The future journey of *International Journal of Multinational Corporation Strategy*

**Byung Il Park**  
Hankuk University of Foreign Studies,  
College of Business,  
270, Imun-dong, Dongdaemun-gu,  
Seoul, 130-791, South Korea  
Email: leedspark@hufs.ac.kr

**Abstract:** The explanations provided in this paper constitute the aim of *International Journal of Multinational Corporation Strategy* (*IJMCS*), the journal’s field of specialisation and potential themes/topics falling under the purview of *IJMCS*. First of all, the journals that *IJMCS* will compete with are *Global Strategy Journal* and *Long Range Planning*, and that is the primary aim of the journal. The reason for setting forth this goal is because the battlefield of all those journals, including *IJMCS*, is the global strategy domain, but *IJMCS* is somewhat different in that it tries to establish itself in niche territory by purely focusing on multinational corporation (MNC) strategy and strategy through foreign direct investment. Thus, as can be seen in the journal title, any themes/topics, which are associated with MNC strategy, will be issues that the journal wants to cover.

**Keywords:** international business; multinational corporations; strategy; foreign direct investment; FDI.


**Biographical notes:** Byung Il Park received his PhD from Bradford University School of Management (UK). He is currently a Professor in International Business at the College of Business, Hankuk University of Foreign Studies (South Korea). His research currently focuses on knowledge acquisition and performance in overseas subsidiaries. His research interests also include absorptive capacity, MNC strategy, and corporate social responsibility of MNCs. He has published in such journals as the *Journal of World Business*, *International Business Review*, *Management International Review*, *Journal of International Management*, *Corporate Governance: An International Review* and *Asia Pacific Journal of Management*. In addition, he is also Editor-in-Chief of *International Journal of Multinational Corporation Strategy*.

1 **Introduction**

The intensification of globalisation has been accompanied by an increase in the volume of international trade in the global marketplace. Interestingly, however, the volume of foreign direct investment (FDI) undertaken between different economies, after accounting for fluctuations based on economic conditions, outweighs that of international...
trade. For instance, according to UNCTAD estimates (2007, 2011), the stock value of (outward) FDI transactions grew from US$1.8 trillion a year in 1990 to US$6.2 trillion in 2000. The figure of US$12.5 trillion for 2006 was twice that of the year 2000 and worldwide FDI activities continued to expand, increasing to US$20.4 trillion in 2010.

The primary reasons for these rapid increases in the volume of FDI reside in various facts. First, businesses still fear protectionists’ pressures, and FDI is an efficient way to overcome these obstacles. Second, globalisation of the world economy has caused firms to embrace the vision that the entire world is their market, which does not only promote international trade but also stimulates outward foreign investments towards overseas markets. Third, dramatic changes of both political and economic business environments have occurred in many parts of the world (e.g., open door policy by China and East European socialist collapse). These shifts have yielded a new phenomenon where distinctively separate national markets have merged into a global marketplace and served as a momentum for firms, which used to settle, for the present, solely in their home countries, to turn into multinational corporations (MNCs).

However, a problem is that compared to other entry options (e.g., international trade and licensing), FDI inevitably accompanies enormously high investment risks and enforces MNCs to suffer the liabilities of foreignness under an alien atmosphere, though the main reason for the investments is the maximisation of corporate profits. These explanations clearly indicate how MNC strategy is crucial for international firms to enhance organisational performance and sustain their competitiveness. Despite the fact that the emergence of MNCs is currently in the limelight and general consensus is made on the importance of MNC strategy exercised in foreign markets, no one may deny that academic journals professionally dealing with MNC strategy are seriously lacking. For instance, well-known decent journals in international business (IB) domains, such as Journal of International Business Studies, Journal of World Business, Management International Review, International Business Review and Journal of International Management tackle any topics regardless of whether or not they are relevant to FDI and MNC strategy, which might help to expand the base of IB but it is hard to say that they are exclusively eager to observe and expertly concentrate specifically on MNC strategy per se. Although both Global Strategy Journal and Long Range Planning will be more direct competitors of International Journal of Multinational Corporation Strategy (IJMCS) those journals do not have a specific MNC strategy focus in their mission (MNC strategy means strategy through FDI). In this vein, IJMCS wants to redouble academic efforts exploring this research area and subsequently try to make strong contributions to the progress of MNC strategy in the globalisation era. In addition, readers need to note that the journal will not only focus on conduits for MNCs to earn their financial profits but also attempt to shed light on their ethical behaviours in developing and emerging markets such that in the long-term, MNCs’ dedication to international societies and consequent possible poverty reduction in those countries will circularly contribute to MNCs themselves as well. Thus, IJMCS seeks both theoretical and empirical papers that may address, but are not limited to, the following list of potential research agendas: organisational performance, control issues between ‘MNC headquarters and subsidiaries’ and ‘MNCs and local firms’, MNC knowledge management, corporate social responsibility (CSR) of MNCs, and economic contributions by MNCs and so on.
2 A potential destination of the journal: performance and control

When MNCs attempt to enter foreign markets through direct investment there are various strategic entry options, and the establishment of international collaborative formations [e.g., international joint ventures (IJVs) and international acquisitions] (ICFs) with local firms can, for example, be one of the practical choices. However, as more than two idiosyncratic entities (i.e., MNCs and local firms) jointly participate in ICFs, an important aspect to the management of the formation is closely associated with a question, how control is attained and maintained by partner firms (Yan and Gray, 2001). The initial arrangement of control is perhaps the result of dynamic negotiations between them (Lee et al., 2003), and the distribution of control may rest on various determinants. Several studies endeavoured to uncover critical factors in determining the level of foreign equity ownership, but failed to reach mutual consensus by diagnosing them differently. For instance, the critical predictors that are often suggested to affect the sharing arrangements by previous studies are bargaining power (Yan and Gray, 2001), transaction costs (Richards and De Carolis, 2003), and/or the international experience of foreign firms (Shan and Hamilton, 1991). Unlike these fragmental findings, I assume that the level of equity control is strongly determined by strategic internal factors of the relationship between participating entities in ICFs, and these factors are also heavily influenced by the knowledge strength of MNCs and local firms.

Any illustration for how control is attained should consider an ICF’s strategic internal factors. The factors involve all internal stimulators to seek influence and control of the ICF (e.g., strategic importance, eager to win global competition, and organisational network etc.). Yan and Gray (2001) assert that control is positively related to the parent’s relative bargaining power rooted in the power-dependence relationship, which posits that one actor’s power stems from another’s dependency. They (1994, 1481) also argue that there are broadly two different types of bargaining power by saying “the bargaining partner, who has more alternatives, is more powerful because it can threaten to walk away from the current bargaining and exercise its best alternative to a negotiated agreement”. In other words, if a firm contributes more important resources to an inter-cooperative arrangement than its partner, it will be more powerful than the counterpart. Among various resources, I would like to point out that the most significant source guaranteeing the provision of organisational power to a certain entity is knowledge and technology possessed by the firm. In a similar vein, Luo (2001) suggests that firm-specific strategic assets including management expertise, technological contribution, and local knowledge can generate a sustained competitive edge and also become increasingly critical as the determinants of equity control in collaborative formations. That is, the partner possessing better managerial, technological and other capabilities (including local market information) is more likely to determine the overall control and strategic directions, namely which is referred to as management control, than the counterpart.

Meanwhile, some scholars assume that effective control is also possible even in the case where a collaborative partner does not decide the overall direction of organisational operation, but exercises control over strategic or key functional activities (Mjoen and Tallman, 1997). This strategic control is control over the first consideration with organisations and the crucial processes within organisations (Child and Yan, 1999). However, there is a prerequisite for a partner firm to exercise strategic control. If the partner firm wants to exercise such specific control, its intangible resources, such as
management know-how, technological skills, or local information should be important inputs (Park and Choi, 2014a). This means that the contribution of knowledge and technology may enable any participating entity to acquire ICF control, and subsequent knowledge acquisition from the firm in ICFs is crucial for it to maintain control.

Another important issue that has been continuously examined in the literature on MNC strategy is related to subsidiary performance (Boateng and Glaister, 2002). For instance, it is generally expected that ICFs may generate better performance relative to independent activities owing to its characteristics, such as pooling complementary firm-specific resources, which help to achieve synergy effects. In this vein, when we discuss MNC strategies and particularly subsidiary performance represented by ICFs, as a viable strategic option that MNCs can use to enter foreign markets, the fundamental purpose of the establishment of ICFs is often based on partner firms’ eagerness to improve profitability or growth under the premise that ICFs will elevate competitiveness in global as well as target markets. Thus, the research issue on the relationship between ICFs and performance may start from the curiosity of whether or not the strategic marriage between MNCs and local firms owning complementary assets is actually directed toward financial or objective success.

However, extant empirics, which are interested in exploring whether subsidiaries established in international cooperation bring positive performance, have not been successful in drawing conclusive results in that they have sometimes confirmed the correlation between ICFs and performance enhancement, but also often failed to certify it. With respect to the inconsistency in the results, some authors attempt to find the reasons from either different criteria used to measure performance (Ghauri et al., 2013) or key environmental factors affecting performance (Glaister and Buckley, 1998). In other words, the debates on the performance inconsistencies include both performance measurement methods (i.e., financial vs. non-financial and/or objective vs. subjective) and several external environments surrounding subsidiaries. Likewise, this paper acknowledges that these two components may significantly influence the contradictory empirical outcomes.

Although this paper basically accepts the views suggested by previous studies, it also sheds light on the impact of internal determinants (as opposed to external environments) and attributes the discord of subsidiary success in the literature to the source. For instance, IJVs with MNCs and local firms focusing on financial performance and facing similar external environments (e.g., political stability, economic circumstance, or legal system) do not often achieve the same performance. The reason may be derived from the fact that each MNC subsidiary has different internal resources possibly represented by management expertise, technological capabilities and local market information and other interactions (e.g., trust and communication). In other words, this paper argues that the contributions (e.g., resource complementarity and knowledge difference) by each participating entity to foreign subsidiaries also have significant impacts on performance.

In conclusion, as an example for a feasible foreign entry strategy by MNCs, the fundamental characteristics of ICFs (the joint operation of a collaborative formation by two different entities) yield two crucial research areas: control and performance. Both MNCs and local firms attempt to control overall management directions and strategic functional areas in ICFs. However, I want to claim that an important prerequisite, which offers a power to exercise control and manipulate the collaborative formations, is perhaps knowledge contribution, but other factors influencing controls (whether it is mechanisms, scope and/or depth) are not clearly certain. In addition, these idiosyncratic partners are
likely to have different criteria to measure performance. Owing to this, they often find themselves recurrently involved in argumentative discussions over organisational performance and satisfaction. However, the transference of knowledge (including local information) is again a crucial precondition to achieve better performance through ICFs for whatever they want to pursue. That is, the two primary themes associated with MNC strategy, in part, converge to knowledge management within MNC networks. The next section explores the topic (i.e., knowledge transfer/acquisition within MNC networks), and also discusses the progress of previous studies in the area.

3 A potential destination of the journal: knowledge transfer/acquisition within MNC networks

Previous studies, which have examined knowledge transfer/acquisition (e.g., Ghauri and Park, 2012; Lyles and Salk, 1996; Lane and Lubatkin, 1998; Lane et al., 2001; Park and Ghauri, 2011; Park and Choi, 2014b) within MNC networks, argue that knowledge is a crucial managerial resource strengthening MNC competitiveness. That is, for instance, the acquisition of knowledge that has not been available internally develops organisational capabilities helping to efficiently compete against competitors, which eventually improves firm performance. In these discussions, among various market entry strategies, researchers often particularly refer to IJVs as a vehicle to acquire new knowledge. Owing to this, MNCs generally understand IJVs as one of the key strategic options that can be used to maintain and even enhance firm-specific capabilities when they enter new markets.

Park (2011) finds the reason for the prevalence from the innate characteristics of IJVs. That is, IJVs offer MNCs an opportunity to learn local market information, which plays a pivotal role in determining the successful operations in foreign markets. In other words, an effective means for MNCs to seek learning opportunities is the establishment of IJVs with local firms when they do not possess sufficient local knowledge that is necessary to compete against local firms. This is because a local partner firm participating in an IJV usually provides crucial information, such as local government policy, local market regulations, local customer preferences to MNCs [i.e., foreign partner(s)], and the absorption of such knowledge can be an important source for the latter to achieve long-term success in the target markets. Anand and Delios (2002) support the explanations provided by Park (2011) by saying that the essential objectives of MNCs investing into foreign markets are to enhance profitability, but a prerequisite to achieve the goal is to acquire various local knowledge. In a similar vein, Shimize et al. (2004) define the importance of FDI (such as IJVs) as diminution of organisational inefficiencies through the enlargement of the investing firms’ knowledge-base.

However, MNCs’ international activities are also important for local firms in that knowledge exchange is bilateral. In particular, the role of MNCs is even more critical in the case where they possess sophisticated firm-specific intangible resources represented by advanced technology and know-how. In this situation, MNCs are expected to become a source for various explicit and tacit information in host markets. In other words, MNCs may transfer complementary technological capabilities and managerial expertise by sharing equity ownership with local firms in IJVs. According to Ivarsson and Vahlne (2002), IJVs may acquire such new knowledge from foreign parent firm(s) (i.e., MNCs)
through direct learning or indirect absorption in the process of transforming it, which will also positively influence the local partner firm’s competitiveness.

As discussed, although subsidiaries created by foreign investments have an opportunity to acquire new knowledge from parent firms, empirical studies experimenting with the phenomenon have focused on IJVs (e.g., Anh et al., 2006; Lane et al., 2001; Park, 2010, etc.) and relatively neglected such an examination in other entry formations. In addition, although the topic has attracted large scholarly attention, it was concentrated only on transitional economies such as China (e.g., Tsang, 2002), Hungary (e.g., Lane et al., 2001; Lyles and Salk, 1996) and Vietnam (e.g., Anh et al., 2006). However, I want to point out the importance of knowledge acquisition in the context of emerging countries (such as BRICs) in that it may act as a catalyst, which helps the countries leapfrog into a better economy (Park, 2010). Another problematic point is associated with the type of knowledge examined in the previous studies. As knowledge exchange is not unilateral, both partners (i.e., foreign and local firms) contribute each firm-specific proprietary knowledge to subsidiaries and learn complementary information through the organisation. Despite this fact, previous studies have redoubled their efforts to investigate knowledge acquisition from foreign partners, and overlooked the opposite direction of knowledge flow [i.e., reverse knowledge transfer (RKT) from subsidiaries to MNCs]. Owing to this, a number of previous studies have tackled technology absorption by subsidiaries from MNCs or eventual knowledge spillover to local partner firms (e.g., Park and Choi, 2014b; Stuart, 2000), whereas it is hard to find contemporary empirics attempting to investigate the acquisition of local market knowledge in the MNC perspective.

In the perspective of MNCs, market knowledge transfer within MNCs (i.e., RKT from subsidiaries to MNCs), often experiencing the liabilities of foreignness, is a decisive factor determining their operational success in foreign markets. This is because local market knowledge encompasses all necessary ingredients facilitating the enhancement of organisational performance even in alien environments (Krogh et al., 2000). Researchers also generally shed light on the fact that firms should understand the importance of the different dimensions of market knowledge, such as breadth (i.e., firm’s understanding of a wide range of diverse customers and competitor types and components describing the type), depth (i.e., the level of sophistication and complexity of firm’s knowledge on its customers and competitors), specificity (i.e., the extent to which the firm’s knowledge is tailored to the requirement of specific contexts in which it is maximally effective but loses its value in other context) and tacitness (i.e., the extent to which market knowledge is not explicit but rather is difficult to codify and communicate) (De Luca and Atuahene-Gima, 2007). To this end, in order to transfer market knowledge within MNC networks, subsidiaries need to be capable of reassembling external knowledge, reserving inflowing information in their knowledge reservoir and being equipped with official and non-official channels that integrate such knowledge (De Luca and Atuahene-Gima, 2007; Simonin, 1999).

Turning our discussions to the domain of MNCs, an MNC’s headquarters and its subsidiaries must transfer their unique knowledge back and forth so that the headquarters can recognise the unique propositions of each local market and can facilitate the development of new products that meet global customer needs. The subsidiary transference of knowledge rooted in multiple local markets within MNC networks (i.e., RKT) requires that MNC headquarters have the ability to understand and continuously absorb such diverse knowledge. Such abilities are often referred to as absorptive capacity.
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(Cohen and Levinthal, 1990; Zahra and George, 2002). When the MNC has the capacity to learn from and collaborate with its subsidiaries, it will be able to devise strategies that promptly respond to emerging opportunities in the marketplace (Lane et al., 2001). In addition, sharing a similar knowledge background between parent companies and subsidiaries is perhaps one of the most important elements for RKT; when new knowledge transferred by a subsidiary has similar characteristics with information residing in an existing knowledge reservoir of a parent company, the parent company may not need to exercise experimental ways to absorb it and thus knowledge relevance logically plays a pivotal role in acquiring new skills (Park and Ghauri, 2011).

In addition, knowledge exchange is mainly a social process, so that relational capital between knowledge transferors and acquirers can function as a vehicle to escalate the extent to which learning organisations absorb more information. Relational capital that can be developed through inter-firm relationships is both a tangible and intangible resource that has received attention in the literature and has been found to positively influence firm performance. When two firms have close relational ties, positive outcomes including trust, commitment, and knowledge sharing are exhibited. In other words, the value of relational capital stems from a firm’s access to resources that derive from connections with other firms (Nadler and Tushman, 1998). In an MNC network, consisting of MNCs and subsidiaries, parent firms can also form and develop relational capital by strengthening knowledge integration mechanisms. Knowledge integration mechanisms are a structural collaborative connector used for inter-units knowledge and information cooperation (Noorderhaven and Harzing, 2009). Knowledge integration mechanisms function as a lubricant in the knowledge transfer process, because it guides managers in the way of initially recognising the importance of learning and understanding the attributes of knowledge efficiently and its adequate usage, eventually boosting the competitiveness of MNCs (Luca and Atuahene-Gima, 2007). These knowledge integration mechanisms are divided into two different types: formalisation integration and socialisation (Gupta and Govindarajan, 2000). The formalisation integration mechanism consists of formal organisational functions, such as task force team and special committee for adjusting relevant departments’ business activities (Nadler and Tushman, 1998). On the other hand, the socialisation mechanism is an informal instrument, which enlarges intimacy and trust among individuals and encourages interactions among subsidiaries within MNC networks (Gupta and Govindarajan, 2000). Thus, these strengthen the relationship between MNCs and their subsidiaries, motivate the sharing of valuable market knowledge and logically facilitate knowledge transfer (Noorderhaven and Harzing, 2009). I hope that some papers embracing all the elements discussed above will appear in IJMCS soon.

4 A potential destination of the journal: CSR of MNCs

Another important international issue, coupled with the growth in the number and size of MNCs, has also come forward. As a recent phenomenon, MNCs have become aware that their mission should go beyond mere profit generation and CSR is a critical strategy to achieve success in any foreign markets (Robertson, 2009; Tixier, 2003). In other words, although they basically seek to maximise their earnings abroad, firms are increasingly acknowledging the value of CSR and treating CSR as a strategic tool where the potential corporate benefits hinge on the communication of corporate responsibility (Polonsky and
Jevons, 2009). Furthermore, some proponents of CSR argue that CSR leads to enhanced brand image and reputation, increased sales and customer loyalty, and increased productivity and quality. As a natural consequence, CSR has often brought improvement in corporate financial performance (Mittal et al., 2008). According to Luo (2006), CSR in the MNC context means the firm’s configuration of social responsibility, social responsiveness, policies, programs, and observable outcomes as they are associated with the firm’s relationship with local society. He also suggests that the concept of CSR assumes business and society are interwoven rather than being distinct entities. Thus, society has certain expectations as to what are adequate business attitudes and behaviours. Apart from MNC instinct on profit-making, I argue as an editor’s point of view that satisfaction of expectations is particularly crucial for MNCs as it is hard to deny that there exists a skeptical opinion which believes MNCs are exploiters of host countries’ resources, especially in developing and emerging countries (this will be further discussed in the next section). In this vein, MNCs should attempt to meet social, environmental, and economic demands from local stakeholders in the globalisation era.

In addition, there are numerous unanswered theoretical and empirical issues relating to the strategic implications of CSR for MNCs. One of the fundamental but prominent topics that needs to be immediately resolved is the identification of the motivations for CSR in MNC subsidiaries (Rodriguez et al., 2006). The links between CSR and MNC literature are very embryonic, and Husted and Allen (2009) indicate that the lack of scholarly attention causes MNCs to often fail to respond effectively to issues on CSR in many host countries. To put it concretely, the topic has attracted huge attention for those studying strategic management (e.g., CSR by local firms in domestic markets), marketing (e.g., the influence of CSR on customer loyalty), and financial economics (e.g., the relationship between CSR and stock market returns), but scholars in IB have significantly overlooked the strategic importance of CSR. Likewise, Waldman et al. (2006) point out that the diffusion of awareness of the value of CSR practices in the global market has been occurring, but little is known about the factors influencing such practices. Although there are welcome exceptions (e.g., Maignan and Ralston, 2002; Lynes and Andrachuk, 2008), they have focused on the strategies of MNCs in the developed world (Yang and Rivers, 2009). It is crucial that we understand how MNC subsidiaries approach CSR in emerging markets, so that this paper recognises the challenges the subsidiaries face in aligning their CSR approach with local practices. As another example, a research hole that needs to be filled is associated with organisational size. Findings uncovered from the overall picture do not generally fit into small and medium sized enterprises (SMEs), which suggests that we need to gain a better understanding of the antecedents affecting MNC CSR in emerging countries and it is valuable if the experiment is undertaken in the SME context.

Moreover, it is not difficult to notice that discussions on CSR have received most attention from specialised journals on ‘business ethics’ and ‘business and society’ if we attempt to search relevant literature. In the same vein, more than 97% of the articles in main IB journals over the past two decades have seldom referred to either CSR or corporate ethics (Kolk and van Tulder, 2010). Although empirical papers dealing with CSR are still heavily published in those journals shedding light on ethics per se, recent studies have started to show signs of change and examined the impact of CSR on corporate commitment (Li and Zhang, 2010). For instance, Turker (2009) examines the effect of CSR on employee productivity, whereas Mohr et al. (2001) experiment the influence of CSR on customer buying behaviour and loyalty. As additional typical
examples, some other researchers explore the nature of relationship between CSR and corporate competitiveness (e.g., Boehe and Cruz, 2010; Vilanova et al., 2008) or organisational performance (e.g., Amasheh, 2010; Mishra and Suar, 2010; Mittal et al., 2008). However, I would argue that we should take a step forward from the current stage, and take the time to actively bring the topic into IB domains (IJMCS is expected to carry out this role). While researchers studying IB explore MNC CSR, the role played by MNCs needs to be further emphasised and it needs to be linked to the contributions of MNCs to the development of both developing and emerging economies.

5 A potential destination of the journal: MNC contributions to economic developments in developing and emerging economies

To reiterate, as global competition stemming from globalisation continues to intensify, FDI is increasingly becoming the crucial strategic option for MNCs to win against other competitors. For to this reason, the volume of FDI has increased dramatically in the past two decades. In addition, FDI is often regarded as a prime mover, which positively contributes to various areas, particularly in developing countries and emerging economies. The inflow of new technological and managerial knowledge that has not been available in host markets commonly promotes organisational renewal and strengthens sustainable competitive advantage (Park, 2010). FDI is often referred to as the most stable and largest component of capital inputs (Adams, 2009). Employment creation has also been given as a reason for the importance of FDI inflows (Kobrin, 2005).

Based on the expected benefits of FDI, common sense suggests that the attraction of FDI is a shortcut leading to the creation of sustainable competitive advantages and economic growth. However, academic reality is not that simple. A number of studies have examined the relationship between FDI and economic growth, but they have yielded inconclusive and conflicting results by inconsistently showing either positive or negative impacts of FDI on growth in different contexts. I suggest that one of the possible primary reasons why previous studies fail to reach a general consensus is that they merely attempt to shed light on the role of FDI in facilitating economic development but neglect an important issue, for example, that the contributions of FDI in technology-intensive vs. labour-intensive industries are innately different.

Two main theoretical perspectives are often used to explain the impacts of FDI on economic growth in host countries and the roles played by MNCs in developing and emerging economies: the modernisation and dependency theories. Modernisation theories are based on the neoclassical and new growth theories (Adams, 2009). These theories propose that FDI could be a prime mover which promotes economic growth in developing and emerging markets. According to the modernisation theories, economic growth depends on capital investment, technology development and sufficient stock of human capital and FDI can be an important source for these inputs.

For example, De Mello (1997) considers FDI as a bundle of foreign capital, technology and know-how. Consequently, host markets (i.e., developing and emerging countries) attracting FDI are anticipated to significantly reduce the technological gap against advanced economies leading to positive economic growth. In the same vein, Asheghian (2004) emphasises that output growth in developing and emerging countries is dependent upon whether they can enhance efficiency and productivity throughout domestic industries, and argues that FDI inflows commonly result in increasing returns in
domestic production and enlarges the value-added content of FDI-related production. From the lens of modernisation theories, the international diffusion of advanced foreign technology through FDI is particularly crucial as developing and emerging countries usually lack the essential components, which are absolutely vital for economic development, such as an educated population, economic infrastructure, social stability and seed capital for innovation. The traditional neoclassical growth model postulates that long-term economic growth starts with both technological evolution and human capital development, and these are surely difficult tasks for developing countries. The contribution of new growth theory is that it has encouraged research exploring various conduits through which FDI can be expected to promote economic growth in the long-run (Grossman and Helpman, 1991; Barro and Sala-i-Martin, 2001). This has led to the prevailing view that MNCs play a pivotal role in complementing various lethal deficits in the local industries and stimulating economic growth in host countries.

In contrast, dependency theory possesses a contrasting opinion. Dependency theorists argue that MNCs extract profits from local markets and give nothing of value in exchange. In addition, they highlight that MNCs are not ‘vehicles for development’ but ‘instruments of domination’, which keeps developing countries relatively backward and push them towards the cold. Thus, the economic relations between core and peripheral economies hamper the latter’s development, perpetuate their subordinate status, transfer economic surplus to the core, and increasingly force them to rely on core countries for investment, employment and technology (Perraton, 2007). Moran (1978) claims that FDI is undertaken by MNCs possessing some special knowledge or technique not available to local entrepreneurs and intending to exploit those skills only through direct ownership. That special knowledge or technique constitutes a barrier to the entry of competition in the host country, which creates a business environment in which a monopoly or oligopoly is predominant. McGowan and Smith (1978) further argue that in the closely related political sphere, economic dominance on the world periphery by the core was achieved during the 19th and early 20th centuries by imperialism and colonialism and today is continued by neo-colonial policies representatively featuring MNC operations and FDI forms of penetration.

Given the different theoretical perspectives, a number of empirical studies have attempted to examine the relationship between FDI and economic growth, but they have yielded conflicting results. Baharumshah and Almasaied’s (2009) undertaking in the Malaysian context suggests that the encouragement of foreign investment is needed to put Malaysia back on its pre-crisis growth path. Beugelsdijk et al. (2008) divide foreign investment into horizontal (market-seeking) and vertical (efficiency-seeking) FDIs, and find that both have positive and significant growth effects in host markets. Similarly, some researchers draw the same conclusions; see e.g., Buckley and Ruane (2006) for Ireland, Chang (2010) for Taiwan, Fu (2008) for China, and Gunaydin and Tatoglu (2005) for Turkey.

In contrast to the studies that find a significant association between FDI and growth, others demonstrate conditional positive economic growth through FDI or even fail to confirm the practical influence of FDI. For example, Bengoa and Sanchez-Robles (2003) propose that human capital, economic stability and liberalised markets are three key prerequisites for host countries to take advantage of long-term capital flows. Hermes and Lensink (2003), Durham (2004) and Alfaro et al. (2004) all argue that sound use of the flows of foreign investment is feasible in countries with better financial systems and financial market regulations. Some previous studies report that FDI facilitates economic
growth in less-developed countries when they are able to benefit from the inflows of foreign investment through the existence of minimum social capital (e.g., educational attainment and absorptive capacity) (e.g., Benhabib and Spiegel, 1994; Borensztein et al., 1998; De Mello, 1999; Ford et al., 2008; Obwona, 2001; Xu, 2000). Other economic mechanisms, such as domestic investment (De Mello, 1997), trade openness (Balasubramanyam et al., 1996) and government regulations (Busse and Groizard, 2008) are also singled out to underline nonlinear effects of FDI on growth. While these studies conclude that fulfilment of a certain business environment is crucial for foreign investments by MNCs to serve as a driver boosting host economies’ growth, many empirical experiments fail to clearly show the beneficial effects of FDI reaped in host economies (e.g., Aitken and Harrison, 1999; Akino, 2004; Bende-Nabende et al., 2003; Carkovic and Levine, 2005; Haddad and Harrison, 1993, Haskel et al., 2007, Mencinger, 2003, among others).

So far we have compared two contrasting theoretical lenses: one argues that MNCs are a bundle of resources and FDI is crucial for economic growth in developing countries, and the other describes MNCs as a typical device playing a pivotal role in causing deleterious effects on local entrepreneurship, reducing domestic investment, extorting local capital through profit repatriation and eventually deteriorating economic growth in host markets. Given the obviously different perspectives and empirical results, I think as an editor’s point of view that it is an appropriate time to complete such ongoing debates, and IJMCS can help to mediate the disputes. We believe that we should try to find win-win strategies (emphasis added) between MNCs and developing and emerging economies, and thus unlike others’ general expectations, this topic (i.e., MNCs’ financial and ethical contributions to international societies) can be an important part of potential research areas for the journal primarily dealing with MNC strategies.

6 Conclusions

As indicated in the previous text, FDI undertaken across borders and changes from mere domestic firms to MNCs innately entails the liabilities of foreignness for firms investing abroad because they do not exactly know the actualities of foreign business environments and the characteristics of these markets, such as national business systems and local customers’ cultural preferences. Owing to this, researchers in the IB domains have long been raising the question of why MNCs choose FDI in spite of the presence of the liabilities of foreignness and how they maximise earnings in an unfamiliar host atmosphere, and these discussions, which attempt to solve this query, are still ongoing. In particular, in the continuing search for solutions, IB scholars generally realise that they need to explore and grapple with appropriate MNC strategies (emphasis added) in the competitive global arena. In this vein, reflecting the status quo, research papers studying MNC strategy are subsequently in the limelight.

However, a critical problem that researchers note is that academic journals dealing with MNC strategies per se are extremely sparse despite the importance of the research theme/topic for the growing number of MNCs in the global marketplace. All of the well-known IB journals, such as Journal of International Business Studies, Journal of World Business, Management International Review, Journal of International Management, and International Business Review, pointedly tackle general IB issues. The Strategic Management Society recently has become cognisant of the issue that is being
raised in this paper, and thus it recently launched a new journal, *Global Strategy Journal*. *Global Strategy Journal* is currently enjoying a nearly monopolistic position in the world of IB strategy, because of the absence of any direct competitors profoundly handling the phenomenon. As an additional outlet for scholars studying global strategies, *Long Range Planning* is perhaps another viable option, but its market positioning is strategic management rather than IB. At the present time, we should think about why a strategic management journal also encompasses international dimensions of strategy.

I also believe that there is enough of a market for the theme/topic. For instance, the 2013 impact factor of *Long Range Planning* is above 2 and it has long been considered as one of the top-tier journals. In addition, despite the recent embarkation of its publication, *Global Strategy Journal* has already been included in Social Science Citation Index and became a 3* journal in the ABS (the association of business schools) list in 2015. This data not only informs us that scholars have given high priority to global strategy relevant journals, but also confirms the belief that there is a sufficient market for the theme/topic.

Along with the reason for being, I illustrate the potential destinations (i.e., theme/topic) while we start a long distance journey with the journal. To reiterate, ‘organisational performance’, ‘control issues’, ‘knowledge management within MNC networks’, ‘CSR of MNC and/or MNC subsidiaries’ and ‘MNCs’ contributions to developing and emerging economies’ are only probable themes/topics that researchers can explore in this journal, but the destinations must not be limited solely to those territories. Other prospective themes/topics may include ‘theoretical discussions’, ‘MNC corruption’, ‘the management of organisational functional areas’ (e.g., production, information management, finance and accounting, marketing and human resource management), and ‘strategic evolutions of MNCs’ and so on. Although there will be severe competition (for example mainly with *Global Strategy Journal* and *Long Range Planning*) in the IB field, I positively foresee the future of IJMCS, and I believe it will become a high-impact and highly valued journal in IB, in that it is more explicit than other journals in identifying a unique niche and specialising in MNC strategy per se (both *Global Strategy Journal* and *Long Range Planning* embrace more broad domains, not heavily concentrating on strategy through FDI). Taken all this information together, I look forward to the day I can introduce IJMCS as one of the representative high-impact journals in IB academia.

**References**


The future journey of IJMCS


B.I. Park


The future journey of IJMCS


Notes

1 According to Buckley and Park (2014), ICFs refer to a strategic configuration based on cooperation between MNCs and local firms.

2 In general, control may refer to management control rather than control over strategic or operational directions (e.g., Ramaswamy et al., 1998; Wang et al., 1998). Thus, this study focuses on determinants of foreign equity ownership (i.e., management control) in this section. However, it understands that determinants in both different types of controls are possibly interrelated each other. In other words, no one firm simply wants to pass power to other partners in commonly stable situation. Therefore, foreign partners may attempt to control the key part of operation or specific strategic activities when they are fail to hold dominant equity ownership because of for example, the restrictions of foreign ownership by host government regulation.