

Advancing Interdisciplinary Research in International Business and Entrepreneurship

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Many different theoretical frameworks have been used to explain the globalisation/internationalisation process over the last 50 years. New theory is important in international business (IB) research, as much has already been studied via the numerous theoretical lenses used to understand the globalisation/internationalisation process. Insufficient new contribution to theory is one of the main reasons competitive research papers get rejected from being published in high-ranked journals after the review process has been completed. The higher the journal is ranked, the greater the contribution to theory that is required for the article to be published. Authors often fail to specify the motivation for their research, not explaining why the research is interesting, important to the field and different from the current literature. Readers should be able to appreciate the need for the research and the opportunity it provides for new insights and knowledge. In the introduction, authors should answer the basic questions of why the study is necessary. What is it about the phenomenon being studied that is still unknown and that this study will provide knowledge of? Where are the gaps in the literature about this phenomenon? How will this study add valuable insights and contributions? Whatever motivates interest, the objective of the study should be stated explicitly in the early text. By the end of the introduction the reader should be convinced that the research is well justified.

The fact that that a question has not been studied is not a good enough reason to study it. Authors should justify why the gap in current knowledge merits research attention and why it is necessary to study this particular question. Alternatively, a paper might suggest that a specific variation of a practical phenomenon has not previously been studied. This could also be a good motivation for the study, but the authors must articulate why the existing knowledge on the phenomenon does not apply, or why it needs to be modified or extended in the international context. What is the distinctiveness that the international aspect adds to the theoretical lens? Finally, in addition to being logically justified, the proposed research needs to be interesting.

Insufficient contribution to the subject area is perhaps the single most common reason for rejection in the top IB and entrepreneurship journals. Research is published to disseminate new knowledge and to communicate to others important findings, insights and ideas. Authors should specify how the research changes our understanding of the phenomenon, explaining the particular advances in theory development and other value-added aspects of research outcomes. To be certain of making a significant contribution to theory, it may be necessary to make multiple contributions across the different elements of the theoretical lens contributing to descriptions of the phenomena by changing the what (relevant constructs), the how (causal connections), the why (theoretical mechanisms, underlying logic) and the when (boundary conditions). By doing this, authors change our understanding of the phenomena and advance our thinking of the different constructs comprising the phenomena. By stating contributions explicitly, authors answer key questions about their research.

There are limits to how much IB researchers can confidently cross over to other disciplines (e.g. entrepreneurship). Therefore, a balance needs to be maintained, and articulating multiple further applications is always beneficial. It specifies the degree of generalisation of the research to other areas of inquiry, and as a result leads to a wider recognition and broader application of the work.

It is important to clearly specify which literature the paper contributes to. Does the study expand, confirm, modify or refute existing theory? Which theory or theories are impacted by this research? Which theory (or theories) is the paper couched in? Finally, after identifying the paper's contribution to a specific theoretical framework, it is important to identify how the paper could serve as a foundation for future research. What are some of the important follow-up and new research questions that could be generated based on the findings?

The major theories used in IB include the Stages Model, Williamson's Transaction Cost Framework, the Theory of Internalisation, Contingency Theory, Dunning's Eclectic Paradigm, Institutional Theory, Industrial Organisation Theory and the Resource-Based View (RBV). What follows is an overview of these theories.

In relation to the Stages Model, Johanson and Wiedersheim-Paul (1975) distinguished between four different modes of entering an international market, where the successive stages represent higher degrees of international involvement and commitment. The Stages Model is represented by stages, where a higher-level stage represents more commitment than the lower-level stages. The models are mainly composed of non-observable concepts. Generally, this makes it difficult to delimit the stages. Early scholars supporting the Stages Model presume that the firm is not interested in exporting at stage 1, is willing to fill unsolicited orders and is partially interested at stage 2.

With regards to Williamson's Transaction Cost Framework (Williamson, 1975), international business scholars generally suggest that the level of "independence" of a multinational corporation's (MNC's) foreign affiliates is negatively related to the MNC's equity positions in them. In other words, a MNC's equity position and its control ability over its foreign affiliates have been believed to be closely related. Transaction cost literature indicates that control problems arise when bounded rationality and/or opportunism are combined with asymmetries in information and/or specialised assets. Nonetheless, the implicit assumptions have been that economic actors are equally bounded rationally and are equally opportunistic. Or, even if they are not, it would not make a difference, because it is costly under bounded rationality to sort out those who are opportunistic from those who are not.

The Theory of Internalisation was developed to provide an economic rationale for the existence of MNEs. By definition these firms establish local operations as a means of serving a foreign market rather than engaging in arms-length transactions with market intermediaries. The theory posits that, due to the transaction costs that must be borne as a result of conducting business in imperfect markets, it is more efficient (less expensive) for the firm to use internal structures rather than market intermediaries to serve a foreign market.

In brief, the key idea of the Contingency Theory's approach is that performance can be improved in more than one way. However, these performance variations are not random since each way might be more or less effective depending on the situation (Zeithaml et al, 1988) or context. Based on the Contingency Theory, for example, the adopted strategy may vary along a continuum from pure standardisation to pure adaptation. Using Contingency Theory, it is more important to consider the degree of strategy adaptation/standardisation, while taking into consideration key contingent forces that might influence it, than to determine whether a company should adapt or standardise its strategies (Samiee and Roth, 1992).

The eclectic theory of international production may be summarised as follows. A national firm supplying its own market has various avenues for growth. It can diversify horizontally or laterally into new product lines, or vertically into new activities, including the production of knowledge; it can acquire existing enterprises; or it can exploit foreign markets. When it makes good economic sense to choose the last route (which may also embrace one or more of the others), the enterprise becomes an international enterprise (defined as a firm that services foreign markets). However, for it to be able to produce alongside indigenous firms domiciled in these markets, it must possess additional ownership advantages sufficient to outweigh the costs of servicing an unfamiliar or distant environment (Hirsch, 1976). It should be observed that these ownership advantages are not exclusive either to international or multinational firms. Some are applicable to all firms producing in the same location; others are those which a branch plant of an existing enterprise may enjoy over a new enterprise of the same nationality. But, because they operate in different location-specific environments, multinational firms may also derive additional ownership advantages – such as their ability to engage in international transfer pricing, to shift liquid assets between currency areas to take advantage of (or protect against) exchange fluctuations, to reduce risks by diversifying their investment portfolios (Rugman, 1979), to reduce the impact of strikes or industrial unrest in one country by operating parallel production in another and by engaging in international product or process specialisation (Dunning, 1977). As such, the key components of the Eclectic Paradigm are location-specific advantages and ownership advantages. Location advantage refers to the relevant country risks impacting the success of a firm in the foreign market (Dunning, 1980). Host country governments have removed a variety of trade barriers (Balabanis et al., 2004). In fact, the openness

of host country markets has played a positive role in firm performance in those markets. As such, host-country government influence can be argued to be a location-specific advantage using the Eclectic Paradigm.

Institutional Theory attends to the deeper and more resilient aspects of social structure. It considers the processes by which structures – including schemas, rules, norms and routines – become established as authoritative guidelines for social behaviour. Institutional Theory enquires into how these elements are created, diffused, adopted and adapted over space and time; and how they fall into decline and disuse. Although the ostensible subject is stability and order in social life, students of institutions must unavoidably attend not just to consensus and conformity but to conflict and change in social structures (Scott, 2004). Institutional Theory has become one of the most important perspectives in international business in recent years. Researchers have applied theories from neo-institutional economics to sociology to study how characteristics of global, regional, country and industry environments influence the strategies and performance of multinational enterprises. Studies have illustrated the importance of institutional variation for a wide range of constructs, including diversification, foreign direct investment, corporate governance, innovation, organisational learning and social networks.

Industrial Organisation Theory states that the external environment imposes pressure on the firm to which it must respond. In line with this theory, Zou and Stan (1998) suggested that exporters who respond successfully to their external environments by developing and implementing an appropriate strategy would enjoy superior performance. The strategy factors that have been frequently studied as determinants of export marketing performance include adapting the different marketing mix elements to accommodate the needs of the local market, and different channel relationships, together with the different types of channels (Zou et al., 2003). However, Zou et. al (2003) also suggest that the industrial organisation framework only focuses on the impact of a firm's strategy and external environment on performance, and places very little emphasis on the impact of idiosyncratic internal capabilities, such as marketing capabilities, on the firm's performance (Barney, 1991).

Finally, the Resource-Based View (RBV) views the firm not in the light of its activities or strategy in the product market, but as a unique bundle of tangible and intangible resources. In addition, the firm's resources – not its strategy – are at the heart of the firm's competitive advantage (Peteraf, 1993). In other words, the RBV states that the principal determinants of a business's performance and its strategy are its internal resources. Not all of the firm's resources have the potential to create a sustainable competitive advantage (SCA). Barney (1991) argued that to create a SCA, a resource must have four attributes: it must (1) be valuable, (2) be rare, (3) be difficult to imitate, and (4) have no strategically equivalent substitute. Specifically, resources that are necessary for creating a SCA can be divided into two types, namely, assets and capabilities. Assets are the resource endowments a firm has accumulated, e.g. an investment in facilities. Capabilities are a firm's complex bundle of skills and accumulated knowledge, exercised through an organisational process that enables the firm to coordinate activities and make the best use of its assets (Day, 1994). In short, the Industrial Organisation Theory argues that external factors determine the firm's strategy, which in turn influences firm performance. In contrast, the RBV argues that the firm's internal resources determine the firm's strategy, which in turn affects firm performance.

The [*Journal for International Business and Entrepreneurship Development \(JIBED\)*](#) addresses the advancement of contemporary research in areas of international business and entrepreneurship. It covers the practice and theory of international business, international entrepreneurship and international franchising, highlighting developing countries attempting to assert themselves on the global stage. *JIBED* welcomes papers encompassing different areas of international business studies (such as the theories summarised above), which include marketing, management, organisational behaviour, finance, accounting, MIS, economics and the different dimensions of international entrepreneurship, such as venture capital formation, franchising, small business management, family business management and technopreneurship.

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