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Exploring the internationalization strategies of Turkish multinationals: A multi-perspective analysis

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A B S T R A C T

Drawing on a multi-perspective framework integrating the dynamic capabilities view, the resource-based view, and the industry-based view, we study the internationalization process of emerging country multinational enterprises (EC MNEs). A multiple-case study research method was adopted to explore the internationalization strategies of a set of EC MNEs from Turkey with a specific focus on the enabling role of dynamic capabilities (i.e., sensing, seizing, reconfiguring) in their international expansion. The findings identify four non-mutually exclusive internationalization strategies (infiltration, catch-up, extender, and challenger), representing trajectories that EC MNEs pursue to expand their foreign operations. We contribute to research on the internationalization of EC MNEs by illustrating and comparing the variations in respect to their strategic behaviors.

1. Introduction

The rise of emerging country multinational enterprises (EC MNEs) in the last two decades has attracted a great deal of scholarly interest (Alon et al., 2018; Buckley, 2018; Hernandez and Guillén, 2018; Luo and Zhang, 2016; Paul and Benito, 2018). International business (IB) researchers view EC MNEs as suitable and interesting laboratories to enhance knowledge about firm behavior in the IB context (Li et al., 2018; Liu et al., 2018; Ramamurti, 2012; Surdu et al., 2018). In particular, from a strategy perspective, despite their so-called latecomer disadvantages and increased global competition, the successful internationalization of EC MNEs and their strategies have been one of the central themes of research in IB (e.g., Cuervo-Cazurra and Genc, 2008; Luo and Tung, 2007, 2018; Mathews, 2006; Tsai and Eisingerich, 2010; Yaprak et al., 2018a).

Traditionally, researchers have focused on EC MNEs' location choices (Makino et al., 2002; Piperopoulos et al., 2018), entry and ownership strategies (Demirbag et al., 2009; Surdu et al., 2018) as well as the determinants of their cross-border investments (Buckley et al., 2007) while some studies also attempt to develop typologies based on EC MNEs' strategic activities such as marketing and R&D investments (Tsai and Eisingerich, 2010) or exploitation and exploration learning types (Deng et al., 2018). This literature has identified a range of strategic behaviors of EC MNEs driving their international expansion including their aggressive mergers and acquisitions (Kumar et al., 2019), asset-seeking investments (Cui et al., 2014; Luo and Tung, 2007), resource upgrading via cross-

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border partnerships (Mathews, 2006; Thite et al., 2016) and post-acquisition integration (Yaprak et al., 2018a).

Despite this growing literature on the internationalization strategies of EC MNEs, our understanding of their strategic behaviors as well as their competitive advantages and disadvantages remains fragmented and inadequate (Luo and Bu, 2018; Luo and Tung, 2018). Findings from studies that mainly focus on a salient behavior of EC MNEs such as asset-seeking investments (Cui et al., 2014; Elia and Santangelo, 2017) or a specific stage of their internationalization processes such as post-entry strategy (Khan and Lew, 2018) do not fully portray the divergences in and evolutionary nature of EC MNE internationalization. As is highlighted in recent studies, further research is required to reveal the plurality and diversity of EC MNEs' behaviors by acknowledging the heterogeneity among them (Luo and Tung, 2018; Luo and Zhang, 2016). In this regard, exploring the internationalization process of EC MNEs will enhance our knowledge of the strategic trajectories available for latecomer MNEs to compete globally (Hernandez and Guillén, 2018). The recent literature also emphasizes that MNEs transform as they internationalize in a dynamic and evolutionary process which necessitates building dynamic capabilities to adapt firm resources to changing market conditions (Deng et al., 2018; Matysiak et al., 2018; Teece, 2014a; Vahlne and Johanson, 2017). Although strategies and dynamic capabilities operate in tandem (Teece, 2014b) and EC MNEs provide a suitable context for such research, as they typically transform themselves while expanding in cross-border markets, there is little in the literature on the dynamism associated with their strategies and resource orchestration capabilities leading to their evolution (Buckley et al., 2017; Luo and Tung, 2018; Luo and Zhang, 2016).

Based on the above discussion, this study has two primary objectives. First, we aim to identify the types of strategic trajectories EC MNEs follow to compete globally under different market conditions with varying resource positions. Second, we seek to show how EC MNEs exercise their dynamic capabilities at different stages of internationalization to achieve a high level of congruency vis-à-vis competition within the target markets while pursuing various expansion routes. To do so, we develop a multi-perspective framework integrating the dynamic capabilities view (DCV) (Teece, 2007; Teece et al., 1997), the resource-based view (RBV) (Barney, 1991), and the industry-based view (IBV) (Porter, 1980). Building on this conceptual framework, we study eight MNEs from Turkey, with a specific focus on their strategic behaviors and activities as well as the role of dynamic capabilities (i.e., sensing, seizing, reconfiguring) in their internationalization in conjunction with their strategies. Turkey provides a suitable context for such research as Turkish firms engage in international operations in both advanced European markets and nearby emerging countries (countries in the Middle East, North Africa, and Central Asia). They establish network forms of relationships via partnerships with developed country multinational enterprises (DC MNEs) as original equipment manufacturing (OEM) and original design manufacturing (ODM) concerns, while also exporting to and investing in Europe, the Middle East, North Africa, and the Commonwealth of Independent States (CIS) countries by using the strategic location of their home country as a base and utilizing its historical and cultural links with this distinct geography (Ayden et al., 2018; Demirbag et al., 2010; Yaprak et al., 2018b; Yaprak and Karademir, 2010; Yavan, 2012). Our findings advance the discussion on the internationalization process by contributing from a unique context which simultaneously illustrates the characteristics of a western and an eastern country.

Our findings indicate that EC MNEs can pursue four non-mutually exclusive internationalization strategies, namely *infiltration*, *catch-up*, *extender*, *challenger*, depending on the perceived competitive intensity in target markets and the strategic motives for internationalization. Although EC MNEs are often perceived as struggling to develop strong footholds in foreign markets, we provide case-based evidence that shows some EC MNEs may have strong financial positions, scale and scope advantages which allow them to act *like* DC MNEs. This implies that internationalization is an evolutionary process leading firms to transform into successful MNEs regardless of their country of origin (Hernandez and Guillén, 2018; Ramamurti, 2012). We also show that while EC MNEs build and exercise dynamic capabilities to operationalize their internationalization strategies, the underlying behaviors and activities for building such capabilities vary for each strategic trajectory followed. By providing empirical evidence related to how dynamic capabilities play a pivotal role in the international expansion of EC MNEs and how their different forms (i.e., sensing, seizing, reconfiguring) are exercised at various stages of the internationalization process our findings contribute to the recent theorizing in the IB literature utilizing the DCV to study MNEs (Arikan et al., 2019; Deng et al., 2018; Khan and Lew, 2018; Matysiak et al., 2018). The paper is structured as follows. First, we provide a review of the literature on the internationalization strategies of EC MNEs. Next, we provide the theoretical background of the study by discussing the three prominent views of strategic management – the RBV, the IBV, and the DCV - in the context of internationalization of EC MNEs. We then describe our research method and present our findings from the case studies. This is followed by a discussion of the theoretical and managerial implications of our research. The paper ends with a conclusion section summarizing the overall research as well as its limitations and further research opportunities.

2. Internationalization of EC MNEs

The internationalization of EC MNEs has long been studied in the IB field as firms from various emerging economies have become prominent in the global business environment. The increasing number of studies of EC MNEs has initiated a discussion in IB research about whether these firms represent a new kind of MNE and whether mainstream IB theories, such as the OLI paradigm (Dunning, 1988) and the Uppsala model (Johanson and Vahlne, 1977, 2009), are adequate to explain their behavior (Gammeltoft et al., 2010; Jormanainen and Koveshnikov, 2012; Luo and Tung, 2018; Madhok and Keyhani, 2012; Mathews, 2006, 2017; Narula, 2006; Ramamurti, 2012; Wilkinson et al., 2014). Some scholars argue that these firms represent a novel type of MNE due to their divergent behaviors and characteristics, such as lack of competitive advantages, aggressive asset-seeking behaviors and the rapid pace of their internationalization, which necessitates the development of new lenses to comprehend their international expansion (Luo and Tung, 2007; Mathews, 2006). Other scholars claim that extant theoretical views are sufficient to explain EC MNEs' behaviors and that research should seek to refute these perspectives before offering novel theories (Dunning, 2006; Narula, 2006). Another view proposes that EC MNEs provide opportunities for IB scholars to study the early stages of MNE development because classic IB theories were built on research conducted in the 1970s, when many developed country firms had, to a large extent, already established themselves as MNEs (Hernandez and Guillén, 2018; Jormanainen and Koveshnikov, 2012; Meyer and Thaijongrak, 2013; Ramamurti, 2012). Consequently, a growing body of research on EC MNEs has been built, which primarily focuses on the distinguishing characteristics of their internationalization processes, such as the role of weak institutional environments in their home countries (Peng et al., 2008; Wu and Chen, 2014), and the lack of traditional competitive assets, such as advanced technologies and well-known brands (Cui et al., 2014; Elia and Santangelo, 2017). The latter research stream mainly focuses on the potential sources of competitiveness of EC MNEs and highlights their low-cost advantages (Kotabe and Kothari, 2016), entrepreneurial behaviors (Yamakawa et al., 2007) and networks (Eren-Erdogmus et al., 2010; Yaprak and Karademir, 2010; Yiu et al., 2007). Since EC MNEs are traditionally viewed as having limited resource bases, a substantial amount of research has been undertaken to reveal how these firms also use internationalization as a way of upgrading their resources through asset-seeking behavior (Cui et al., 2017; Elia and Santangelo, 2017; Lu et al., 2011; Luo and Tung, 2007).

In order to shed light upon their strategic behaviors, IB scholars have attempted to develop typologies of EC MNEs and to identify the different paths to internationalization (Child and Rodrigues, 2005; Chittoor and Ray, 2007; Wang and Suh, 2009). For instance, Child and Rodrigues (2005) report that Chinese firms pursue three internationalization paths, which are inward internationalization, aggressive acquisitions, and organic expansion. Chittoor and Ray (2007) identify four internationalization routes for Indian pharmaceutical companies through a strategic group analysis along the dimensions of markets and products. Building on their R&D and marketing investments, Tsai and Eisingerich (2010) examined the internationalization strategies of MNEs from South Korea, Taiwan, Hong Kong, and India and categorized them into six strategy groups labeled as regional exporters, global niche players, global exporters and importers, OEM/ODM technology leaders, OEM/ODM fast followers and multinational challengers. In addition, Luo et al. (2011) proposed a typology of emerging country copycats (i.e., emerging economy firms that begin with imitation and later progress towards innovation) and examined the transformation of four emerging economy firms from duplicative imitators to novel innovators with a specific focus on their imitative behaviors. Ramamurti (2009) proposed a number of generic internationalization strategies, namely local optimizers, low-cost partners, natural resource integrators, global consolidators, and global first movers. Using Ramamurti's (2009) five generic internationalization strategies of EC MNEs, Gaffney et al. (2013) adopted a resource-dependence perspective and examined EC MNEs' motivations to invest abroad, their strategic focus and entry mode choices. The idea that EC MNEs provide a suitable context for theoretical extensions has accelerated conceptual studies, which put a special emphasis on the behaviors of EC MNEs, examining how different learning mechanisms operate within and between MNE networks and resulted in learning-based typologies of MNE internationalization (Li, 2010; Wang and Suh, 2009). Previous research has also attempted to extend the existing conceptualizations to investigate the EC MNEs' behaviors. In this regard, for example, Luo and Rui (2009) extended the use of the ambidexterity concept and presented four different strategic behaviors by which an EC MNE can achieve ambidexterity, namely co-orientation, co-opetition, co-competence, and co-evolution. Focusing on a firm-level theoretical framework (i.e., the value chain), Moghaddam et al. (2014) presented a modified typology of strategic motivations of cross-border investments consisting of six categories: end-customer-market seeking, natural resource seeking, downstream and upstream knowledge seeking, efficiency seeking, global value consolidation seeking, and geopolitical influence seeking.

Although previous research offers valuable insights into the plurality of EC MNEs' strategic behaviors, the literature tends to assume that firms follow one uniform strategy towards internationalization, by overlooking the fact that companies can behave differently in different market conditions, or else does not examine the adaptive mechanisms enabling the realization of these specific strategies, usually emphasizing the drivers of specific strategies. In particular, the literature provides limited insights into the dynamic interaction between foreign market conditions and firm resources, as well as the role of firm capabilities in shaping and enabling the execution of strategies in the internationalization process. Despite the prior research on the internationalization of EC MNEs, questions remain regarding what is really new about EC MNEs, and how studies on EC MNEs can extend what is already known about firm internationalization (Hernandez and Guillén, 2018). In this regard, Luo and Zhang (2016) point out the necessity to embrace the variety in the observed phenomenon and further explore the diversity and plurality in EC MNEs' strategic behaviors by developing typologies or taxonomies. Other scholars have argued that the literature should move beyond comparing EC MNEs and DC MNEs and focus on more fruitful issues, such as the genesis and evolution of MNEs' capabilities (Hernandez and Guillén, 2018) and how EC MNEs deploy and leverage their resources for internationalization (Buckley et al., 2017). Consequently, examining the internationalization strategies of EC MNEs within a more dynamic perspective, addressing not only "why they internationalize" but also "how they expand successfully", will beneficially enhance research on EC MNEs (Deng et al., 2018).

3. Theoretical background

Internationalization is a strategic decision that engenders the mobilization of resources to create and capture value through cross-border business activities (Santangelo and Meyer, 2017; Welch and Paavilainen-Mäntymäki, 2014). It is a process of resource commitments to capture opportunities in international markets where industry conditions may diverge from those the firm has been used to operating in at home (Teece, 2006). This strategic process is, therefore, affected by the existing resources of the focal firm as well as market conditions in host countries (Matysiak et al., 2018). In the strategy literature, the RBV (Barney, 1991; Peteraf, 1993; Wernerfelt, 1984) and the IBV (Porter, 1980) are seen as two alternative paradigms to explain the factors and forces shaping firm strategy. The implication of using these lenses is they can reveal the interaction between the firm's resource repository and industry factors, which results in the emergence of and variation in the internationalization strategies of firms (Gaur et al., 2018). Yet, internationalization is a dynamic process of resource deployments and redeployments to position the firm and its network internationally in accordance with the varying conditions within foreign markets (Teece, 2014a). Thus, it is a process where a focal firm aligns itself and changes its resources as it further engages with different foreign market conditions, which entails a set of dynamic capabilities.

Consequently, in this study, we integrate the DCV, the RBV, and the IBV to develop a multi-perspective framework to explore the internationalization strategies of firms as an outcome of the interaction between their existing resources and the level of competitiveness in target markets. We then reveal how firms utilize their *sensing*, *seizing*, and *reconfiguring* capacities (Teece, 2007) to induce changes in their resource bases to adapt to the foreign market conditions at the different stages of their internationalization while pursuing different strategic trajectories.

3.1. The resource-based view

The RBV views the firm as a bundle of heterogeneously distributed resources that determines the firm's strategic behaviors and activities (Peteraf, 1993; Wernerfelt, 1984). Valuable, rare, inimitable, and non-substitutable (VRIN) resources are seen as strategically important as they provide sustainable competitive advantages (Barney, 1991). The role of firm resources in the internationalization process has long been recognized in the international business literature (Peng, 2001). Resources and capabilities of a firm shape its strategic motives for internationalization as well as its activities and behaviors during international expansion. Internationalizing firms can exploit their existing resources and capabilities in foreign markets where those assets can be deployed to achieve competitive advantages. Thus, firms' internationalization strategies can be driven by asset-exploiting motives (Cuervo-Cazurra et al., 2015; Dunning, 1998). Conversely, a lack of resources and capabilities can be sources of competitive disadvantages that drive firms to engage in cross-border activities to compensate for limitations in their resource bases (Cuervo-Cazurra et al., 2015; Dunning, 1998). So, internationalization strategies can also comprise asset-augmenting motives.

Although the firm's strategic motives for internationalization hinges on the specific circumstances of its resources and capabilities, it is also affected by competitive conditions in target markets (Samiee and Chirapanda, 2019). For instance, EC MNEs' internationalization motives can also be considered as a product of external factors since the value of resources and capabilities can be context-dependent such that some resources and capabilities can generate rents in one context (e.g., domestic markets) while they can be limited in another context (e.g., foreign markets) (Teece, 2018, 2014a). Therefore, EC MNEs' motives for internationalization –and their strategic behaviors that are affected by these motives– are not only formed by firms' resources and capabilities but also shaped by the industry conditions where they operate or intend to operate.

3.2. The industry-based view

Industry forces are seen as essential factors shaping a firm's strategy and performance (Porter, 1980). The IBV suggests that a firm needs to develop and protect a competitive position in the market against its rivals (Young et al., 2014) and emphasizes the role of industry forces framing the firm's strategic choices and shaping its strategic behaviors within a given market (Gao et al., 2010). The market conditions such as dynamism, competitive intensity, the nature of competitive advantages in domestic and foreign markets can, therefore, inform strategic behaviors and activities of internationalizing firms (Gao et al., 2010; Peng et al., 2009; Yamakawa et al., 2007). In the case of EC MNEs, some markets are seen as sophisticated and are characterized by high levels of competition which requires differentiation-based competitive advantages such as advanced technologies, well-known brands or superior designs (Child and Rodrigues, 2005; Luo and Tung, 2007; Yaprak et al., 2018b). When latecomer EC MNEs turn to these sophisticated markets their typical competitive advantages, such as low-cost or production capabilities, become less adequate as the industry competition exerts pressure to which EC MNEs must adapt by augmenting their existing resources and capabilities (Lu et al., 2011; Luo and Tung, 2018; Yaprak et al., 2018a). The industry forces, therefore, present a context that necessitates the exploration of new strategic assets to enhance the firm's competitiveness in order to survive and grow (Cui et al., 2014; Luo and Tung, 2007; Mathews, 2006). The sophisticated and competitive markets are often –but not always– embedded in advanced economies, where incumbents have been operating for decades with strong brand recognition, established channels, and networks. Also, advanced economy markets are usually saturated and suffer from low growth rates (UNCTAD, 2018). In contrast, markets in developing economies may be more favorable for EC MNEs as they offer new growth opportunities and are less dominated by the incumbents (Gammeltoft and Hobdari, 2017). Therefore, a firm's internationalization motives and, consequently, strategies are not only determined by its resources and capabilities but also shaped by industry conditions in foreign markets.

3.3. The dynamic capabilities view

The DCV emerged during the 1990s (Eisenhardt and Martin, 2000; Helfat, 1997; Teece et al., 1997) and has become one of the dominant research lenses in strategic management studies (Schilke et al., 2018; Teece, 2018). The DCV departs from the RBV by highlighting the latter's static nature in explaining heterogeneity in firm performance (Teece, 2007). The RBV argues that VRIN (valuable, rare, inimitable, non-substitutable) resources provide competitive advantages for firms (Barney, 1991) but it fails to explain how these resources are reconfigured and renewed, which is critical to understanding the firm's sustainable competitive advantage in changing environments (Barreto, 2010; Schilke et al., 2018). Dynamic capabilities, defined as the firm's "ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments" (Teece et al. 1997: 516), enable firms to change their resource bases in order to adapt to changes in their external environment (Helfat et al., 2007). Capabilities can be viewed in two broad categories: operational (or ordinary) and dynamic capabilities. Operational capabilities are related to the performance of well-delineated tasks whereas dynamic capabilities are directed towards changes in resources including ordinary capabilities (Helfat and Winter, 2011; Teece, 2018). Dynamic capabilities therefore represent a distinct subset of capabilities (Schilke et al., 2018).

Dynamic capabilities are categorized at the practical level in three clusters: sensing, seizing and reconfiguring (or transforming) capacities (Schilke et al., 2018; Teece, 2007; Wilden et al., 2016). Sensing refers to the identification and interpretation of market opportunities. It relates to environmental scanning, market search, and understanding customers' needs, including latent ones. Seizing refers to responding to identified opportunities or threats via investments that enable firms to create and/or exploit competitive advantages. It relates to resource mobilization and allocation to benefit from opportunities or neutralize threats. Reconfiguring refers to periodic renewal of the firm's resources, business model, and revenue streams. It is about transforming the core and complementary resources and softening rigidities – when needed (Helfat et al., 2007; Matysiak et al., 2018; Teece, 2007). This categorization presents a process view of dynamic capabilities (Schilke et al., 2018), which is useful in understanding how a firm identifies opportunities, seizes these opportunities and transforms itself to adapt to changing market conditions (Kump et al., 2018; Matysiak et al., 2018). Although sensing, seizing, and reconfiguring capabilities facilitate the categorizing of dynamic capabilities, the specific application of them can vary in detail, particularly when they are directed to trigger changes in resources for different purposes under different conditions. In the international business context, firms are exposed to environmental dynamism when they internationalize their operations. Internationalization is inherently a dynamic process that is characterized by repetitive interactions between firms and foreign markets, which makes the DCV relevant for the context of firm internationalization (Matysiak et al., 2018; Teece, 2014a; Vahlne and Ivarsson,

Table 1
Case study firms.

Firms	Industry	Year of establishment	Year of first FDI	Case descriptions
Abdi İbrahim	Pharmaceuticals	1912	2010	Abdi İbrahim has been the leading company in the Turkish pharmaceuticals market in terms of turnover and unit sales since 2003, reaching over $1 billion consolidated turnover. The company has direct investments in Kazakhstan and Algeria; and also has sales subsidiaries in Cyprus, Ukraine, Georgia, and Azerbaijan. Abdi İbrahim grew internationally, exporting to more than 30 countries in four main regions (Abdi İbrahim Inc., 2019).
Arçelik	Home appliances and consumer electronics	1955	2002	Arçelik currently has 18 production facilities located at seven different countries, including Turkey, Romania, Russia, China, South Africa, Thailand, and Pakistan. With a brand portfolio consisting of 11 different brands that are competitive in their local markets, Arçelik exports to more than 130 countries and holds 50% of the domestic white goods market in Turkey. Arçelik's consolidated turnover in 2017 reached $5.78 billion, with over 60% of its revenues from international markets (Arçelik Inc., 2018).
Boydak Furniture	Furniture and furnishings	1957	1997	Boydak Furniture operates within the Boydak Group, an industrial conglomerate operating in 7 sectors with 34 companies. Boydak Furniture exports to more than 80 countries; and has made direct investments and established 5 foreign affiliates located in Germany, USA, Russia, Ukraine, and Iraq. The company is the largest furniture manufacturer in Europe. It has 300 franchise stores abroad under its own brand, "İstikbal" (Boydak Holding Inc., 2018).
Hayat Kimya	Fast-moving consumer goods	1987	1998	Hayat Kimya is one of the leading Turkish companies in the FMCG industry both in domestic and international markets. Having subsidiaries in 8 different countries, Hayat Kimya reaches consumers through an export network spanning 101 countries. It has factories in Turkey, Algeria, Iran, Egypt, Russia, and Bosnia-Herzegovina (Hayat Kimya Inc., 2019).
Kastamonu Entegre	Wood and forestry	1969	1998	Kastamonu Entegre is ranked as the industry leader in Turkey, 4th in Europe, and 7th in the world on the production of wood-based panels. Kastamonu Entegre has 19 production facilities 7 of which are located abroad (in Russia, Romania, Bulgaria, USA, Italy, and Bosnia-Herzegovina along with Turkey). Nearly 30% of its total sales are from overseas markets. The total value of its sales reached $1.3 billion in 2018 (Kastamonu Entegre Inc., 2019).
Yıldız Holding	Food	1944	1999	Yıldız Holding engaged in a series of aggressive international acquisitions such as that of Godiva in 2007, Nuroll in 2011, DeMEt's, and the British food giant United Biscuits both in 2014. Yıldız Holding currently exports to more than 100 countries and runs production in 77 factories located in 14 different countries. The company, with its affiliates, is now one of the leading biscuit (3rd largest) and chocolate (10th largest) producers in the world (Yıldız Holding Inc., 2019).
Vestel	Home appliances and consumer electronics	1984	2001	Vestel consists of 28 companies, of which 18 are located abroad with more than $6 billion turnover. Vestel has been the top exporter in Turkey for 15 years with its large export market comprising nearly 150 countries. Vestel City in Manisa, Turkey is the largest industrial complex in Europe on a single field where the company has its operations. The company also has another production facility in Alexandrov-Russia (Vestel Inc., 2019).
Ziylan	Footwear and retailing	1985	2012	Ziylan Group is Turkey's largest chain of shoe stores. It currently exports to 29 countries. In 2012, the Group acquired Lumberjack, a 65-year old classic Italian brand, and now conducts the sales and marketing operations of the brand in 6 stores in Italy, 1 in Spain, and 20 franchises located in Europe (Ziylan Inc., 2018).

2014). In particular, latecomer EC MNEs are required to deal with fierce competition in global markets and transform themselves into established MNEs by exploiting and augmenting their resources and capabilities (Luo and Rui, 2009; Luo and Tung, 2018). In this sense, we argue that the dynamic capability view (DCV) can be complementary to the RBV and the IBV in examining international expansions of EC MNEs.

4. Research methods

The study investigates how industry conditions and firm resources shape EC MNEs' internationalization strategies and how EC MNEs' dynamic capabilities are exercised at the different stages of their internationalization. More specifically, the study is designed to explore the internationalization process of EC MNEs from Turkey. To do so, we conducted an exploratory multiple-case study. This research method is suitable when (i) the research questions are "how" or "why" questions, (ii) the investigator has little or no control over events, and (iii) the purpose of the research is to study a contemporary phenomenon within its real-life context (Yin, 2014). There is thus a fit among the method of the study and the research questions (Edmondson and McManus, 2007; Eisenhardt and Graebner, 2007; Rowley, 2002). Furthermore, the case study method is valuable, given the rich context of internationalization as it provides an extensive and in-depth study of the phenomenon (Flyvbjerg, 2006; Ruddin, 2006; Yin, 2014).

4.1. Case selection

We adopted a multiple-case study approach to analyze the international expansion of a number of Turkish MNEs. In multiple case study research, there is no ideal number of cases, but it is usually proposed that between four and ten cases provide a sufficient and convincing amount of data to explain the social phenomenon (Yin, 2014). In case study research, theoretical sampling is ideal, which refers to the selection of cases for theoretical reasons, such as to explain an unusual phenomenon or to replicate findings. Therefore, we searched for firms having international operations that could provide information-rich cases to illuminate our research questions (Eisenhardt and Graebner, 2007; Yin, 2014). First, we contacted the Turkish Foreign Economic Relations Board (DEIK), a government organization that periodically publishes reports on Turkish firms' international operations. We investigated the reports released by DEIK to identify the firms that could offer information-rich cases. We deliberately searched for firms operating in advanced and developing countries, investing in geographically distant and close markets to Turkey, engaging in acquisitions and greenfield FDI. We also purposefully selected both established firms (e.g., Arçelik and Yıldız Holding) and latecomer firms at the early stages of their internationalization (e.g., Ziylan and Abdi İbrahim). We first contacted the identified firms and sent an invitation letter to their top-level executives to provide an overview of the study and interview brief and request their contributions to our study. Following the correspondence with the identified firms, we finalized the case selection process as eight MNEs stated their willingness to contribute to our research and exhibited a satisfactory level of variation in terms of firm-specific characteristics, foreign market variation, and extent of geographic diversification (see Table 1). Although the selected cases represent significant variation in terms of internationalization experience, DEIK reports on established companies rather than newly founded firms. Thus, the companies we examined in our study do not include younger businesses. A brief description of the case study firms is provided in Table 1.

4.2. Data collection and analysis

We developed a case study protocol and followed it as a guide during the data collection and analysis steps of our research. The case study protocol contains brief information about the study, the steps to be taken to collect data, and the interview questions formulated after the literature review (Yin, 2014). For the data collection phase, we conducted interviews with the top-level executives of selected firms who are knowledgeable about their firms' international operations. The interviews were undertaken in 2014 and 2015. The positions of interviewees range from board member to foreign trade manager. In order to triangulate data sources, we also collected data from (i) company sources, such as annual reports periodicals, official company webpages, press releases, (ii) secondary media sources, such as news and executives' interviews, (iii) published materials, such as books, articles, and cases.

To analyze the data, we first developed individual case reports of each firm, which included information about their operations, firm- and industry-level drivers of their internationalization, their strategic motives, location choices, entry modes as well as market entry and post-entry activities. To do this, we first transcribed the interview data collected from executives and used data collected from documents to develop a database for each firm. Two researchers worked during the data analysis process by transcribing, coding, and interpreting findings. Each case was first examined independently without making cross-case comparisons. Findings from cases were coded in tables for further cross-case comparisons. This process was finalized after case reports for eight firms were completed (Eisenhardt and Graebner, 2007). We then began to search for cross-case patterns by comparing each case with the findings from others. In cross-case comparisons, we investigated and developed several dimensions and categories (e.g., firms' resources, capabilities, motives for internationalization, FDI locations, entry modes, industry conditions, etc.) in order to detect the similarities and differences between cases. We treated each case as an individual experiment to evaluate the consistencies of emerging patterns and modify our categorizations if conflicting findings were noticed. As the marginal contributions of analyzing data became minimal to our findings we ended the data analysis process (Eisenhardt and Graebner, 2007; Yin, 2014).

4.3. Validity and reliability

Yin (2014) proposed several tactics to meet the requirements of validity and reliability in case study research. *Construct validity* relates to establishing correct operational measures for the concept being studied. In our study, we first used multiple sources of evidence in order to triangulate the data sources. Secondly, we established a chain of evidence from the individual case reports to the data upon which conclusions are drawn. We presented the link between the conclusions in individual case reports and data in the case study database by appropriately citing actual data sources, whether they are documents or interview records. These tactics, therefore, increased the construct validity of our study (Yin, 2014). *Internal validity*, by definition, concerns developing causal relationships between the concepts under investigation. Consequently, it is not relevant to either exploratory or descriptive studies. *External validity* relates to the domain to which the findings of the study can be generalized. Case studies rely on analytic generalization in which the investigator generalizes the results of the study to some broader theory. We used a multiple-case study design that enables replication logic to meet the external validity conditions. Additionally, we used the three theoretical perspectives from strategic management literature by which we could conduct the theoretical generalization logic in our study. As a result, the external validity of the study is maintained. *Reliability* concerns the repeatability of the study (e.g., data collection procedures). In our research, we developed and used a case study protocol as a guide in the field. Also, for each case, a case study database was generated, which includes the relevant documents, interview records, and field notes. These two tactics meet the needs of a reliability test for our case study research (Yin, 2014).

5. Findings

Our analysis reveals that the case study firms' internationalization activities are influenced by the interaction between their

Table 2
Internationalization strategies of case study firms.

Internationalization strategies	Definitions	Strategic motive for internationalization	Perceived market competition in targeted market	Primary enabling resources and operational capabilities	Potential challenges and tensions	Typical examples from case studies
Infiltration	Organic expansion under high competition by establishing footholds in foreign markets for subsequent resource commitments via learning and adaptation to a local market	Asset-exploiting	High	Integrated value chain for adaptation Agile sales and marketing teams	Learning from and adapting to foreign markets	Boydak Furniture Hayat Kimya
Catch-up	Gaining access to strategic assets to augment existing resources and operational capabilities in order to be competitive in sophisticated markets and responsive to demanding customers	Asset-seeking	High	Product know-how and operational capabilities, particularly in sourcing and manufacturing Networks with DC MNEs as OEM/ODM	Integration of acquired assets to create and capture value Strategic brand management	Vestel Ziylan
Extender	Asset-exploiting in relatively less competitive markets of developing countries within home-country's periphery where firms are able to demonstrate superiority with their existing resources and capabilities	Asset-exploiting	Low/moderate	Superior production and distribution capabilities Ability to operate within weak institutional environments	Weak institutions and underdeveloped infrastructure Establishing and maintaining sustainable relations with external stakeholders such as host-country governments, local partners	Abdi İbrahim Kastamonu Entegre
Challenger	Growth in both advanced and emerging markets which is supported by aggressive FDI, intense internal R&D, and global brand building	Asset-exploiting	Both high and low/moderate (global approach)	Strong R&D, flexible and state-of-the-art production technologies Strong financial capital Entrepreneurial TMT	Counterattacks from incumbents Continuous innovation to stay relevant Threats from other latecomers	Arçelik Yıldız Holding

resource positions and host country market conditions. We observe that firms' internationalization behaviors vary depending on the perceived competitiveness in foreign markets. When firms target less or moderately competitive markets where they experience favorable market conditions, they expand to exploit their assets, which are able to meet market expectations and can cope with the rivalry in the host markets. However, when firms engage in foreign markets where they face high levels of competition, they either attempt to exploit their resources in an incremental way within a specific market position *or* engage in asset-seeking behaviors to complement their existing resources and capabilities. We also discovered that some firms engage in direct competition with leading global players from advanced and other emerging countries, and their internationalization strategies are largely driven by asset-exploiting motives in both developed and emerging markets. These firms are considered as (semi)global players in their industries. Therefore, we classified the case firms' internationalization strategies into four non-mutually exclusive categories based on their motives for internationalization (i.e., asset-exploiting or asset-seeking) and the degree of perceived competition in target markets (i.e., high or low/moderate). These strategy categories are labeled as *infiltration*, *catch-up*, *extender,* and *challenger*. Table 2 presents the internationalization strategies with underlying motives and perceived market competition and enabling resources as well as challenges that firms encounter while expanding abroad.

We further examined each firm's internationalization process by using sensing, seizing, and reconfiguring categories of dynamic capabilities as a framework. We explored how firms exercise their dynamic capabilities as they build, extend, or integrate their resources while engaging in heterogeneous markets with varying motives. In doing so, we identified the organizational actions of sensing, seizing, and reconfiguring capabilities for the internationalization strategies. In the following sub-section, we provide details of the internationalization strategies and how the case firms exercise their sensing, seizing, and reconfiguring capabilities to achieve cross-border expansion.

5.1. Internationalization strategies and the pivotal role of dynamic capabilities

5.1.1. Infiltration strategy

Infiltration is an internationalization strategy applied to expand within highly competitive markets with asset-exploiting motives. It is implemented by focusing on a specific market segment to gain a small market share in the host country as a bridgehead for further expansion. This specific segment can be a diaspora, a niche, or a customer group whose needs are largely unmet by the dominant actors in the industry. Once the firm gains a bridgehead, it gradually learns from the targeted market and adapts its products for further expansion. In this sense, the strategy is formulated as a long-range strategic expansion plan. Hayat Kimya and Boydak Furniture provide typical examples of *infiltration* in our case findings.

Sensing: Infiltration requires firms to exercise an effective sensing capability to detect market opportunities in host countries, calibrate them for further expansion, and continuously learn from the market for adaptation. Case firms that follow this strategy deliberately scan foreign markets to identify specific segments (e.g., niche markets, Turkish diaspora), the expectations of which can be rapidly addressed to shelter a foothold in the targeted market. The search is usually directed to the market segments where incumbents leave gaps for entry. For instance, Hayat Kimya operates in the fast-moving consumer goods (FMCG) industry, which is dominated by global giants such as Unilever and P&G, where markets are competitive in both developed and emerging countries. The company, therefore, pursues *infiltration* to exploit its own resources and capabilities in emerging markets in North Africa (e.g., Egypt, Algeria), Eastern Europe (e.g., Russia, Ukraine, Bulgaria, Bosnia) and Asia (e.g., Iran) where markets are competitive, but growth opportunities are available. A Hayat Kimya executive expressed this strategy as follows:

> "Despite the maturity in developed countries where these companies [P&G and Unilever] are dominant, we even observe that national/local brands can still operate in multiple categories…which indicates that as long as your brands and products are in sync with the local culture, and your company acts faster than global brands, you can succeed."
>
> (Hayat Interview)

Boydak Furniture, which operates in furniture and furnishing industries, began its first operations in competitive European markets by following the Turkish diaspora in Germany. The company then focused on learning from the local market, adapted its offerings for the mass market, and extended its operations both within Germany and across several other countries, including Austria, France, Belgium, and the Netherlands. Boydak Furniture has also followed the same strategy to penetrate the US market. The Boydak Furniture executive explains this rationale as follows:

> "The US market is very large...more than 300 million people from different cultures live there…we know that there are customers who can buy our products…for instance people who have similar culture and preferences with our current customers."
>
> (Boydak Interview)

Seizing: Seizing in *infiltration* refers to the case firms' ability to adapt their market offerings by deploying their existing resources and capabilities to the market segments where they can be competitive. After firms detect market opportunities, they design and develop appropriate means to reach targeted customers within a specific market without initially engaging in direct competition with incumbents. Hayat Kimya prefers to enter target markets with limited products (e.g., baby diapers) with the goal of achieving high customer satisfaction. The company builds an aggressive local sales force and marketing teams to increase brand recognition in the local market by relying on satisfied customer groups. The brand recognition and achieving customer satisfaction are leveraged when the firm later introduces new products to the market (e.g., hygienic pads, detergents), usually to the same customer group. Hayat

Kimya subsequently establishes subsidiaries to transfer its competences and know-how in production to host countries. Boydak Furniture experiments with low-cost business models, such as building basic warehouses in Germany to access Turkish customers in Europe and benefits from the positive country-of-origin effects. In the US, Boydak Furniture pursues *infiltration* by initially opening a warehouse to source its products not only to Turkish customers but also to the customer groups sharing cultural similarities with people of Turkish origin. The firm uses this small but promising bridgehead as a learning channel and further growth trajectory as it did in European markets. The company utilizes online channels to deliver its products to different states from its subsidiary located in New Jersey.

In all these cases, firms succeeded in adapting and expanding their offerings by means of their adaptability, which is built on integrated R&D, production, and marketing. These companies can offset the learning process of *infiltration* as they design low-cost business models, accumulate returns from their existing markets, and rely on their group affiliations. It should be noted that these firms seize cross-border opportunities using organic growth and greenfield investments because they find few or no acquisition opportunities abroad for quick market entries.

Reconfiguring: Sensing and seizing capabilities with *infiltration* provide a small market share by which companies can gain a direct touch to the market and organically grow via adaptation. These companies later reorganize their cross-border activities when they establish a strong foothold in the foreign market. After entering a foreign market with limited but successfully adapted products, Hayat Kimya extends its offerings by adding new product groups and lines. The firm then jumps to nearby markets to further expand its operations by using its initial market as a hub. For instance, the company reorganized its activities in Algeria to develop a regional hub for Western Africa, where it entered Morocco and Nigeria by pursuing *infiltration*. Similarly, Hayat Kimya started exporting to Saudi Arabia from Egypt, which was also used as a hub for further expansion into East Africa (e.g., Kenya). Boydak Furniture expanded its operations to other European countries, such as Austria, Belgium, France, and the Netherlands, by developing a substantial network of distribution channels. More significantly, in these markets, the company has begun building its retail store chain through franchising and opening its own stores under its own brand name as it has managed to increase its market share significantly.

5.1.2. Catch-up strategy

Catch-up strategy refers to the firm's internationalization strategy that is driven by asset-seeking motives and applied within highly competitive markets, particularly in advanced economies. Vestel and Ziylan are typical examples of this strategic behavior. These firms primarily target European markets to internationalize, where some of their assets turn out to be less competitive. This leads them to develop strategic alliances and/or to acquire new strategic assets to compensate for their latecomer disadvantages.

Sensing: Both Vestel and Ziylan recognize emerging alliance and acquisition opportunities with organizations they have already built arm's length relations. Their OEM and ODM relations not only provide the opportunity to sense product and design know-how but also the opportunity to compensate for the limitations in branding. Firms adopting a *catch-up* strategy also effectively calibrate the potential value of the targeted assets as an integral part of their sensing capabilities. Vestel has long operated as an OEM and ODM in consumer electronics markets, competing against companies such as TPV (Hong Kong) and Foxconn (Taiwan). Vestel, as the largest manufacturer of consumer electronics in Europe, has strong ties with retailers and DC MNEs in European markets. It has upgraded its design and product know-how through internal R&D and its partnerships with DC MNEs. The company constantly obtains market intelligence via its linkages with retailers and DC MNEs in Europe. Vestel learns about pricing, customer preferences, and successful designs via its networks embedded in European markets. Production for large retailers in Europe allows the firm to experience different segments of the market. Linkages and learning as an OEM and ODM provided Vestel with the ability to sense the opportunities to grow further in Europe. Vestel receives and interprets international market knowledge as follows:

> "Vestel is primarily located as a manufacturer. This is our position. But, as we engage in European markets as an OEM and ODM, we become experienced in understanding the market dynamics. We began to see new opportunities to increase our scale. We also receive direct orders from retailers. Thus, we decided to use this advantage to expand in Europe in a sustainable way…If you want to compete in the field with well-known brands, you need to make the game even…so we began to acquire brands or licenses of well-known companies."
>
> (Vestel Interview)

Ziylan has product know-how in footwear and has exported to European markets for a number of years. It has begun to outsource most of its production and to invest more in retailing at home and abroad. The lack of a well-known brand has been a critical issue for expansion abroad, particularly in Europe. The top-management of Ziylan has long shared the view that the firm should be active in developed markets (i.e., Europe, the USA) if they want to build a global presence. The awareness of top management and the firm's links with European firms enabled Ziylan to recognize emerging opportunities. The company acquired an Italian brand and its retail operations, after holding the manufacturing and distribution rights for two years.

Seizing: Vestel competes in the market with its own brands against Samsung, LG, and Philips. The company uses its corporate name branding at home and in developing countries, however, as Vestel intended to further expand in European countries, where it perceives high competition, it pursued a number of brand acquisitions (e.g., Finlux from Finland, Luxor from Sweden, Vestfrost from Denmark, Graetz from Germany, Electra, Servis, New Pol, and Atlantic from Italy) and also engaged in strategic alliances (e.g., license agreements with Sharp, Toshiba and Telefunken) to resolve its latecomer disadvantages in branding. In doing so, Vestel was opportunistic, focusing on brands that previously had been successful but were currently having trouble or where ownership was transferred to the host country governments. The company applied a low-cost business development rationale by acquiring and adding these specific brands to its portfolio. Vestel also developed partnerships with Sharp and Toshiba to produce and sell consumer electronics and home appliances under these brands in Europe. In a similar vein, Ziylan acquired the Italian brand “Lumberjack”, which was in trouble due to the distressed European economies following the 2008 financial crises. The firm later built a wholly-owned subsidiary in Italy to gain access to design houses in Milan.

Both these cases signify that seizing capabilities for *catch-up* necessitates opportunistic and entrepreneurial actions to seize in a timely manner emerging opportunities to compensate for resource limitations.

Reconfiguring: Catch-up strategy is pursued to upgrade the firm’s existing resources by enhancing them with new assets such as design know-how and powerful brands, which requires strong reconfiguring capabilities. For example, Vestel acquired several well-known local brands in different European countries, renewed them, and built its operations on these refreshed local brands in the markets where they had been known for decades. The company acquired old brands but ones that are rooted and well-known. These brands are rejuvenated and transformed into new-generation regional brands with the help of Vestel’s deep market intelligence and strong R&D. The acquired brands’ local markets were expanded, which enabled Vestel to better exploit its existing competitive advantages, such as customization, short lead time to market, proximity to European markets, and cost advantages resulting from its large-scale production and the Customs Union between Turkey and EU. For instance, after acquiring Finlux from the Finnish government, Vestel renewed and offered its products under the Finlux brand in Germany, Switzerland, the United Kingdom, Italy, and Spain, where the brand was known. The company also implemented new business models for acquired brands, such as direct selling through digital channels, to create new revenue streams in addition to the traditional retail channels.

After its first FDI, Ziylan engaged in partnerships with two leading investment companies in Turkey to restructure its financial position and to establish the infrastructure to continue its cross-border expansion. The firm recruited a new CEO who was previously the general manager of Mavi, a Turkish firm that successfully developed a well-known brand of denim and jeans-wear in global markets to continue restructuring its operations for international growth. The company executive explains this renewal in Ziylan as follows:

> “We are a family-owned footwear company. Our fundamental know-how is about shoes. We went beyond our knowledge during the internationalization process. We gain insights and experience from our partners to create and shape our global infrastructure and culture in addition to funding our investments abroad.”
>
> (Ziylan Interview)

The firm has recently changed its corporate name to FLO, the brand name that the firm used for its retail stores in Turkey and other emerging markets, which reflects a shift in corporate identity from a manufacturer to a retailer. The company supports the operations of its acquired brand with its sourcing and production capacity to boost sales in international markets while realigning its existing brands to create synergy by leveraging the obtained sales channels to offer its domestic brands to targeted markets in Europe.

5.1.3. Extender strategy

Extender strategy refers to asset-exploitation in relatively less competitive markets of developing countries where the company can demonstrate competitive superiority with its existing resources and capabilities. Abdi İbrahim and Kastamonu Entegre, which target less/moderately competitive markets embedded in developing countries and act within those markets like DC MNEs, represent typical examples of this strategy.

Sensing: Firms follow an *extender* strategy as their strategic trajectory targets developing countries in Turkey’s periphery from which they continuously gather and analyze market information via their export channels, sales offices, and subsidiaries. Their sensing can be considered as market-driven in that they closely monitor competitors’ actions, changing market conditions, such as regulations, and demand in their export markets. They also scan privatization opportunities in transition economies or foreign government bids in the targeted developing countries. For instance, Abdi İbrahim, after exporting pharmaceuticals to Algeria later engaged in FDI due to changes in government import regulations while also searching for government bids for its existing products. Kastamonu Entegre constantly monitors their export markets stretching from Eastern Europe to India, which they define as their “traditional markets”. The company puts a notable emphasis on rivals’ investments in its markets.

Seizing and reconfiguring: Seizing capabilities relates to the conventional process of transferring the firm’s resources and competences to developing markets. Abdi Ibrahim utilizes its strong R&D and production capabilities to rapidly develop generic drugs for developing countries (e.g., Algeria and Kazakhstan). These existing capabilities are supported by the firm’s marketing and distribution know-how, which has been developed within the competitive and turbulent domestic market. Kastamonu Entegre is quick in engage in large scale FDI in its export markets, both in the form of greenfield investment and acquisitions, in order to attack or counterattack its rivals. The firm executive clarified Kastamonu Entegre’s response to the competition in foreign markets as follows:

> “We need to defend both our export and domestic markets. If we do not make investments in the Balkans, we can begin to lose share in our domestic market. We have to be in the Balkans. Otherwise, we will start to lose our export markets, and our domestic market will be threatened. Our case is like a chess game. If we invest in Romania, our competitors follow us. If one of them invests in Bulgaria, we follow them.”
>
> (Kastamonu Interview)

Both Abdi İbrahim and Kastamonu Entegre act like DC MNEs in developing country markets, where their existing resources and capabilities are at minimum “good enough” to meet the expectations of customers and deal with competitive rivalry. These companies transfer their existing competencies to developing countries where the competition is less than in advanced economies, and markets are more lucrative than the domestic market.

5.1.4. Challenger strategy

Challenger strategy refers to the internationalization strategy by which the firm strives to transform into a global player by establishing a large network of subsidiaries distributed in several regional markets located in both advanced and emerging countries. The company challenges its counterparts with its own brands, intense R&D, and engages in aggressive investments (e.g., acquisitions and greenfield investment) to proactively improve and sustain its global position. Firms that follow a *challenger* strategy exhibit characteristics of incumbents from advanced economies since they build their own brands, rely on internal R&D, target a considerable part of the global market rather than focusing on specific international markets, and engage in head-to-head competition with their rivals who are also leading global actors in their industries. Arçelik and Yıldız Holding (Ülker) represent typical examples of this strategic behavior.

Sensing: Firms that exhibit a *challenger* strategy deliberately search global markets in line with their explicitly defined global visions. To grow within their existing markets, these firms accumulate a large amount of market information from their established networks of subsidiaries and export markets. Their top-management-teams also actively seek acquisition opportunities in global markets for rapid market entry. We observed that these firms constantly monitor a small number of DC MNEs and EC MNEs, which they identify as their main rivals (e.g., Whirlpool and Haier in the Arçelik case). For instance, Arçelik's parent company, Koç Holding, which is the largest conglomerate in Turkey, advises its affiliates to diversify their markets as a general strategy of reducing vulnerabilities and achieving continuous growth. As a result of the 2008 financial crisis, Arçelik accelerated its search for market diversification in line with its global vision. Since acquisitions are the key to gaining rapid market growth in home appliances and consumer electronics, the firm deliberately scans global markets for acquisition opportunities in addition to developing plans for greenfield investments. For instance, the company seeks to grow within the Asia-Pacific region by building a 'Beko Road', similar to the historical "Silk Road".

Despite its leading position in Turkey and considerable exporting activities in neighboring markets, Yıldız Holding had not built a strong global presence due to the risk-averse and conservative strategic approaches taken by its founder, who, for example, did not consent to more than 20% of the production to be exported. However, following the transfer of the leadership to the second generation of the family, the company changed its strategic orientation towards becoming a global player in its industry. The diversified organization operating in several areas, such as the production of biscuits, chocolates, dairy products, non-alcoholic beverages as well as operations in packaging, distribution, and retailing was transformed into a lean organization focusing on snack foods as its primary market. Consequently, the new entrepreneurial leadership realigned the orientation of Yıldız Holding towards its core businesses by exiting from the non-core areas, which provided a cash-rich position for the company. Subsequently, the new leadership began to search for international opportunities that related to their main businesses: biscuits and chocolates. The company executive expresses this search process as follows:

> "For instance, the TMT was searching for acquisition opportunities in western countries before the acquisitions. They were investigating for the brands that mostly remained in the West but can be turned into global."
>
> (Yıldız Interview)

Seizing: Arçelik and Yıldız Holding navigate in both advanced and emerging markets within and beyond Turkey's periphery with their own brands and internally developed technologies and products. Arçelik views Europe, Asia, and Africa as an integrated market where it endeavors to develop a leading position. The internationalization of the company is mainly driven by an asset-exploiting motive, which is realized by successive direct investments both in advanced economies and developing countries. The company undertakes aggressive acquisitions, the main objective of which is to achieve growth in order to develop and maintain a global position in consumer electronics and home appliances industries rather than offsetting deficiencies in technology, design, or brand. Arçelik's internationalization necessitates well-established distribution channels, the adaptation of market offerings to local expectations, and accessible effective after-sales service, the development of which is time-consuming even if the focal company has the required resources and capabilities. Arçelik made acquisitions in Pakistan (Dawlance) and South Africa (Defy) and greenfield investments in Thailand to reach the South Asian market, where the firm further established local subsidiaries in Vietnam and Malaysia.

In line with its global vision, Yıldız Holding has made aggressive acquisitions and greenfield investments to expand rapidly. Acquisitions made by the company enabled the firm to realize rapid growth by adding new markets to its global portfolio. Yıldız Holding's acquisitions of DeMet's, Godiva, and United Biscuits have turned it into one of the leading firms among global biscuits and chocolate producers.

Reconfiguring: Arçelik and Yıldız Holding have accessed large markets and added valuable brands to their portfolios as well as extensive distribution channels and production facilities. Arçelik has transferred its know-how and technology to acquired companies in South Africa and Pakistan to renew their infrastructure and enhance competitiveness. For instance, the company transferred its supply chain systems and production technologies to Defy with subsequent investments (in a total of 56 million USD). The company introduced its brands to the Asia-Pacific region and made its Thailand investment a hub to begin exports to ASEAN countries, such as Vietnam, Malaysia, the Philippines, and Indonesia, as well as Australia and New Zealand. In line with its global vision, Arçelik also repositioned its brands for different customer segments in order to serve more affluent customers (with Grundig) and less affluent customers (with Beko) in advanced and emerging countries and to protect its market shares against potential latecomers.

Yıldız Holding's ability to integrate United Biscuits created synergies and new market opportunities leading to a strong global position in biscuit manufacturing (the third largest in the world). However, the integration of Godiva was not straightforward as Godiva introduced a new business model (i.e., premium chocolate) to Yıldız Holding, which necessitated the development of new resources and capabilities for exclusive customer service rapid renewal of collections, store designs, etc. To do this, the company formed a new management board composed of a strong team of experienced former leaders of global organizations, such as PepsiCo, Burberry, Tommy Hilfiger, and Body Shop. The company rapidly expanded the scope of the brand, for example, by accelerating its existing operations in Japan and introducing it to emerging markets like China. Perhaps the most significant indicator of the reconfiguring capacity of Yıldız Holding was establishing a parent company, named Pladis in the UK, and combining the operations of Ülker, DeMet's, Godiva, and United Biscuits under this new company to consolidate the global operations to effectively manage products and brands, achieve synergies, and shorten decision making time for market responsiveness. This transformation process is expressed by a company executive as follows:

> "After the acquisitions, our league has changed. We now have new customers and employees. On the one hand, we need to be Chinese in China, Korean in Korea, and Japanese in Japan now. That is to say, we need to be local where we are. On the other hand, since we can integrate and coordinate all of these under one strategy, we are also global at the same time. This provides the ability to create synergies via acquisitions, innovations, and global sales channels."
>
> (Yıldız Interview)

Table 3 summarizes the role of dynamic capabilities in internationalization strategies of case study firms and describes the processes in which these capabilities are exercised by the firms to realize changes in their foreign market knowledge, market offerings, and strategic positioning.

Table 3
The role of dynamic capabilities in internationalization strategies of EC MNEs.

Internationalization strategies	Dynamic capabilities of EC MNEs		
	Sensing	Seizing	Reconfiguring
Infiltration	Detecting specific segments in competitive foreign markets where a firm's existing assets can be exploited (e.g., niche markets, diaspora markets, unmet customer needs) Learning local preferences and expectations Calibrating the further growth potential within the targeted markets and their surrounding geography (e.g., market research)	Designing the business model and introduction of products to a specific customer segment Adapting market offerings via integrated production, R&D, sales and marketing Establishing a foothold for further growth	Extending and realigning market offerings to renew revenue streams Building supportive infrastructure in the host-country to expand operations Reorganizing cross-border activities to establish a hub for further growth
Catch-up	Utilizing linkages with DC MNEs for probing of customer needs and catch up opportunities (e.g., OEM and ODM relations) Searching for and calibrating partnership/acquisition opportunities to offset latecomer disadvantages (e.g., licensing, brand acquisitions)	Committing resources to gain access to strategic assets (e.g., acquisition of brands, the establishment of foreign subsidiaries in advanced economies) Building strategic alliances (e.g., licensing)	Developing novel offerings to commercialize upgraded assets Redeploying upgraded assets Renewing strategy and business model
Extender	Local search (i.e., home country's periphery) for less/moderately competitive markets where a firm can be "superior" in addressing market demands Gathering, analyzing, and using intelligence about competitors (e.g., rivals' investment decisions) and host-countries (e.g., regulations, privatization, government bids, etc.)	Transferring the firm's know-how, expertise and competences to host country markets Advancing the mode of involvement via equity-based entries Developing favorable relations with local actors (e.g., host country governments, local suppliers, etc.)	Consolidation of international positioning in conventional foreign markets Probing in new revenue streams in competitive markets
Challenger	Monitoring leading global players Searching both local and distant markets in line with the firm's global vision TMT's global orientation	Developing and maintaining a global network of subsidiaries via aggressive acquisitions and greenfield investments Leveraging strong financial capital Large investments in R&D to build and exploit cutting edge technologies, innovative market offerings	Reorganizing the MNE before/after large direct investments Simultaneous development of novel market offerings and new markets via bundling, rebundling, reconfiguring existing and acquired assets Renewing the strategy and business model as well as restructuring the financials to strengthen the (semi)global posture

6. Discussion

This study contributes to the ongoing debate on the competitive advantages and disadvantages of EC MNEs and their foreign expansion strategies as well as their evolution as latecomer MNEs in the IB literature in several ways. In this regard, our findings related to each identified strategic trajectory provide different implications.

First, *infiltration* is an internationalization strategy that EC MNEs can follow to secure small market shares in highly competitive markets while avoiding direct competition with DC MNEs that have competitive advantages against latecomers in terms of branding, distribution channels, and scale advantages. This strategic trajectory implies that EC MNEs can succeed in highly competitive markets with their own assets as long as they can build relevant dynamic capabilities to detect and seize market opportunities while also adapting their activities to make further growth possible. That is, competitive advantage in a specific market segment can be achieved via dynamic capabilities enabling EC MNEs to deploy their existing assets where they can generate economic rents while providing channels to access markets and learn for subsequent adaptation. These findings tend to confirm previous research highlighting the role of identification of niches and adaptation for EC MNEs to expand in competitive markets (Deng et al., 2018; Kotabe and Kothari, 2016; Luo and Tung, 2018; Tsai and Eisingerich, 2010).

Second, the *catch-up* strategy is characterized by the asset-seeking motive, frequently discussed in the IB literature as one of the most characteristic behaviors of EC MNEs. The asset-seeking motive emerges as the firm exploits its existing assets in foreign markets facing demanding customers but where the firm's current competitive advantage falls short of meeting market expectations and the level of competition (Child and Rodrigues, 2005). In our study, firms follow this route to acquire critical assets such as design know-how and brands that can complement their existing strong resources such as product know-how and production competences. To do this, firms target advanced economies (Makino et al., 2002). They either develop partnerships with DC MNEs (e.g., OEM and ODM) or make acquisitions, which indicates that EC MNEs need their own strategic resources to follow a *catch-up* strategy (Ramamurti, 2012). Moreover, effective asset orchestration is critical for the EC MNE to benefit from the upgraded resource pool, which also underlines the key role of dynamic capabilities to operationalize this strategy. Thus, our findings support the arguments that EC MNEs utilize internationalization as a vehicle to offset their resource limitations (Cuervo-Cazurra et al., 2015; Luo and Tung, 2018) while further highlighting that dynamic capabilities are also critical for the identification, acquisition, and integration of strategic assets (Gammeltoft and Hobdari, 2017).

Third, our findings on *extender* strategy show that although EC MNEs' assets may not be well-suited to conditions in competitive markets, they can still be transferred to markets where the level of competition is relatively moderate/low (Chittoor and Ray, 2007; Deng et al., 2018; Wang and Suh, 2009). In such circumstances, EC MNEs internationalize to exploit their existing assets, and their behaviors do not deviate much from those of DC MNEs. The *extender* strategy allows the EC MNE to develop a strong presence in specific markets and evolve later into a dominant regional player by integrating its distributed foreign activities. To do so, EC MNEs constantly need to search for and respond to opportunities in favorable markets and periodically reorganize their activities to defend and grow their regional positions. This signifies the essential role of dynamic capabilities during the internationalization process.

Fourth, our findings related to the *challenger* strategy further enhance our knowledge of EC MNEs' behaviors. Unlike our other case firms, EC MNEs following a *challenger* strategy compete with MNEs from both advanced and emerging countries and engage in head-to-head competition in global markets. These EC MNEs also periodically renew their business models and realign their market offerings within the dynamic context of the global competition they are involved with. They demonstrate a global approach to their internationalization characterized by aggressive acquisitions and greenfield investments for rapid growth, strong internal R&D, and brand building, all of which echo the typical characteristics of incumbent DC MNEs (Narula, 2006). Thus, despite their routes being different, as these EC MNEs succeed in internationalization their activities begin to converge to those of DC MNEs, with some EC MNEs successfully evolving into established MNEs. Our findings in this regard are in line with the argument that not all EC MNEs should be considered as "*emerging*" as some of them have already established strong (semi)global positions supported by well-established networks, innovations in cutting-edge technologies and well-known brands (Hernandez and Guillén, 2018; Ramamurti, 2012), implying that the categorization of MNEs based on their country of origin can be misleading when studying the competitive (dis)advantages and strategies of internationalizing firms. Thus, internationalization should be conceived as an evolutionary process in which firms strive to continually transform themselves into more competitive forms of MNEs (Kotabe and Kothari, 2016).

The identified internationalization strategies present valuable insights into the diversity and plurality of firms' international expansion activities, which portray what we refer to here as *varieties of internationalization*. First, as exemplified in our empirical findings a firm can pursue a specific internationalization strategy in a targeted market for a period in accordance with the interaction between its resource combinations and the foreign market conditions. Second, the firm might pursue different strategic trajectories simultaneously in foreign markets as a result of changing industrial forces and the competitiveness of its resources and operational capabilities. That is, a firm can adopt a combination of the proposed strategies, which further contributes to the variation between the strategic activities and behaviors of internationalizing firms. Our proposed strategies might require different learning mechanisms as they are driven by different motives. Firms that attempt simultaneously to follow internationalization strategies that are instigated by different motives (e.g., *infiltration* and *catch-up*) might need to demonstrate ambidextrous behavior (Luo and Rui, 2009; Raisch and Birkinshaw, 2008). To do this, they not only need to pursue exploitation and exploration but also develop dynamic capabilities driving these seemingly contradictory but potentially complementary strategies at the same time. In this sense, dynamic capabilities to execute different strategies might necessitate a set of specific actions to build and exercise sensing, seizing, and reconfiguring capabilities that should be grounded in different learning mechanisms –i.e., exploitation and exploration. To exemplify, sensing capacity driving *infiltration* is manifested in such actions as detecting specific market segments where a firm's existing assets can be exploited, whereas the same capacity is reflected in such action as searching for and discovering the opportunities and ways to acquire and integrate strategic assets in a *catch-up* trajectory. These findings imply that sensing, seizing, and reconfiguring capacities can manifest in various forms reflecting the different learning mechanisms undergirding them (Wilden et al., 2016; Wilden et al., 2018). Depending on the choice of strategic trajectory, configurations of these capacities can be built and exercised by EC MNEs. However, it is important to recognize the cost of building configurations of dynamic capabilities (Schilke et al., 2018) to drive firm internationalization that might cause significant variations in performance outcomes. Although the simultaneous pursuit of different configurations might be perceived as more promising, firms that are less effective in orchestrating their activities within their international networks might suffer from being 'stuck in the middle' (Porter, 1980). Third, firms usually need to renew their internationalization strategies over time as a result of the alterations in their resource bases and external environments. As an EC MNE can follow different combinations of these trajectories in their own evolutionary processes in different time periods, there exists the possibility of considerable heterogeneity in the development paths of EC MNEs, even among MNEs from the same country. In conclusion, the internationalization of the firm follows an evolutionary process shaped by periodically renewed strategic combinations that demonstrate significant heterogeneity between international expansion trajectories at the firm level and implies varieties of the internationalization phenomenon. Our findings contribute to the literature by depicting this variety, and by investigating the industrial forces and firm strategic motives, as well as the different strategic actions undergirding dynamic capabilities as sources of the observed variation, we respond to the call for research to reveal the diversity and plurality of the behaviors of internationalizing EC MNEs (Luo and Tung, 2018; Luo and Zhang, 2016).

This study also contributes to the DCV literature and extends the recent research on the role of dynamic capabilities in firm internationalization (Arikan et al., 2019; Deng et al., 2018; Matysiak et al., 2018), particularly in an EC MNE context. The empirical findings show that EC MNEs can internationalize successfully even when facing fierce competition with relatively fewer competitive resources as long as they are able to build dynamic capabilities to align and realign their resources purposefully to market conditions, as exemplified by each identified strategy. The value of firm resources and operational capabilities are context-dependent (Teece, 2014a, 2018), which is partly determined by the market competition. Dynamic capabilities provide strategic flexibility to EC MNEs to identify and respond to market conditions and transform themselves, instead of being totally constrained by industrial forces (Porter, 1980) or their existing resource deployments (Barney, 1991; Collis, 1991). Thus, it may be more appropriate to seek the sources of competitive (dis)advantages of EC MNEs in their (dis)abilities to build relevant dynamic capabilities rather than in their static resources.

This study also contributes to the understanding of how three different dynamic capabilities function together and provide a strategic direction for a specific locus, which is also underlined as one of the central functions of dynamic capabilities in providing a competitive advantage for the firm (Helfat et al., 2007; Wilden et al., 2016). Sensing, seizing, and reconfiguring capabilities that support the firm's internationalization strategy may exhibit common features at the surface. However, these capabilities are deployed to create different resource bundles for the firms holding different resource positions and operating under different market conditions, as evidenced by our findings. As firms' strategies and internationalization stages vary, the organizational actions underlying the dynamic capabilities steering the internationalization also vary. However, in all strategy types and internationalization stages, building dynamic capabilities helps EC MNEs manage the misalignments between their resources and market conditions and realize entrepreneurial market creation abroad (Teece, 2014a). These findings indicate that the dynamic capabilities of EC MNEs play a pivotal role between their resources and foreign market conditions by enabling EC MNEs to identify suitable cross-border opportunities to exploit or explore, shape their offerings to resolve misalignments between markets and their resources, and continuously renew their strategies to transform.

Our findings present several implications for managerial practice. First, the identified internationalization strategies provide alternative routes for EC MNEs to internationalize by considering their resources and operational capabilities and the level of competition in their target markets. As they are not mutually exclusive, different strategies can be implemented by the same firm to distinct markets. This means that managers can create configurations in line with their expansion plans. Second, the strategies followed by the case study firms demonstrates that as long as EC MNEs are able to create a fit between their assets and foreign markets or obtain the necessary assets to be able to do so, they can be successful even in highly competitive markets. However, managers must be capable of preserving this fit by maintaining the relevance between their firm's offerings and market demands. In this sense, building dynamic capabilities to provide adjustments in the resource base to drive the firm's internationalization strategy is essential. To do so, managers should orchestrate the organizational actions for each dynamic capability cluster, depending on their strategic choices. Third, our findings are also relevant for the latecomer MNEs from advanced economies as they encounter fierce competition in global markets and need to build applicable resource configurations for international markets, in a similar manner to EC MNEs. Therefore, they can also pursue alternative strategies to expand outside their home countries. Fourth, as our findings map out how EC MNEs realize market entry and post-entry growth, this study also provides insights for incumbents. For instance, the *infiltration* strategy shows how latecomer EC MNEs are able to tackle competitive markets even in advanced economies with their existing assets and threaten the established positions of DC MNEs. Thus, our findings can also guide incumbents in configuring their operations to protect or to counterattack latecomers.

7. Conclusion

This study identifies four non-mutually exclusive internationalization strategies representing trajectories that EC MNEs pursue to expand their operations. Although they are different, these internationalization strategies, if they are successfully adopted, drive EC MNEs to transform into more advanced forms of MNEs. Findings from this study demonstrate that the dynamic capabilities of EC MNEs play a pivotal role by providing EC MNEs with the ability to adjust their resources, market offerings and strategies within the internationalization process.

This study entails multiple-case research examining the internationalization of eight Turkish MNEs. Our findings should be treated as exploratory as they are based on a limited number of large, established companies from a single emerging country. Future studies could employ both qualitative and quantitative research methods in different research settings to further investigate our categorizations of internationalization strategies and to test our findings relating to the role of dynamic capabilities in EC MNEs' international expansion in order to obtain more generalizable findings. Our findings pertaining to the internationalization strategies of EC MNEs are framed by the theoretical lenses applied in the study. They illuminate some important aspects of the phenomenon but do not portray it in its entirety. For instance, our theoretical framework does not take the role of institutions into consideration. Future research could examine the effect of institutional forces on the internationalization strategies of EC MNEs to examine how their strategies vary depending on the different institutions, resource- and industry-based configurations. A related future research avenue would be to investigate how dynamic capabilities of EC MNEs function under different institutional conditions in conjunction with firm resources and/or industry forces. Studies could also adopt other theoretical lenses to examine further the evolutionary processes in which the proposed strategies are implemented. For instance, the trajectory exemplified by the infiltration strategy presents similarities to the gradual expansion described by the Uppsala model. Future research might benefit from applying the Uppsala model to the strategies identified in this study and explore variations in such mechanisms as knowledge development and resource commitment decisions to advance theory. Our study focuses on firms that have succeeded in achieving an international presence. Future research could be conducted with a focus on EC MNEs that come to an impasse at different stages of international expansion (e.g., market entry, post-entry survival, or market exit) to further reveal the role of dynamic capabilities in internationalization.

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