INTERNATIONAL BUSINESS AS A KEY RESEARCH QUESTION FOR MANAGEMENT SCHOLARS IN THE US: CHALLENGES AND IMPACT

Dr. John R. McIntyre
Professor of Management
Executive Director, GT CIBER
Scheller College of Business
Atlanta, GA, USA
John.mcintyre@scheller.gatech.edu

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INTERNATIONAL BUSINESS: A FIELD IN THE MAKING

- IB is defined as all business activities, including the creation and transfer of resources, goods, services, know-how, skills and information which transcend national boundaries and the operational environment in which these transactions occur by a variety of economic actors.

- Actors involved may be individuals, nongovernmental organizations, government organizations, international bodies.

- But the main actor has been the multinational enterprise which takes several organizational forms as the main drivers and beneficiaries of commerce, capital and currency flows. In 2017, questions are raised as to whether it is “in retreat.”

- Alan Rugman had defined it as “the study of country-level and firm-level factors” in the quest for competitive advantage.

- Globalization is not IB; rather it is the extreme form in which the existence of a perfect integrated world economic system prevails: perfect mobility, capital, goods and people.
• IB is free of a single core paradigm
• Therefore, it is an open and complex field of study
• It is also free of a single dominant central research question
• It does not abide by generally accepted simplifying assumptions which would drive the choice of research questions.
• Many disciplines feed into IB: In essence a multidisciplinary field
The Elephant and the Six Blind Men of Management: The IB Puzzle
THE EVOLUTION OF THE INTERNATIONAL ENVIRONMENT HAS DRIVEN THE RISE OF INTERNATIONAL BUSINESS THROUGH FIVE PHASES OF GLOBALIZATION

- International business as a field of study has followed to a large extent the rising cross-national, cross-border flows since the industrial revolution.
- The accompany charts traces the evolution of globalization as a process in the making since the 1800s.
- For each period different central questions, issues and research approaches were devised.
- It is only in Phase 3 and Phase 4 that international business begins to distinguish itself as a separate field of study responding to fast-changing environments (see Phases of Globalization Since the Early 1800s).
- Davos' World Economic Forums 2015 and 2016 has begun to speak of a new wave of globalization as Industrialization 4.0 (artificial intelligence): A new challenge for IB!
<table>
<thead>
<tr>
<th>Phase of globalization</th>
<th>Approximate periods</th>
<th>Triggers</th>
<th>Key characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 1</td>
<td>19th century</td>
<td>Introduction of railroads and ocean transportation</td>
<td>Growth of manufacturing: increase in cross-border trade of commodities and products</td>
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<tr>
<td>Phase 2</td>
<td>1900 - 1930</td>
<td>Use of electricity; Development of transportation and communication infrastructure</td>
<td>Emergence of multinational enterprises (MNEs)</td>
</tr>
<tr>
<td>Phase 3</td>
<td>1945 - 1980</td>
<td>Post World War II reconstruction of Europe; Formation of General Agreement on Tariff and Trade (GATT)</td>
<td>Reduction of barriers to trade; Increase in the number and size of MNEs; Development of global capital markets; Increase in cross-border flow of money</td>
</tr>
<tr>
<td>Phase 4</td>
<td>1980 - 2000</td>
<td>Growth of speed and vehicles of telecommunication; Increased efficiencies of manufacturing; The effective provision of consulting and other services; Privatization of state-owned enterprises; Dominance of emerging markets</td>
<td>Growth in cross-border trade of products, services and capital; Rise of small and medium enterprises (SMEs) and international entrepreneurship; Formation of trade regions</td>
</tr>
<tr>
<td>Phase 5</td>
<td>2000 onwards</td>
<td>Realization of a global, interconnected world; The immense power of global enterprises</td>
<td>Increased focus on sustainability and social responsibility of MNEs; Decreasing role of national governments; Emergence of voluntary international organizations that monitor international business and trade</td>
</tr>
</tbody>
</table>
The field has sought comfort provided by well accepted and partial theories, borrowed from other traditions and / or disciplines. Notorious is transaction cost economics which did dominate research on FDI, modes of entry, organization of multinational enterprises. But also, for example, scales of cultural similarities and differences and measures of “psychic” distance at the national level to provide a basis for cross-cultural management research. Institutional theories are also leaned on to explore different trajectories of economic development of policies towards foreign investment and multinationals. Institutional theory also sheds light on the internal functioning of MNCs. For the period 1950 to 2017 IB has progress through four distinct phases which I have captured in the Comparative table attached. (see table)
### Comparative differences in the study of international business, 1950-2017

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<tr>
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</thead>
<tbody>
<tr>
<td><strong>Focus of interest</strong></td>
<td>General information</td>
<td>Functional areas of development</td>
<td>Strategic emphasis</td>
<td></td>
</tr>
<tr>
<td><strong>Approach to studying international business</strong></td>
<td>Descriptive</td>
<td>Analytical</td>
<td>Integrative, 4th industrial revolution</td>
<td></td>
</tr>
<tr>
<td><strong>Method of explanation</strong></td>
<td>Heavily historical</td>
<td>Functional</td>
<td>Multidisciplinary</td>
<td></td>
</tr>
<tr>
<td><strong>Research emphasis</strong></td>
<td>Interdisciplinary</td>
<td>More quantitative research methods and overseas travels</td>
<td>Quantitative research methods, overseas travel, and international assignment</td>
<td></td>
</tr>
<tr>
<td><strong>Enterprise viewpoint</strong></td>
<td>US enterprises</td>
<td>MNEs</td>
<td>Networks</td>
<td></td>
</tr>
<tr>
<td><strong>Countries examined</strong></td>
<td>Industrialized</td>
<td>Industrialized, NCIs and LDCs</td>
<td>Industrialized, NCIs and LDCs</td>
<td></td>
</tr>
<tr>
<td><strong>Number of journals</strong></td>
<td>Some</td>
<td>Many</td>
<td>Ever increasing</td>
<td></td>
</tr>
<tr>
<td><strong>Journal emphasis</strong></td>
<td>General international topics</td>
<td>Functional</td>
<td>Functional and strategic</td>
<td></td>
</tr>
<tr>
<td><strong>Amount of joint research</strong></td>
<td>Some</td>
<td>Much more</td>
<td>Ever increasing</td>
<td></td>
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</table>

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MULTIDISCIPLINARY OR SINGLE-ROOTED DISCIPLINE?

- This kind of creative and opportunistic borrowing has allowed IB to grow, make progress,
- Become relevant for decision makers and gain a foothold in the scholarly community
- Be it noted that IB research that is explicitly multidisciplinary is rare and hard
- Most researchers are grounded in a single underlying framework of their own training
- And most tend to regress towards it.
- In short, the field presents a pattern or a quilt that is multidisciplinary but individual contributions rarely are
LIMITATIONS OF INTERNATIONAL BUSINESS AS A SCHOLARLY FIELD

• Borrowing theories have their own simplifying assumptions resulting in biased, partial light on complex IB phenomena.
• It can shade as much as it can illuminate.
• Relying on these theories has exonerated IB researchers from the onus of building their own
• The challenge of a single paradigm is nearly an insurmountable one
• IB, the elephant in the dark room of management scholars, remains a “special case” or an application of broader-based disciplinary research (e.g., economics, organization theory, applied psychology, political science, sociology, etc.).
• To economists and political scientists, the MNE’s workings remain a “black box”
• To management and strategy scholars, the State remains a “black box.”
• Finding ways which address these crying gaps is the challenge: French academe should lead the way!
As the field evolved through successive waves of globalization or semi-globalization, it has built a discipline that flourishes in many universities and special research clusters.

The United Kingdom and its universities but the United States have made deep contributions to the field, reflecting the rise of their own MNCs and reliance on trade and FDI in their own histories.

Scholars in Europe, Scandinavia, and increasingly Asia with the rise of emerging market economies are also carving out new research interests in the rise of new areas.

Today, a categorical framework distinguishes nine sub-areas of scholarly production:

- Each research sector has generated its own paradigm or theoretical construct (e.g., resource-based view; institutional approach, Dunning’s eclectic paradigm/OLI; etc.)
- Table “Breadth and depth of IB Discipline as of 2017”
- Paradox is that the rise of economic nationalism, populism, new protectionism, the rejection of multilateralism may be an opportunity for the field.
- Further paradox: continued hyperdrive towards globalization may make the specificity of IB research fade and fragment.
<table>
<thead>
<tr>
<th>The Depth and Breadth of the Field in 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Research methods</strong></td>
</tr>
<tr>
<td>Qualitative research</td>
</tr>
<tr>
<td>Quantitative research</td>
</tr>
<tr>
<td>Mixed-methods research</td>
</tr>
<tr>
<td>Survey / Primary data</td>
</tr>
<tr>
<td>Archival / Secondary data</td>
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<tr>
<td><strong>Global strategy and tactics</strong></td>
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<tr>
<td>Resource-based view</td>
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<tr>
<td>Knowledge-based view</td>
</tr>
<tr>
<td>Transaction cost economics &amp; global outsourcing</td>
</tr>
<tr>
<td>Strategic dynamics / competitive interactions</td>
</tr>
<tr>
<td>Global finance / Access to finance</td>
</tr>
<tr>
<td>Transnational strategies</td>
</tr>
<tr>
<td><strong>International management</strong></td>
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<tr>
<td>International human resource management</td>
</tr>
<tr>
<td>Internal marketing</td>
</tr>
<tr>
<td>International operations management</td>
</tr>
<tr>
<td>International organizational behavior</td>
</tr>
<tr>
<td><strong>MNE / Firm management and governance</strong></td>
</tr>
<tr>
<td>Comparative management &amp; governance</td>
</tr>
<tr>
<td>MNE structure &amp; subsidiary-HQ relationships</td>
</tr>
<tr>
<td>CSR policies, practices &amp; stakeholder relations</td>
</tr>
<tr>
<td>International alliances &amp; JVs</td>
</tr>
<tr>
<td>MNE networks</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>The Depth and Breadth of the Field in 2017</th>
</tr>
</thead>
</table>
| **Internationalization process and performance** | Internationalization process  
Foreign direct investment  
Other aspects of internationalization & performance |
| **Cross-cultural management** | Cross-cultural psychology  
Cross-cultural / Global teams & communication  
National culture / Cultural distance  
Psychic distance  
Other aspects of cross-cultural management |
| **International entrepreneurship and innovation** | International entrepreneurship  
Innovation |
| **Emerging economies and development issues** | Emerging-market MNEs  
Institutions & business groups  
Bottom / Base of the pyramid  
Other aspects of emerging markets |
| **International management and the external environment** | Legal & institutional environments  
Political & environmental risk  
Comparative capitalism & global financial system  
Industrial / Technology policy  
Clusters & trade theory  
Impact of FDI on host country / Local firms |

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KEY QUESTIONS REMAIN IN THE VIEW OF THIS SCHOLAR AT THE END OF THIS PROCESS OF MATURATION

• Which central research questions is research-hot and relevant to practitioners?
• Which theoretical constructs to guide key questions?
• Which unit of analysis provides deeper insights (is it still the singular angle of the MNE)?
• Which data bases? Longitudinal, reliable, valid, and comparable
• Which methods? Quantitative, mixed, qualitative?
CENTRAL UNRESOLVED ISSUES FOR THE FIELD OF IB

• Should it be free-standing or proceed by infusion into curricula?
• Should it considered as a single discipline or a multidisciplinary area
• Which academic organizational structure in business schools for IB?
• Which journals and institutional bodies represent it?
• A uniquely American set of issues when compared to Europe, why?
• International Finance, by and large, has established its own domain
QUALITATIVE RESEARCH AS PANACEA I

- Redressing the balance towards ad hoc, creative, qualitative research is a challenge for new generations of scholars
- Qualitative research, i.e., narratives, conceptual development, use of qualitative data, case studies, ethnographic studies, and so on may be a path forward
- I recently was a member of a DBA jury at Paris-Dauphine: a great example of a creative, qualitative approach in a defended doctoral thesis: “Achats gouvernementaux et stratégie, le cas de la libéralisation des marchés publics et conséquences pour les multinationales étrangères,” 2015 with Bernard de Montmorillon as thesis chair. Such ad hoc conceptual frameworks to speak both to theoreticians but also practitioners! A successful mixed method.
- Avoid relying on a single theoretical lens
- Inductive theorizing is more faithful to the richness of phenomena than deductive theorizing
QUALITATIVE RESEARCH AS PANACEA II

- Impossible to be theory-agnostic but the freer the better in seeking cognitive frameworks free of excessive, predetermined reliance on a given theory.
- Still IB is need of new theory building to overcome the collage approach
- Qualitative theory can test new theories and verify their predictive value, moving beyond the paradigm of transaction cost economics and comparative culture studies.
- Blending the traditional goals of describing, explaining and predicting IB phenomena
- Qualitative research further provides illustrative “vignettes” making for deeper understanding by a managerial audience (akin to consulting)
- Bartlett & Gohshal have provided such exemplars in many contributions.
- Theory should inform practice: the challenge of relevancy
- Today’s conditions provide a compelling opportunity
SELECT HIGHLIGHTS OF ICN-SCHELLER RELATION I
1992-2017

- 1987-GEORGIA TECH ESTABLISHES ITS ENGINEERING LORRAINE CAMPUS IN METZ
- 1992-ICN SIGNS AGREEMENT WITH GT COLLEGE OF MANAGEMENT, THROUGH CIBER
- 1993-FIRST GRADUATE ASSISTANTSHIP GRANTED TO A SELECT ICN STUDENT IN THIRD YEAR
- 1994-FIRST ICN STUDENT OBTAIN DOUBLE DIPLOME: ICN AND MS IN MANAGEMENT, GT
- 1994-2017- 22 ICN STUDENTS GRANTED ASSISTANTSHIPS AND MS IN MGT, GT
- 2006-FIRST INTERNATIONAL CONFERENCE BETWEEN ICN AND GT CIBER ON MULTINATIONAL ENTERPRISE AND SUSTAINABLE DEVELOPMENT (MESD) IN ATLANTA GEORGIA
- 2007-LEGAL INCORPORATION OF MESD AS A NON-PROFIT, ASSOCIATION, LOI 1905
- 2007-PUBLISHING CONTRACT WITH EDGAR ELGARS, UK, BOOK SERIES ON SUSTAINABLE DEVELOPMENT AND THE MULTINATIONAL ENTERPRISE (FOUR BOOKS TO THIS DAY)
- 2007-VISITING FACULTY OF ICN IN 9-MONTH SABBATICAL AT GT
SELECT HIGHLIGHTS OF ICN-SCHELLER RELATION II
1992-2017

- 2008-2017 OCCASIONAL GT FACULTY VISITS AT ICN TO LECTURE AND DO JOINT RESEARCH
- 2008-SECOND INTERNATIONAL CONFERENCE BETWEEN ICN, GT CIBER ON MULTIATINAL ENTERPRISE AND SUSTAINABLE DEVELOPMENT IN NANCY
- 2012-THIRD INTERNATIONAL CONFERENCE, ICN, GT CIBER, UNIVERSITY OF DELHI, DELHI, INDIA
- 2015-FOURTH MESD INTERNATIONAL RESEARCH CONFERENCE, ICN, GT CIBER, LISBON PORTUGAL
- 2012-2017 ICN E-MBA ATLANTA RESIDENCE: STRATEGY WEEK WITH LIVE GLOBAL CHALLENGE (OVER 50 EMBA FROM ICN HAVE PARTICIPATED)
- 2016-VISIT OF DEAN F. LEGROS AT GT
- 2017-FIFTH MESD INTERNATIONAL RESEARCH CONFERENCE, DECEMBER 1-2, 2017, ATLANTA
ICN BUSINESS SCHOOL-GT’S SCHELLER COLLEGE OF BUSINESS COLLABORATION: ICN EMBA STRATEGY WEEK AT GEORGIA TECH, SELECT TOPICS OF CORPORATE GLOBAL CHALLENGES FOR ICN TEAMS IN RESIDENCY IN ATLANTA, USA

• 2017: Development of Cargo Insurance Markets in France and Italy
• 2016: Development of a Sustainability Revenue Strategy for UPS in Europe
• 2014: Global Oil and Gas Forwarding Logistics in the Middle East: Growth Challenges
WHAT IS A CIBER?

• It is a national center of excellence distinguished by federal recognition
• Created by the Omnibus Trade and Competitiveness Act of 1988 to increase and promote the nation's capacity for international understanding, competitiveness and innovation
• Administered by the U.S. Department of Education under Title VI, Part B of the Higher Education Act of 1965, as amended
• Currently located at 17 top US business schools
• Awarded in a 4-year competitive grant application process
<table>
<thead>
<tr>
<th>Brigham Young University</th>
<th>The Ohio State University</th>
</tr>
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<tbody>
<tr>
<td>George Washington University</td>
<td>The University of Texas at Austin</td>
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<tr>
<td>Georgia Institute of Technology</td>
<td>University of Colorado – Denver</td>
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<tr>
<td>Georgia State University</td>
<td>University of Connecticut</td>
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<td>Indiana University</td>
<td>University of Maryland</td>
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<td>Michigan State University</td>
<td>University of Miami</td>
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<td>San Diego State University</td>
<td>University of South Carolina</td>
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<td>Temple University</td>
<td>University of Washington</td>
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<td>Texas A&amp;M University</td>
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PURPOSES OF THE CIBER NATIONAL PROGRAM

• To ensure America’s long term economic competitiveness through:
  • Internationalizing American business education
  • Supporting International Business academic research
  • Providing education outreach to small and medium-sized businesses
FOUR RESEARCH AXES OF THE GT CIBER CENTER, 2014-2018

- Global strategies for sustainability
- Globalization of innovation and entrepreneurship
- Governance to respond to new global challenges
- Transnational security challenges
CONCLUDING THOUGHTS: THE FOUR GLOBAL DISRUPTIVE MEGATRENDS WHICH WILL DRIVE FUTURE IB RESEARCH

• Beyond Shanghai: Shifting the Locus of World Economic Activity to emerging markets like China and to fast rising global cities within these markets

• Tip of the Iceberg: Accelerating Technological Trends: Data, processing connectivity continuing revolutions with wider scope and scale

• Getting older: Not what it used to be: a sea change (Germany’s population by 2060 could be 36 million)

• Trade, people, finance, data: Greater, faster, deeper global connections and flows in the face of populism

Source: Richard Dobbs, McKinsey 2015