



# International business research: Looking back and looking forward

Yair Aharoni <sup>a,1</sup>, David M. Brock <sup>b,\*</sup>

<sup>a</sup> Faculty of Management, Tel-Aviv University, Israel

<sup>b</sup> Guilford Glazer School of Business and Management, School of Management, Ben-Gurion University, P.O. Box 653, Beer-Sheva 84105, Israel

## ARTICLE INFO

### Article history:

Accepted 7 December 2009

Available online 12 January 2010

The establishment of the Academy of International Business in 1959 may be viewed as heralding the birth of International Business (IB) as an academic discipline. Having reached the 50-year jubilee milestone suggests an opportunity for reflection in two directions: The first is to look back at what has been achieved thus far in terms of the development of IB as an academic research field. The second direction is forward-looking, speculating on future trends and developments one should expect in the international environment within which business will operate, and the relevant concepts and theories that would explain these future trends and would relate them to practical affairs.

This Special Issue of the *Journal of International Management* was thus formulated, and the call for papers asked contributors to consider the above two directions. To wit, "There are two aspects to this issue. One is somewhat historical and self-congratulatory — appreciating the achievements of the academic field of International Business over its first generation, what advances have been made, what theories have been developed, what useful constructs have been developed, and what significant empirical findings have been discovered. The other is more forward-looking and somewhat critical — asking what still needs to be done to build the academic legitimacy of the field, what has not yet been achieved, what we still do not understand, what theories have not stood the test of time, and what concepts have not proved useful."

As the editors of this Special Issue we present this essay not only to summarize and put into perspective the accepted papers, but also to reflect more comprehensively on the above questions. In the following section we thus present a stylized portrait of the IB field, including some salient aspects of its background and historical development. Next, we look at some characteristics of the papers submitted to this special issue as a reflection of the themes within IB research that they represent. We next sharpen this discussion with summaries and discussions of the five papers chosen for publication. Finally, we present an integration of ideas from our analysis of the challenges facing the IB field as it begins its second half-century.

## 1. Some background and history

### 1.1. International business

The importance of IB in the global economy has grown exponentially, especially in the post-World War II period, despite short-term ups and downs. From merely a few billion dollars per year in the 1950s, global FDI inflows grew to \$40 billion per year in 1980s. In 1980, the ratio of FDI to worldwide gross fixed capital formation was just 2%. By 1999 it picked up to about 14% (UNCTAD, 2000), and in 2005 stood at 9.4% (UNCTAD, 2006: 307). The number of multinational enterprises (MNEs) in 2005 was 10.6 times that in 1969. In 2003, the sales of foreign affiliates of MNEs (\$18 trillion) were double that of world exports (\$9 trillion). Since then FDI

\* Corresponding author. Tel.: +972 8 6479731; fax: 972 8 647 7691.

E-mail addresses: yairah@post.tau.ac.il (Y. Aharoni), dmb@bgu.ac.il (D.M. Brock).

<sup>1</sup> Tel.: 972 54 7772800.

inflows grew even more – reaching a climax of about \$1.8 trillion in 2007. Developing and transition economies attracted more flows than ever before, reaching nearly \$600 billion – a 25% increase over 2006, and a third of the global total (UNCTAD, 2008).

The growth in FDI has come about not only because existing MNEs have spread their tentacles globally but because wholly new MNEs have emerged in different countries at different times. Between 1870 and 1913 – the golden age of rapid growth – a few U.S. manufacturing firms pioneered foreign operations in search of markets, led by Singer Sewing Machine, and followed later by others, such as Ford Motor Company. Yet, MNEs from Europe dominated the world stage, accounting for 93% of worldwide FDI stock, having built international networks on the backs of their home governments' colonialism. The United States' share at this time was estimated at only 6% (Buckley and Casson, 1985: 200). The two World Wars and the collapse of empires devastated the European MNEs, as foreign subsidiaries were seized by rival powers or nationalized by newly independent countries.

For approximately two decades, between 1949 and 1971, the economies of the developed nations grew rapidly: reconstruction raised European GDP growth to 5% per year, while Japan galloped along at 10% per year. The US economy grew at 3.8% per year. In the same period, growth in international trade outstripped growth in world output. In the 1960s, FDIs grew at twice the rate of GNP. European multinationals rebuilt their global presence, but the vast majority of new FDI came out of the United States, which was now the world's technological leader, one of the richest nations, and also the single-largest market in the global economy. A second wave of MNEs ensued, led by American firms. The stock of outward FDI by US MNEs rose sharply from \$7.2 billion in 1946 to \$59.3 billion in 1967. A 1973 U.N. report noted “a further characteristic of multinational corporations is that they are in general the product of developed countries. Eight of the 10 largest multinational corporations are based in the United States” (UN, 1973, p. 7). Note, however, that 3357 out of the 7276 firms – nearly half the total – had affiliates in only one foreign country<sup>2</sup>; and only 678 firms had affiliates in 10 or more countries.

Since the 1970s, more and more countries became home to MNEs. Japan joined the ranks first, and their foreign direct investments flowed mainly from developed countries. FDI outflows from Japan rose from a mere US\$5 billion in 1980 to a peak of US\$89 billion in 1989. Concomitantly, Japanese firms registered a growing presence on the global *Fortune 500* list. By the beginning of the 21st century more and more MNEs come from developing countries, in particular Brazil, China and India. Just one example of the changing face of FDI flows: in 2008 global FDI fell by around 20%, while outward FDI from China nearly doubled. This disparity is likely to continue in 2009 and 2010 as China invests even more overseas.

## 1.2. IB research

As indicated above, IB is a relatively young academic field. Fayerweather (1974) and Rugman (2003) relate how the IB field began with the conceiving of the AEIB (precursor to the AIB) in 1958 by a small group of IB teachers from a few leading U.S. business schools in the north-eastern states of the U.S.; and how this same group was instrumental in subsequently founding of the Journal of International Business Studies. Along with the American orientation, the nascent field was dominated by researchers writing from within the more established areas, like marketing, economics and finance (Inkpen and Beamish, 1994).

John Dunning (1989), in his address as outgoing president of the Academy of International Business, outlined three phases of IB studies. According to him, in the first phase – covering most of the 1950s and 60s – a relatively small group of U.S.-based scholars brought a set of unsophisticated tools largely to focus on functional issues from an international perspective; and an emphasis on pedagogy. The second phase – from the late 1960s though most of the 1970s and 80s – featured several non-American, non-business-school scholars, using unidisciplinary approaches to explain FDI and the MNE. The third phase recognized the effects of globalization on business, and the consequent global spread of the issues, faculty, and students, governments, and other agencies involved in IB studies. Other scholars have used different categories and/or phases.

The field's theoretical and empirical bases were set by several important projects beginning in the late 1950s. John Dunning (1958) interviewed managers in each of the 160 US subsidiaries operating in the UK. His seminal book reported on the contribution to the UK economy by subsidiaries of US multinationals. He found that foreign subsidiaries improved UK employment, productivity, competitiveness and research and development. In 1965 Raymond Vernon directed the Multinational Enterprise Project at the Harvard Business School. Set up to study the operations of U.S. and foreign-based multinational enterprises, Vernon's team looked at those organizations in terms of finance, organization, production, marketing, and business–government relations. This project resulted in many publications both by Vernon and by his many doctoral candidates.

Some business historians, notably Wilkins and Hill (1964), published detailed observations on the path taken by US firms in the internationalization process. Scandinavian researchers developed the stages approach, explaining the location choices of MNEs in terms of familiarity and psychic distance of markets (Johanson and Vahlne, 1977). Several other scholars studied cross border activities of business firms (for a summary see Dunning and Lundan, 2008; Boddewyn 2008). IB researchers were mainly from Western Europe and the United States. They thus assumed an environment of the work of the firms that was similar to that of their home countries. They also treated the objectives of economic activities as value free and common to all firms and countries.

The surge in outbound FDI in the 1960s and 1970s brought about a spate of books attacking MNEs as too powerful vis a vis host governments. MNEs were accused of too much power, of manipulative export controls, of using transfer prices to minimize taxes paid, of using inappropriate technologies, of inappropriate location of research and development and so on. This mood also led to several UN resolutions condemning the MNEs (for a description see Dunning 2005). Later, the UNCTAD was created to study MNEs

<sup>2</sup> Vernon (1971) required a firm to have subsidiaries in at least six countries to be considered an MNE).

and help developing countries. In the early 1980s, it was recognized that the assets allowing the creation of wealth are not necessarily land nor physical assets such as machines and energy but also knowledge, capabilities and competence of people.

In the 1980s the idea of heterarchies was developed and informal institutions such as trust and reciprocity were emphasized (Hedlund, 1986). Researchers began to see the MNE as a network.

Clearly, however, the first generation of IB researchers was interested in explaining the foreign direct investment decisions, in understanding the reasons for existence of the multinational firm and in understanding the different entry modes and the reasons for them. Indeed, Buckley (2002) concludes that three topics have been well addressed by IB researchers, namely explaining FDI, explaining the existence of the MNE, and understanding internationalization processes. As future topics for research he suggests mainly managerial issues — mergers and acquisitions, knowledge management, and location choices. These trends are largely confirmed by the analysis of Griffith, Cavusgil and Xu (2008) whose ranking of most cited IB articles for the decade to 2006 is headed by topics like knowledge, bargaining power, customer power, supplier networks, learning, diversification, and collaboration. Similar trends are also reflected in the papers received and published in this special issue — as elaborated upon in the following section.

## 2. The special issue

### 2.1. Details, and reflections on the IB Context

Looking at some characteristics of the papers submitted for consideration in this special issue is quite informative as they reflect on the various areas and aspects of the IB field. Thirteen papers were received, of which five were accepted — more details on these below (and, of course, they appear in the later pages of this edition).

#### 2.1.1. Topics/themes

Six papers (of which two were accepted) had a broad scope, addressing the IB field as a whole; four (one accepted) concern “internationalization” or some aspect thereof; and three (two accepted) focus on “entry modes” in general or a specific entry mode. This distribution is not surprising in the light of the above discussion of the nature of the special issue's call for papers.

#### 2.1.2. Methodological approaches

Four papers (of which two were accepted) were content analyses, two (both of which were accepted) are meta-analyses, two (one accepted) are theory building papers, two (neither accepted) were case studies, and three papers used methods in the “others” category (specifically a conceptual/historical, a literature review, and a methodological paper). It seems natural that those methodologies that seek to generalize from secondary data (like meta- and content analysis) were quite successful in this special issue context as they were able to draw conclusions on trends based on prior publication from our field. Conversely case studies that build on narrower empirical foundations naturally find more challenges in generalizing to the broader field.

#### 2.1.3. Author country base

Looking at the country in which the first author of each of the 13 papers was based, five of the submissions came from Europe (three accepted), four from Canada/US (one), and the remaining four (one) from Asia/Oceania/Middle-East. A total of 23 authors were involved: Eleven from Europe, six from Canada/US, three from Asia, and three from other countries. European author group size was somewhat bigger than those from North America (means 2.2 and 1.5,  $p < .1$  with 7 d.f.). Of the five accepted papers, three come from Europe-based author teams — from the UK, Switzerland, and Cypress. The other two papers are sole authored papers: one American and one Australian. However, using the crude measure of apparent nationality of family names, it is clear that the global spread of author nationality is far broader. Overall the geographic spread of submitting authors is pleasing, reflecting today's global nature of the field.

As editors we are bound and restricted by the papers we received and the outcomes of the peer-review processes. Because most of the submitted papers did not survive the review process, this special issue can in no way claim to be comprehensive in the coverage of the intended aspects of the IB field. Some obvious examples of topics not covered in the special issue included JVs, emerging markets, and off-shoring. We as editors considered filling the gaps by writing a more comprehensive survey but, as much as we would like to do this, we felt that it was not in the spirit of our roles and of the role of the editors' introductory article. However, topics that we consider need special attention to further the growth of the field are included in the final sections of the paper.

### 2.2. Summary of the papers

As mentioned above, the five papers generally and not surprisingly reside in mainstream IB areas. We have arranged the papers based on their scope, from broad to narrow, beginning with the two papers that address the IB field quite generally; followed by the paper concerning internationalization; and finally the two papers addressing issues of entry mode.

The first paper, “International Business Thought: A 50-Year Footprint” by Sandra Seno-Alday, attempts to take stock of our field by drafting a unifying, integrative framework for IB. Her paper proposes an emergent international business research framework based on four unifying themes. The themes are expressed as broad international business research questions concerning the unique nature of IB, the process of internationalization, and the effect of internationalization on business and other players. A content analysis of 1689 IB articles lends supports the trajectories of international business research along the four themes. Seno-Alday suggests that these themes can be seen as fundamental research pillars that define the international business domain,

framing past research activities, and also driving future research in the field. She concludes by identifying areas of research intensity and opportunity, along with implications for IB research and theory building.

The next paper also addresses an issue that can be considered IB field-wide. “Regionalization vs Globalization in Advertising Research: Insights from Five Decades of Academic Study” by Fernando Fastoso and Jeryl Whitelock responds to calls from [Rugman \(2003\)](#) and various colleagues in this and other journals to consider the regional as well as the more classical local/national and global perspectives. This paper presents a systematic review of articles published in top journals over the last five decades on the subject of advertising standardization at the regional level. A regional focus increased from an insignificant percentage in the first 20 years, to 25% in next two decades, to almost 37% in the recent decade. They believe that this indicates a shift in research in line with regionalization theory. However, this study also shows that research on regional standardization has lacked consistency in relation to how the phenomenon should be defined and measured. They present a conceptualization of measurement approaches to international advertising standardization, propose a typology of approaches and discuss their implications for knowledge advancement in the area.

The special issue's third paper enters the series of debates in our field concerning internationalization. “Toward a learning-based view of internationalization: The Accelerated Trajectories of Cross-Border Learning for Latecomers” by Peter Ping Li presents a learning-based view of internationalization for the multinational enterprise (MNE). His approach is especially relevant for “latecomers,” a category of MNE from emerging economies. Built upon the duality lens and transaction value perspective, this learning-based view frames the pattern of cross-border learning in terms of both learning motive and learning capability as a learning trajectory, with distinctive entry strategies as the primary applications of such learning trajectories. The learning trajectories on the dimensions of exploitative and exploratory learning as well as unilateral and bilateral leaning jointly constitute an overall framework of MNE evolution with cross-border learning as its central theme. This approach is aimed at latecomer MNEs who are experiencing accelerated internationalization. In particular, he frames cross-border alliances (as a special form of bilateral learning) in terms of co-exploitation and co-exploration. Alliances in these contexts are expected to enable and motivate the accelerated internationalization of MNE latecomers. Finally, the paper outlines four major learning-based issues as new “big questions” to reflect the emerging paradigm shift from hierarchy-based unilateral exploitation to network-based bilateral exploration. The overall theme is that hierarchy is best for exploiting the extant core competence, while strategic alliance is best for exploring a novel core competence.

The final two papers deal with the ubiquitous “entry mode” topic that has characterized IB research. In “Decades of Research on Market Entry Modes: What do we really know about external antecedents of entry mode choice?” Dirk Morschett, Hanna Schramm-Klein, and Bernhard Swoboda are bothered by the multifaceted, sometimes conflicting research on entry mode choice that is often difficult to interpret and review. They focus on the external antecedents of entry mode choice, using a meta-analysis of data from 72 independent primary studies. They consider several variables-like aspects of national culture economic sector — and for each variable posit and test hypotheses about whether the entry would be via a wholly-owned subsidiary versus cooperative entry modes. Their results include a strong positive relationship between power distance as a cultural trait of the firm's home country and the propensity to establish a wholly-owned subsidiary. Conversely they find a negative association between country risk, legal restrictions, market growth, and market size and the preference for wholly-owned subsidiaries. They discuss the implications of the meta-analytical results as well as the moderating effects of industry type and time of the study. They find that the relationship between host country income level and entry mode depends, to some degree, on industry. For example, service companies exhibit a negative relationship between income level and wholly-owned subsidiaries, while the relationship is positive in manufacturing.

Of all the entry modes studied by IB researchers, exporting has benefited from the most sustained interest over the field's first half-century. This special issue's final paper, “Five decades of research into exporting: A bibliographic analysis” by Leonidas C. Leonidou, Constantine S. Katsikeas, and Dafnis N. Coudounaris thus provides the topic's first bibliographic analysis. As such they present a picture of how exporting research has developed over these 50 years. They report findings of a study that provides systematic content analyses 821 export-related articles published in 75 academic journals during the period 1960–2007. Their analysis covers five areas, namely the topic's most prolific authors, most important journals, manuscript characteristics, manuscript impact, and major themes over this period. These analyses suggest that exporting literature has experienced a phenomenal advancement during the last five decades, characterized by a continuous refinement, improved quality, and extensive topical coverage. They conclude with some guidelines for potential future exporting research.

### 2.3. Themes

These five papers have several common themes and methodological issues, and in the next few paragraphs we proceed to examine these with reference to the espoused aims of this special issue. First, it is clear that a sizable majority of papers (whether we focus on submissions or acceptances) were more retrospective than prospective, being mainly aimed at evaluating and summarizing the field's work over the past 50 years. Four of the five papers used some methodology (either a form of content analysis or meta-analysis) to aggregate and extract dominant themes and findings from large numbers of published sources over several decades. Seno-Alday's paper essentially maps trends in research topic focus over the history of the IB field showing, for instance, sustained dominance of work on how external environments and stakeholders interact with and affect international business. Leonidas et al. report a trend toward more research in export performance and less work on government export promotion. Fastoso and Whitelock's results demonstrate some trend toward a more regional (rather than international) focus of analysis over the last few decades, and the emphasis is significantly strategic rather than tactical. Morschett, et al. find that home country cultural factors significantly influence

entry mode choices is consistent with the Brock et al. (2008) conclusion that home country factors outweigh host country factors in corporate decisions, and both these studies are in line with recent indications of tendencies toward more global integration rather than local responsiveness (Persson, 2006; Williams, 2009) in the contemporary IB context.

Among the many strengths of the papers included in this issue are the thoughtful concluding sections that address implications and future directions. Seno-Alday calls for the field to develop its own research tools that are appropriate for IB research and education. She also suggests that journal editorial processes move away from functional/disciplinary classifications of articles in such a way as to encourage more interdisciplinary approaches as befit the IB field. Fastoso and Whitelock indicate the need for more regional-level research, especially focusing on regions other than Western Europe. Consistent with the emphasis in Seno-Alday's paper on external environments and stakeholders, Leonidas et al. call for a more strategic emphasis on export engagement and development as part of firms' internationalization processes. These authors also see the need for examining the effects of environmental influences on various aspects of exporting in a more systematic way. They also see the need for greater emphasis on export marketing information systems and a greater focus on e-business operations.

In the only theoretical (non-empirical) paper in the collection Peter Li concludes with four major implications for future research, of which home–host diversity is at the top of his list. In addition to well-worn home–host concept like cultural distance, Li suggests work at the network level. Another underexplored idea is to see foreignness not only as a liability but also perhaps as a source of opportunity. The general applications of learning theory to internationalization and the specific focus on latecomers are unquestionably research avenues with important potential contributions.

### 3. Future directions and challenges

Future challenges for the IB field are of course at least partially a derivative of the rapid changes in technology, in institutions, and in other environmental factors. Thus, service MNEs became an important topic partially as a result of advances in information transfer and partially as a consequence of the General Agreement on Trade in Services. Off-shoring and outsourcing of administrative and technical services was unheard of until the 1990s. The scale, scope and sophistication of high value-added administrative services — including research and development — provided by low-wage developing nations are only possible as a result of such technological advances. The reasons firms choose to outsource such fundamental activities for their competitive advantage are still not well understood. More generally, future trends and developments one should expect in the international environment within which business will operate will certainly represent major research challenges (Lewin et al., 2009). Buckley (2002) asked “does IB need a big question?” Since then several big questions were proposed by several prominent authors: globalization (Buckley and Ghauri, 2004), internationalization (Buckley and Lessard, 2005), the determinants of international success (Peng, 2004) and combinations of local and global knowledge (Shenkar 2004). We also have some relatively important issues to address; but we begin with the rather mundane issue of “Definitions” to clarify key terms in our field. We then proceed to weightier topics under the headings of “Business–government interactions” and “Managerial challenges,” and conclude with some final thoughts on the future development of the field.

#### 3.1. Definitions

As the IB field matures, moving from a relatively protected to a more competitive environment (Shenkar, 2004), we cannot allow ourselves the luxury of being imprecise with core terminology. We should clarify the population studied and the environment in which the international firm operates. In the following paragraphs we show how even the most basic terms such as free-trade, multinational corporations, and globalization need more definitional clarity.

##### 3.1.1. Free trade

One example of an area where implicit assumptions may not hold true is free trade. The fact that from one's home in country A, you can enter a website run in country B, order a product manufactured in country C out of materials/parts from countries D and E, get delivery of the product by a company that is a joint venture between country F and G, and pay for it with a credit card issued by country H... may make one feel that one lives in a world of free markets. However, as we write in 2009, most world commodity, product and service markets are far from free. In fact, one possible result of the world economic crunch in 2008 is an increase in protectionism — the United States has already introduced “buy American” rules into its help program. True, free trade agreements are now ubiquitous, numbering several hundred if we include general, regional, multilateral and bilateral free trade agreements. We also have dozens of commodity, industry, and interest agreements. However, the facts that all these agreements are required and trade organizations like the WTO are working zealously to develop and implement several more agreements hint how far we are from a free trade environment. In fact, most free trade agreements include many clauses limiting rather than enhancing free trade. The Doha Development Round is stuck, and selfish protectionist interests are often to be blamed, such as when farming lobbies exercise their power to block imports or when local surgeons require foreign graduates to repeat residencies. These interests are often clothed in terms of product and service safety concerns. Such political and national security concerns are very common, especially in the areas of international transportation, ports, and products that have military applications. As far as we can ascertain no thorough study exists as to the magnitude of the portion of world GNP of markets that are not free. The obvious examples are military and other security related goods and services, agriculture and airlines. Future research should throw some light not only on the magnitude of this phenomenon but also on the explanations for its existence.



### 3.1.2. The multinational firm

Odd as it may sound even a basic term such as MNE is not defined in the same way by different researchers. Vernon (1971) defined the MNE as a firm operating in at least six countries. Stopford's (1989) criterion was that a firm is multinational if it has sales or production in at least three foreign countries (see also Carpenter et al., 2001). David E. Lilienthal (1960), the first to use the term, defined it as "corporations, which have their home in one country but operate and live under the laws and customs of other countries as well." Dunning (1971: 16) defined the MNE "simply as an enterprise which owns or controls producing facilities (i.e. factories, mines, oil refineries, distribution outlets, etc.) in more than one country." A similar definition is used by the UNCTAD (which refers to them as Transnational Corporations). Ownership or control is considered to exist when the parent owns 10% or more of the voting power of the affiliate. Of course, managerial control may also be achieved through non-equity forms of investment such as subcontracting, turnkey arrangements, and licensing. These non-equity forms of control are not included under most definitions of MNE. Also excluded are strategic alliances and situations where the MNE is the sole purchaser of goods or services of an independent foreign firm. In this sense, the extent of multinational operations in the official statistics is understated.

To be sure, these definitional differences arise largely because different researchers are interested in different issues. For example, some researchers prefer to study only the largest of these firms. Others would like to impose certain minimum qualifying criteria in terms of activities, such as number of countries in which the firm operates, and the foreign component of sales, assets, employment, or profits. Others would categorize a firm as a multinational only if it is registered in several national stock exchanges, or has a board of directors composed of different nationalities.

Raymond Vernon was interested mainly in the basic asymmetry between these enterprises and governments. According to him, the MNE is:

"a parent company that controls a large cluster of corporations of various nationalities. The corporations that make up each cluster appear to have access to a common pool of human and financial resources and seem responsive to elements of a common strategy. Size is important as well: a cluster of this sort with less than \$100 million in sales rarely merits much attention. Moreover, the nature of the group's activities outside its home country is relevant: mere exporters, even exporters with well-established sales subsidiaries abroad, are unlikely to draw much attention, and mere licensors of technology are just as rarely mentioned. Finally, the enterprise involved generally have a certain amount of geographical spread; a parent with a stake in only a country or two outside its home base is not often found on the list" (Vernon, 1971: 4).

Vernon's starting point, not surprisingly, was the *Fortune 500* list. Unfortunately, many of those reading Vernon's writings assumed erroneously that all MNEs are inherently of U.S. origin and that they are all giant firms, larger in size than many national economies. Size was often defined erroneously by sales rather than by value added, making the comparison to GNP meaningless. In his work on regional MNEs, Rugman (2005) also based his analysis on the *Fortune 500* list. An example of the magnitude of the differences is given by Wells' (1983) statement that using Vernon's restrictive definition (according to which a firm is not counted as a multinational unless it has manufacturing subsidiaries in six or more countries) would have left him with a sample of only six firms, compared to the 963 firms he actually studied.

Almost four decades ago, Aharoni (1971: 34) catalogued the various definitions and showed "that certain definitions stress structural elements, whereas others emphasized performance, and still others behavioral elements". Structural criteria include the number of foreign affiliates, ownership, the nationality of the top management, and the organizational structure. Performance criteria are related to an absolute or relative measure of earnings, sales, assets or number of employees abroad; a relative measure will deal with the percentage of these measures that are out of the home country. Behavioral criteria would involve such things as "having a worldwide view" or "thinking internationally". He pointed out that the differences are not merely a question of semantics — rather that there are in fact several kinds of multinationals. Yet researchers continued to use the term MNE and applied it to different firms. Indeed, recently, Kirca (2006) identified 31 different ways of operationalizing multinationality in the literature. He proposed measures of depth, pertaining to the firm's commitment to its multinational operations, and width, pertaining to the firm's dispersion of activities across different countries.

Other misperceptions about MNEs include continuing to associate the MNEs construct with manufacturing or mining firms when in fact over two-thirds of the FDI stock in the world is in service industries. It is interesting to note that the *Fortune 500* included service firms only after 1995. The manufacturing bias existed even among business historians, as Wilkins (2001: 11) noted: "The early research...placed too much emphasis on the history of manufacturing multinationals; there was an important history of service-sector multinationals that needed to be explored (and was often inadequately reflected in the statistical data on foreign direct investments.)"

Yet another misconception is that MNEs are a product only of rich, industrialized countries. As Dunning et al. (2006: 3) note, "until quite recently, [the] widespread presumption of developed countries as home of TNCs, and emerging markets as hosts of TNC had been firmly rooted in empirical reality." But this assumption is increasingly invalid.

### 3.1.3. Globalization?

Finally, globalization is also a fuzzy term, despite its frequent use. The more we try to conceive of industries with the most global offerings — like airlines, computer chips, consumer electronics, and foreign exchange services — the more we realize the reality that each industry has some significant degree of localization as well. At the very least, each product or service needs minor customization for local conditions (e.g., language of instructions and packaging) and usually local sales and/or support services. At the other extreme, the most localized industries — like food, funeral services, and law — each have some global aspects to them,

perhaps relatively small but growing. For example, Irving and Inkson (1998) describe how a relatively small, New Zealand food company gets acquired and integrated into the Heinz organization; Singapore's Casket Fairprice ([www.casketfairprice.com](http://www.casketfairprice.com)), Service Corporation International ([www.sci-corp.com](http://www.sci-corp.com)) and South African Funeral Supplies ([www.safuneral.co.za](http://www.safuneral.co.za)) are players in the global funeral market; and, Brock, Yaffe and Dembovsky (2006) describes the globalization of legal practice. Thus there is no such thing as a fully global industry; and anecdotal evidence supporting increasing globalization is counterbalanced by anecdotal evidence of new, local markets – such as the spreading phenomena of micro-breweries, independent ethnic restaurants, art galleries, and exotic holiday retreats.

Along with the rhetoric of globalization is the idea, largely championed by Alan Rugman (e.g., Rugman and Verbeke, 2004), that still more significant pressures are “regional” (usually meaning continents like Asia or North America, or alliances of nations like the European Union or NAFTA). At a basic level, this argument says that a Mexican firm is more likely to do business with a Canadian than a Japanese firm. Apart from reminding us of the obvious, namely that we have a world of imperfect markets and transaction costs, this basic level of regionalism is of little use. Somewhat more interesting regional propositions would be that our Mexican firm would prefer trade with Canada than either Belize or Spain, even though Belize<sup>3</sup> has less geographic distance and Spain less cultural distance. At the firm (MNE) level of analysis we run into problems defining regional versus global firms (Westney, 2006). In fact there is a common trend for firms to localize marketing functions while globalizing the operations side (Dicken, 1994; Ghemawat, 2003). Further, significant cultural differences exist within regions reduce the helpfulness of regional constructs.

The logic of both globalization and regionalization flies in the face of those (e.g., Cairncross, 1997; Capling and Nossal, 2001; Morgan, 2004) who interpret contemporary technology-enabled information and communication capability as leading to the “death of distance”, implying that geography is now of minor importance. Ghemawat (2003) uses the term “semiglobalization” to describe the contemporary situation in which levels of trade intensity, FDI intensity, and international capital flows are at historical highs and increasing, but are all still far short of levels that would indicate complete international integration (or globalization.) So, it seems that location matters, not just because of market imperfections or cultural differences but for strategic reasons as well. Agglomeration of laboratories, banks, or hotels may have advantages or disadvantages, just as locations may have external economies or diseconomies. Ghemawat (2003) and Krugman (1994) argue that international integration is an increasing but not a new phenomenon; and if we see only the domestic–global binary states we miss the myriad shades of regional and local colors in-between (Buckley and Ghauri, 2004; Robertson, 1994). In the past we have used metrics like distinct national cultures (like Canada versus United States), geographic distance (in kilometers), and industries (SIC codes). To progress we need to comprehend the world of increasingly permeable borders, greater speed, information overload, and global thinking in finer terms. Thus, for example, Rugman is surely correct given his definitions of constructs and phenomena. It is less certain whether these definitions may lead to managerially relevant outcomes.

### 3.2. Business–government interactions

It may be argued that much of the research in IB during the last fifty years concentrated more on the Business than on the International. Many issues discussed by IB researchers apply equally well to a nationally diversified firm. For example, the greatly admired OLI developed by Dunning has no intrinsic international aspect. Clearly, however, what is unique about International is that the MNE operates under the jurisdiction of different sovereign nations – each one of which enjoys a legal monopoly to tax, direct, regulate, command, reward and punish its subjects – including firms under its jurisdiction. Governments have supreme power and strong influence on the way firms behave. MNEs have power because they are suppliers of desired outcomes – from financial resources to employment and economic growth. Governments attempt to restrict the use of their power in order to attract FDI.

As already noted, little attention has been given to different environments in which MNEs operate. To use Douglas North's (2005) term, “the Human Environment (HE) is the compilation of rules, norms and conventions of ways of doing things that define the framework of human interaction” (11). This HE varies among different nations and regimes. The enforcement mechanisms used by different countries vary, as do and the incentive structures.

Classical economic theory sanctified the market. Coase (1937) and Williamson (1973), for example, see firms as a means of reducing transaction costs. Yet business firms are also a major source of innovation. For many of these innovations, a market does not exist prior to the new innovation. The firm must create the market to be able to reap the benefits of the innovation (Pitelis, 2005). Firms have to be managed and the managers are separated from owners – who cede much of their power to the managers. For a firm to innovate, its managers must be motivated to do so. In other words, because of the crucial role of innovation as a source of distinctive competence, too much control and restrictions on the freedom of management is certainly not desired. Yet the recent financial crisis is now perceived as caused by destructive short-termism, greed, amoral behavior coupled with misguided incentives – based on a fiction of mechanistic causal relationships.

One outcome now in the public debate is a call for more regulations. Some scholars would prefer government ownership – not only control or regulation. They see state owned enterprises as a better and more equitable solution to the management of economic affairs. Other theories believe in the superiority of private ownership and competitive markets. Yet when the market fails and government intervenes – a nation may find itself an owner of business units – as was the case with some U.S. banks – and have to decide on the rules of behavior to be followed and the impact of these rules on the behavior of managers of the firms.

<sup>3</sup> Belize borders on Mexico. Although her official language is English, she may likely also have a closer cultural/psychic distance to Mexico.

A crucial trajectory of IB studies should thus be to examine the effectiveness of different institutional systems in terms of firms' willingness to take risks, to innovate and to create and utilize assets. IB scholars should understand the impact of different regulatory regimes on FDI and on the ability of MNEs to orchestrate a global wealth creation process. Globalization is yet to create a flat world in terms of ideology and institutions MNEs must adapt to the different systems, reconcile the economic benefits of globalization with the social and cultural demands of local communities. The challenge for IB scholars is to identify optimal ways to build institutions and regimes that would force MNEs to avoid restrictive practices and promote innovation.

### 3.3. Managerial challenges

#### 3.3.1. The complex global context

In this section we narrow our focus from concepts external to the firm to consider some important issues very much internal to the management of the MNE. From the discussions above, we are reminded of the countless conflicting forces pulling at MNE managers. Thus far IB research has focused on the context (e.g., FDI, culture) and the challenges (e.g., outsourcing, JV) but is still struggling to grasp the complexities of MNE management. As argued by [Rugman and Verbeke \(2003: 134\)](#), “many managerial problems [reflect] autonomous strategic activities arising in foreign subsidiaries increasingly prevail in large MNCs.” To place the problem/dilemma into strategic context we begin with the exploitation–exploration dichotomy popularized by [March \(1991\)](#). Clearly many MNE operations aim to exploit some resources and derive benefit from their accessibility, cost, efficiency, rarity, and so on; while others try to operationalize new customers, technologies, knowledge, or raw materials. More contemporary research asks how some firms achieve simultaneous exploration and exploitation, or “ambidexterity” (e.g., [He and Wong, 2004](#); [Lubatkin, et al., 2006](#)). In their retrospective paper, [Salk and Lyles \(2007: 23\)](#) recognize the evolving nature of managerial capabilities, remind us that MNE are learning organizations, and conclude that IB researchers need “to develop common definitions and provide some sense of cumulative knowledge about organizational learning.” Cumulative efforts of IB researchers – to which we connect this essay – continue to advance understanding of these contexts along with their managerial challenges. Relevance of this research to contemporary managers would be enhanced via some consolidative work to bring together disparate findings in an accessible way for contemporary MNE managers in these situations.

#### 3.3.2. Liability of foreignness

Since the seminal work of [Hymer \(1960, published in 1976\)](#) foreign firms are assumed to face disadvantages compared to domestic firms. [Zaheer \(1995\)](#) termed these disadvantages “liability of foreignness” (LOF) and defined them as “all additional costs a firm operating in a market overseas incurs that a local firm would not incur” (343). These costs include unfamiliarity hazards, discrimination hazards, and higher administrative costs due to cost of travel, monitoring costs, and so on. Decades later we still have several unanswered questions and unresolved issues concerning LOF ([Luo and Mezas, 2002](#)).

However there is a small yet growing body of work in which contemporary IB scholars seem far less intimidated by LOF (e.g., [Elango, 2009](#)). Today's information systems and other technological advances certainly give managers better and faster tools to collect information about and deal with unfamiliar locations. Management scholars can also claim some credit ([Calhoun, 2002](#)): for example, advances in institutional theory may help understand how legitimacy can be built in international ventures ([Alcantara et al., 2006](#)). [Luo et al. \(2002\)](#) suggest several mechanisms for overcoming LOF, like local networking and output standardization. Also, sophisticated strategic options – as evidenced by contemporary trends towards off-shoring and outsourcing – are often responses to increasingly complex locational and ownership options facing MNEs ([Buckley and Ghauri, 2004](#)). Even more positively, Li, in this issue suggests that foreignness may be a source of opportunities rather than disadvantage. Much more research in these promising directions is certainly warranted.

Another recent attempt to reframe the LOF debate comes from [Johanson and Vahlne \(2009\)](#), who see several challenges emerging from foreign firms being outsiders to relevant networks in their host countries, and thus suggest that:

“There is a need for research that may explain when the liability of foreignness is the main problem in foreign market entry and when the liability of outsidership is the primary difficulty. Research into ways in which the two approaches might be combined would also be interesting. For example, we suggest that studies of the impact of psychic distance on the formation and deepening of relationships, as well as of the role of relationships as vehicles in learning about institutional and cultural conditions, would both be worthwhile” (1426–7).

The cardinal importance of relationships and networks to contemporary businesses and their managers is once again underscored in the following section.

#### 3.3.3. Network organizations

In the last decade one can discern a shift from viewing the MNE as a single unit of analysis to more complex lenses. In its early period, IB scholars analyzed the MNE as an efficient organizer of resources across international borders. It was implicitly assumed that the headquarters is a focal point, responsible for strategic planning, steering the various units of the organization, and exercising control over all foreign subsidiaries. Headquarters was also assumed to be the only source of funds, managerial talent, innovation, and all other sources of the MNE's competitive advantage. In short, it was seen as the “commander in chief” ([Forsgren et al., 2005: 185](#)).

Many recent contributions challenge this classical view of hierarchical structure. Instead, the MNE is viewed as “a web of diverse, differentiated inter and intra-firm relationships” ([O'Donnell, 2000: 526](#)). The MNE is seen as a network or a “social



community” (Kogut and Zander, 1993). Thus, subsidiaries can develop externally generated resources — allowing them a critical source of power *vis a vis* headquarters. Forsgren et al. (2005) view relationships and connections as a major source of distinctive competence. They thus challenge the view that liability of foreignness can be compensated only with competencies developed at headquarters in the home country. Ongoing research (e.g., Johanson and Vahlne, 2009) will allow a better understanding of the interactions among the ability to draw on local resources and the need for a unitary corporate culture.

Further, activities in MNEs are performed by individuals coming from different locations and diverse cultures. As Geppert and Mayer (2006) remind us, the MNE is a conflict-prone political arena and local managers of subsidiaries can resist calls for standardization based on globalization arguments. The MNE is both a social community and a political arena that has to adapt to rapid pace of change in both the general business environment and in social values. The ability of its headquarters to control its diverse subsidiaries cannot be taken for granted. Further, the ability to share knowledge within the different units of the MNE and across national borders is crucial basis for its competitive advantage. Such sharing is not a result of authority relations, but requires the build-up of a social community or a heterarchy (Hedlund, 1986). Social interaction between managers of different units in the MNE stimulates intra-MNE knowledge sharing (Noorderhaven and Harzing, 2009).

### 3.3.4. Decision making

Another gap in our understanding of management in the MNE is enquiry into the way that decisions are made. Like all major strategic decisions, foreign direct investments are not one shot, but a process. They require a sequential series of complex decisions by management. They involve, at least at their early stages, high levels of perceived risks and uncertainty; and multifaceted organizational processes and norms must be reckoned with. There are often major differences in the perception of environmental opportunities as well as firm's capabilities (Aharoni, 1966). Decisions of managers reflect their biases and heuristics. Decisions made under uncertainty are often suboptimal when compared to the sets of potential responses predefined by the IB literature and prescribed norms. Yet most models of international business (e.g. on entry models) ignore this process. Moreover, most of these models are anchored on assumptions originating from the Anglo-Saxon culture. In most IB theories, managers are invisible. At best they are portrayed as economically rational from a pre-Simonian era. Unfortunately, the wealth of behavioral research from Simon (1947) through Cyert and March (1963) to Kahneman (2003) is ignored. So are the findings of behavioral economics (e.g. Thaler, 1991). The paper by Buckley et al. (2007) in which they study a stylized FDI decision process is a step in the right direction. We would strongly encourage IB researchers to follow their lead, reincorporate the concept of bounded rationality, and thus give the study of decision making an important role in the ongoing development of the IB field.

### 3.3.5. Innovation

The final managerial issue we mention is that of innovation in the MNE. Judging by the fact that the word ‘innovation’ did not appear at all in the Inkpen and Beamish (1994) review of *JIBS*' first 25 years, we can see that this topic<sup>4</sup> was scarcely associated with IB during the early years. In a sense, innovation is linked to the exploration issue discussed two paragraphs previously. However, a generation ago we associated MNEs mainly with exploitation strategies and the kinds of exploration that involved finding new markets for home-grown ideas or acquiring raw materials overseas. More recently, however, books by Nohria and Ghoshal (1997) and Birkinshaw (2000) have signaled that innovation is a key challenge in contemporary MNEs. Still, while agreeing that MNE innovation is a major challenge, Brock and Birkinshaw (2004: 7) lament how generally “MNCs are not good at innovation.” Innovation capability certainly presents major organizational structural and cultural challenges to the MNE, and it behooves IB researchers also to step up in this area.

There is also an important link from this topic back to other crucial IB topics mentioned earlier: True innovation has the effect of creating new markets. For example, the invention of the Flash Memory technology within the Toshiba organization enabled creation of markets not only for computer memory chips but also music players, digital cameras, USB flash drives, and integrated mobile telephones. These growing markets provide opportunities for other firms, at all stages of these new value chains. Further, opportunities also develop above the firm level; for example, towns, clusters, and countries can emerge as leading locations for these new technologies — as seen recently in parts of China, France, Germany and Israel. This example illustrates the excitement and potential of innovation to change the IB world.

## 4. Concluding thoughts

Not long ago Vernon (1994: 227) said that he tended to “remain cautious about the future of international business” because of the overwhelming complexity of comparative national and international markets. Since then our technologically enabled information processing capabilities have given us more of a capability to access and comprehend these issues. While IB scholars are not expected to be prophets, we present some humble proposals as a basis for more realistic assessment of extant realities. We all need to define carefully the terms used and their applicability (multinational; global or U.S.). We must make explicit all implicit assumptions and carefully define the conditions under which the phenomenon is true (for example, China's much vaunted growth is concentrated in coastal areas, not for the whole of China). We should show consequences of changes rather than predicting them. And, as echoed by several papers in this special issue, IB research has to be multidisciplinary so as to take cultural factors, technological advances, political, economic, organizational, and managerial issues into account.

<sup>4</sup> We also searched without success for related terms like creativity and entrepreneurship.

In all sciences, especially social sciences, scholars struggle to keep up with advances in thinking, knowledge and context. Thus, in the most prestigious scientific journals – over double the age of the IB field – one will still find articles debating the definition of constructs like intelligence, health, planet, embryo, and vacuum. So too, in our relatively young field, we need to invest in clarifying our basic concepts. Exciting developments in the commercial world, fuelled by the penchant of business journalism to focus on extraordinary stories, make it tempting to follow rhetoric rather than apply rigorous scientific methodology. Only with explicit assumptions and clear definitions would we be able to advance the theory and be able to predict.

Markets for IB scholarship are developing beyond what was considered a generation ago. According to John Dunning (2006: 3), “our field of study is at a watershed in its evolution” in that it is favorably poised among social sciences to capitalize on global social, technological, and economic changes. Thus we return to our well-worn theme, that for a scientific field to progress we need clear definitions and assumptions. IB researchers need to revisit the terms like international, multinational, global, and transnational, preferably following the footsteps of Miller and Freisen's (1984) taxonomic approaches that apply clustering techniques to populations of organizations and environments. The highly complex nature of contemporary MNEs will no doubt make this an arduous research direction. A suitably large research project is called for. Fortunately there is a growing realization that large research teams are needed to tackle large projects – as illustrated by the recent GLOBE studies (House, et al., 2004) and UFRIC project by Ralston, et al. (2009).

This *JIM* special issue began with the objectives of looking backwards and forwards in order to assess IB's progress and foster its progress. All this contemplation of the field's past and future gives pause to consider the sentiments of the Talmudic tractate “Ethics of the Fathers” in discussing ages at which we reach certain capabilities says:

at 20 [years] for one's life pursuit, at 30 for authority, 40 for discernment, at 50 for counsel, at 60 to be an elder...

Thus we recognize with some satisfaction the growth and maturity. Yes, we have our authority, discernment and counsel. And with continued growth and maturity we are hopeful that our field will attain elder status among academic disciplines, so that we may be worthy beacons to students, practitioners as well as fellow scholars in the next 50 years.

## References

- Aharoni, Y., 1966. The foreign investment decision process. Harvard Business School Press, Boston, Mass.
- Aharoni, Y., 1971. On the definition of a multinational corporation. *The Quarterly Review of Economics and Business* 11 (3), 27–37.
- Alcantara, L., Mitsuhashi, H., Hoshino, Y., 2006. Legitimacy in international joint ventures: it is still needed. *Journal of International Management* 12 (4), 389–407.
- Birkinshaw, J., 2000. Entrepreneurship in the global firm. Sage, London.
- Boddewyn, J.J., 2008. History of the AIB Fellows 1975–2008. In: Boddewyn, J.J. (Ed.), *International business scholarship: AIB fellows on the first 50 years and beyond*, pp. 15–95.
- Brock, D.M., Birkinshaw, J., 2004. Multinational strategy and structure: a review and research agenda. *Management International Review* 44 (Special Issue (1)), 3–14.
- Brock, D.M., Shenkar, O., Shoham, A., Siscovick, L.C., 2008. National culture and expatriate deployment. *Journal of International Business Studies* 39 (8), 1293–1309.
- Brock, D.M., Yaffe, T., Dembovsky, M., 2006. International diversification strategies and effectiveness: a study of global law firms. *Journal of International Management* 12 (4), 473–489.
- Buckley, P.J., 2002. Is the IB research agenda running out of steam? *Journal of International Business Studies* 33 (2), 365–373.
- Buckley, Peter, Casson, Mark, 1985. *The Economic Theory of the Multinational Enterprise*. New York, St. Martin's Press.
- Buckley, P.J., Ghauri, P.N., 2004. Globalization, economic geography and the strategy of multinational enterprises. *Journal of International Business Studies* 35, 81–98.
- Buckley, P.J., Lessard, D., 2005. Regaining the edge for international business research. *Journal of International Business Studies* 36 (6), 595–599.
- Buckley, P.J., Devinney, T.M., Louviere, J.J., 2007. Do managers behave the way theory suggests? A choice-theoretic examination of foreign direct investment location decision-making. *Journal of International Business Studies* 38 (7), 1069–1094.
- Cairncross, F., 1997. *The death of distance*. Harvard Business School Press, Boston.
- Calhoun, M.A., 2002. Unpacking liability of foreignness: identifying culturally driven external and internal sources of liability for the foreign subsidiary. *Journal of International Management* 8 (3), 301–321.
- Capling, A., Nossal, K.R., 2001. Death of distance or tyranny of distance? The Internet, deterritorialization and the anti-globalization movement in Australia. *The Pacific Review* 14 (3), 443–465.
- Carpenter, M.A., Sanders, W.G., Gregersen, H.B., 2001. Bundling human capital with organizational context: the impact of international assignment experience on multinational firm performance and CEO pay. *Academy of Management Journal* 44 (3), 493–511.
- Coase, R., 1937. The nature of the firm. *Economica* 4 (16), 386–405.
- Cyert, R.M., March, J.G., 1963. *A behavioral theory of the firm*. Blackwell Publishers, Cambridge, MA.
- Dicken, P., 1994. Global–local tensions: firms and states in the global space-economy. *Economic Geography* 70 (2), 101–128.
- Dunning, J.H., 1958. *American investment in British manufacturing industry*. George Allen & Unwin Ltd, London.
- Dunning, J.H., 1971. *The Multinationals*. George Allen & Unwin Ltd, London.
- Dunning, J.H., 1989. The study of international business: a plea for more interdisciplinary approach. *Journal of International Business Studies* 20, 411–436.
- Dunning, 2005. The United Nations and Transnational Corporations: a personal assessment. In: Cuyvers, L., de Beule, F. (Eds.), *Transnational Corporations and Economic Development*. Palgrave MacMillan, pp. 11–37.
- Dunning, J.H., Lundan, S., 2008. *Multinational Enterprises and the Global Economy*. Edward Elgar.
- Dunning, J.H., Kim, C., Park, D., 2006. Old wine in new bottles: a comparison of emerging market TNCs and developed country TNCs. Paper presented at the International Conference on “The rise of transnational corporations from emerging markets: threat or opportunity?”. Columbia University, New York. October 24–25.
- Elango, B., 2009. Minimizing effects of ‘liability of foreignness’: response strategies of foreign firms in the United States. *Journal of World Business* 44, 51–62.
- Fayerweather, J., 1974. The Birth of the AIB. *Journal of International Business Studies* 5, 69–80.
- Forsgren, M., Holm, U., Johanson, J., 2005. Managing the embedded multinational: a business network view. Edward Elgar.
- Geppert, M., Mayer, M., 2006. *Global, National and Local Practices in Multinational Corporations*. Palgrave.
- Ghemawat, P., 2003. Semiglobalization and international business strategy. *Journal of International Business Studies* 34, 138–152.
- Griffith, D.A., Cavusgil, S.T., Xu, S., 2008. Emerging themes in international business research. *Journal of International Business Studies* 39, 1220–1235.
- He, Z.-L., Wong, P.-K., 2004. Exploration vs. exploitation: an empirical test of the ambidexterity hypothesis. *Organization Science* 15 (4), 481–494.
- Hedlund, G., 1986. The hypermodern MNC: a heterarchy? *Human Resource Management* 25 (1), 9–35.
- House, R.J., Hanges, P.J., Javidan, M., Dorfman, P.W., Gupta, V., 2004. *Leadership, culture, and organizations: The GLOBE study of 62 societies*. Sage Publications, Thousand Oaks, CA.
- Hymer, S., 1960–1976. *The international operations of national firms: a study of Direct Investment*. Cambridge. MIT Press, MA.

- Inkpen, A.C., Beamish, P.W., 1994. An analysis of twenty-five years of research in the *Journal of International Business Studies*. *Journal of International Business Studies* 25 (4), 703–713.
- Irving, D., Inkson, J.H.K., 1998. It must be Wattie's! From kiwi icon to global player. David Bateman, Auckland.
- Johanson, J., Vahlne, J.-E., 1977. The internationalization process of the firm: a model of knowledge development and increasing foreign market commitments. *Journal of International Business Studies* 8 (1), 23–32.
- Johanson, J., Vahlne, J.-E., 1990. The mechanism of internationalisation. *International Marketing Review* 7 (4), 11–24.
- Johanson, J., Vahlne, J.-E., 2009. The Uppsala internationalization process model revisited: from liability of foreignness to liability of outsidership. *Journal of International Business Studies* 40, 1411–1461.
- Johnston, S., 2005. *Headquarters and Subsidiaries in Multinational Corporations* Palgrave.
- Kahneman, D., 2003. A perspective on judgment and choice: mapping bounded rationality. *American Psychologist* 58, 697–720.
- Kirca, A., 2006. Multinationality of the firm: conceptualization and measurement. In: Seyda, Z., Deligonul, S., Cavusgil, Tamer, Hult, G.Tomas M. (Eds.), *Emerging Frontiers in International Business Research and Theory*, vol. 2. East Lansing, MI.
- Kogut, B., Zander, U., 1993. Knowledge of the firm and the evolutionary theory of the multinational corporation. *Journal of International Business Studies* 24 (4), 625–645.
- Krugman, P., 1994. Location and competition: notes on economic geography. In: Rumelt, R.P., Schendel, D.E., Teece, D.J. (Eds.), *Fundamental Issues in Strategy*. Harvard Business School Press, Boston, MA, pp. 463–493.
- Lewin, A.Y., Massini, S., Peeters, C., 2009. Why are companies offshoring innovation? The emerging global race for talent. *Journal of International Business Studies* 40, 901–925.
- Lilienthal, D.E., 1960. Management of the multinational corporation. In: Anshen, Melvin, Bach, G.L. (Eds.), *Management and Corporations*. McGraw Hill, New York.
- Lubatin, M., Simsek, Z., Ling, Y., Veiga, J., 2006. Ambidexterity and performance in small-to medium-sized firms: the pivotal role of top management team behavioral integration. *Journal of Management* 32 (5), 646–672.
- Luo, Y., Mezias, J., 2002. Liabilities of foreignness: concepts, constructs, and consequences. *Journal of International Management* 8 (3), 217–221.
- Luo, Y., Shenkar, O., Nyaw, M.-K., 2002. Mitigating liabilities of foreignness: defensive versus offensive approaches. *Journal of International Management* 8 (3), 283–300.
- March, J.G., 1991. Exploration and exploitation in organizational learning. *Organization Science* 2, 71–87.
- Miller, D., Friesen, P.H., 1984. *Organizations: a quantum view*. Prentice Hall, Englewood Cliffs, NJ.
- Morgan, K., 2004. The exaggerated death of geography: learning, proximity and territorial innovation systems. *Journal of Economic Geography* 4, 3–21.
- Nohria, N., Ghoshal, S., 1997. *The differentiated network: organizing multinational corporations for value creation*. Jossey-Bass Publishers, San Francisco, CA.
- Noorderhaven, N., Harzing, A., 2009. Knowledge sharing and social interaction within MNEs. *Journal of International Business Studies* 40 (5), 719–741 (June/July).
- North, D.C., 2005. *Understanding the process of economic change*. Princeton University Press.
- O'Donnel, S.W., 2000. Managing foreign subsidiaries: agents of headquarters or an interdependent network? *Strategic Management Journal* 21, 525–548.
- Peng, M.W., 2004. Identifying the big question in international business research. *Journal of International Business Studies* 35 (2), 99–108.
- Persson, M., 2006. The impact of operational structure, lateral integrative mechanisms and control mechanisms on intra-MNE knowledge transfer. *International Business Review* 15, 547–567.
- Pitelis, C., 2005. Edith Penrose, organizational economics and (business) strategy: an assessment and extension. *Managerial and Decision Economics* 26 (2), 67–82.
- Ralston, D.A., Egri, C., de la Garza Carranza, M., Ramburuth, P., Terpstra-Tong, J., Pekerti, A., Girson, I., Herrig, H., Dabic, M., Tang, M., Wan, P., Hallinger, P., Palmer, I., Elenkov, D., Furrer, O., Potocan, V., Wangenheim, F., Maignan, I., Perrewé, P., Rossi, A., Lenartowicz, T., Ledgerwood, D., May, R., Weber, M., Jesuino, J., Fu, P.P., Naoumova, I., Casado, T., Riddle, L., Richards, M., Butt, A., Danis, W., Castro, F., Ruiz-Gutiérrez, J., Milton, L., Ansari, M., Brock, D.M., Srinivasan, N., Starkus, A., Dalgic, T., León-Darder, F., Thanh, H.V., Moon, Y., Chia, H.B., Kuo, M., Molteni, M., Kangasniemi, M., Mellahi, K., Wallace, A., 2009. Ethical preferences for influencing superiors: a 41-society study. *Journal of International Business Studies* 40 (6), 1022–1045.
- Robertson, R., 1994. Globalization or glocalization. *Journal of International Communication* 1 (1), 33–52.
- Rugman, A.M., 2003. The infusion model of international business education and research. *AIB Insights* 3 (4), 7–8.
- Rugman, A.M., 2005. *The regional multinationals: MNEs and 'global' strategic management*. Cambridge University Press, Cambridge, UK.
- Rugman, A.M., Verbeke, A., 2003. Extending the theory of the multinational enterprise: internalization and strategic perspectives. *Journal of International Business Studies* 34 (2), 125–137.
- Rugman, A.M., Verbeke, A., 2004. A perspective on regional and global strategies of multinational enterprises. *Journal of International Business Studies* 35 (1), 3–19.
- Salk, J., Lyles, M.A., 2007. Gratitude, nostalgia and what now? Knowledge acquisition and learning a decade later. *Journal of International Business Studies* 38, 19–26.
- Shenkar, O., 2004. One more time: international business in a global economy. *Journal of International Business Studies* 35 (2), 161–171.
- Simon, H.A., 1947. *Administrative behavior*. Macmillan, New York.
- Stopford, J., 1989. *Directory of multinationals*. Macmillan, New York.
- Thaler, R.H., 1991. *The Winner's Curse: Paradoxes and Anomalies of Economic Life*. Free Press, New York.
- United Nations Conference on Trade and Development (UNCTAD), 2008. *World Investment Report. Transnational Corporations and the Infrastructure Challenge*. United Nations, New York.
- United Nations Conference on Trade and Development (UNCTAD), 2000. *World Investment Report*. UN, New York.
- United Nations Conference on Trade and Development (UNCTAD), 2006. *World Investment Report: Transnational Corporations*. United Nations, New York.
- United Nations Department of Economic and Social Affairs, 1973. *Multinational Corporations in World Development*. New York: United Nations.
- Vernon, R., 1971. *Sovereignty at bay: the multinational spread of U.S. enterprise*. Basic Books, New York.
- Vernon, R., 1994. Contributing to an International Business Curriculum: an approach from the flank. *Journal of International Business Studies* 25 (2), 215–227.
- Wells Jr., L.T., 1983. *Third world multinationals: the rise of foreign investment from developing countries*. MIT Press, Cambridge, MA.
- Westney, D.E., 2006. The Regional Multinationals: MNEs and 'Global' Strategic Management. *Journal of International Business Studies* 37, 445–449.
- Wilkins, M., 2001. The history of multinational enterprise. In: Rugman, Alan, Brewer, T.L. (Eds.), *The Oxford Handbook of International Business*. Oxford University Press, Oxford, UK, pp. 3–36.
- Wilkins, M., Hill, F.E., 1964. *American business abroad: Ford on six continents*. Wayne State University press.
- Williams, C., 2009. Subsidiary-level determinants of global initiatives in multinational corporations. *Journal of International Management* 15 (1), 92–104.
- Williamson, O., 1973. Markets and hierarchies: some elementary considerations. *American Economic Review* 63, 316–325.
- Zaheer, S., 1995. Overcoming the liability of foreignness. *Academy of Management Journal* 38 (2), 341–363.