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# (New) Technologies and the MNE: the *crisis* of ownership competitive advantages?

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# EMNEs and their ownership advantages

- In multinationals from emerging countries (EMNEs):
  - **Internal OA** (in-house capabilities) are weak or diverse from traditional OAs (i.e. property rights, intangible assets, known brands);
  - **External OA** are crucial because they (try to) access capabilities externally through networks of various kind.
- EMNEs can face **frictions** in building their knowledge networks:
  - More experienced EMNEs can master this process quite well;
  - Less experienced firms often do not have the resources and capabilities needed to lead them through the internationalization process.

# EMNEs and their connecting capabilities

- Transnational knowledge flows are:
  - *costly and cannot be created overnight but require time and resources* to cultivate;
  - based on *status depending on reputation*;
  - Influenced by *reciprocity* depending on EMNEs' position and history;
- EMNEs are often not very well known, may not have a strong reputation in global markets and in some cases, may even lack transparency about their strategies and their aims (e.g Chinese SOEs).

## Key questions to address about EMNEs insidership vs. outsidership

- Whether and how are EMNEs able to access knowledge through their strategic asset seeking investments in advanced countries?
- Which are the main determinants of their insidership in local networks?
- What frictions and impediments do they face in getting embedded in local networks?
- How good they are in integrating the knowledge they may acquire within their internal organizational boundaries?

# Chinese and Indian MNEs shopping spree in advanced countries. How good is for their innovative output? (JOEG 2019)

- Do Chinese and Indian high tech MNEs benefit in terms of their innovative outputs from making acquisitions in EU and USA?
- Are they able to acquire knowledge from: a) the acquired company and b) the ecosystem where the acquired company is located?
- What are the determinants of their insidership?

*“it is difficult, you have to face **challenges and skepticism**, but people like me would have an advantage, because my company is **known for being fair, honest and serious** which allows us to get access to better **quality information** before the rest of the market.”*

*“people are watching you, they are talking about you and behind you, saying this firm is a good firm, this is not a good firm. So, in spite of the general skepticism behind an emerging country company **they eventually prioritize one company over the other on the basis of the available information and the signals they get about that specific company.**”*

# Learning through acquisitions is not for everyone

- EMNEs face resistance to knowledge transfer from target firms and local ecosystems;
- This resistance is moderated by a strong knowledge base (expected) and high status (additional mechanism);
- EMNEs are not a homogeneous group of firms, all suffering from country-of-origin skepticism and liability of emergingness, but there are differences (in absorptive capacity and reputation) influencing their capability to acquire external knowledge via acquisitions (i.e. their OAs).

# Final takeaways and issues for future research

- In EMNEs O advantages need to be reconsidered. Their nature has changed and they increasingly rely on the capabilities to discover and integrate new combinations of knowledge across diverse (internal and external) sources;
- We need to know more about:
  - **Sources of knowledge and learning mechanisms:** learning from customers? from co-operation? from labor mobility?
  - **Pathways for reverse knowledge:**
    - disseminating and integrating mechanisms of new knowledge within EMNEs;
    - knowledge transfer mechanisms towards home regional/local innovation ecosystems and their contingent factors;
  - **Entry modes:** how different entry modes influence routines of knowledge accumulation and OAs?

Thank you

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