ABSTRACT
This paper revisits the internationalization-innovation relationship. We suggest that for emerging market economy multinational enterprises (EMNEs), the mode of operation and location of the foreign subsidiaries affects the type of innovation activity that they undertake. We posit that EMNE subsidiaries created through greenfield investments are more competence-exploiting (CE) in nature, while those created through cross-border M&As are more competence-creating (CC). Similarly, subsidiaries located in low technologically developed countries are more CE while those located in high technologically developed locations are more CC in nature. We find that the choice between greenfield ventures and cross-border M&As impacts on the nature of subsequent composition of parent firm’s innovation in core versus non-core technologies, with their relative emphasis on deepening versus widening established corporate capabilities. We also find that the choice of high versus low technologically developed host country locations have an impact on process versus product innovations at home, given their relative focus on cost efficiency versus new value creation.

To RSVP please contact Sheryl at GSBfacultysupport@uvic.ca or (250) 472-5647