booth et al., 2001) also suggests that there should be more interest in FDI entry mode choice of EMNEs by finance and economics journals. The absence of signs of interest by these other subject area journals may reflect a view that FDI entry mode choice of EMNEs is not significantly different from that of DMNEs. This may be because the international business literature has not provided a sound case that FDI entry mode choice of EMNEs is worthy of further examination by these other subject areas. This is, however, questioned due to the significant characteristics of the institutional conditions that prevail in emerging economies and the different strategic focus observed in many EMNEs (Buckley et al, 2018; Guillén & García-Canal, 2009).

Table 1 shows that 7 articles (9%) examining entry mode decisions including EMNEs were published in the (2000–2004), while 70 articles (91%) were published in the next 15-year period (2005–2019). Among those published in the first five years, one article considered only EMNEs. There are 28 papers that consider only EMNEs in the period 2005 - 2019 of which 22 were published between 2010-2019. Entry mode studies involving only EMNEs are clearly growing, reflecting the increasing interest in emerging economies (Luo & Zhang, 2016; Deng, 2012; Jormanainen & Koveshnikov, 2012; Luo and Tung, 2007). The number of papers that include EMNEs as well as DMNEs rose in the period 2005-2009 but fell in the period 2010-2019. It seems that the researchers are losing interest in exploring the general theoretical framework of FDI entry mode choice for DMNEs and EMNEs. Studies that only consider EMNEs in this period have remained constant. This implies scholars in the international business and area studies discipline are losing interest in entry mode in general. Indeed, the examination of entry mode by EMNEs remains but does not appear to be growing. Other academic fields of study have never displayed much interest in entry mode by EMNEs and this lack of attention appears to be continuing.

Three key issues emerge from the analysis of the academic areas of publications in journals and the evolution of the papers. First, there are few papers in 4*/4 journals. Second, there has been a low interest in subject areas other than international business. It seems that disciplines such as economics and finance, and, surprisingly, strategy have very limited interest in the FDI entry mode choice of EMNEs. Third, there has been a decline in studies on entry mode in the period 2015-2019. The absence of papers in 4*/4 journals and the lack of interest outside of the discipline of international business and area studies may suggest that research on FDI entry mode choice of EMNEs has not been advanced substantively in this period. Moreover, the knowledge that has been acquired in the international business and area studies discipline does not appear to have been significantly taken up by other disciplines such as economics and finance. The decline in studies of DMNEs and EMNEs does indicate that there is no extensive interest in exploring the general theoretical framework for the entry

mode of OFDI, which may be caused by the decline of global OFDI in the period 2015-2019. The constant number of studies for EMNEs suggests that there is no growing interest in studying entry mode by EMNEs, which may be because the growth of OFDI from emerging economies is slowing. According to UNCTAD, a compound average growth rate of OFDI from emerging economies is 0.54% from 2015 to 2019, less than that of 5.73% from 2010 to 2014 and much less than that of 22.07% from 2005 to 2009. However, it is still much more than a compound average growth rate of OFDI from advanced economies (-11.16%) and the world (-7.93%) from 2015 to 2019.

Table 1 about here

4. Theoretical foundations

Some 43% of papers are literature reviews/conceptual studies, while a number of them are case studies (Table 2). These articles provide a multitude of views and analyses either on EMNEs or entry mode, but there is no clear focusing on FDI entry mode choice of EMNEs attributable to the fact that the home base is in an emerging economy. In principle, this body of work provides a sound basis for the development of theory that could help to derive hypotheses and to operationalise empirical studies on entry mode. This work provides arguments that a variety of home country conditions in emerging economies affects the internationalisation processes of EMNEs. There is, however, a lack of a systematic exposition of the possible connections from home country conditions to internationalisation strategies with subsequent implications for entry mode decisions of EMNEs. There is also a limited range of emerging economies used to inform this work. The lack of synthesis of the body of work combined with the limited coverage of emerging economies may contribute to the tendency for theoretical foundations to neglect or underplay home country effects in the theoretical foundations used in entry mode studies. Critical evaluation and synthesis of the arguments of how and in which contexts home country conditions may affect entry mode may help to revise the major theories used in entry mode studies and thereby enable the production of more coherent and robust empirical studies.

Table 2 about here

The majority of quantitative papers have clear theoretical underpinnings. Those theoretical approaches that appear in more than one paper are summarised in Table 2. A wide variety of factors affected entry mode, and this has induced some studies to adopt multiple theories to try and capture the diverse drivers of entry mode (Surdu & Mellahi, 2016; Slangen & Hennart, 2007). This is reflected in the use of multiple theoretical frameworks in 22 papers. Studies that included both EMNEs and DMNEs rather than only considering EMNEs make more use of multiple theoretical foundations. Institutional theory, transactions cost theory (TCT) and resource-based theory (RBT) are the most commonly used approaches (64%) in both single and multiple theoretical frameworks. Institutional theory is the most used foundation. This is likely to reflect the dominance of this theoretical perspective in entry mode studies since the seminal work of Brouthers (2002). The acknowledgement of the importance of institutional factors in economic transactions such as OFDI from emerging economies (Buckley et al, 2018; Ramamurti, 2012; Child & Rodrigues, 2005) seems to be reflected in the dominance of institutional theory in entry mode studies involving EMNEs. The use of TCT and RBT is common in many studies but there are few studies on only EMNE entry mode using these approaches. This may reflect a view that TCT and RBT

predictions are often considered to be unaffected by the characteristics of the home base of firms undertaking OFDI and therefore entry mode decisions are not affected by the home base of the firm. This is, however, questioned especially by Buckley et al. (2018) in the case of internalisation theory (in which TCT is embedded). Guillén and García-Canal (2009) have highlighted that RBT based on developed economy MNCs also needs to be developed in the light of the growing importance of EMNEs. There has been a growth in more diverse theoretical approaches to entry mode studies (Surdu & Mellahi, 2016) and this is reflected in the results that show other approaches (Table 2). There is also a number of theoretical approaches that have been used in only one paper, for example, bargaining power theory (Shieh & Wu, 2012), and organisational ecology perspective (Xie, 2017). Interestingly, few studies (5) have used internationalisation theory to examine the evolution of entry mode. Use of theoretical frameworks specifically associated with EMNEs such as springboard theory (Luo and Tung, 2007) or linkage, leverage, and learning (LLL) paradigm (Mathews, 2017) are rare.

Most studies using institutional theory focus on institutional environments of host economies and differences (or distance) in institutional environments between home and host economies (Laufs & Schwens, 2014; Brouthers, 2013; Canabal & White, 2008; Brouthers & Hennart, 2007; Slangen & Hennart, 2007). Research indicates, however, that institutional factors of home economies may have direct influence on OFDI (Buckley et al, 2018 & 2007; Mathews, 2017; Luo & Zhang, 2016; Deng, 2012; Jormanainen & Koveshnikov, 2012). There is debate as to how institutional conditions in the home country may affect the internationalisation strategies of EMNEs with two major views: institutional escape and institutional arbitrage perspectives.

The institutional escape view argues that EMNEs pursue internationalisation to avoid various shortcomings of institutions in home countries due to political, economic, and social restrictions imposed by home country institutions (Luo & Zhang, 2016; Pan et al., 2014; Jormanainen & Koveshnikov, 2012). This view has been considered by several entry mode studies (Liu & Yu, 2018; Cui & Jiang, 2010). The institutional arbitrage view considers institutions in the home economy as enabling the internationalisation of EMNEs by providing governmental incentives and home-market based advantages (Luo & Zhang, 2016; Jormanainen & Koveshnikov, 2012). The entry mode implications of this have also been investigated by a number of studies (Wei et al., 2015; Cui & Jiang, 2010). The role of state-owned enterprises (SOEs) as an institutional factor also figures in several studies. Compared to those privately owned, SOEs tend to prefer acquiring stand-alone assets rather than firms, and to take lower ownership shares (Grøgaard et al., 2019). Some scholars argue that SOEs tend to engage in acquisitions to internationalise, as they are provided with ample government funded resources to alleviate risk associated with this approach to entry (Wei et al., 2015). Others argue that SOEs are subject to complex institutional pressures in host countries which induce them to choose greenfield rather than acquisition to enhance their legitimacy (Meyer et al., 2014). In addition, different types of state ownership may shape the parameters of the interaction between home and host country institutions, and this influences the entry mode choice of OFDI (Li et al., 2014). The rationale for the various views on how home country institutions impact internationalisation strategies and thereby entry mode is based on the analysis of a small number of emerging economies. Moreover, the links between home country institutional environments, internationalisation strategies and entry mode

choice are not clearly expounded or operationalised in most entry mode studies. The multifaceted effects of home country institutions on entry mode decisions of EMNEs are currently not clearly theorised in most empirical studies. This suggests it would be beneficial to develop theory and to test the predictions on how and under which contexts home country institutional environments influence entry mode decisions of EMNEs.

Some of the literature indicates that home country factors other than institutional effects influence internationalisation strategies and therefore entry mode. These include the strategic and operational systems of EMNEs, management values used by EMNEs in their home base, the domestic resource base, and other sources of firm and country specific advantages (and disadvantages) that influence internationalisation (Buckley et al., 2018; Mathews, 2017; Deng, 2012; Álvarez & Marín, 2010; Cui & Jiang, 2010 & 2009; Luo & Tung, 2007; Child & Rodrigues, 2005). Most of these studies, however, rarely explore in any depth the possible implications for entry mode decisions of EMNEs arising from these home country conditions. This suggests that studies using TCT and RBT (the main theoretical foundations used) may also benefit from development to help to clarify how and in which contexts home country economic, political, social, and technological conditions influence EMNE internationalisation strategies and thereby affect entry mode.

The proliferation of theories to explain and predict entry mode (Surdu & Mellahi, 2016) is verified in this study, but may not help to better understand the major drivers of entry mode decisions of EMNEs. Equally, the increasing use of multiple and multifaceted theoretical frameworks may not be helpful to improve predictions of entry mode and OFDI. The multiplying and combining of theoretical approaches may help to provide guidance on specific issues connected to entry mode but often leads to inconsistent or confusing results, making it difficult to arrive at evidence-based results on major factors that predict entry mode decisions of EMNEs. An approach to obtain more accurate predictions and the boundary conditions in which the predictions hold may require the development of theories. There is a need to develop explanatory theory, or to explore new phenomena, new and/or multiple theoretical approaches. These new or developed theoretical approaches may, however, not be applicable in different conditions, so there is therefore a need to know and apply the boundary conditions in which the theories apply. The findings of this review indicate that there is a need for studies to improve both the predictive and explanatory power of theories associated with entry mode and OFDI by EMNEs. The results also indicate that future research should more accurately highlight the theoretical underpinnings of the study and whether the main purpose of the theory is prediction or explanation. If both are objectives, the case needs to be sustained that the theory can equally predict and explain. The boundaries of the predictions and/or explanations also need to be clearly identified.

There is a need for a synthesis of conceptual pieces and literature reviews on the links between conditions in home countries and internationalisation and entry mode decisions of EMNEs. There is a dearth of studies based on theory specifically about OFDI and internationalisation strategies of emerging economies, such as the springboard theory and the LLL paradigm. Most theories and conceptual frameworks linked to the effect of home country conditions are related to only a few emerging economies, notably China. Extending analysis and observation to other major emerging economies engaged in OFDI would help to better understand the importance of home country conditions for entry mode decisions of EMNEs. More theoretical and empirical work is required to improve understanding on how

and in which contexts institutional and other conditions in home countries effect entry mode decisions of EMNEs.

5. Methodological approaches and countries examined

Analysis of the methodological approaches used in the 77 articles reveals a wide range of methodological approaches including conceptual pieces, literature reviews and quantitative and qualitative empirical studies (Table 3). There are 39 entry mode studies using quantitative approaches. The majority of these studies (20) use secondary data, with 15 studies using primary data. Most of the quantitative studies centre on studies that include EMNEs rather than exclusively on EMNEs. The few studies on only EMNEs (9) based on primary data and those including only EMNEs (6) indicates a low level of knowledge based on primary data. These frequencies suggest that FDI entry mode choice of EMNEs is perhaps under researched in terms of the numbers of quantitative studies, especially those that use primary data. If there are no clear reasons to think that FDI entry mode choice of EMNEs is not significantly different from that of DMNEs, the paucity of quantitative studies would be a problem. The analysis on theoretical foundations suggests however that entry mode decisions of EMNEs may be driven by different motivations, especially linked to home country environments.

The qualitative studies comprise 5 case studies, 16 conceptual pieces and 17 literature reviews. Most of the case studies concentrate on EMNEs from China. There is a dearth of case studies on entry mode, especially for EMNEs that are not Chinese. This means that there is a lack of in-depth knowledge on how and why EMNEs undertake entry mode decisions, and also on how the entry mode strategies of firms evolve. Conceptual studies are nearly equally split between studies only considering EMNE and studies including EMNEs and DMNEs, whereas the literature reviews are skewed towards studies including EMNEs and DMNEs. Many of the conceptual pieces and literature reviews examine entry mode as part of a larger examination of internationalisation processes. Many of the 17 literature reviews do not have FDI entry mode choice of EMNEs as a prime focus. If there are good reasons to believe that entry mode decisions of EMNEs have significantly different characteristics than DMNEs, the frequencies and content of the conceptual pieces and literature reviews suggest that there is room for development in this area.

Table 3 about here

Table 4 presents the distribution of empirical studies according to the home locations of the firm. Studies of only EMNEs where the home country is China dominate the literature, with a total of 13 articles. The focus on China is understandable given the extent and scope of OFDI and multinationals from China. According to UNCTAD, OFDI from China has risen at a compound average growth rate of 30.15% from 2000 to 2019, so that, in 2019, China's OFDI stock was \$2198.88 billion taking up 27.19% of the total for developing economies. Some 8 multinationals from emerging economies are in the list of the world's top 100 non-financial multinational enterprises in 2017, and half of the companies in the ranking have headquarters in China (UNCTAD, 2018). Nevertheless, this focus on China may have led to a failure to uncover significant differences in the entry mode decisions of non-Chinese MNEs. The entry mode strategies of firms from other emerging economies included only 6 studies involving 4 countries. Some of the most important emerging economies with significant OFDI have, however, not been studied, including Latin American countries such as Brazil,

transition economies such as Poland and the Czech Republic, and Asian countries such as Indonesia and Thailand. Many of these ‘missing’ emerging economies feature prominently in studies on EMNEs and OFDI (Luo & Zhang, 2016; Deng, 2012). Only China has a reasonable number of studies. This lack of geographical spread indicates a dearth of evidence for emerging countries that have significant OFDI. Hence, even if there is a strong theoretical case that entry mode drivers for EMNEs are significantly different from DMNEs, apart from China, there is no substantial body of empirical work that might be used to verify such theoretical predictions.

There is a paucity of quantitative studies especially using primary data that focuses only on EMNEs. There are very few case studies of entry mode decisions of EMNEs suggesting a lack of in-depth knowledge of how and why EMNEs engage and develop their entry mode strategies. There is a need for more conceptual pieces and literature reviews that focus on the links from the institutional, strategic, and motivational reasons, and entry mode decisions of EMNEs. This could usefully be linked to the findings of the literature on meta-analysis on entry mode (e.g. Zhao et al., 2004) to help to refine theory to provide a better understanding of the strength of relationships postulated in the various theories, and to help to identify the boundaries of the predictions from theory in terms of such issues as home country institutional conditions, industry, size, and strategic and operational motivations for OFDI of EMNEs.

Table 4 about here

6. Limitations

The paper has several limitations. First, the review did not include a meta-analysis of quantitative studies, therefore no evidence is available on the direction of causation between independent and dependent variables or the size effects of such relationships. Second, many studies consider a wide range of issues connected to the internationalisation of EMNEs and entry modes of FDI. This study selected only papers that had a focus on entry mode choice that included EMNEs in the study. This means papers that focused on the effects of FDI entry mode rather than entry mode choice (e.g. Lee, 2018) and that only considered one FDI entry mode (e.g. Varma et al., 2017) were excluded. It is possible, therefore, that our study missed some important findings on entry mode in studies that were not selected because they were not centred on FDI entry mode choice or did not include EMNEs. Third, in line with previous mainstream review articles on similar topics (e.g. Luo & Zhang, 2016; Jormanainen & Koveshnikov, 2012), we concentrated on papers published in leading journals. It is possible that important findings are also to be found in papers in lower ranked journals, books, and PhD theses.

7. Conclusion

The findings support the view that the existence of important home country effects that influence entry mode decisions of EMNEs warrants the development of research on this phenomenon to increase our understanding in this area (Hennart & Slangen, 2015; Shaver, 2013). The existing literature on entry mode involving EMNEs has been influenced, to some extent, by research on how economic, political, social, technological, and institutional conditions in the home countries of EMNEs affect their internationalisation processes. This literature has not, however, been adequately focused and synthesized to enable the

development of strong theoretical approaches that clearly establish how and in which contexts home country conditions impact on entry mode decisions of EMNEs. Moreover, the literature in this field has been largely developed on the basis of analysis and observation of a few emerging economies, particularly China. There have also been very few case studies to enrich our understanding of how and why EMNEs go about entry mode decisions. There is a paucity of studies based on primary data that focus on entry mode decisions of EMNEs. Study on how entry mode strategy evolves as EMNEs acquire experience of internationalisation is also under-researched. This means that there is a lack of in-depth knowledge on the how and why of FDI entry mode choice of EMNEs. The expansion in the number of theoretical approaches and in the development of multiple theoretical approaches has not led to significant improvement in understanding. Indeed, the proliferation of theoretical approaches has added to the complexity of the literature and produced results that are often inconsistent and non-comparable with other studies. Evidence of the failure of the international business literature in this area to establish clear evidence to suggest there may be a case to further explore the entry mode decisions of EMNEs is found in the lack of interest in this field by other subject area journals with a strong interest in internationalisation issues. In short, a good case can be made that there is a need to extend and develop research on the entry mode decisions of EMNEs to provide improved knowledge to help policymakers in firms and governments to improve policies and operational processes and procedures.

Key areas requiring further research include the development of research design that encompass better theoretical foundations, extended case studies, and the synthesis of conceptual pieces and literature reviews to increase in-depth understanding of the how and why of entry mode decisions of EMNEs. There is also a need to include important emerging economies that have been under-studied or not studied at all. This is important given the heterogeneity evident in the home country conditions of EMNEs. Developing conceptual pieces and literature reviews that clearly synthesize the path from home country conditions to internationalisation strategies with the subsequent impact on entry mode are required to help to develop theoretical approaches that can be developed to obtain better predictive power. This is needed to provide improved knowledge of the determinants of FDI entry mode choice of EMNEs. Theory development would benefit from research design that clearly identifies if the theory is to be used for predictive or explanatory purposes. Studies seeking to develop predictive power need to secure more robust evidence based on sound theoretical approaches with supporting empirical evidence that can be used to simplify rather than to complicate the identification of key determinants of FDI entry mode choice of EMNEs. Studies seeking to acquire knowledge to help to explain and deepen explanations in particular contexts, or to provide knowledge for the development of theory with predictive power should perhaps use multiple and new theories to achieve their purposes.

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Table 1 Articles by subject area of journal

Journal field and name	Rank	No.	2000-2004	2005-2009	2010-2014	2015-2019
<u>Economics, Econometrics and Statistics</u>		2	1	1	0	0
Economic Theory	3	1	0	1	0	0
Including EMNE		1	0	1	0	0
Journal of Development Economics	3	1	1	0	0	0
Including EMNE		1	1	0	0	0
<u>Finance</u>		1	0	1	0	0
Journal of International Money and Finance	3	1	0	1	0	0
Including EMNE		1	0	1	0	0
<u>General Management, Ethics and Social Responsibility</u>		13	2	5	3	3
Academy of Management Perspectives	3	1	0	1	0	0
Only EMNE		1	0	1	0	0
Academy of Management Review	4*	2	1	1	0	0
Including EMNE		2	1	1	0	0
European Management Review	3	1	0	0	1	0
Including EMNE		1	0	0	1	0
International Journal of Management Reviews	3	2	0	0	2	0
Only EMNE		1	0	0	1	0
Including EMNE		1	0	0	1	0
Journal of Business Research	3	4	1	1	0	2

Only EMNE		3	1	0	0	2
Including EMNE		1	0	1	0	0
Journal of Management	4*	2	0	1	0	1
Including EMNE		2	0	1	0	1
Journal of Management Studies	4	1	0	1	0	0
Including EMNE		1	0	1	0	0
<u>International Business and Area Studies</u>		57	4	14	24	15
Asia Pacific Journal of Management	3	5	0	2	1	2
Only EMNE		3	0	1	1	1
Including EMNE		2	0	1	0	1
International Business Review	3	13	2	3	5	3
Only EMNE		4	0	0	2	2
Including EMNE		9	2	3	3	1
Journal of International Business Studies	4*	16	1	3	10	2
Only EMNE		5	0	1	4	0
Including EMNE		11	1	2	6	2
Journal of International Management	3	7	1	1	4	1
Only EMNE		1	0	0	0	1
Including EMNE		6	1	1	4	0
Journal of World Business	4	4	0	3	0	1
Only EMNE		3	0	2	0	1
Including EMNE		1	0	1	0	0
Management International Review	3	12	0	2	4	6
Only EMNE		7	0	1	3	3
Including EMNE		5	0	1	1	3

Strategy		4	0	2	0	2
Global Strategy Journal	3	2	0	0	0	2
Only EMNE		1	0	0	0	1
Including EMNE		1	0	0	0	1
Long Range Planning	3	1	0	1	0	0
Including EMNE		1	0	1	0	0
Strategic Management Journal	4*	1	0	1	0	0
Including EMNE		1	0	1	0	0
Total		77	7	23	27	20
Only EMNE		29	1	6	11	11
Including EMNE		48	6	17	16	9

Table 2 Theoretical frameworks

Theory	Total	One theoretical framework		Included in multiple theoretical framework	
		Studies focusing on EMNE	Studies including EMNE	Studies focusing on EMNE	Studies including EMNE
Institutional theory	29	4	7	6	12
TCT	13		3	2	8
RBT	8	1		2	5
Culture/cultural distance	5	1	2		2
Internationalization theory	5	1	1	2	1
Risk theory	3	2		1	
KBT	2	1			1
Springboard perspective	2	1		1	
Control theory	2				2
Industry based theory	2		1		1
Real options theory	2		2		

Table 3 Methodological Approaches

Home economy	No.	Quantitative studies				Case Studies	Conceptual studies	Literature reviews
		No.	Survey data	Secondary data	MIX			
Only EMNE	29	15	6	7	2	4	7	3
Including EMNE	48	24	9	13	2	1	9	14
Total	77	39	15	20	4	5	16	17

Table 4 Home countries

Home countries/regions	Number of articles focusing on EMNE	Number of articles including EMNE
China	13	
Turkey	2	
Malaysia	2	
India	1	
Mexico, Turkey & India	1	
China & Japan		1
Multiple economies including emerging economies and advanced economies		24

Figure 1 Organizational framework for content analysis

Direct Content Analysis

Summative Content Analysis

