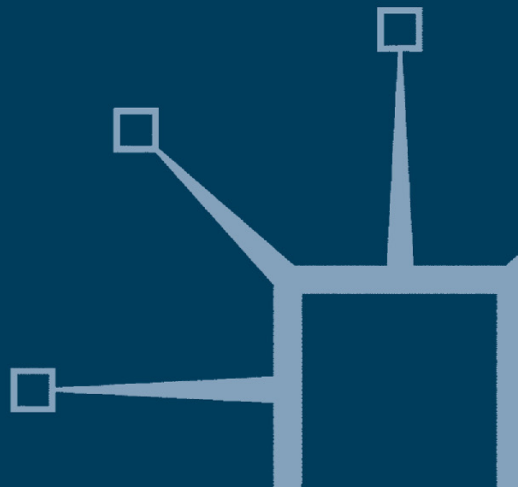


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Thought Leadership in Advancing International Business Research

Edited by

Arie Y. Lewin, S. Tamer Cavusgil,
G. Tomas M. Hult and David A. Griffith



Thought Leadership in Advancing International
Business Research

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Edited by

Arie Y. Lewin

Duke University, USA

S. Tamer Cavusgil

Georgia State University, USA

G. Tomas M. Hult

Michigan State University, USA

and

David A. Griffith

Michigan State University, USA

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Notes on Contributors

Ruth V. Aguilera is Associate Professor at the Department of Business Administration at the College of Business and at the Institute of Labor and Industrial Relations at the University of Illinois at Urbana-Champaign. She received her Ph.D. in Sociology from Harvard University and works in the fields of comparative corporate governance, cross-border alliances, social networks, and corporate social responsibility.

Christian Geisler Asmussen is Assistant Professor of International Business and Strategic Management at Copenhagen Business School's Center for Strategic Management and Globalization. His research is about the globalization of multinational corporations, focusing on the interaction of geographic scope and competitive advantage.

Gabriel R.G. Benito is Professor of International Strategy at BI Norwegian School of Management, Oslo, Norway. His research has particularly dealt with foreign direct investment and divestment, the structure and behavior of multinational enterprises and their foreign subsidiaries, and foreign operation methods.

Lance Eliot Brouthers is Professor of Management, Michael J. Coles College of Business, the Kennesaw State University, Kennesaw. He has won or been a finalist for numerous research and teaching awards including the Igor Ansoff Award for business strategy, an international award sponsored by Coopers and Lybrand and given only once every two years. Professor Brouthers has published over 80 authored articles, proceedings, and book chapters on international business strategy, the international business environment, and/or international entrepreneurship.

S. Tamer Cavusgil is Fuller E. Callaway Professorial Chair and Director of the Institute of International Business at Georgia State University. He serves as an elected Fellow of the Academy of International Business. His areas of interest include emerging markets, international marketing strategy, and early internationalization. Cavusgil is the author of several books and over 100 refereed articles. His most recent book, *International Business: Strategy, Management, and the New Realities*, co-authored with Gary Knight and John Riesenberger, has just been published by Prentice-Hall. He is also the author of several computer-aided diagnostic tools for managers, including CORE V, Company

Readiness to Export. He served as the inaugural Editor-in-Chief of the *Journal of International Marketing*, published by the American Marketing Association. Cavusgil edits the Elsevier book series, *Advances in International Marketing*.

Craig Crossland is Assistant Professor of Management at University of Texas at Austin. He received his Ph.D. in Strategic Management from the Pennsylvania State University. His research interests lie in the areas of managerial discretion, national institutions, and social networks. Craig is quietly hopeful that this article heralds the start of a long and productive academic career.

John C. Dencker is Assistant Professor in the Institute of Labor and Industrial Relations at the University of Illinois at Urbana-Champaign. He received his Ph.D. in sociology from Harvard University. His research examines the effects of corporate restructuring, mergers and acquisitions, and public policy initiatives on labor markets and the employment relationship.

Sidney J. Gray is Professor of International Business and Associate Dean International in the Faculty of Economics and Business at the University of Sydney, Australia. He was formerly a professor at the Universities of Glasgow, Warwick, and New South Wales. He is Associate Editor of the *Journal of International Financial Management and Accounting* and a member of the Editorial Boards of a number of leading international journals including *Journal of International Business Studies*, *Management International Review*, and *Journal of International Management*. He is a founder and immediate Past President of the Australia and New Zealand International Business Academy. He is also currently Vice President – International of the American Accounting Association. In 2006, he was elected as a Fellow of the Academy of the Social Sciences in Australia.

David A. Griffith is Associate Professor of Marketing at the Eli Broad Graduate School of Management at Michigan State University, where he also serves as Director of the Ph.D. Program. He is also the John W. Byington Endowed Chair in Global Marketing at Michigan State University. He specializes in marketing strategy and international marketing with a focus on intra- and inter-organizational governance. His research has been published in numerous journals including the *Journal of Marketing*, *Journal of International Business Studies*, *Journal of Operations Management*, *Journal of Advertising*, and the *Journal of Retailing*. He teaches marketing theory, marketing strategy, and international business. He has served on faculty at the University of Hawai'i at Manoa, the Japan-America Institute of Management Science, Wirtschaftsuniversität Wien, and University of Oklahoma. He currently serves as Editor-in-Chief (2008–2010) of the American Marketing Association's *Journal of International Marketing* and on the Board of Directors (2000–present) of the AMA Global Marketing Special Interest Group.

John Hadjimarcou has a Ph.D. from the Kent State University and has been a part of the UTEP family since 1994. He is currently the chairman of the Department of Marketing and Management. He teaches classes in marketing such as international marketing, principles of retailing, and principles of marketing.

John Holt is a management consultant. He was formerly a senior Lecturer in Organization and Management at the University of New South Wales, Sydney, Australia.

G. Tomas M. Hult is Director of the Broad International Business Center and Professor of Marketing and International Business in the Eli Broad Graduate School of Management at the Michigan State University. He is also Executive Director of the Academy of International Business (aib.msu.edu). He has published more than 70 articles on marketing management, strategic marketing/management, supply chain management, and international marketing/business.

David J. Ketchen received his Ph.D. from the Pennsylvania State University. He is Lowder Eminent Scholar in Entrepreneurship and a Professor of Management at Auburn University. He previously taught at the Louisiana State University and the Florida State University. His research interests include entrepreneurship and franchising, methodological issues in organizational research, strategic supply chain management, and the determinants of superior organizational performance. He has published his works in journals such as the *Academy of Management Journal*, the *Academy of Management Executive*, *Strategic Management Journal*, *Journal of Operations Management*, and *Journal of Management*, among others. He has served or is serving on the editorial review boards for the *Academy of Management Journal*, the *Academy of Management Review*, and the *Strategic Entrepreneurship Journal*, among others. He has completed terms as an associate editor for the *Journal of Management*, *Organizational Research Methods*, *Journal of Operations Management*, and *Journal of International Business Studies* and has served as a guest co-editor for special issues of the *Academy of Management Review*, *Journal of Operations Management*, *Organizational Research Methods*, and *Journal of Management*.

Ahmet H. Kirca is Assistant Professor in the Department of Marketing at the Eli Broad College of Business at the Michigan State University. He previously taught at the George Washington University, Washington, DC. He received his Ph.D. in International Business/Marketing from the University of South Carolina, Columbia. He has published his articles in various academic journals, including *Journal of Marketing* and *Journal of Services Marketing*. In addition, he is the author or co-author in numerous national and international proceedings and invited presentations. Professor Kirca had

extensive work experience in textile and tourism industries before he joined academia.

Arie Y. Lewin is Professor of Business Administration and Sociology at the Fuqua School of Business, Duke University. He is the Director of the Center for International Business Education and Research (CIBER). His primary research interests involve the co-evolution of new organization forms and management of strategy and organization change in times of increasing disorder. He leads a cross-national (Denmark, Japan, Korea, the Netherlands, Sweden, Switzerland, the United Kingdom, and the United States) research consortium – New Organization Forms for the Information Age (NOFIA) – involving a longitudinal comparative study of strategic re-orientations and organization restructurings and international competitiveness.

Matthew B. Myers is the Nestlé Professor of Marketing and Associate Professor, Marketing & Logistics and the Director of the Global Business Institute at the College of Business Administration, University of Tennessee. He teaches global marketing and business strategy at the undergraduate, MBA, Executive, and doctoral levels. Dr Myers earned his Ph.D. in Business from the Eli Broad Graduate School of Management, Michigan State University and his Masters of International Business Studies at the Moore College of Business, University of South Carolina. Prior to academia, he worked with both Merrill-Lynch and IBM-Argentina. He has studied, taught, and worked in Central America, South America, Europe, Central and East Asia and has acted as a consultant to organizations in the global distribution, chemical, insurance, pharmaceutical, and marketing research industries.

Torben Pedersen is Professor of International Business at the Copenhagen Business School's Center for Strategic Management and Globalization. He has published over 50 articles and books concerning the managerial and strategic aspects of globalization. His research has appeared in prominent journals such as the *Strategic Management Journal*, the *Journal of International Business Studies*, and the *Journal of Corporate Finance*. His latest book entitled *Managing Global Offshoring Strategies – A Case Approach* has been well received among academics, students, and practitioners.

Bent Petersen is Professor of International Business at the Center for Strategic Management and Globalization, Copenhagen Business School (CBS). He received his Ph.D. from CBS and holds an M.Sc. in Business Economics from the same institution. For five years he worked as an economist at the Carlsberg Research Center, Department of Biotechnology and Business Diversification. His primary research interests are in IT and firms' internationalization (including offshoring) and dynamics of foreign operation methods. He has published in *Journal of Business Research*, *Managerial Decisions* and

Economics, Journal of International Marketing, Management International Review, Long Range Planning, International Studies of Management & Organization, International Business Review, World Development and Journal of International Management, among others. He is a member of the Academy of International Business and the European International Business Academy and serves currently as a reviewer for *International Business Review, Management International Review, Journal of World Business, Journal of International Business Studies*, and *International Marketing Review*.

William R. Purcell is Pro Vice-Chancellor International at the University of Newcastle, Australia. He was formerly Head of the Newcastle Graduate School of Business and Associate Professor of International Business at the University of New South Wales, Sydney, Australia.

Saeed Samiee is the Collins Professor of Marketing and International Business at the University of Tulsa and the Director of the Institute of International Business Education in Moscow, Russia, a joint project between the University of Tulsa and the Moscow Institute of Electronics Engineering. He has served as a visiting professor and has lectured at business schools in over a dozen countries. Prior to joining TU as the Director of the International Management Center, he was a member of the faculty at the University of South Carolina. He received his Ph.D. from the Ohio State University.

Charles C. Snow is the Mellon Foundation Professor of Business Administration in the Smeal College of Business at the Pennsylvania State University. He is on the editorial board of *Strategic Management Journal*, *Journal of Management*, and *Journal of World Business*. He has published widely on management topics, including co-authoring or co-editing eight books. His research interests are in strategic management, international business, and new organizational forms. He is a member of the advisory board of Syndicom, a firm founded on the principles of an open collaborative community.

Dr Sc (IB) Minna Söderqvist has a Ph.D. from Helsinki School of Economics, Finland. She is now a Senior Adviser in the Rector's Development Unit at TKK, the Helsinki University of Technology, Finland. Her current work includes preparing strategic decisions and projects regarding development of internationalization, coordinating TKK's participation to international networks, preparing contracts between universities and being responsible for evaluation, and reporting TKK's international activities.

John W. Story is Professor in the marketing department at Idaho State University. He holds BBA and MS degrees from Texas A&M University and earned his Ph.D. at the University of Colorado, Boulder. He has published his works in numerous academic journals and in a variety of

practitioner-oriented publications. His primary research focus is building value at the customer-firm interface in a global marketing environment.

Brian Toyne (retired) Dr Toyne is Fellow of the Academy of International Business. He taught at the University of South Carolina, St Mary's University, and was Visiting Professor at the University of Auckland, New Zealand, University of Hawaii and the Helsinki School of Economics and Business, Finland. Dr Toyne was the recipient and director of six US Department of Education grants and a consultant to 12 business schools on their internationalization programs. He has authored, co-authored, and edited 11 books and authored and co-authored more than 60 peer-reviewed papers in such journals as the *Journal of International Business Studies*, *Academy of Management Review*, *Management International Review*, *Journal of Management*, *Columbia Journal of Business*, and *Journal of Teaching in International Business*. His research interests include international business education, cross-cultural management, and strategic options.

Peter G.P. Walters B.Sc. (Econ), MBA, Ph.D. He is currently Associate Dean, College of Professional and Continuing Education, Hong Kong Polytechnic University, Hong Kong. He was educated at the London School of Economics, University of Liverpool and the Institute of International Business, Georgia State University. Prior to coming to Hong Kong, he worked at universities in the United States and Norway – primarily University of South Carolina and the Norwegian School of Management. His research focus is in the areas of international marketing and international management, and he has published in the *Columbia Journal of World Business*, *Journal of International Business Studies*, *Journal of the Academy of Marketing Science*, *Strategic Management Journal*, *Journal of International Marketing*, *Entrepreneurship Theory and Practice*, and other refereed journals.

Lawrence S. Welch is Professor at Melbourne Business School and has published extensively on issues pertaining to internationalization and international business operation methods and is a member of the editorial boards of a number of international business journals. His research has involved extensive collaboration with Nordic colleagues over more than three decades. Also, he has spent long periods undertaking research and teaching in Nordic business schools, particularly at the Norwegian School of Management BI, Helsinki School of Economics, and Copenhagen Business School.

Zeynep Yesim Yalabik is a Ph.D. candidate at the Institute of Labor and Industrial Relations, University of Illinois at Urbana-Champaign. Her dissertation focuses on the role of organizational socialization in the mergers and acquisitions context. Her interests lie in the area of strategic human resource management, high performance work systems, and management of human resources in the mergers and acquisitions.

Eden Yin is University Lecturer in Marketing at the Judge Business School, Cambridge University and Fellow of St Edmund's College, Cambridge University. He received his Ph.D. from the Marshall Business School, University of Southern California, Los Angeles. His principal research interests are within new product growth in high-tech industries, internationalization strategies for firms from emerging economies, global business ethics, and managing art and cultural products. He has published his work in *Marketing Science*, *Journal of Marketing Research*, *Management International Review*, and others. He is the recipient of a number of awards, which include the ERIM Award for Impact on Management Practice, ISBM Business Marketing Doctoral Support Award, and he was also the winner of *Academy of Marketing Science* 2000 Jane K. Fenyo Student Paper Competition. He is a member of the American Marketing Association, AIB, INFORMS and the Academy of Marketing Science. He has taught marketing management, high-tech marketing, and global marketing at both undergraduate and graduate levels in the United States, the United Kingdom, Australia, Finland, Denmark, Argentina, Brazil, and China.

Leslie Yip lectures on retailing and merchandising, e-marketing, and marketing management for undergraduate and postgraduate programs which include China EMBA. His current research focuses on studying "consumer's shopping mall experience." He is also an academic researcher of the Asian Centre for Brand Management (ACBM), the Department's strategic area research unit. ACBM has been conducting longitudinal research on shoppers' perceived value and the performance of Hong Kong retailers. ACBM serves as a global platform which connects academics and practitioners and facilitates brand knowledge transfer through research, consultancy, training, seminar, and an annual international conference. He has published his work in the *International Journal of Advertising*, *Entrepreneurship Theory and Practice*, *Industrial Marketing Management*, *Journal of Business Research*, *International Marketing Review*, *European Journal of Marketing*, and *Journal of Retailing*. Before joining PolyU, he worked in textile and fashion manufacturing and trading businesses.

Introduction

*Arie Y. Lewin, S. Tamer Cavusgil, G. Tomas M. Hult,
and David A. Griffith*

The field of international business (IB) has recently arrived at a point in its development where its search for knowledge has focused on significant, seminal themes able to drive the advancement of the field forward. This call has been heralded in the literature. For example, the *Journal of International Business Studies* has recently published a series of articles where leading scholars have pondered the future development of international business as a scholarly discipline (e.g., Buckley, 2002; Buckley and Ghauri, 2004; Peng, 2004; Shenkar, 2004). Buckley (2002) argued that the field of international business may have run out of steam. He noted that to advance the field scholars need to identify the key factors in the global economy to be explained and then search out a tractable means of explication within a coherent theoretical framework. Peng (2004), responding to Buckley, identified notable areas that can be addressed to drive the IB agenda forward.

At a larger level, these calls build on Sullivan's (1998) critical evaluation of the field in which he contended that the advancement of IB research has been constrained in its ability to develop due to its reliance on a singular approaches. It can be argued that reliance on a single methodological or philosophical approach ignores metatheoretical implications thus hindering theoretical advancement. With this issue at the fore, the *Academy of International Business*, jointly with the *Journal of International Business Studies*, advanced the idea of the Frontiers conference aimed at directly addressing the future of the field. The primary aim of the Frontiers conference was to allow for radical innovation within the literature stimulating researchers to explore issues that could substantially push the boundaries without the standard controls built into the journal review process. The following chapters are an outcome of the second annual Frontiers conference held in the Fall of 2004 at Michigan State University.

Extending our understanding of international business: Thought leadership

In response to the growing seminal issues in the field, this book is devoted to areas that can advance our understanding of international business. This

book includes ten excellent contributions that extend our knowledge in the area of international business and IB research. The chapters presented cover a range of IB topics tested via diverse methodologies providing unique insights into the issues raised.

The lead chapter, by Minna Söderqvist and Brian Toyne, titled “A Discourse Analysis of Knowledge Creation in International Business Research: JIBS 1970–2005,” focuses on how and how consciously IB scholars see their way of knowledge creation in IB research. By using one of the many existing discourse analysis approaches, this chapter explores the articles published in the *Journal of International Business Studies* between 1970 and 2005. The authors find that 49 articles published in the *Journal of International Business Studies* include ontological, epistemological, and methodological discussions covering three discourses: (1) the validation of international business as a research field; (2) the focus of IB research; and (3) the “right” type of IB research. As such, this chapter provides a thoughtful analysis of the extant literature of the field and therefore sets the stage for detailed topical research presented through the remainder of this book.

The second chapter, by Ahmet H. Kirca, titled “Multinationality of the Firm: Conceptualization and Measurement,” drawing upon the Uppsala model of the internationalization of the firm, distinguishes between the state and process aspects of the internationalization and proposes a multidimensional conceptualization of the extent of firm internationalization (i.e., firm multinationality). Then, using meta-analytic data collection procedures, the author identifies existing measures of multinationality in the extant literature culminating in the proposal of an alternative scale development procedure for the construction of a multinationality index.

In the third chapter, by Bent Petersen, Gabriel R.G. Benito, Lawrence S. Welch, and Christian Geisler Asmussen, titled “Mode Configuration Diversity: A New Perspective on Foreign Entry Mode Choice,” a framework is developed which describes how firms arrange their value activities in foreign markets. The authors argue that in order to keep the theory testing manageable, entry (or operation) mode researchers have tended to focus on one, or a few, broadly defined value activities, such as production or marketing. As an alternative mode, choice is offered as a configuration of all identifiable value activities of the entrant firm where governance form and location are attached to the individual value activity. When analyzing the number of potential configurations of firms’ value activities in foreign markets, the authors find the number to be immense, suggesting that the diversity of foreign operation modes is much greater than usually presented in the literature. As such, the authors argue that mode configuration diversity is an important strategic factor of its own. A series of propositions as to the determinants and the performance implications of mode configuration diversity are presented thus providing a strong foundation for the advancement of the field.

Maintaining the value orientation, the fourth chapter, by Saeed Samiee, Peter G. P. Walters, and Leslie Yip, titled "Value Creation in International Electronic Markets: A Conceptual Framework," explores value creation in supply chain systems within the context of international electronic markets. The authors leverage the resource-based view of the firm as well as theories and concepts in relationship and international marketing to offer a framework for examining value creation and performance within supply chain systems. Their efforts culminate in a proposed model where knowledge and, hence, joint learning, is a critical resource that can be shared and collectively deployed in international electronic markets to achieve greater efficiencies and create or enhance value in supply chain systems. A series of propositions are developed and several preliminary observations are offered suggesting how researchers can employ this framework to gain finer grain insights into this important area of interantional commerce.

The fifth chapter, by John Holt, William R. Purcell, Sidney J. Gray, and Torben Pedersen, titled "Decision Factors Influencing MNEs' Regional Headquarters Location Selection Strategies," identifies the underlying dimensional nature of the range of decision variables that MNEs generally associate with making regional headquarters (RHQ) location choices and also examines the extent to which MNEs, when grouped according to contextual characteristics, use discernibly different decision criteria when making RHQ location selection decisions. Using a sample of respondents from 57 RHQs in Europe and the Asia-Pacific (specifically Australia), principal components analysis yielded nine interpretable factor dimensions, underlying 39 location decision variables, which were then used to compare decision schema groups. Three contextual classifications, "strategic purpose of RHQ establishment," "nationality of company origin," and "industry sector," were hypothesized and used to categorize the sample. The analysis indicated that while subgroups within these grouping categories were associated with distinctive location selection priorities, those RHQs established in order to be responsive to regional markets appeared to use significantly different selection criteria compared to those RHQs established to facilitate global coordination. Similarly, the selection criteria US-based MNEs used to make RHQ location decisions were found to be significantly different to the selection criteria Asian-based MNEs used when making their RHQ location decisions. Finally, location decision priorities were also found to vary across industry sector.

In the sixth chapter, by Lance Eliot Brouthers, John W. Story, and John Hadjimarcou, titled "A Signaling Theory Investigation of How to Overcome Negative Country-of-Origin Effects," the authors employ signaling theory's definition of a brand to suggest that country of origin (COO) labels lack a bonding component and therefore, actually represent "static" in the system. This hypothesis is tested through a series of experiments. Specifically, three salient strategies Chinese firms might use to address the negative impact

of COO stereotypes in first world markets (i.e., reducing the noise caused by negative COO stereotypes, strengthening the signal by utilizing brands, and by using familiar brands and multiple COOs) are investigated. The results demonstrate that the three strategies improve consumer product evaluations, thus providing substantially new insights to reinvigorate COO research in the field of international business.

In the seventh chapter, by Ruth V. Aguilera, John C. Dencker, and Zeynep Y. Yalabik, titled "Institutions and Organizational Socialization: Integrating Employees in Cross-Border Mergers and Acquisitions," the authors develop a theoretical framework to help maximize effectiveness of the integration during post-acquisition. The authors primarily focus on how value can be created by understanding and managing the socialization process of *acquired employees* more effectively in the post-acquisition integration stage. By addressing this specialized area of IB research the authors provide a new perspective and unit of analysis for researchers addressing international mergers and acquisitions.

In the eighth chapter, by Craig Crossland, David J. Ketchen, Jr, and Charles C. Snow, titled "Multi-Firm Collaboration and International Competitive Dynamics," the authors describe the multi-firm collaborative network as a new organizational form that is emerging in the IB arena. They argue that this new type of network organization enables a group of collaborating firms to pursue a business strategy of continuous innovation, helping it to efficiently develop businesses outside their existing industries and country markets. They contend that such an organization will have major implications for both network theory and international competitive dynamics and as such they discuss research opportunities in both areas, including the transformation of multi-firm networks into global supply chains and newer forms of international competition such as multi-point competition, co-opetition, and virtual clustering.

In the ninth chapter, by Eden Yin, titled "Establishing the Moral Basis of Global Capitalism: Implications for MNEs in Emerging Markets," the authors investigate the moral basis of global capitalism. Specifically, they argue that the lack of a solid moral basis for modern global capitalism, in the face of recent global business scandals such as *Enron*, *Arthur Anderson*, *Worldcom*, *Global Crossing*, may not only dispel its materialistic gain, but also undermine its long-term survival, and even lead to the clash of civilization depicted in Huntington's work (1996). By endorsing and arguing for the pursuit of "responsible global capitalism," especially in emerging economies, the authors argue that a moral basis for business is not an option but a necessity. The authors use a highly successful multinational enterprise in China, *Xi'an Janssen Pharmaceutical Ltd*, to illustrate their key arguments. Based on their study, the authors believe that morality and global business ethics should draw serious attention from IB scholars who strive to conduct relevant and important academic research.

In the final contribution, by Matthew B. Myers and David A. Griffith, titled “The Study of Fit in International Business Research: Methodological and Substantive Issues,” the authors demonstrate the complex issues of fit measurement in IB research. The authors argue that fit has become a central theme of IB research as in this context firms operate in diverse environments and with a diversity of partners. They argue given the importance of fit research in IB research it becomes incumbent upon IB researchers to employ appropriate fit methods to accurately address the phenomena under investigation enhancing substantive inference, as alternative fit measures result in differing conclusions.

Evolving opportunities

The chapters published in this book note a number of important topics that can set the stage for discourse in the field and the advancement of the understanding of international business and IB research. Beyond these topics, central themes related to international business continue to present opportunities for researchers in this area. In the following section some of these opportunities are highlighted.

Globalization

Trade liberalization policies, brought about by international and regional cooperation efforts, have drawn the international community into heightened competition. The increase in trade and participation in international agreements has not only brought forth heightened competition in markets, but also has spawned new form of organization, as noted by Crossland, Ketchen, and Snow, and consumerism, as suggested by Yin and Choi. Future research should be conducted to help understand the effects of globalization at macros and micro firm levels as well as on societies and consumers. Research questions could ponder the interaction of trade liberalization and consumer welfare, the degree of trade liberalization on firm and customer homogenization and strategic effects of backlash to globalization, and the influence of globalization movements on organizational structures and strategies.

New perspectives on seminal topics

Although Buckley (2002) called into question whether or not the field has exhausted the prior seminal IB research, the chapters presented in this book clearly indicate that these questions remain unfulfilled. Specifically, the chapters presented in this book speak to the need for reconceptualizations of key issues for the furtherance of knowledge in the field of international business. For example, Kirca not only calls for the need for reconceptualizing firm internationalization as a multidimensional construct, but furthers our understanding of how the failure to employ a multidimensional approach

to firm internationalization may confound prior work. Similarly, the work of Petersen, Benito, Welch, and Asmussen, as well as by Samiee, Walters, and Yip speak to the importance of incorporating the value perspective when investigating traditional multinational issues, as through varied lenses theoretically divergent outcomes may result, potentially at odds with extant findings. The issue of potential variance in extant findings is also touched on by Myers and Griffith in noting that the employment of alternative fit methods results in contradictory findings. The central theme under these studies is that by employing alternative lenses we can enhance our understanding of important issues in the field of IB. As such, an appropriate approach to the extant literature is to examine the boundary constraints and contexts of studies to determine whether changes in these boundary constraints and contexts would shift theoretical outcomes.

Global strategic networks

The ability of firms to strategically build inter-organizational value networks for the mutual benefit of members of their networks and to reduce dysfunctional relational outcomes has been the underlying strategy of many organizations globalizing their operations. A central driver to effective global operations is the coordination of the firm's network of suppliers and distributors. Through the employment of network theory path dependent relationships can be identified to optimize cycle time and maximize value delivery. The chapter by Petersen, Benito, Welch, and Asmussen, as well as the chapter by Samiee, Walters, and Yip, speak to issues of global network influences on value delivery in multinational firms. Future research should be conducted to help understand the elements of a firm's value network, inclusive of firm centrality, strength of network ties, strategic fit of structure and strategy to environment, and so on that facilitate successful operations in a wide variety of firm contexts.

The culture of effectiveness

Organizational culture is the pattern of shared behaviors, values, and beliefs that provide a foundation of understanding of the organizational functioning processes and norms directing employee behavior. Organizational culture can be viewed as a valuable strategic resource in the process of global operations and partnering as it provides the organizational impetus for not only the supportive organizational structure but also the strategic motivation for global effectiveness. The chapters by Aguilera, Dencker, and Yalabik and Crossland, Ketchen, and Snow address aspects of organizational culture in changing IB forms. Future research should focus on better understanding of differing elements of organizational culture which promote successful integration of global operations under new organizational forms as well

as the process (such as socialization) by which organizations can effectively transform existing organizational cultures to support effective global mandates.

The importance of human capital

It is important to note that underlying the majority of the chapters presented in this book is the issue of human capital. Firms are globally competitive when they possess and configure the appropriate unique combinations of tangible and intangible resources. This argument, while well founded, often proceeds without consideration of the fundamental unit of analysis (i.e., the human capital employed by the firm) which embodies the firm's capabilities. Human resources are one of a firm's most common means to build and maintain firm capabilities. This fact is more important today when firms compete in global markets where the complexities of business have increased due to trade liberalization and where a firm's employees are challenged to work within complex and dynamically evolving organizational forms (as suggested by Crossland, Ketchen, and Snow). As such, it is important that the professionals responsible for firm global operations be given ardent research efforts. Future research in this area should help to understand the types of human capital required to effectuate global strategy and structure decisions, the types of capital most appropriate at different stages and approaches to international business, as well as how a professional's mindset (domestic, international, global) influences the type and effectiveness of firm IB operations.

Conclusion

The global economy is becoming increasingly interconnected. Greater integration among economies has revolutionized the competitive landscape. As such, competitive advantage in today's marketplace increasingly relies on effective management of international operations for corporate survival. The chapters in this book provide a significant advancement in knowledge relating to this highly complex topic area. The chapters presented not only build on strong literature foundations to advance our understanding of international business and IB research, but also provide new ideas and research directions which can serve as the basis of new studies to further our understanding of this complex area. More broadly, investigation of the areas of globalization, new perspectives on seminal topics, global strategic networks, and the culture of effectiveness and human capital should be helpful to our understanding of effectively structuring and operating global organizations.

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1

A Discourse Analysis of Knowledge Creation in International Business Research: JIBS 1970–2005

Minna Söderqvist and Brian Toyne

Many of the fields of inquiry from which international business (IB) inquiry can trace its origins have histories of exploring different paradigms and methodologies, and their value in increasing our understanding of the phenomena studied. For example, the literatures of economics, sociology, management, and marketing are replete with conversations regarding the conceptualizations, paradigms, and methodologies they have used and are currently using (e.g., Hunt, 1983, 2003; Donaldson, 1985; Swedberg, 1990; Grant et al., 1998). These disciplines also hold annual meetings that include presentations and discussions on the merits of newly developed conceptualizations and research methodologies, all with the purpose of enriching their understanding of the phenomena and relationships explored by their scholars and how these scholars use and value different methods of knowledge creation. That is, the scholars are made aware of what was, what is, and how it might evolve.

In addition to debating models of reality (see, e.g., Denzin and Lincoln, 2000a) and the methodologies employed, these fields of inquiry periodically debate both domains of their inquiry and the wisdom of entering into partnerships with other disciplines in order to enhance their understanding of human behavior and human expression in its broadest sense (e.g., Dunning's (1997) call for including culture in economic analysis, and Casson's (1997) call for the joining of economics and sociology).

There are, of course, several benefits from such a dialog. First, it brings to light the disparate perspectives that can exist among a field's scholars regarding their topic of study (see, e.g., Hunt 2003: 3). It also results in a discussion and examination of the reasons for any disparities. Such a dialog is beneficial since it often enriches and deepens our understanding, for example by introducing new conceptualizations, new paradigms, and new methodologies (Denzin and Lincoln, 2000).

Second, the discussion helps make clear the implicit and often-conflicting assumptions underpinning the various paradigms used by a field's scholars. Often because of different backgrounds and training, scholars bring different conceptualizations, different paradigms, and different methodologies to a field's attention, and they are adopted in many cases without a deep understanding of their origins, or the assumptions upon which they are based (Toyne and Nigh, 1997). Thus, the discussions provide opportunities to learn from one another while improving on the field's inquiry.

Third, the dialog insures that the field's scholars are aware of any advances that have been made in their field of inquiry and the directions in which it may or may not advance. As such, these dialogs play a critical role in building acceptance, if not consensus, regarding the field's domain, paradigms, theories, and methodologies. Vargo and Lusch (2004: 15), for example in the field of marketing, hint at this salutary outcome by concluding that "... the emerging service-centered dominant logic of marketing will have a substantial role in marketing thought."

In summary, such analysis stimulates thoughtful discussion of the fundamental issues underpinning a field's search for knowledge. All that this actually says is that the painter must occasionally step back from the canvas to critically review what he/she is creating and why.

Interestingly, these wholesome traditions of discourse do not appear to be readily evident in the field of IB, even though there seems to be a change in the contents of the articles having been published in *Journal of International Business Studies* (JIBS) since 2003 (see Table 1.3) IB research is discussed and its contents seem to be expanding, as requested by many. The articles published since 2003 discuss a wider variety of phenomena than just MNE-related issues; for example, frontiers between business and industries as well as between regions and global broadening of many fields of study have been in the frontline since Buckley's (2002) questioning if the IB research agenda was running out of steam. However, because of the benefits derived from such dialog, we thought it would be both interesting and beneficial to use discourse analysis (DA) based on a social constructionist paradigm, and explore what type of discourses exist and what they entail. Thus, using a discourse analytical approach (Potter and Wetherell, 1987; Jokinen et al., 1993, 1999; Lehtonen, 1996, 2000; Potter, 1996), this chapter explores the dialog that has occurred among IB scholars concerning their ontological, epistemological, and methodological discussions.

Being the major academic journal for the field, the *Journal of International Business Studies* was chosen to be the analyzed. According to the logic of DA it is better to have less material than more in order to be able to acquire a depth in the analysis (Potter and Wetherell, 1987; Jokinen et al., 1999, 1993). This is different from the dominant nomothetic or positivistic thinking dominant in IB, but a valid scientific method in business sciences (see,

e.g., Keso, 1999; Vaara, 1999; Lehtimäki, 2000; Moisander, 2001; Pietiläinen, 2002; Söderqvist, 2002; Tuusjärvi, 2003).

The chapter is presented in two parts. The first part presents a brief overview of DA, one possible approach to be used under social constructionism (Denzin and Lincoln, 2000). The second part presents the results of the DA of articles in JIBS. Three discourses were identified and are presented in the second part of the chapter. They are (1) the validation of international business as a research field; (2) the focus of IB research; and (3) the “right” type of IB research. The chapter concludes with a discussion of the findings and their implications for the future of IB inquiry as either a separate field of study or an extension of the traditional study of business functions.

Discourse analysis – a loose theoretical framework

A recent major development in the social sciences is the generalization of different types of studies by examining the language used in presenting the studies (see, e.g., Fairclough, 1999/1995). As a result, several methods have been developed that assume language does not mirror reality, but rather constructs it. Examples are narrative, rhetoric, discourse, or conversation analytic methods (Potter and Wetherell, 1987; Nikander, 1998; Matikainen, 1999; Willman, 2001).

Fairclough (1999/1995) provides four reasons why a textual analysis has an important role to play in social research. First, texts constitute an important form of social action. There is a misperception of language as transparent, not recognizing that social analysis of discourse entails going beyond this perception towards language in order to reveal the precise mechanisms and modalities of the social and ideological work of language. Second, texts are a major source of evidence for grounding claims about social structures, relations, and processes. Third, texts are sensitive barometers of social processes, movements, and diversity, and textual analysis provides particularly good indicators of social change. Fourth, texts provide a mechanism for social control and domination.

Discourse analysis is an approach to understanding how truth is constructed. It is not a single distinct method, but rather a loose theoretical framework (Potter and Wetherell, 1987; Jokinen et al., 1993). In DA, similarities and integrity are sought on the one hand, diversity and different meanings on the other (Potter and Wetherell, 1987; Jokinen et al., 1993; Fairclough, 1999/1995). The point is simply that reality cannot be mirrored by the human observer; the human observer must use the language of the culture of which they are part to make sense of what is before them and to talk about it – reality is their own construction (Watson, 2000). It is through the process of differentiating, fixing, naming, labeling, classifying, and relating that social reality is systematically constructed. Discourses work to create some sense of stability, order, and predictability to organize social reality in

order to produce a sustainable, functioning, and liveable world (Chia, 2000). Discourses can be defined as systems of meanings constructed in the text.

The object of study in DA is any type of text – speeches, interviews, conversations, meetings, memos, e-mails, and other different documents. The level of analysis is the discourse, not the respondent/informant/participant. Rhetoric becomes essential as it legitimates discourses. Since reality is constructed in texts, texts are understood to be active participants, not just stationary objects. People as actors exist through the subject position concept, the user of the discourse, and the self. The self is constructed through the discourses (Potter and Wetherell, 1987; Lehtonen, 1996, 2000; Jokinen et al., 1999, 1993). Discourses do not exist as such, but some parts of them are only hinted at and are the results of the researchers' interpretations (Jokinen et al., 1993).

To summarize with Lehtonen's (1996, 2000) words, characteristics of discourses are as follows: (1) Discourses are a way to construct reality, one form of knowledge; (2) Discourses help to analyze the concrete and changing ways that people use language to give meanings to it; (3) Discourses are always bound to time and situation as they are produced in social, historical, and institutional contexts. Also, owing to the possibilities of connecting and disconnecting, a discourse cannot be a static enterprise, but is subject to mutations (Xu, 2000).

Contrary to positivist methods, where an attempt is made to eliminate the influence of the researcher, in DA the interaction between the researcher and the informants is taken into consideration in the analysis. As a result, the interpretation of meanings is always partial (Eskola and Suoranta, 1998), and may result in different meanings, depending on the texts' examiners (Lehtonen, 1996, 2000).

To sum up, Söderqvist's (2002: 80) summary of the advantages of the DA as a method is shown in Table 1.1.

Positioning the discourse analysis used in this study amongst the other ways of doing discourse analysis

Different researchers classify language-based analysis in different ways. Nikander (1998), for example, presents four types of language-based analysis and two schools of DA. The four types of analyses are narrative studies, rhetoric, discourse analysis, and conversation analysis. This study is a DA.

The two schools of DA presented by Nikander (1998) are the Loughborough School and the Manchester School. The emphasis in the Loughborough School, represented, for example, by Potter and Wetherell (1987), whose way of seeing DA is used in this study, is on the variation and functions of the language and how language is used in the creation of reality. Interpretative repertoires are used as means of analysis. The critique of the Loughborough School is that it presents individualism and does not pay attention to political