

Article

Formation of International Joint Ventures at Home and Emerging-Market Multinational Corporations' Entries Into Developed Countries: A Resource Dependence Approach

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Abstract

The most distinctive feature of emerging-market multinational corporations as a new wave of cross-border investors is their home-country context, and exploring how the unique characteristics of emerging markets shape their internationalization may extend the literature built on developed-market multinational corporations. In this article, we examine the role of emerging-market multinational corporations' formation of international joint ventures at home—a product of developed-market multinational corporations' earlier penetration into emerging markets—in shaping their location choices during internationalization. Drawing on resource dependence theory, we propose that emerging-market multinational corporations' formation of international joint ventures at home with developed-market multinational corporations predicts their subsequent entry into these partners' countries of origin. Furthermore, emerging-market multinational corporations' propensity to enter the developed countries from which their joint venture partners originate is contingent on the level of regional institutional voids in emerging markets. Using a sample of Chinese listed firms, we find empirical evidence supporting these hypotheses.

Keywords: international joint ventures; emerging-market multinational corporation; resource dependence theory; institutional voids; location choice

JEL: F23, F55, L10

1. Introduction

The past three decades have witnessed a rapid growth in the participation of emerging-market multinational corporations (EM-MNCs) in outward foreign direct investment (OFDI). Moreover, what further stimulates the research interests in EM-MNCs is some peculiarities underlying their international expansion (Hernandez and Guillén, 2018). For example, some EM-MNCs appear to lack the intangible assets generally associated with traditional multinational corporations from developed markets (DM-MNCs) (Guillén and García-Canal, 2009). Besides, many of EM-MNCs rapidly expand internationally through aggressive and risk-taking choice of location and entry strategies, which contradicts the incrementally increasing commitments to foreign markets prescribed by the Uppsala model (Luo and Tung, 2007; Johanson and Vahlne, 1977; Biçakcıoğlu-Peynirci, 2023).

EM-MNCs' idiosyncratic behaviors appear to challenge what we know from studying DM-MNCs (Hernandez and Guillén, 2018; Zuo, 2025). Since the most obvious distinctiveness of EM-MNCs as a new wave of cross-border investors is their distinct home countries, investigating how the particular contexts of emerging markets shape their internationalization may extend the existing international business literature (Cuervo-Cazurra, 2012; Herten-

stein et al., 2017). Early studies in this stream mainly adopt the institution-based view to probe into EM-MNCs' distinctive incentives of internationalizing, location choice, and entry modes. For instance, Luo and Tung (2007) assert that EM-MNCs' increasing activeness in OFDI can be partly explained by their urge to use international expansion as a springboard to escape institutional constraints at home. Various institutional voids in emerging markets such as lack of legal protection for property rights are believed to erode firms' competitiveness and thus propel EM-MNCs to go global. In addition, Lu et al. (2014) investigate the role of home-country government support in facilitating EM-MNCs' internationalization and find that such support contributes to their radical location choice when expanding abroad. Another related example is EM-MNCs' larger tendency of entering the least developed countries. Growing in countries with poor institutional conditions, these firms can more easily adapt to poor institutions of the least developed countries and are thus more likely to invest there than DM-MNCs (Cuervo-Cazurra and Genc, 2008). Besides, Buckley et al. (2007) attribute mergers & acquisitions (M&A) to Chinese corporations as a normal mode of penetrating a host country to the low cost of capital at home resulting from capital market imperfections in China.

More recent research on EM-MNCs has advanced significantly, emphasizing the complex and multi-level fac-



tors shaping their OFDI. A first major development concerns home-country effects, where studies highlight both enabling and constraining forces arising from home environments. Home-country (in)stability shapes EM-MNCs' locational portfolios (Luiz and Barnard, 2022), while government support, institutional incentives, and policy hazards influence the strategic intent and capability accumulation with respect to their internationalization (Angulo-Ruiz et al., 2019; Nuruzzaman et al., 2020). Recent work also attends to their learning from foreign competitors and international partners embedded at home (Chen et al., 2021; Pattnaik et al., 2021), alongside the growing importance of subnational heterogeneity in shaping EM-MNCs' readiness for internationalization (Fernhaber et al., 2019; Chen and Wu, 2023).

A second important trend is the broadening of home-country institutional explanations. New studies distinguish formal and informal institutions and underscore how institutional quality, legitimacy, and social trust affect EM-MNCs' international expansion (Deng and Zhang, 2018; Plaza-Casado et al., 2024; Chen et al., 2024). Subnational institutional differences increasingly feature in the research on EM-MNCs, revealing that regional institutional voids at home may amplify EM-MNCs' dependence on relational strategies and external partners (Adomako et al., 2019; Yang, 2018). Recent studies further embed OFDI behaviors within the broader geopolitical environment, reflecting rising concerns about de-globalization, policy fragmentation, and political geography (Witt, 2019; Witt et al., 2021; Saittakari et al., 2023; Luo and Witt, 2022).

The third major development relates to location choice determinants, which increasingly reflect relational, institutional, and political considerations beyond traditional economic factors. Recent work demonstrates that network ties, country-of-origin agglomeration, and global connectivity shape EM-MNCs' location strategies, particularly under adverse or uncertain institutional conditions (Li et al., 2023; Castellani et al., 2022). Legitimacy, political risk, and institutional compatibility also play growing roles in shaping entry decisions for small and large EM-MNCs alike (Chen et al., 2024; Plaza-Casado et al., 2024). Meanwhile, strategic asset seeking and capability upgrading remain key motives behind EM-MNCs' investments into knowledge-intensive or innovation-rich locations (Gao et al., 2019; Castellani et al., 2022).

These studies focus on the home-country effects of EM-MNCs which can account for their peculiar OFDI activities, with much emphasis placed on their home institutional environments. To advance the research frontier, however, several gaps in the literature can be identified. First, institutional aspects of emerging markets cannot completely portray EM-MNCs' distinct home countries, other characteristics of these countries should also be taken into account to understand the peculiarities underlying EM-MNCs' international expansion. For example, emerging

markets typically have already become the recipients of DM-MNCs' OFDI before acting as significant home countries of overseas investments, and such inward FDI might be closely related to EM-MNCs' subsequent outward investments (De Mello and Luiz, 1997). The previous penetration of these global players into emerging markets may contribute to EM-MNCs' fast capability upgrading and allow them to undertake outward internationalization later. We can infer that the entries of DM-MNCs into emerging markets have substantial implications for interpreting EM-MNCs' later investments abroad. As a result, studies on EM-MNCs' internationalization should attach importance to this DM-MNCs' prior penetration as another unique aspect of EM-MNCs' home contexts to complement our understandings established on the institution-based view.

Second, the existing consideration for institutions of home countries mainly follows the idea that institutional conditions at home directly affect types of EM-MNCs' domestic competitive advantages which then shape their expansion abroad. In addition to *directly* determining what arrows EM-MNCs have in their quiver when going global (Peng et al., 2008), institutions, however, may also matter *indirectly* by enabling EM-MNCs to take the opportunity of DM-MNCs' presence in their home countries. For instance, weak market institutions in emerging markets make DM-MNCs that have entered these countries and need local resources prefer to partner with a local firm (Meyer et al., 2009). Such partnership may facilitate such EM-MNCs' subsequent internationalization by creating chances for their fast learning at home from DM-MNCs possessing advanced technological and managerial skills (Luo and Tung, 2007). It is necessary to explore possible indirect effects of institutions in emerging markets on EM-MNCs' OFDI by taking these firms' interacting with domestic DM-MNCs into consideration. On the one hand, such attempts help reveal the whole picture of the roles of institutional conditions at home in determining EM-MNCs' overseas investments. On the other hand, these efforts can enrich studies on EM-MNCs' advantages resulting from their unique home contexts that can then be used to support their outward investments.

In an era of heightened geopolitical tensions and policy fragmentation, DM-MNCs increasingly rely on international joint ventures (IJVs) to mitigate political risk, legitimacy challenges, and regulatory uncertainty when operating abroad (Witt, 2019; Luo and Witt, 2022). Prior penetration into emerging markets strengthens such reliance by embedding DM-MNCs into local networks and resource structures there, thereby making collaboration with indigenous partners through IJVs a more effective means of safeguarding access to critical resources and sustaining international operations under geopolitical pressure (Meyer et al., 2009; Benito et al., 2022). In such contexts, we propose two research questions in this article: (1) To what extent does EM-MNCs' IJV formation with DM-MNCs at home

predict their subsequent OFDI location choice? (2) How do home-country regional institutional voids moderate this relationship? To address these questions, we theorize and empirically test that EM-MNCs' IJV formation with DM-MNCs *at home* can influence their location choice of later OFDI into developed countries. The more IJVs EM-MNCs have formed with DM-MNCs originating from a given developed country, the more likely they are to enter this developed country when expanding abroad. Moreover, the relationship between EM-MNCs' IJV formation and their location choice varies with the level of regional institutional voids of EM-MNCs' home countries. Intensified regional institutional voids are associated with a stronger effect of EM-MNCs' IJV formation at home.

Our contributions are threefold. First, our study enriches the understandings of how home-country conditions influence EM-MNCs' location choice of venturing abroad. Specifically, we take into account another characteristic of emerging markets—the receiving of DM-MNCs' inward FDI before they become home countries of EM-MNCs' striking OFDI. A firm-level phenomenon reflecting this country-level characteristic may be IJVs domestic firms form with DM-MNCs as partners before OFDI from these countries surges. For one thing, joint venturing with local firms is the frequently-used entry strategy for multinationals to circumvent post-entry challenges stemming from their unfamiliarity with local markets and their needs to access local resources (Yiu and Makino, 2002; Meyer et al., 2009; Do et al., 2024). For another, governmental encouraging policies or restrictions on foreign ownership also contribute to the prevalence of IJVs following DM-MNCs' large-scale entries into emerging markets (Si and Bruton, 1999; Chang and Rosenzweig, 2001). Our investigations of the relevance of such IJV formation to EM-MNCs' location choice abroad help reveal how other characteristics of EM-MNCs' home countries in addition to institutional conditions may also shape their internationalization.

Second, we probe into the indirect effect of institutions in emerging markets by examining how institutional voids shape DM-MNCs' resource dependence on the EM-MNCs as their local partners in IJVs and influence these EM-MNCs' internationalization. Studies on multinational entry modes and IJVs suggest that institutional voids intensify DM-MNCs' dependence on the local partners in emerging markets to acquire market information and to access local resources. Furthermore, resource dependence theory (RDT) indicates that EM-MNCs involved in IJVs at home may be able to take advantage of such dependence to achieve their own strategic objectives, such as internationalization (Ren et al., 2009; Gammeltoft and Panibratov, 2024). Our focus on the connection between institutional voids and the resource dependence related to IJVs in emerging markets provides a new perspective on the role of institutional conditions of EM-MNCs' home countries. Institution-based aspects of home countries are proved to

have an even larger power to account for EM-MNCs' expansion abroad.

Last, we extend RDT in the context of EM-MNCs' internationalization by shifting attention to how EM-MNCs in advantageous dependence positions can strategically leverage the asymmetric dependence. Prior RDT research has primarily focused on how the disadvantageous firms in cooperative bilateral relationships may absorb or neutralize the dependence asymmetry, whereas relatively little attention has been paid to how the other firms in advantageous positions may leverage such asymmetry to pursue their strategic objectives. In contrast, we examine how EM-MNCs can actively utilize the asymmetric dependence relationships—formed through IJVs with DM-MNCs at home—to support their expansion into developed markets. This provides a more comprehensive RDT-based perspective for understanding the internationalization behaviors of firms in interorganizational relationships.

2. Literature Review and Hypotheses Development

2.1 Resource Dependence Theory

RDT views organizations as open systems whose viability relies on continued access to external resources controlled by other actors. These dependencies create uncertainty and power asymmetries that shape organizational behavior and motivate firms to pursue strategies that safeguard autonomy (Pfeffer and Salancik, 1978). According to Hillman et al. (2009), organizations attempt to manage dependence through actions such as mergers and vertical integration, alliances, adjustments in board composition, political engagement, and executive appointments. Each of these actions represents a different way of absorbing or neutralizing external constraints. A major theoretical contribution comes from Casciaro and Piskorski (2005), who separate interdependence into mutual dependence and power imbalance. Mutual dependence refers to the overall magnitude of resource reliance between two actors, whereas power imbalance captures the uneven distribution of that dependence. Their research shows that mutual dependence promotes cooperation, while power imbalance often discourages collaborative arrangements by allowing the more powerful actor to dominate. This distinction clarifies how different features of dependence influence organizational strategy and the stability of interorganizational relationships.

In the field of international business, RDT has been adapted to account for the complex and context-specific sources of dependence encountered by multinational corporations. Jiang et al. (2023) propose that multinational corporations confront three interrelated forms of resource dependence: locational dependence shaped by country-level institutional and regulatory structures, interorganizational dependence arising from competitive and cooperative ties with global and local actors, and intraorganizational depen-

dence emerging from headquarters-subsidiary power dynamics. International business research uses RDT to explain how multinationals respond to political risk, cultivate local partnerships to overcome information and legitimacy gaps, and manage internal authority across geographically dispersed operating units. RDT provides a coherent framework for understanding how multinational corporations operating across borders adjust their strategies to mitigate uncertainty and restructure dependence within diverse institutional environments.

2.2 DM-MNCs' Dependence on EM-MNCs as Local IJV Partners in Emerging Markets

Emerging markets have received substantial volumes of DM-MNCs' inward FDI before they become important countries of FDI outflows. DM-MNCs' increasing penetration into emerging markets inevitably enables some local firms to establish various cooperative relationships with these global performers at home, one type of which is IJVs. Joint venturing with a local partner is widely used by DM-MNCs as an entry mode to get access to local resources and to reduce the hazards of operating in relatively unfamiliar markets (Meyer et al., 2009; Aib, 2024).

DM-MNCs may highly depend on EM-MNCs as local IJV partners in emerging markets. First, DM-MNCs in need of local resources would rely on the creation of a new entity in partnership with a local firm in emerging markets, with both partners providing selected resources and sharing control. DM-MNCs' primary resource contribution to the IJVs generally involves advanced technologies and management expertise. Meanwhile, EM-MNCs normally contribute their already-in-place infrastructure, such as sales forces and local plants, expected to facilitate DM-MNCs' fast access to the new markets (Inkpen and Beamish, 1997). Apart from resources directly possessed by involved EM-MNCs, IJVs also help DM-MNCs as new entrants to acquire resources from other organizations in emerging markets. For one thing, DM-MNCs' joint venturing with a local firm may mean their tapping into the local networks their partnering EM-MNCs have built and thus renders it easier to exchange resources with other members of the networks (Rodriguez et al., 2005). The importance of network ties in terms of building trust and facilitating inter-firm transactions is well recognized in studies about emerging markets (Peng and Luo, 2000; Wright et al., 2005). For another, joint venturing serves as a way of trading ownership for regulative legitimacy and helps DM-MNCs to reduce discriminatory treatments by local governments (Eden and Miller, 2004). As governments in emerging markets typically control some crucial resources, such as the land and license, local partners involved in the IJVs can hence help DM-MNCs eliminate obstacles to these resources.

Second, DM-MNCs rely on the local IJV partners to learn about the new environments and reduce the unfamiliarity hazards after entering emerging markets. Unfamiliar-

ity hazards arise from DM-MNCs' lack of knowledge about local cultural, political, and economic conditions of emerging markets because of their foreignness and affect negatively on DM-MNCs' performance and survival in these host countries (Zaheer, 1995; Zaheer and Mosakowski, 1997; Muratova et al., 2025). DM-MNCs must pay dearly for what the native either has acquired at no cost or can acquire more cheaply (Caves, 1971). More specifically, DM-MNCs face additional costs in emerging markets such as coordination costs, transaction costs, labor costs, start-up costs, and legal costs (Salomon and Martin, 2008). In addition to the extra costs, unfamiliarity hazards are also manifested as DM-MNCs' higher likelihood of adopting locally illegitimate behaviors and of suffering a legitimacy loss. DM-MNCs lacking understandings of emerging markets often have difficulties in adapting their post-entry practices to the host institutional contexts and are thus seen as less legitimate in the eyes of local stakeholders (Kim and Siegel, 2024). Since native EM-MNCs are generally more familiar with local market conditions, they are immediate sources of this local knowledge. As a result, DM-MNCs' joint venturing with a local firm represents an effective way of eliminating unfamiliarity hazards since IJVs entail the local partners' sharing of their knowledge about local markets. What follows would be DM-MNCs' fast comprehension of host environments, cost cutting, and legitimacy improvement in emerging markets.

2.3 EM-MNCs' IJV Formation at Home and Location Choice of Internationalization

DM-MNCs' reliance on local IJV partners to get access to local resources and learn about market conditions may have important implications for the internationalization of the partners that DM-MNCs venture with in emerging markets. As one of the most frequently-used theoretical lens to examine consequences of interorganizational dependence, RDT provides an insightful tool to clarify the relationship between IJV formation and EM-MNCs' location choice when investing abroad. Some basic arguments of RDT related to this article are then summarized. First, an actor's high level of dependence on the partner is associated with its greater willingness of resource contribution in the cooperation as the strategic importance of the partner generates a high level of commitment to the relationship (Gulati and Sych, 2007; Ren et al., 2009). Second, the dependence asymmetry—the difference in actors' dependences on each other—determines which actor has the power in the relationship. If an actor is more dependent on its cooperative partner, the resulting net-positive dependence on the partner, or the partner's dependence advantage, is construed as the source of the partner's power (Pfeffer and Nowak, 1976; Gulati and Sych, 2007; Öztürk and Bağış, 2025). An actor with such power is thus able to actively influence its partner so as to pursue its own strategic objectives (Fiol et al., 2001; Ren et al., 2009). Meanwhile, now that the asymme-

try is considered as a liability, the weaker actor will struggle to maintain the balance of dependence by, for example, making additional resource contributions in the relationship to increase its partner's dependence (Pfeffer and Nowak, 1976; Inkpen and Beamish, 1997; Liu and Wei, 2024).

The dependence asymmetry produces relational power advantages for the less dependent actor, providing opportunities to shape the partner's behavior and extract additional cooperation (Casciaro and Piskorski, 2005; Jun et al., 2019). This structural power enables EM-MNCs to obtain guidance, endorsement, and post-entry support from their partnering DM-MNCs when considering expansion into the developed countries they originate from. The concept of "constraint absorption" associated with RDT is central here, as those firms situated in more advantageous dependence positions, i.e., EM-MNCs, can neutralize environmental uncertainty by internalizing or leveraging resources owned by their partners, i.e., cooperative DM-MNCs (Casciaro and Piskorski, 2005). Therefore, EM-MNCs' information and legitimacy barriers associated with entering the DM-MNCs' home countries are largely lowered.

Insights from network theory further help clarify how resource dependence translates into EM-MNCs' cross-border advantages. IJV partnerships embed these firms within each other's relational networks, and recent network scholarship shows that interdependence increases the likelihood of receiving network-based support, including access to third-party actors, endorsements, and referrals (Shipilov et al., 2014; Ma et al., 2020). When DM-MNCs rely on EM-MNCs in emerging markets, they have stronger incentives to mobilize their home-country network ties to sustain the partnership, as doing so helps maintain resource flows they value. Such network-mediated sponsorship improves EM-MNCs' legitimacy and reduces the liabilities associated with operating in unfamiliar institutional contexts of the developed countries.

Organizational learning research also highlights that dependence intensifies the frequency and depth of interpartner knowledge exchange (Khan et al., 2019). DM-MNCs that depend more heavily on EM-MNCs exhibit stronger motivations to transfer tacit, relational, and market-specific knowledge to maintain the joint ventures. This enhanced learning facilitates EM-MNCs' capability upgrading, improves their understanding of developed-market competitive dynamics, and strengthens their readiness for foreign expansion into the developed countries where partnering DM-MNCs originate.

To summarize, EM-MNCs' entries into their IJV partners' countries of origin (compared with other developed countries) are expected to incur mitigated hazards because their IJV partners' high dependence on them at home makes these DM-MNCs desirable sources of knowledge about these developed countries and post-entry channels of resources. As a consequence of the reduced hazards, when

EM-MNCs have formed more IJVs at home with DM-MNCs originating from a given developed country, they are more likely to enter this foreign country afterwards.

Hypothesis 1: EM-MNCs' formation of IJVs at home with DM-MNCs originating from a given developed country is positively associated with their propensity for subsequent entry into this foreign country.

2.4 The Level of Regional Institutional Voids of Emerging Markets as a Moderator

One of the most obvious features of emerging markets is their institutional conditions distinguished by institutional voids, the absence or underdevelopment of institutions that enable and support market activities (Khanna and Palepu, 1997; Fu and Yan, 2024). Furthermore, some emerging markets may also be characterized by significant intra-national institutional variance resulting from the spatially uneven process of economic transition (Wei et al., 2023). Therefore, the level of institutional voids can vary markedly across different subnational regions of an emerging market (Atsmon et al., 2011; Shi et al., 2012). Since the institutional voids are a determinant of DM-MNCs' resource dependence on EM-MNCs as their IJV partners in emerging markets, the level of regional institutional voids moderates the relationship between EM-MNCs' IJV formation at home and their location choice when internationalizing.

First, a high level of regional institutional voids hinders DM-MNCs' acquisition of requisite resources by means of market transactions in the regions and thus exacerbates the dependence on EM-MNCs as their IJV partners. Institutions have an essential role in a market economy to support the effective functioning of market mechanism, such that firms can engage in market transactions without incurring undue costs or risks (North, 1990). Weak institutions in the subnational regions of emerging markets inhibit DM-MNCs' access to complementary resources by buying or contracting for resource components available on local markets, such as real estate and labor. As a consequence, joint venturing with EM-MNCs possessing complementary assets becomes a more feasible approach to get access to these resources (Delios and Beamish, 1999). Besides, networks and relationships with other firms often help to counteract idiosyncrasies of weak institutional contexts and replace formal institutions to build trust and promote transactions (Meyer et al., 2009). Therefore, DM-MNCs may rely more on the cooperation with their IJV partners to tap into local networks and achieve resource exchanges in the regions with intensified institutional voids.

Second, a higher level of institutional voids in the regions gives rise to greater obstacles to DM-MNCs' experiential learning about local markets and thus exacerbates these foreign entrants' dependence on EM-MNCs as local IJV partners to reduce the unfamiliarity hazards. When the regional institutional voids are severe, most of the corporate

activities in the regions are ruled by informal institutions such as commercial conventions and cultures. In contrast to explicit and codified formal institutions, these informal institutions are normally tacit, usually unwritten, and exist outside the legal system (Gersick, 1991); it is more difficult for outsiders to sense and interpret this dimension by themselves (Aguilera-Caracuel et al., 2013). Therefore, EM-MNCs as DM-MNCs' IJV partners in these regions constitute a more important knowledge source since the close interaction and building of shared understanding between them facilitate the transfer of such knowledge (Goffin and Koners, 2011).

As stated above, DM-MNCs' dependence on EM-MNCs as their IJV partners in emerging markets increases with the level of institutional voids of the subnational regions. Furthermore, such dependence may be closely related to EM-MNCs' perceived unfamiliarity hazards of investing in partnering DM-MNCs' countries of origin. We hence expect that EM-MNCs' propensity to enter their IJV partners' home countries is conditioned by the level of regional institutional voids of emerging markets where they have already established cooperative relationships.

Hypothesis 2: The positive relationship between EM-MNCs' formation of IJVs at home with DM-MNCs and their propensity for subsequent entry into their partners' countries of origin increases with the level of regional institutional voids of emerging markets.

3. Methodology

3.1 Research Setting

China is chosen as our empirical context for two reasons. First, the considerable FDI inflows to and soaring outflows from China these years make this country a desirable context for scrutinizing the likely linkage between DM-MNCs' inward investments and EM-MNCs' internationalization. China has become the world's second largest recipient of inward FDI after the United States and has attracted FDI from the developed world for over two decades because of its striking market potential and rapid economic growth. DM-MNCs' deep penetration makes it a common phenomenon for Chinese firms to set up a variety of cooperatives relationships with these global players in their own backyard, for example, the formation of IJVs at home (Hertenstein et al., 2017). On the other hand, Chinese firms' direct investments abroad have surged in recent years, propelling the country to become the second largest home country of FDI flows. Moreover, there is a rapid rise in FDI outflows of Chinese firms into developed countries such as the United States and members of the European Union (MOC, 2017). The selection of China as our empirical setting helps reveal the linkage between EM-MNCs' IJV formation at home and their subsequent OFDI location choice.

Second, China is a sizable emerging economy and its idiosyncratic institutional environment makes Chinese

firms suitable for our research purpose. On one hand, as an emerging economy, China has been experiencing the transition from a planned economy to a market economy (Ma et al., 2006). Owing to this transition, China falls short in a number of ways to provide a range of formal institutions to facilitate the functioning of markets. Meanwhile, China has a large number of subnational regions (provinces) that demonstrate significantly different degrees of institutional development (Chan et al., 2010). The spatially uneven process of economic transition leads to marked regional institutional variance in China (He et al., 2008). For example, provinces located in eastern China such as Guangdong and Zhejiang are notably better developed in marketization than those western provinces. The prominent institutional voids and pronounced regional institutional variance in China show that a focus on Chinese firms may help reveal the roles that the institutional conditions of emerging markets play in EM-MNCs' overseas expansion.

3.2 Sample

We obtain the information of IJVs from the Zephyr database of Bureau van Dijk. This database is one of the most comprehensive databases on M&As, joint venture, initial public offerings (IPOs), private equity and venture capital deals. It has been used in empirical studies on FDI and joint ventures (del Mar Benavides-Espinosa and Ribeiro-Soriano, 2014; Cattaneo et al., 2015). Besides, to search for Chinese firms' OFDI information, another database—the China Stock Market and Accounting Research (CSMAR) database—is used. We sort out Chinese listed firms that have records of both forming IJVs in China with DM-MNCs and direct investments into developed countries. We thus garner our sample consisting of 217 Chinese listed firms that have 1391 records of foreign investments in 24 developed countries¹ (¹Developed countries involved in our sample consist of Japan, United States, Germany, France, United Kingdom, Switzerland, Italy, Netherlands, Australia, Canada, Denmark, Luxembourg, Belgium, Spain, Finland, Austria, Hungary, Sweden, Czech Republic, Croatia, Israel, Norway, Slovenia, and Slovakia.). Note that the definition of developed countries follows the classification of the United Nations Statistical Office and is consistent with the World Investment Report 2015² (²Developed countries in World Investment Report 2015 consist of the member countries of the Organisation for Economic Co-operation and Development (OECD) (other than Chile, Mexico, the Republic of Korea and Turkey), plus the new European Union member countries which are not OECD members (Bulgaria, Croatia, Cyprus, Latvia, Lithuania, Malta and Romania), plus Andorra, Bermuda, Liechtenstein, Monaco and San Marino.). Table 1 presents the distribution of sample firms' OFDI records across industries and host countries. Consistent with China's OFDI pattern, the majority of OFDI records are concentrated in manufacturing industries.

Table 1. Distribution of OFDI records across industries and destinations.

Industry	Number of OFDI observations	Proportion (%)	Destination	Number of OFDI observations	Proportion (%)
Accommodation and catering services	45	3.2	United States	419	30.1
Agriculture, forestry, animal husbandry and fishery	6	0.4	Germany	150	10.8
Construction	5	0.4	Japan	123	8.8
Financial services	52	3.7	Australia	105	7.5
Information transmission, software and information technology services	73	5.2	United Kingdom	99	7.1
Manufacturing	966	69.4	France	82	5.9
Mining	15	1.1	Netherlands	82	5.9
Production and supply of electricity, heat, gas and water	31	2.2	Italy	76	5.5
Real estate	8	0.6	Canada	69	5.0
Scientific research and technical services	2	0.1	Spain	41	2.9
Transportation, storage and postal services	175	12.6	Luxembourg	31	2.2
Water conservancy, environment and pub- lic facilities management	3	0.2	Hungary	25	1.8
Wholesale and retail trade	10	0.7	Others	89	6.4
Total	1391	100	Total	1391	100

Note: OFDI, Outward foreign direct investment.

3.3 Variables and Measures

The dependent variable is Chinese firms' location choice when expanding abroad. CSMAR provides comprehensive data about Chinese listed firms, including the list of their domestic and foreign subsidiaries, and is used in numerous studies focusing on the context of China (Hu et al., 2020; Wei and Zuo, 2018). Since we can obtain from this database the list of Chinese listed firms' foreign subsidiaries by the end of a year, we compare names of overseas subsidiaries in the consecutive two years. The emergence of new foreign subsidiaries located in a developed country in the year represents Chinese firms' choice of that country when expanding abroad. Otherwise, the nonexistence of new subsidiaries means their choice of not entering that developed country. We use a dummy variable to capture the choice. 1 is assigned to the dependent variable with the former situation while 0 with the latter. As our sample firms invested in 24 developed countries, we specify these as the 24 potential locations, following the approach adopted in prior studies (Chen et al., 2024). Therefore, for an OFDI record, there are 24 observations in the datasets, each representing a potential choice of location.

The independent variable is Chinese firms' formation of IJVs with DM-MNCs from a developed country and is measured by the number of IJVs sample firms have formed in China with foreign partners from the country by the year. Relevant values are computed using data from the Zephyr database. The moderator is the level of regional institutional voids in China and we derive the measure using the composite institutional index developed by China's

National Economic Research Institute (NERI) (Fan et al., 2011). The NERI provides each of the 31 provinces, municipalities, and autonomous regions a composite score every year that captures the progress of China's marketization. Since the scores are between 0 and 10 and a higher score means better institutional development, we measure regional institutional voids by subtracting the scores from 10.

We also include a number of primary control variables by referring to the literature on multinationals' OFDI location choice. Some characteristics of the destinations, i.e., the developed countries, are recognized to influence Chinese firms' choice regarding whether to enter the foreign countries. Economic factors are likely to have direct effects on the market attractiveness of a host country and hence should be taken into account. Specifically, the economic development and tax rate of the developed countries are respectively considered (Lu et al., 2014). The economic development is proxied by the logarithm of Gross Domestic Product (GDP) per capita while the tax rate is directly obtained from the World Development Indicators published by the World Bank. Besides, institutions (whether regional or national) shape the nature of business by providing the opportunities and constraints within which economic activities take place. Hence, the quality of host country institutions may affect Chinese firms' OFDI location in a variety of ways (Nielsen et al., 2017). We control the institutional development of the foreign countries and measure it with the first principal component of the six indicators from the Worldwide Governance Indicators issued

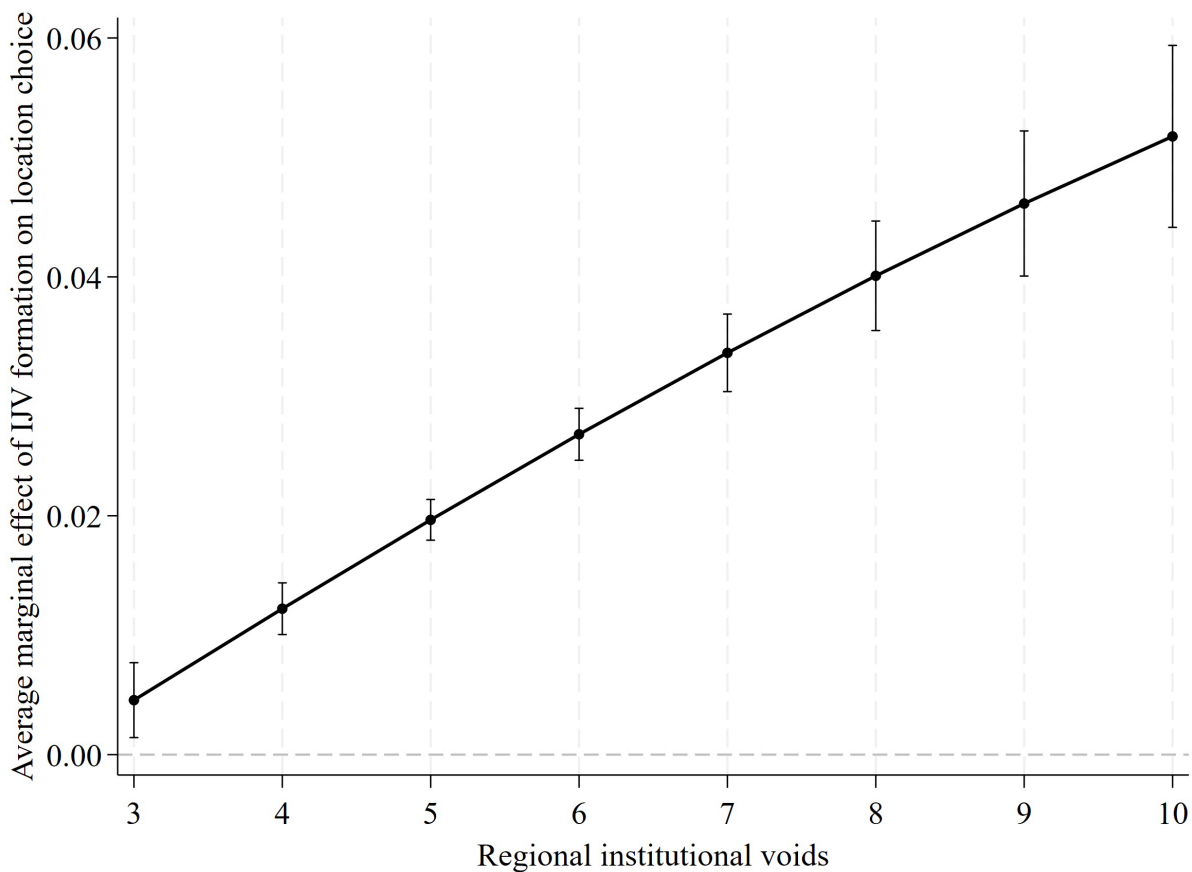


Fig. 1. The moderating effect of regional institutional voids of emerging markets.

by the World Bank (Marano et al., 2017). Previous studies find that cross-national distances affect firms' overseas investments (Holburn and Zelner, 2010; Martin et al., 2010). Geographical and cultural distances as two frequently-used cross-national distances are thus added. We obtain the values of geographic distance from the study of Berry et al. (2010) and it is measured by the logarithm of great circle distance between two countries according to the coordinates of the geographic centers of the countries. The cultural distance is measured as a composite score derived from values of the four dimensions of national cultures developed by Hofstede (1980) following the Mahalanobis method (Berry et al., 2010). Besides, host-country-specific international experience is controlled because prior investments increase a firm's experiential knowledge of host-country conditions, which can systematically influence subsequent foreign location choice (Putzhammer et al., 2018). This international experience is captured by the number of subsidiaries the Chinese firms have established in that host country since it is driven mainly by the previous internationalization efforts there (Nielsen et al., 2017).

3.4 Method

Our empirical analysis is based on the premise that each firm has to make a location decision with a choice set

of 24 alternatives, i.e., developed countries in our case. McFadden (1974) has shown that such a discrete choice process can be modelled as a *conditional logit model*, which relates the probability that a location will be chosen over all others to their respective country characteristics. Moreover, in the conditional logit models, variables that do not vary across locations are unable to explain the probability of choosing a given developed country rather than other alternatives. Conditional on the investment taking place, the model analyses the antecedents of location choice. Hence, variables such as firm size and firm- or industry- fixed effects cannot be included in the conditional logit models because they do not vary across locations, but a firm's prior experience of investments in a developed country can (Li et al., 2023; Belderbos et al., 2024).

4. Results

Table 2 reports the descriptive statistics and correlation matrix of the variables. The correlation matrix shows that Chinese firms' location choice has a statistically significant correlation with their IJV formation at home. This indicates the feasibility of further regression analyses to scrutinize their relationship in detail. All the control variables are statistically correlative with the dependent variable and our selection of controls is appropriate to a great extent.

Table 2. Descriptive statistics and correlations.

	Variable	Mean	Standard deviation	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
(1)	Location choice	0.042	0.200	1.000								
(2)	IJV formation	0.054	0.288	0.151***	1.000							
(3)	Regional institutional voids	4.955	1.339	0.000	−0.019***	1.000						
(4)	Economic development	10.555	0.534	0.067***	0.066***	−0.056***	1.000					
(5)	Tax rate	21.014	5.888	−0.130***	−0.129***	−0.012**	0.068***	1.000				
(6)	Institutional development	3.084	1.099	0.013**	0.004	0.042***	0.810***	0.072***	1.000			
(7)	Geographic distance	8.891	0.226	0.094***	−0.015***	−0.000	0.133***	−0.283***	−0.030***	1.000		
(8)	Cultural distance	3.845	0.931	−0.063***	−0.076***	−0.000	0.177***	0.659***	0.248***	−0.153***	1.000	
(9)	International experience	0.296	1.379	0.239***	0.251***	−0.052***	0.071***	−0.091***	−0.008	0.101***	−0.062***	1.000

Note: * $p < 0.10$; ** $p < 0.05$; *** $p < 0.01$.

Table 3. Results of conditional logit regressions.

Variable	(1)	(2)	(3)
IJV formation		0.383*** (0.064)	0.374*** (0.066)
IJV formation × Regional institutional voids			0.211*** (0.059)
Economic development	0.989*** (0.099)	0.934*** (0.101)	0.953*** (0.101)
Tax rate	−0.078*** (0.006)	−0.073*** (0.006)	−0.073*** (0.006)
Institutional development	−0.325*** (0.049)	−0.298*** (0.050)	−0.308*** (0.050)
Geographic distance	0.237 (0.148)	0.224 (0.143)	0.211 (0.143)
Cultural distance	0.027 (0.044)	0.009 (0.044)	0.012 (0.044)
International experience	0.279*** (0.013)	0.255*** (0.013)	0.259*** (0.013)
Observation	33,384	33,384	33,384
Pseudo R-squared	0.1525	0.1562	0.1577

Note: standard errors in parentheses; * $p < 0.10$; ** $p < 0.05$; *** $p < 0.01$.

Table 4. Results of robustness checks.

Variable	(1)	(2)	(3)	(4)	(5)	(6)
IJV formation	0.420*** (0.072)	0.375*** (0.078)	0.867*** (0.104)	0.804*** (0.112)	0.738** (0.288)	0.657** (0.279)
IJV formation × Regional institutional voids		0.225*** (0.073)		0.207** (0.097)		0.263** (0.129)
Economic development	1.039*** (0.117)	1.052*** (0.117)	0.845*** (0.128)	0.846*** (0.128)	0.895*** (0.106)	0.901*** (0.106)
Tax rate	−0.075*** (0.007)	−0.075*** (0.007)	−0.058*** (0.008)	−0.058*** (0.008)	−0.070*** (0.007)	−0.070*** (0.007)
Institutional development	−0.308*** (0.058)	−0.314*** (0.058)	−0.246*** (0.065)	−0.245*** (0.065)	−0.267*** (0.053)	−0.271*** (0.053)
Geographic distance	0.313* (0.169)	0.299* (0.168)	0.655*** (0.204)	0.640*** (0.203)	0.532*** (0.164)	0.525*** (0.164)
Cultural distance	0.071 (0.049)	0.071 (0.049)	−0.048 (0.056)	−0.053 (0.056)	0.006 (0.046)	0.007 (0.046)
International experience	0.264*** (0.017)	0.271*** (0.018)			0.338*** (0.018)	0.337*** (0.018)
Observation	24,715	24,715	17,708	17,708	33,384	33,384
Pseudo R-squared	0.1536	0.1550	0.0915	0.0925		

Note: standard errors in parentheses; * $p < 0.10$; ** $p < 0.05$; *** $p < 0.01$.

4.1 Hypotheses Tests

Table 3 presents the results of conditional logit regressions. In the first model, only dependent and control variables are included and then the independent variable is added. Model (2) reports the main test of Hypothesis 1, which predicts that EM-MNCs tend to enter developed countries where their IJV partners originate. We find a positive and significant ($b = 0.383$; $p < 0.01$) effect of Chinese firms' IJV formation with DM-MNCs from a developed country on their later entries into the country. In the subsequent model in Table 3, this effect is also positive and significant, leading us to conclude that Hypothesis 1 is supported.

Model (3) tests Hypothesis 2, which predicts that the level of regional institutional voids positively moderates the relationship between EM-MNCs' IJV formation at home and their entry into the developed countries. The coefficient of the interaction term in Model (3) is also positive and significant ($b = 0.211$, $p < 0.01$). However, as Hoetker (2007) warns, the coefficient for the interaction term in a nonlinear regression model is not an accurate test of the hypothesized moderating effect. To address this concern, we used the margins command in Stata to calculate the average marginal effects (AMEs) of IJV formation, allowing us to interpret more accurately the marginal effects across the different values of regional institutional voids. Fig. 1 presents the average marginal-effect curve with 95% confidence intervals. As shown, the marginal effect of IJV formation increases monotonically as regional institutional voids rise, indicating that regional institutional voids strengthen the positive effect of IJV formation on the overseas location choice.

4.2 Robustness Checks

We run three tests to check the robustness and present the results in Table 4. We first re-estimate all models using an alternative time window that excludes the potential confounding effects of the COVID-19 pandemic by restricting the sample to the pre-2020 period. This approach allows us to assess whether the hypothesized relationships are driven by pandemic-induced shocks to EM-MNCs' OFDI activities (Dai et al., 2024). The results based on the pre-pandemic subsample remain consistent with the main findings ($b = 0.420$, $p < 0.01$; $b = 0.225$, $p < 0.01$), thereby lending additional support to our hypotheses.

As another robustness check, we consider EM-MNCs' *first-time* entries into a given developed country. The lack of prior host-country experience and established local network support at this stage makes EM-MNCs more likely to rely on IJVs formed at home to facilitate foreign expansion. The results based on this subsample also remain statistically significant ($b = 0.867$, $p < 0.01$; $b = 0.207$, $p < 0.05$), reinforcing the robustness of our results.

Last, we also estimate mixed logit models, which relax the independence of irrelevant alternatives (IIA) assumption that the conditional logit model imposes, to assess robustness. The mean of estimated coefficients with the mixed logit models is presented, and the results remain qualitatively consistent with the baseline conditional logit models ($b = 0.738$, $p < 0.05$; $b = 0.263$, $p < 0.05$). These findings suggest that our main results are robust and not driven by the IIA assumption, alleviating concerns regarding this assumption underlying the conditional logit models.

The interaction term remains positive and statistically significant across all robustness specifications. These

Table 5. Results of lagged regressions.

Variable	(1)	(2)	(3)	(4)
IJV formation	0.300*** (0.071)	0.305*** (0.074)	0.268*** (0.078)	0.283*** (0.080)
IJV formation × Regional institutional voids		0.179*** (0.066)		0.156** (0.072)
Economic development	0.954*** (0.100)	0.970*** (0.101)	0.965*** (0.100)	0.975*** (0.100)
Tax rate	−0.075*** (0.006)	−0.075*** (0.006)	−0.076*** (0.006)	−0.076*** (0.006)
Institutional development	−0.308*** (0.050)	−0.316*** (0.050)	−0.313*** (0.049)	−0.319*** (0.049)
Geographic distance	0.224 (0.145)	0.217 (0.145)	0.225*** (0.145)	0.220 (0.145)
Cultural distance	0.016 (0.044)	0.018 (0.044)	0.019*** (0.044)	0.021 (0.044)
International experience	0.261*** (0.013)	0.263*** (0.013)	0.265*** (0.013)	0.266*** (0.013)
Observation	33,384	33,384	33,384	33,384
Pseudo R-squared	0.1544	0.1552	0.1537	0.1543

Note: standard errors in parentheses; * $p < 0.10$; ** $p < 0.05$; *** $p < 0.01$.

results are also consistent with the increasing average marginal-effect pattern illustrated in Fig. 1, suggesting that the strengthening moderating effect of regional institutional voids is robust to alternative model specifications.

4.3 Checks for Endogeneity and Sample Selection Bias

To address potential endogeneity concerns, we first introduce a lagged specification of the independent variable. Specifically, we use previously formed IJVs at home to predict EM-MNCs' subsequent location choice in later periods, thereby strengthening the temporal ordering between the explanatory and dependent variables. This approach helps mitigate concerns that the observed relationship is driven by reverse causality or contemporaneous decision-making. In Table 5, Model (1) and Model (2) report estimates based on the independent variable lagged by one year, whereas Models (3) and Model (4) present results using a two-year lag. The results based on the lagged independent variables are all significant ($b = 0.300$, $p < 0.01$; $b = 0.179$, $p < 0.01$; $b = 0.268$, $p < 0.01$; $b = 0.156$, $p < 0.05$), suggesting that endogeneity concerns arising from reverse causality are unlikely to be severe.

In addition, to cope with the endogeneity arising from potential omitted variables, we conduct an instrumental-variable-based robustness analysis using a two-stage approach. The first stage regresses the independent variable of interest on both an exogenous instrumental variable and exogenous control variables. We then use the coefficient estimates from this first stage to form fitted values for the independent variable. In the second stage, we substitute the fitted values from the first stage for the original endogenous independent variable and re-estimate the location choice

model using a conditional logit specification, thereby preserving the discrete-choice structure of the dependent variable. We select regional IJVs with DM-MNCs from the given developed country as the instrumental variable to predict the IJV formation of the sample firms in the first stage. This instrument variable is calculated as the number of IJVs that firms in the same provinces as the sample firms have formed with DM-MNCs from the given developed country. The results from this two-stage analysis remain statistically significant and support both hypotheses ($b = 5.228$, $p < 0.01$; $b = 1.213$, $p < 0.01$), indicating by Model (1) and Model (2) in Table 6 that endogeneity concerns related to omitted variables are not a major issue.

Given the focus on EM-MNCs' location choice, the sample selection bias may exist because the sampled firms are those that have already decided to engage in the overseas expansion, excluding others that never internationalize. As a result, the estimated effects may reflect the behavior of relatively more capable or internationally oriented EM-MNCs rather than the broader population of emerging-market firms. Therefore, we run Heckman's (1979) self-selection model to account for such bias of sample selection. Heckman's self-selection model requires exogenous variables included exclusively in the first *probit* regression to predict EM-MNCs' decision to internationalize or not and compute the Inverse Mills Ratio (IMR). According to the existing literature and our research context, we select two such variables—the research & development (R&D) inputs and regional internationalization intensity. Firms with more R&D inputs tend to accumulate stronger technological capabilities, and may leverage these capabilities to expand into foreign markets (Tang et al., 2019; Yu et al.,

Table 6. Results of instrumental variable and Heckman regressions.

Variable	(1)	(2)	(3)	(4)
IJV formation	5.228*** (0.338)	6.110*** (0.366)	0.438*** (0.063)	0.431*** (0.065)
IJV formation × Regional institutional voids		1.213*** (0.181)		0.208*** (0.061)
Economic development	0.270** (0.117)	0.216* (0.120)	1.041*** (0.103)	1.058*** (0.103)
Tax rate	−0.015* (0.008)	−0.011 (0.008)	−0.080*** (0.006)	−0.081*** (0.006)
Institutional development	0.026 (0.058)	0.053 (0.059)	−0.343*** (0.051)	−0.351*** (0.051)
Geographic distance	0.646*** (0.131)	0.680*** (0.129)	0.256* (0.147)	0.240 (0.147)
Cultural distance	−0.182*** (0.049)	−0.185*** (0.049)	0.033 (0.045)	0.035 (0.045)
International experience	0.034* (0.019)	0.029 (0.019)	0.248*** (0.012)	0.251*** (0.012)
IMR			0.795 (0.880)	0.811 (0.880)
Observation	33,384	33,384	33,384	33,384
Pseudo R-squared	0.1794	0.1846	0.1241	0.1251

Note: standard errors in parentheses; * $p < 0.10$; ** $p < 0.05$; *** $p < 0.01$. IMR, Inverse Mills Ratio.

2023). EM-MNCs located in regions with more frequent internationalization activities are more likely to undertake overseas investments, reflecting a phenomenon of OFDI isomorphism (Wang and Zhou, 2020). While R&D inputs are measured as the logarithm of R&D investments, the regional internationalization intensity is proxied as the logarithm of number of subsidiaries that firms in the provinces have established abroad. The independent variable and the interaction term in the Heckman models are both positive and significant in Model (3) and Model (4) ($b = 0.438$, $p < 0.01$; $b = 0.208$, $p < 0.01$), whereas the coefficients of IMR are insignificant ($b = 0.795$, $p > 0.1$; $b = 0.811$, $p > 0.1$). Therefore, our process of sample selection does not substantially bias the results.

The results from the endogeneity and sample selection analyses continue to support a positive and significant interaction effect. Moreover, these findings further corroborate the marginal-effect pattern presented in Fig. 1, suggesting that the strengthening moderating effect is unlikely to be driven by endogeneity or selection bias.

5. Discussion

This article explores the relationship between EM-MNCs' IJV formation with DM-MNCs at home and their subsequent location choice of overseas expansion. As the most obvious distinctiveness of EM-MNCs is their distinct home countries, we examine the roles of EM-MNCs' IJV formation at home, a product of DM-MNCs' previous penetration into emerging markets, in shaping their loca-

tion choice when internationalizing. Following the ideas of RDT, we theorize that EM-MNCs' IJV formation with DM-MNCs at home is predictive of their subsequent entries into these partners' countries of origin. Furthermore, EM-MNCs' propensity to enter the developed countries from which their IJV partners originate is contingent on the level of regional institutional voids of emerging markets since institutional voids determine the extent that EM-MNCs are depended on by their foreign IJV partners. Using Chinese listed firms as our sample, we find supportive empirical evidence. This article complements the existing literature mainly by focusing on another aspect of EM-MNCs' distinct home countries in addition to institutional conditions—DM-MNCs' earlier inward FDI. Besides, we also take institutional conditions of emerging markets into account by considering how institutional voids can shape the interorganizational dependence and thus help EM-MNCs involved in the IJV partnerships to take advantage of such dependence when expanding abroad.

5.1 Research Implications

This article has several noteworthy research implications. First, home-country conditions may generate diverse *advantages of origin* for EM-MNCs to expand abroad. Traditional internationalization theories propagate that some “ownership advantages” or proprietary valuable resources, such as advanced technologies and marketing skills, are requisite for multinationals to offset the difficulties in competing abroad (Caves and Porter, 1977; Dunning, 1988).

Nevertheless, as EM-MNCs seem to lack such firm-specific advantages, advantages of origin are often considered as the cornerstone of their internationalization. Moreover, as the literature largely adopts the institution-based view to probe into EM-MNCs' internationalization, the home-country *institutional* environments are believed to be the source of such advantages. This article shows that cooperative ties such as IJVs at home can also create an advantage for EM-MNCs' overseas expansion and thereby the inward FDI emerging markets have received can serve as another salient source of advantages of origin. Probing into the role of such other characteristics of home countries in addition to institutional environments may help reveal the diverse advantages of origin underlying EM-MNCs' internationalization.

Second, institutional conditions of emerging markets may have some *transnational* influences over EM-MNCs' overseas operations. The institution-based view illustrates that institutional conditions at home have certain effects for EM-MNCs' internationalization in the *entry* stages. For example, EM-MNCs may use international expansion as a springboard to escape domestic institutional constraints that erode firms' competitiveness (Luo and Tung, 2007). Also, other aspects of home institutional contexts such as government supports and capital market imperfections enable EM-MNCs to penetrate distant foreign markets or to use radical entry modes (Buckley et al., 2007; Lu et al., 2014). Apart from EM-MNCs' entry decisions regarding whether, where, and how to go abroad, however, our research indicates that the institutional conditions of emerging markets shape the interorganizational dependence and may continue to influence EM-MNCs' post-entry operations. Specifically, the institutional voids can facilitate EM-MNCs' post-entry acquisition of resources or embeddedness in local networks even after they have entered the foreign developed countries because of partnering DM-MNCs' high dependence on them at home. In this way, the positive effects of institutional contexts of emerging markets on EM-MNCs cross borders of home countries. An analogous idea is the concept of liability of origin (Ramachandran and Pant, 2010), which describes the situation when institutional voids of emerging markets bring about adverse stereotypes against internationalized EM-MNCs and hence challenge their legitimacy in developed countries (Marano et al., 2017). Both the indirect effect of home-country institutional conditions examined in this article and the liability of origin demonstrate the complexity and persistence characterizing the effects of home-country institutional environments on EM-MNCs' internationalization.

Third, understanding interorganizational dependence in the field of international business may require an evolving and global perspective. According to this article, EM-MNCs that have formed IJVs with DM-MNCs at home often occupy a relatively advantageous position in the cooperative relationship due to their better access to local resources and institutional knowledge in emerging mar-

kets characterizing institutional voids. However, after EM-MNCs leverage such dependence advantage and have expanded into their partners' countries of origin, they increasingly rely on the partnering DM-MNCs for critical resources and legitimacy in these unfamiliar developed countries. This increase in EM-MNCs' resource dependence on DM-MNCs can largely weaken their previous dependence advantage, reshaping the overall structure of interdependence between these two parties. As a result, the dependence structure between such partners is not always static but continuously reconfigured as they expand into different foreign countries. This suggests that the resource dependence in international business contexts can be inherently dynamic and transnational, and thereby an evolving and global perspective is valuable to understand interorganizational dependence in cross-border cooperative relationships.

Last, our findings also offer important insights for government policymakers in emerging economies. The results suggest that domestic IJVs with DM-MNCs can function as a strategic institutional bridge that enhances firms' subsequent OFDI resilience. Rather than viewing IJVs solely as channels for technology transfer or export upgrading, policymakers may consider them as policy instruments that indirectly shape firms' internationalization trajectories by reconfiguring dependence relationships prior to foreign entry. Moreover, governments can play an enabling role by creating regulatory and institutional environments that facilitate high-quality IJVs, for example through transparent approval procedures, intellectual property protection, and targeted incentives that encourage substantive collaboration rather than symbolic partnerships. Such policies may help domestic firms accumulate relational resources and legitimacy before facing stricter institutional environments abroad. In an era of heightened geopolitical risk and global uncertainty, our findings imply that inward-oriented openness policies can complement outward investment support policies. By strategically promoting domestic collaboration with DM-MNCs, governments may enhance the robustness of domestic firms' international expansion and reduce their vulnerability to adverse external shocks in host countries.

5.2 Future Research Directions

We further point out some related directions for future research. First, scholars can conduct similar studies to test the relationships proposed in this article. For instance, other kinds of cooperative ties instead of IJVs in emerging markets between EM-MNCs and DM-MNCs can be examined. Original equipment manufacturing (OEM) and strategic alliances are two alternative cooperation forms with similar interorganizational resource dependence and thus are likely to have the same effects on partnering EM-MNCs' overseas investments. Besides, we can consider partnering DM-MNCs' global business distribution and investigate the effects of such distribution on EM-MNCs' lo-

cation choice. The partnering DM-MNCs' prior penetration into *other* developed countries in addition to their countries of origin may also facilitate partnering EM-MNCs' entries into these countries. DM-MNCs might have accumulated enough knowledge about these other developed countries and been deeply embedded in the local networks. Therefore, EM-MNCs joint venturing with these DM-MNCs in emerging markets may also face mitigated unfamiliarity hazards when considering entries into these other countries. As a result, we expect that the effects of IJV formation on EM-MNCs' location choice may not only be restricted to DM-MNCs' home countries, but also apply to such other developed countries in which these DM-MNCs have a long presence.

Second, we can further explore other effects of DM-MNCs' inward FDI into emerging markets or of home institutional conditions on EM-MNCs' international business. The existing literature suggests that inward FDI and institutional conditions in emerging markets can have profound and subtle effects on EM-MNCs. For example, DM-MNCs' presence in emerging markets can make EM-MNCs that used to dominate at home disadvantageous to compete with these global players and thus compel them to consider international diversification (Luo and Tung, 2007). On the other hand, inward FDI into emerging markets might decrease EM-MNCs' propensity to invest overseas for knowledge seeking because of the consequent knowledge spillovers (Li et al., 2012). Also, as mentioned earlier, institutional voids at home can generate adverse stereotypes against EM-MNCs and motivate them to cope with the legitimacy crisis after entries into developed countries (Marano et al., 2017). These instances inform us that EM-MNCs' home contexts can shape their international business in some complicated ways and should be paid more attention.

Last, we can re-examine DM-MNCs' overseas investments under the new background of EM-MNCs' increasing international expansion. Previous analyses of DM-MNCs' FDI are based on the status that EM-MNCs, the latecomers in the international arena, have not become important participants in the global FDI. However, as EM-MNCs' penetration into developed countries accelerates in the recent years, new trends of DM-MNCs' internationalization may emerge. A straightforward example can be derived from this article. With more EM-MNCs entering developed countries, there will be more opportunities for DM-MNCs to establish cooperative relationships with these internationalized EM-MNCs at home—the DM-MNCs' countries of origin. Since such cooperation may give rise to EM-MNCs' high dependence on local DM-MNCs in the developed countries, we can expect that the DM-MNCs' perceived risks of entering the emerging markets from which their partnering EM-MNCs come are thus reduced to a great extent. As a result, counter to the internationalization mode of incrementally increasing commitments to foreign mar-

kets, we might observe that some DM-MNCs also take seemingly risk-taking moves to enter psychically distant emerging markets.

Abbreviations

EM-MNCs, emerging-market multinational corporations; OFDI, outward foreign direct investment; DM-MNCs, multinational corporations from developed markets; IJVs, international joint ventures; RDT, resource dependence theory.

Availability of Data and Materials

All data reported in this paper will be shared by the corresponding author upon reasonable request.

Author Contributions

YZ designed this study. MX conducted the study. YZ provided assistance and suggestions during the study processes. YZ and MX analyzed the data. Both authors contributed to editorial changes in the manuscript. Both authors read and approved the final manuscript. Both authors have participated sufficiently in the work and agreed to be accountable for all aspects of the work.

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Conflicts of Interest

The authors declare no conflicts of interest.

Declaration of AI and AI-Assisted Technologies in the Writing Process

During the preparation of this work the authors used ChatGPT-5 in order to check spelling and grammar. After using this tool, the authors reviewed and edited the content as needed and take full responsibility for the content of the publication.

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