International business research amid accelerated globalisation: an editorial

Xiaowen Tian

Department of Global Strategy,
Entrepreneurship and Family Business,
Faculty of Business,
Bond University,
Gold Coast, QLD 4229, Australia
E-mail: xtian@bond.edu.au

Biographical notes: Xiaowen Tian is a Professor of International Business at Bond University. After obtaining his PhD from Australian National University, he worked and taught at National University of Singapore, Leeds University Business School (UK), and Nottingham University Business School (UK). He is the author of four books including *Managing International Business in China* (Cambridge University Press, 2007), and has published articles in journals such as *Journal of International Business Studies*, *Journal of World Business*, *Public Management Review* and *Journal of Asian Business Studies*.

The landscape of global business has changed dramatically since the 1980s, and market competition has now become truly global with the rise of emerging market countries such as Brazil, Russia, India and China. Competing in the rapidly changing global business environment, companies face new challenges and have to deal with a wide range of emerging issues that they either have not experienced or have not paid attention to before. These issues include, among others:

1 Now that global business environment has become increasingly volatile and uncertain as indicated in the global financial crisis in 2007 and current European debt crisis, how should companies deal with unexpected and sometime catastrophic events that may potentially do damage to their global brands and performance?

2 In the uncertain and volatile business environment today, how should companies engage in creative learning and strategic renewal to cope with environment contingencies?

3 As companies cannot rely on their own knowledge base to deal with complex challenges anymore, how should they learn from each other and engage in technology transfer to benefit from rapid advance in technology and management know-how?

4 In cross-border technology transfer, how should foreign companies that transfer technology through foreign direct investment in emerging market countries take into account corporate social responsibility in these countries?

5 While foreign companies need to take corporate social responsibility in operating in emerging market countries, how should companies in these countries deal with corporate social responsibility issues in line with international practices?

6 What can the governments in emerging market countries do to support the development of businesses that are marginalised in the global integration process, especially small and private enterprises?

The special issue of the *Journal for International Business and Entrepreneurship Development* includes six papers that discuss the issues faced by companies in accelerated globalisation today. In the editorial, I highlight the key points made in each of the papers, and make some comments.

To compete successfully in an increasingly competitive global marketplace, a company needs to make great effort to develop, establish, maintain and reinforce its brand name. Given the growing uncertainties in the global business environment, demanding consumers, and high risks associated with global operation and sourcing, a company may experience many unexpected, sometimes catastrophic, events that may damage its brand name. This is indicated clearly by the oil spill of BP off the American coast in 2010, the brake failure and world-wide product recalls of Toyota in 2010, and the quality complaints and massive product recalls of Johnson and Johnson in 2011. In face of events like these, some companies managed to withstand devastating attacks on their brands while others suffered from enormous brand damage. What make the difference? What can a company do to prevent its brand name from being damaged by catastrophic events? Nobre and Becker's paper is intended to address the important questions.

Nobre and Becker argue that whether a company can avoid or minimise brand damage in catastrophic events is dependent on how brand relationship has developed or reinforced. What differentiates firms that thrive following a crisis from those that do not is the loyal consumer-brand relationship displayed throughout the process. According to Nobre and Becker, consumer-brand relationship can be largely divided into two types:

1 intimacy-loyalty, which can be characterised with such adjectives as caring, respectful, honest, trusting, and support

2 passion, which can be characterised with such adjectives as exciting, fun, and independent.

The two types of consumer-brand relationship are influenced by brand personalities, which represent the conceptual images the company wishes consumers to visualise either the company or the product the company offers. In particular, sincerity and excitement are identified as two major brand personalities that impact on consumer-brand relationship. Nobre and Becker argue that the brand personality of sincerity contributes to the consumer-brand relationship of intimacy-loyalty whereas the brand personality of excitement contributes to the consumer-brand relationship of passion. The argument is supported by evidence from a consumer survey on nine global brands, including Coca-Cola, Continente, Luso, Nike, Volkswagen, Chanel, Mercedes, Land Rover and Ferrari. The results seem to suggest that the brand personality of sincerity greatly influences brand loyalty, and thus contributes to consumer devotion to a brand during crises. Future work needs to investigate how to develop different brand personalities.

In the complex and turbulent global business environment, a company needs to commit itself to continuous learning, innovating and adjusting strategies to ever-changing environment contingencies. An emerging theoretical stream in resource-based view argues that a company needs to develop dynamic capabilities to deal with dynamic business environments (Helfat and Peteraf, 2003; Teece, 2007; Sirmon et al., 2007). Differing from conventional resource-based view that companies need to have resources that are valuable, rare, inimitable, and non-substituable (VRIN) to gain sustained competitive advantages, the dynamic capability-based view considers the capabilities to take initiatives to adjust strategic courses of action to environment contingencies as the key to business success. How can companies develop dynamic capabilities and successfully adjust strategies to changing environment contingencies? Learning, learning and learning! Al-Kwifi's paper addresses an important aspect of the learning process and its relationship with strategic renewal.

Al-Kwifi argues that strategic renewal is a process of using new knowledge and innovative behaviour to promote the transformation of an organisation's capabilities, possibly leading to the development of new markets, industries or opportunities. Internal knowledge is often insufficient for this purpose. Therefore, a company has to seek external knowledge that is not available inside the company. Extant research on organisational learning focuses on company-to-company learning process, neglecting the knowledge hubs of universities. The collective learning between companies and universities and the associated knowledge transfer can play an extremely important role in improving learning and strategic renewal. In particular, it is found that collective organisational learning between universities and companies is highly effective in the transfer of tacit knowledge, which can be internalised to achieve strategic renewal. The findings are based on data collected from a government supported programme in Canada – the Industrial Research Chairs Program sponsored by Natural Sciences and Engineering Research Council of Canada. The findings bear important implications for multinational companies that are establishing worldwide R&D networks in promoting learning and innovation, and suggest that the global R&D networks should include universities in host countries in order to achieve fruitful learning and successful strategic renewal.

Closely related to learning and innovation is the issue of the relationship between absorptive capability of companies and the transfer of technology and knowledge. Apart from collective organisational learning as examined in the study of Al-Kwifi, technology and knowledge transfer between organisations may take a wide range of forms, including direct technology transfer for which a company has to pay and indirect technology transfer for which a company does not need to pay – that is, so-called technology spillovers or technology externalities (Tian, 2007). No matter which form it takes, however, successful technology transfer from company A to company B is dependent on the capabilities of company B to absorb the technology transferred to it from company A. Extant research on technology transfer focuses on the forms that technology transfer takes, the channels by which technology transfer takes place, and the effect that technology transfer has on recipient firms or recipient countries. Few studies have paid attention to the possible role that absorptive capabilities of recipient firms play in the technology transfer process. Hashim and Noor's paper addresses this important issue.

Hashim and Noor argue in the paper that internal absorptive capabilities, such as transformative capability and decision-making authority, may influence the technology transfer process. In addition, these factors interact with each other in affecting technology transfer. It is found that the interactive effect is dependent on stages of technology transfer. In particular, greater involvement of decision-making at higher level management may lead to an increase in ability to implement technology transfer at certain stages, but to a reduction in ability to implement technology transfer at other stages. Therefore, successful technology transfer requires not only the appropriate technology to be transferred, but also the appropriate organisation structure that facilitates the technology transfer process at different stages in different circumstances. The findings are based on a survey of foreign companies in the electronics and electrical industry in Malaysia that are listed in the Directory of Foreign Affiliated Companies in Malaysia 2007 and Japan Related Companies Yearbook 2007, and therefore have particularly important implications for multinationals that engage in technology transfer among themselves or to local companies in emerging market countries.

Technology transfer is only one of the important topics in the current debate on impact of foreign companies on emerging market countries in the field of international business for quite a period of time. In recent years, the debate was dominated by an argument that foreign companies generate positive impact on domestic companies through the foreign direct investment (FDI) they make in emerging market countries and, therefore, benefit the economy as a whole in these countries. Evidence indicates, however, that the gap between the rich and the poor is widening in all emerging market countries that have opened up to FDI. Since it opened up in 1978, for example, China has witnessed a remarkable widening of the disparities between the advanced coast region and the backward interior region, although the nation as a whole has see phenomenal economic growth. The ratio of GDP per capital of the coast region to that of the interior region grew from 1.61 in 1978 to 2.28 in 2007. It is reasonable to ask whether and how FDI has contributed to the widening gap between the rich and the poor in emerging market countries like China? Tian et al.'s paper is intended to fill the research gap.

Integrating the growth pole theory in development economics and extant research on FDI technology spillovers, Tian et al. address the issue from the perspective FDI technology spillovers across regions within a country. They argue that the concentration of FDI in the advanced growth pole negatively affects the productivity of domestic firms located in the backward periphery of inland regions. The argument is supported by evidence from a large firm-level data obtained from the China National Bureau of Statistics. If foreign companies contribute to the widening gap in emerging market countries through the investment they make, then questions arise regarding

1 whether and how foreign companies should make socially responsible FDI by investing in poor regions rather than rich ones

2 what the government in emerging market countries can do to encourage socially responsible FDI in these countries.

The widening gap between the rich and the poor is threatening the social stability of these countries, and will continue to do so in the years to come, which is a barrier to both business development of foreign companies and political credibility of the government in these countries. The paper proposes some suggestions on how to deal with the challenge.

In fact, corporate social responsibility is one of the most controversial issues in international business. Extant research focuses on whether and how foreign companies should take corporate social responsibility in doing business in emerging market countries where the legislation on corporate social responsibility issues is weak and cultural perceptions on corporate social responsibility issues are different from those in mature market countries. Apart from the widening gap between the rich and the poor as discussed in the paper of Tian et al., corporate social responsibility issues also include bribery and corruption behaviour, environmental pollution, human rights and working conditions. However, few studies have addressed the question of how companies in emerging market countries think about and deal with corporate social responsibility issues themselves in the process of global integration of economic and business activities. Fernando and Pandey's paper is intended to fill this research gap.

Fernando and Pandey address corporate social responsibility issues in an emerging market country, Sri Lanka, from an accounting perspective. They conduct a comprehensive survey to collect evidence on the corporate social responsibility reporting practices of all companies listed on the Colombo Stock Exchange (CSE) in Sri Lanka in order to

1. assess the nature and the extent of corporate social responsibility reporting in the country
2. identify the characteristics of the adopters and non-adopters of corporate social responsibility reporting
3. examine the perceptions of the corporate managers towards corporate social responsibility engagement and reporting.

They found that the majority of companies did not report corporate social responsibility. Of the adopter companies, only very few followed globally accepted corporate social responsibility reporting guidelines. Of the adopter companies, many won awards for achievements in corporate social responsibility activities. Large companies are more likely to report corporate social responsibility than small companies. In general, managers of the adopter companies show very positive perceptions toward corporate social responsibility reporting. The findings are very encouraging, indicating that companies in emerging market countries have begun to develop a clear understanding of the importance of corporate social responsibility in business activities. Future research may move a step further to compare companies based in emerging market countries with those based in mature market countries in corporate social responsibility reporting practices.

Companies in emerging market countries face business environments that differ significantly from those faced by companies in mature market countries. One key difference lies in the important role the government plays in the economy. Unlike mature market countries where competition is relatively well protected and government intervention is reasonably weak, many emerging market countries witness unfair competition and strong government intervention. How does government intervention influence companies operating in these countries? Extant research has largely focused on the impact of government intervention on foreign companies in the area of market entry. As regards domestic businesses in these countries, research has found that government intervention benefits large enterprises, especially state-owned enterprises (SOEs) at the expense of small and medium-sized enterprises (SMEs).What can government do to support SMEs in these countries? Nguyen and Wongsurawat address the question in their paper.

Nguyen and Wongsurawat conducted a survey of business leaders among SMEs in Vietnam to examine the impact of a wide range of government policies on the development of SMEs in Vietnam. According to Nguyen and Wongsurawat, the Vietnamese government has taken radical reforms to initiate a number of policies to support the development of SMEs in the areas of finance, infrastructure, environment protection, land use and property protection. In particular, policy initiatives in seven areas have positive impact on the performance of SMEs, including road, electricity, telecommunication, internet, tax reduction/deduction, loans and property rights. SMEs play an extremely important role in economic development of emerging market countries, and they are the main drivers behind privatisation and economic liberalisation in these countries. The findings of the paper point to the effective policy instruments governments in these countries can use to support SMEs.

In sum, the six papers in the special issue address a wide range of emerging issues on managing business in a globalised economy in the emerging market century, including brand management, learning and strategic renewal, technology transfer, socially responsible FDI, corporate social responsibility reporting, and government support to SMEs. Some of the issues involve the relationship between companies based in mature market countries and companies based in emerging market countries, while other issues focus on the challenges and opportunities faced by companies operating in emerging market countries. To manage business across borders in the integrated economy today, it is essential for managers to understand these issues and their managerial implications. We hope that the papers in the special issue have provided some food for thought to both researchers and managers.

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