Bamboo and Lotos

What Makes Indian and Chinese Firms Resilient?

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Abstract

The purpose of this study is to critically analyze the resources and determinants of capabilities and attributes which enable Indian and Chinese firms to respond to changes in a resilient way. In particular, it is investigated under which conditions Indian and Chinese firms are capable of building competitive strengths which drive their success.

A systematic and comprehensive literature review of 59 studies published between 1994 and 2016 with focus on Indian and Chinese firms was conducted to examine the nature and contextual conditions of their resilience and competitiveness as well as the research methods and underlying theories.

Continuous alteration, and reversion of disadvantages into advantages are the most outstanding findings. Moreover, the majority of the examined studies concludes that Indian and Chinese firms built non-traditional competitive strengths.

Due to the unconventional concept of resilience and competitiveness of Indian and Chinese firms, existing theoretical perspectives and research settings need revisions and extensions.

Unlike most extant research on Indian and Chinese firms which has investigated country- or industry-level variables using aggregate data, this paper reveals distinct patterns, and similarities and differences of firm-level characteristics. In addition, by exclusively focusing on Indian and Chinese firms’ resilience and competitiveness conclusions about their uniqueness and generalizability can be drawn.
1 Introduction

India and China experienced tremendous and far-reaching transformations over the past three decades as they opened up to foreign capital, technology and talent. One clearly visible consequence of their fundamentally changed economic and business environment is the increase of highly successful firms from these two Asian countries. Prominent examples are Tata, Dr. Reddy’s, Lenovo and Geely that all provoked international alertness through spectacular mergers and acquisitions of developed market firms (Jaguar, Betapharm, IBM and Volvo). In addition to these globally known enterprises, the number of Indian and Chinese firms competing in domestic as well as international markets is constantly growing. These latecomers are often ascribed to possess non-traditional features leading to competitive advantages (Morck et al. 2008; Goldstein and Pusterla 2010). Taken together, the pattern of that fast emergence and international expansion of Indian and Chinese firms constitutes an unprecedented, puzzling phenomenon.

The remarkable rise of Indian and Chinese firms’ importance on a global scale is accompanied by a rise of literature on Indian and Chinese firms. Numerous studies exist which emphasize that Indian and Chinese firms exhibit unique traits, like specific management cultures (e.g. Deshpande and Farley 1999; Yiu 2010; Leung 2012; Holtbrügge and Garg 2016), special institutions (e.g. Elango and Pattniak 2007; Yang and Stoltenberg 2013), or peculiar investment behavior (e.g. Luo and Tung 2007; Gubbi et al. 2010; Alon et al. 2011) which enable them to become successful. However, studies investigating which firm capabilities and attributes are required by Indian and Chinese firms to respond to changes in a resilient way and to develop competitive advantages are largely missing. Further, most research focuses on country- or industry-level variables by using aggregate data, and thus does not contain statements about firm-level characteristics.

Against this background, the aim of this study is to critically examine the capacities and qualities which allow Indian and Chinese firms to compete and survive, and whether these concepts can be classified as traditional, as widely known from Western firms, or as non-traditional. In addition, it is analyzed under which conditions Indian and Chinese firms are able to build competitive strengths. Hence, this paper seeks to contribute to the understanding of antecedents, relationships, and impacts of Indian and Chinese firm-level characteristics related to resilience, primarily encompassing their competitiveness.

In order to address the research question “Is there an Asian concept of resilience?”, a systematic and comprehensive literature review analysis was conducted. In total, 59 studies which were published in international peer-reviewed journals between 1994 and 2016 with focus on Indian and Chinese firms were analyzed regarding the nature, resources, determinants, and contextual conditions of resilience and competitiveness as well as regarding their research methods and underlying theories. Distinct patterns, and similarities and differences between Indian and Chinese firms on the one side and Western firms on the other side are revealed and put into relation to country- and firm-specifics.

Continuous alteration, and reversion of disadvantages into advantages are the most outstanding findings of this paper which reflect the scholarly debate about the necessity to