

Accessing vs sourcing knowledge: A comparative study of R&D internationalization between emerging and advanced economy firms

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Research and development (R&D) internationalization is on the rise for advanced economy multinationals (AMNEs) as well as emerging economy multinationals (EMNEs). We study EMNE R&D internationalization by comparing it to that by AMNEs in the context of an emerging, knowledge intensive industry. We find that these two are fundamentally different processes. While the internationalization of AMNEs' R&D activities can largely be explained in terms of the twin strategies of competence exploitation and competence creation, EMNE R&D internationalization is rooted in the firms' overall catch up strategy to get on par with industry leaders. An in-depth comparison of knowledge flows reveals that within AMNEs, headquarters often serves the primary source of knowledge for R&D subsidiaries. In contrast, within EMNEs, headquarters accesses knowledge from R&D subsidiaries in advanced economies for innovation catch-up. Within this dichotomy, the innovative capabilities of EMNE headquarters develop more slowly and with greater difficulty than those of AMNE subsidiaries.