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PERSPECTIVE

Perspectives on international business: Insights from the 1970–1985 *JIBS* Decade Award Winners

Lorraine Eden and the 1970–1985 *JIBS* Decade Award Winners

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Abstract
This Perspective brings together the remarks written by the authors (or designates) of 16 new *JIBS* Decade Awards, given in 2009 to the most influential articles published in the journal for 1970 through 1985. The authors briefly discuss the core insights of their articles and assess the relevance of their work for today's scholars. A short history of the *JIBS* Decade Award precedes these mini-retrospectives.
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INTRODUCTION

As part of celebrating the 40th anniversary of the *Journal of International Business Studies* in 2009, the *JIBS* Editors selected 16 new *JIBS* Decade Awards, designating the most influential articles published in each volume of the journal from 1970 to 1985. The authors of the award-winning articles were invited to write short remarks on the core insights of their articles and the relevance of these insights for today's scholars. These "looking back, looking forward" perspectives have been lightly edited by Lorraine Eden and *JIBS* Managing Editor Anne Hoekman. The pieces are published here together as one Perspective, providing an intellectual history of IB scholarship and suggestions for new research areas that could build on these early insights.

A BRIEF HISTORY OF THE *JIBS* DECADE AWARD

In 1995, José de la Torre, then AIB Vice President and Program Chair for the 1996 Annual Meeting in Banff, Canada, suggested to the AIB Executive Board that *JIBS* give an award for the most influential article published in the journal 10 years prior. *JIBS* Editor Paul Beamish agreed, and the AIB Board approved the proposal. The first *JIBS* Decade Award was presented at the Banff meetings to Erin Anderson and Hubert Gatignon for their 1986 article, "Modes of foreign entry: A transaction cost analysis and propositions" (*JIBS* 17.3). After the conference, the AIB Executive decided to make the *JIBS* Decade Award permanent. As José de la

Torre recalled in an email message on March 27, 2009:

> The reasoning for the award was that 10 years provided sufficient time for someone's work to have made an impact on the field…. A 10-year time period was both sufficient for impact to be determined, and a standard by which contributions from a certain period could be set against one another. Thus, I suggested the format of a Decades Award where all the papers published in a particular JIBS volume of 10 years prior to that year's meeting would compete against each other for this honor. We started with 1986 because the first award was given at the Banff meeting of 1996, for which I was the program chair. We decided not to go back any further at that time because we could not figure out a mechanism to do it within the context of a Decade Award, and left it for future boards to decide if and when to recognize earlier papers.

Thus began the history of the *JIBS* Decade Award. The process for selecting the award has changed slightly over the years. Under the current process, the Selection Committee consists of a Chair appointed by the *JIBS* Editor-in-Chief, the current AIB Program Chair and the previous AIB Program Chair, with the *JIBS* Editor-in-Chief as an ex officio non-voting member. In order to be considered for the award, an article must have been one of the five most highly cited articles published in the volume 10 years earlier. After reading and discussing the five nominees, the committee selects the *most influential* article. Thus, citation counts establish the short list of articles considered for the award, but the final selection as to the most influential article is determined by an informed and vigorous debate among the selection committee members about the overall research impact of the five articles.

The *JIBS* Decade Award, now sponsored by the journal's publisher Palgrave Macmillan, has become an integral part of the AIB Annual Meeting, where a special session is held to honor the author or authors. A reprint of the original article, together with a Retrospective by the author(s) and often one or more Commentaries by leading scholars, is published in *JIBS*. The *JIBS* Decade Award winning articles are also available on the *JIBS* website at http://www.jibs.net.

THE 1970–1985 DECADE AWARDS

Because the *JIBS* Decade Award was not instituted until 1996, none of the most influential *JIBS* articles from the first 16 volumes (1970–1985) received this recognition. This task was left, as José de la Torre noted above, for a "future board." This year (2009) is a *JIBS* anniversary year, and as part of the journal's activities celebrating its 40th anniversary, with the approval of the current AIB Executive Board, the *JIBS* editorial team started a "Back to 1970" project designed to extend the Decade Awards back to the first year of the journal.

The process for selecting the 1970–1985 Decade Awards followed closely the current regular selection process. The Selection Committee was established as a subcommittee of the *JIBS* Editors, consisting of Rosalie Tung (chair), Lee Radebaugh and Alain Verbeke, with Lorraine Eden as an ex officio, non-voting committee member. The Selection Committee examined total citations, total number of journals citing the article, and total number of leading journals (excluding *JIBS*) citing the article to determine the top-five most cited articles published in *JIBS* in each year. After reading and discussing the top nominees, the committee selected the most influential article in each volume. The recommendations of the Selection Committee were then shared with and voted on by all the *JIBS* Editors, and the final decisions were the unanimous choices of the *JIBS* Editors.

A special Plenary celebrating the 40th Anniversary of the journal and honoring the winners of the 1970–1985 Decade Awards was held on June 29, 2009, at the AIB Annual Meeting in San Diego. All the authors were invited to write brief remarks on (1) the core insight(s) of their articles and (2) the relevance of their articles for today's scholars. Where the individual was deceased or unable to contribute, a former colleague, graduate student or someone familiar with the individual's work was invited to prepare remarks instead.

These brief perspectives by the authors on their articles' core insights and relevance follow in chronological order of the winning articles' publication year. The articles range across the spectrum of IB research areas that are still being investigated today: culture and international business, country-of-origin effects, exporting, foreign direct investment (FDI) motives, foreign exchange rates, internationalization process, international diversification, international marketing strategies, MNE–state relations, mode of entry, OLI paradigm, political risk and technology transfers.

The *JIBS* Editors hope readers will find the 16 pieces a helpful "look back" and "look forward" that is appropriate for the 40th anniversary of *JIBS*. We also hope there are many intellectual insights and conundrums in these remarks that will spur today's young scholars to read the original articles (available for free download on the *JIBS* website) and follow the research trajectories in international business studies laid out by these pioneers. Enjoy!

RECENT FOREIGN DIRECT MANUFACTURING INVESTMENT IN THE UNITED STATES

John D. Daniels, University of Miami
JIBS Volume 1 • Issue 1 • 1970

Perspective by John Daniels

In my article, headquarters' interviews at 40 (91%) manufacturing companies from Canada, France, Germany, the Netherlands and the United Kingdom that made their first manufacturing FDI in the United States between 1954 and 1968 were analyzed to determine the intertwined internationalization decisions (patterns) that culminated in US FDI. At the time, inward US FDI was an anomaly, considered to be reverse FDI. The findings included companies' progression of operating forms and expansion locations, their evaluations and reactions to political and economic risks, their motives and the triggering factors spurring foreign sales and FDI.

One finding was risk aversion behavior, regardless of nationality. Companies considered foreign sales only when domestic sales were threatened *and* when foreign expansion seemed less risky than domestic growth alternatives. The location pattern was to go first to countries "which seemed simplest and least risky … due to the proximity of geography, language, and customs." Firms preferred exporting over other operating forms and increasing foreign commitments gradually – largely for defensive motives – as successes brought self-confidence. Early successes spurred internationalization to a wider array of countries where they entered initially with higher FDI commitments. However, substantial US experience via exporting, licensing, capital acquisition and affiliations with US companies preceded nearly all inward US FDI.

In today's more globalized world with "born global" anecdotes, does gradual commitment hold for most start-up companies? Do economic, political and competitive risk assessments differ among companies by their degrees of globalization? Are there new triggering conditions prodding companies to undertake, accelerate, or diminish their FDI?

BIAS PHENOMENA ATTENDANT TO THE MARKETING OF FOREIGN GOODS IN THE US

Robert Schooler, University of Missouri (deceased)
JIBS Volume 2 • Issue 1 • 1971

Perspective by Gregg Martin, University of Missouri (former colleague of Robert Schooler)

This article, written in 1971, provided insight to marketing foreign goods in the US, even when significant consumer discrimination existed. It provided valuable insight to variation in the level of discrimination associated with distinct types of consumers. In fact, the findings described in this article identified market segments that were significantly less likely to carry negative perceptions of foreign goods. For instance, young, well-educated women were found to be the least likely to carry negative bias toward foreign products.

At the time of this article, almost all the research of US consumer bias toward foreign goods was designed to establish that bias did indeed exist. However, Robert Schooler's work allowed for progress toward dealing with bias in a well-informed manner. Consequently, it provided direction for international marketing when those who chose to pursue this endeavor were at worrisome crossroads.

At a more general level, these findings suggested that bias was decreasing with the passage of generations and increasing levels of educational achievement. Younger, better educated consumers were found to be less likely to carry negative perceptions of foreign goods. Truly, the early 1970s were years associated with more rapid change. In these changing times the international business community was in desperate need of scholars that could help deal with challenges in an informed, intelligent way. Robert Schooler was a scholar of this type.

ENVIRONMENTAL DETERMINANTS OF OVERSEAS MARKET ENTRY STRATEGIES

James D. Goodnow, Bradley University (emeritus), and James E. Hansz, Lehigh University (emeritus)
JIBS Volume 3 • Issue 1 • 1972

Perspective by James Goodnow and James Hansz

Our 1972 article reported on an empirical test of a hypothesis developed by I.A. Litvak and Peter Banting. Their hypothesis proposed that firms would be more likely to select more direct entry modes (i.e., those requiring greater resource commitments) for international markets for which macro-indicators (proxies for an environmental temperature gradient concept) suggest less economic and legal/political risk, less geocultural distance and greater market opportunity. When we compared entry mode data provided by 222 US-based Fortune 750 manufacturers with macro-environmental data for 100 host countries gleaned from both secondary and primary sources, the Litvak Banting hypothesis was supported. In short, we found that large manufacturing multinationals were willing to take greater risks when the host country external environment is more favorable and more similar to that in the firm's home country.

While our article was cited over the following decades, subsequent research suggests that entry mode selection behavior is associated not only with the macro-environmental indicators we examined but also with intracorporate and industry-level variables. The exogenous variables in our study could be used as proxies to measure macro-elements (but not industry or product specific indicators) of location specific advantages suggested by Dunning's eclectic paradigm. Our article did not consider proxy measures for complementary micro-level determinants related to ownership and internalization (i.e., transaction cost minimization) advantages. Nevertheless, ours was one of the earliest published empirical studies on international entry mode entry selection, which continues to be one of the major research themes in the international business discipline.

PRODUCT AND PROMOTION ADAPTATION BY EUROPEAN FIRMS IN THE US

James J. Ward, National University of Ireland, Galway
JIBS Volume 4 • Issue 1 • 1973

Perspective by James Ward

At the time the article was written and for a few years previously, there was a growing body of literature dealing with multinational marketing strategies and, specifically, raising the question of whether it was possible to standardize marketing strategies for international markets. Most of the research was from an American perspective, focusing on what American companies might need to do when entering foreign markets. At the same time there was considerable FDI by European companies in the US. Most of the major European businesses had established subsidiary operations there. Companies such as Nestle, Unilever, Bayer and ICI were well known in the US, and this trend was expected to continue with growing trade liberalization.

The purpose of my study was to determine what was the experience of European companies in the US, in regard to the need for adapting marketing strategies, in particular, their product and promotion strategies. The study also examined respondent perceptions of European vs US customers and found that American customers were more demanding in regard to product quality and range, service, packaging and presentation, warranties, lead times and price.

I would like to say that I feel greatly honored to be asked to consider the relevance of an article I wrote 37 years ago for today's scholars. I did not anticipate the request, and the fact that I learned of it from my Blackberry, having just emerged from an operating theater anaesthetic, made it all the more dramatic. So while I may claim that the article has relevance, it certainly registered as high impact with me.

How does one measure relevance? Perhaps the fact that one analysis has found 34 studies dealing with one aspect of my article, advertising standardization, over the last 40 years is one measure of relevance. Another study concludes that "after three decades of debate the issue of standardization versus adaptation has no clear conclusion," suggesting that the debate will continue. A further measure of the relevance of the article is the fact that a number of review articles have been written on the topic in the intervening years.

Researchers have also been examining different aspects of the article in recent years, such as the relationship of product adaptation and profitability (positive) and the linkage of product adaptation to more responsive marketing organizations and customer-focused practices. Other interesting studies have focused on the impact of psychic distance on international marketing strategy, especially the degree of marketing program adaptation. There have also been many studies looking at national or geographic regional patterns of standardization–adaptation.

In conclusion, it would appear that the topic has had relevance for nearly 40 years and will continue to be relevant as long as international market differences exist.

THE EXPORT DECISION PROCESS: AN EMPIRICAL INQUIRY

Claude L. Simpson, Jr., University of Texas Pan-American (emeritus), and Duane Kujawa, University of Miami
JIBS Volume 5 • Issue 1 • 1974

Perspective by Claude Simpson and Duane Kujawa

Very little research had been done in exporting when this article was written in 1974. In particular, almost no research had been done on the export decision-making process. This study sought to offset this void by profiling decision-maker opinions who export and decision makers who do not export.

An interview study was conducted among 50 decision makers in exporting firms and 70 in non-exporting firms in small- and medium-sized manufacturing firms in Tennessee. The research looked at the stimuli to export and the deterrents to exporting in opinions of decision makers who were questioned in open-ended interviews.

The factors examined were classified as internal or external to the firm. The most prevalent factor that was discovered in the exporting firms was receipt of a "fortuitous" order from a foreign company (an order that was not solicited by the exporter). Internal factors included risk perception of exporting vs domestic market sales only, travel experience, education level, profit perception and several others. The more important of these factors was perception of risk involved in exporting. Almost all factors compared showed a significant difference between exporting and non-exporting decision makers. The factors that were insignificant were foreign travel, perception of foreign exchange problems, and expropriation risk. Profit perception was also compared between the two groups and the exporting decision makers had a perception of higher profits.

Many topics of follow-on research come to mind, such as the identification and role of scope economies affecting exporting propensities, and the "real options" deliberateness of exporting as a learning experience and prelude to direct investment. The topics appear endless. The world is "much more with us" than it was in 1974.

THE RANDOM BEHAVIOR OF FLEXIBLE EXCHANGE RATES: IMPLICATIONS FOR FORECASTING

Ian H. Giddy, New York University (deceased), and Gunter Dufey, University of Michigan (emeritus)
JIBS Volume 6 • Issue 1 • 1975

Perspective by Gunter Dufey and Ian Giddy

Originally, like many others, "we sincerely wanted to be rich," investigating foreign exchange forecasting models – with little success. Inspired by Malkiel's famous publication, "A Random Walk down Wall Street," we recognized that the market for currencies, if unrestrained by exchange and capital controls, had inherent the features typical for efficient markets: professional traders in banks, well-trained, (usually) well supervised, impound all the available information into prices quoted to clients and other market participants. The result was the *JIBS* article of 1975.

While our statistical methods were primitive by today's standards, the results still stand. FX rates follow a random walk, not necessarily with a nice martingale distribution, but exhibiting "time variant risk premia" that are randomly distributed, and most important, are not amenable to profitable forecasting efforts.

Once we had convinced ourselves of the essential correctness of our position, we attacked the more important issue: the definition of corporate "exposure" and concomitant hedging policies. For many years, these questions kept us (and many others) busy with research, teaching and consulting.

When academia working closely with Wall Street developed "derivatives" and related hedging tools, we focused on their use in corporate risk management, culminating in a publication on "The Use and Abuse of Options." This line of research brought us quickly to an investigation of the *process of financial innovation*, generating new instruments and techniques that create value for market participants.

The current financial crisis demonstrates that new techniques can be misused. The challenge for the emerging regulatory regime will be not to "throw out the baby with the bath water," depriving the world economy of the tools of financial innovation. There will be a wide scope for supportive research of international markets, institutions and practices.

RISK REDUCTION BY INTERNATIONAL DIVERSIFICATION

Alan M. Rugman, University of Reading
JIBS Volume 7 • Issue 2 • 1976

Perspective by Alan Rugman

This article reports some of the major empirical work from my 1974 doctoral thesis at Simon Fraser University supervised by Herbert Grubel. He had shown in his 1968 *American Economic Review* article that international financial diversification could be achieved (conceptually) by individuals buying into world stock markets. In the *JIBS* article, I demonstrated that US MNEs engaged in FDI could also achieve the benefits of (real asset) international diversification. The MNEs, through their international operations, served as surrogate vehicles for individuals to achieve indirectly the benefit of international diversification.

The time period of the empirical research, from 1960 to 1969, was one of imperfections in international financial markets, such as the US interest equalization tax, fixed exchange rates and widespread government intervention in financial markets. Thus, the theoretical basis for the empirical research reported in the article represents an early version of internalization theory based upon the MNE operating as an alternative to international financial markets. In this particular case, however, it is not the level of performance which is improved through multi-nationality, but the variance of earnings over time (risk) which is reduced, thus improving performance in a risk-return sense.

To a degree, my work was scooped by a parallel publication in the *Journal of Finance* by Tamir Agmon and Don Lessard. While their work was influential with finance professors and probably led to the subsequent development of new financial instruments such as world mutual funds, my *JIBS* article was influential with internalization theorists such as Peter Buckley, Mark Casson, Jean-François Hennart, John Dunning and others who have focused on the theory of the MNE. Thus its influence has been longer in incubation but possibly richer in analysis. This is partly because the theory of the firm (the MNE) has become the cornerstone of the field of international business while international diversification remains a sub-area of the finance field.

In conclusion, the rich empirical context and new theoretical insight captured in my 1976 *JIBS* article have provided a strong foundation of my subsequent career in the field of international business. I remain convinced that new conceptual thinking needs to be based upon deep and relevant analysis of the empirical phenomenon under examination. Thus my 2004 *JIBS* article with Alain Verbeke again re-examined the *Fortune* (global) 500 and discovered the home region bias in the sales of these firms. This led to new theoretical insights into the nature of the liability of inter-regional foreignness, an issue which remains ripe for further research.

THE INTERNATIONALIZATION PROCESS OF THE FIRM – A MODEL OF KNOWLEDGE DEVELOPMENT AND INCREASING FOREIGN MARKET COMMITMENTS

Jan Johanson, Uppsala University (emeritus), and Jan-Erik Vahlne, Gothenburg University
JIBS Volume 8 • Issue 1 • 1977

Perspective by Jan Johanson and Jan-Erik Vahlne

The core insight of our article is that, typically, internationalization occurs in a context of high degrees of uncertainty. Therefore firms proceed in small steps, adjusting according to experiences made as they do business in foreign markets. Also, commitment decisions make uncertainty decrease. These processes of learning and commitment building do not happen in the focal firm only. Rather, similar processes proceed in a parallel fashion in firms with which the focal firm has some sort of exchange. Commitment building has to be mutual.

When we started this research, we were not very familiar with international publications on international business and multinationals. We set out to collect a lot of data on Swedish internal companies and their activities. It was induction indeed! Hence, we came to focus on different phenomena as compared with the economists: they mainly observed and explained international production, we worked with trade, mainly exports; they looked at international movements of capital, that is direct investments, while we worked with the organization of exports or supply of international markets; they made static models under equilibrium, while we thought dynamics was realistic; they assumed rationality, while we thought rationality was limited indeed. Our assumptions are more realistic and firm relevant, which is important for micro-level studies.

To some extent we were, however, "prisoners" of the ontology and epistemology of the economists. Take for example the market concept. A market was defined as the national market for a particular product; whereas in reality perhaps, it comprises only a particular type of customer. More importantly, we understood a market consisting of a large number of suppliers supplying homogenous products to a large number of customers with homogenous demands.

We started by trying to explain why firms established sales subsidiaries. Initially, we regarded it as a bounded-rationality decision-information problem. Gradually we found that information was a minor issue in comparison with the accumulated knowledge and that change was part of a more or less continuous process and not so much a matter of decisions. Slowly we also realized that we could explain other steps in the internationalization in the same way, including direct investment – hence the internationalization process model was constructed.

A failure of the article was that the model was considered as a risk reduction model in spite of our efforts to emphasize the importance of opportunity seeking. This is made clear in our *JIBS* 2009 version of the Uppsala Model, also published in this issue, which explicitly locates the focal firm in a network type environment.

The relevance of the Uppsala internationalization process model is also high today. We believe action, whether by managers or policy makers in public organizations, must build on understanding of firm behavior and the market environment that is built on relatively realistic assumptions. Models from neo-classical economics, basically meant for aggregation, cannot be used for managing the individual firm. Also, as the model is very general, we believe it is of relevance more widely in contexts characterized by high degrees of uncertainty. Such contexts include technological diversification, research and development, and explanation of firm evolution generally.

AN ATTEMPTED INTEGRATION OF THE LITERATURE ON THE EXPORT BEHAVIOR OF FIRMS

Warren J. Bilkey, University of Wisconsin (deceased)
JIBS Volume 9 • Issue 1 • 1978

Perspective by Tamer Cavusgil, Georgia State University (former student of Warren Bilkey)

A contemporary reader of Warren Bilkey's 1978 article may wonder why this article receives so much attention, even today, some 30 years after its publication. Indeed, the article has received about 500 citations and is among the most cited references in international business. Warren's integration was inspired, in part, by two doctoral dissertations he supervised (towards the end of his career) at the University of Wisconsin-Madison: George Tesar (1975) and S. Tamer Cavusgil (1976).

Warren's article is remarkable in several ways. First, it marked a milestone in a then relatively new stream of research on the export behavior of firms. By the time the article was published in *JIBS*, several dozen empirical studies had been conducted on exporting behavior. Warren's integration of this research was a fine effort and did capture the state of our knowledge at the time. Second, this stream of research represented a new tradition in the sense that the contributing scholars adopted the firm as the unit of analysis, and employed a behavioral approach to examining management decisions. The study of organizational decisions through a behavioral lens represented a departure from the traditional, rational-man approach of economics. This was very much in concert with the Cyert and March approach that had become popular only about a decade earlier. Third, students of exporting began a new tradition where the focus was no longer on the multinational enterprise but on the small- and medium-sized organizations. Fourth, Warren's piece also signaled a heightened activity by all types of firms in exporting. Whereas other IB scholars were focusing on FDI, a growing number of researchers carried out empirical studies to account for exporting activities.

Warren was a gentleman, an inspiring scholar and a caring individual. Though he passed away soon after his retirement, his legacy lives through his writings and numerous disciples he mentored.

POLITICAL RISK: A REVIEW AND RECONSIDERATION

Stephen J. Kobrin, University of Pennsylvania
JIBS Volume 10 • Issue 1 • 1979

Perspective by Stephen Kobrin

There has been considerable progress in scholarship on the impact of political environments on foreign investors in the three decades since this article appeared. The use of institutional theory has markedly improved our understanding of the relationship between business firms and political actors, and increasingly sophisticated econometrics have produced much more nuanced and interesting empirical analyses. Re-reading this article makes me realize how far the field has come.

That said, I think that several of the arguments of the article are still relevant. The first is the distinction between political events and impacts on the firm: "One can say only that political events may affect the firm: whether they do so is a function of both environmental conditions and industry- and firm-specific factors." Political risk is firm- and project- rather than country-specific.

Second, managers tend to assess host country politics subjectively and often ethnocentrically, projecting home country norms, culture and standards onto alien environments. Given some of the foreign policy disasters of recent decades, there is no reason to assume that this is a singular characteristic of business managers. Last, and related to the second, the tendency to think about political risk in terms of "government interference" with private investment has dysfunctional normative implications. If anything, the tendency to assume that any attempt at regulation is an unwarranted interference with private property rights has become more prevalent in recent decades with the internationalization of the Reagan – Thatcher "revolution." This is evidenced by the widespread use of the term "creeping expropriation" in the literature as a virtual synonym for any regulatory effort that could adversely affect profitability.

TOWARDS AN ECLECTIC THEORY OF INTERNATIONAL PRODUCTION: SOME EMPIRICAL TESTS

John H. Dunning, University of Reading (deceased)
JIBS Volume 11 • Issue 1 • 1980

Perspective by Rajneesh Narula, University of Reading (former colleague of John Dunning)

This article set out – in a clear, succinct and distinct fashion – the basic tenets of the eclectic paradigm (at the time still referred to as a theory). It was one of the earliest attempts to empirically test ownership and location advantages and their role in determining the propensity of MNEs to engage in FDI rather than exports (thereby also demonstrating I advantages). In operationalizing O, L and I advantages, the article offered the first comprehensive explanation of the various types of O advantages, and systematically proposed specific proxies for each using firm-level data. The data were from a US Tariff Commission study for 14 US MNEs in seven countries in 1970 (West Germany, France, UK, Canada, Belgium/Luxembourg, Mexico and Brazil). Differences in the results for developing and industrialized countries led Dunning to also tentatively propose that systematic differences in geographical and industrial distribution might reflect different motivations of their activities (although this explanation was not fully developed here).

Although this article specifically linked IB to economic theory, it pioneered a systematic link between strategic management and IB. By analyzing and developing the O advantages into several distinct subcategories, it also moved the debate on competitive advantages forward. By raising the issue that MNEs might utilize different types of O advantages in different locations (and that not all these O advantages were associated with technology-type assets, but advantages that derived from *inter alia* multinationality, size and industry), it also paved the way for the ongoing discussion on the significance of MNE motives, but also the heterogeneity of MNE subsidiaries.

This article emphasized the interactive nature of O, L and I advantages, and the inseparability of the O, L and I dimensions. In addition, Dunning argued that L advantages of countries play a crucial role in the O advantages of its outward investors, and that certain O advantages were location-specific. These are issues that are increasingly being explored in economic geography, alliances and network theory.

THE DECISION-MAKER AND EXPORT ENTRY AND EXPANSION

Stan D. Reid, University of New Brunswick (deceased)
JIBS Volume 12 • Issue 2 • 1981

Perspective by Alain Verbeke, University of Calgary (Decade Award Selection Committee member)

Stan Reid identified two sets of variables instrumental to small firms expanding internationally through exports. Most prior international business models had focused on only the first set, namely the firm's idiosyncratic resource base. However, a second set of variables, insufficiently discussed in the extant literature, includes the *decision-maker's attitudes* toward foreign countries and customers, as well as the *experience* with – and *expectations* of – exports. Reid argued that this second set of variables is about the decision-maker processing information on highly specific international business opportunities, in terms of searching for relevant market information, evaluating this information and being motivated to act upon it. Analysis of export behavior – and any other type of international expansion process in small firms for that matter – can therefore only be done seriously if international business scholars truly understand the individual decision-maker's attitudes, experience and expectations.

Reid's article usefully anticipated the present literature on the impact of "distance" on international expansion: firms should not be characterized as having a simple "international orientation" or "export orientation." Rather, any firm's "foreign market orientation" is fundamentally distance dependent, that is, it includes an "evaluative dimension." A manager will typically be very selective in deciding on international expansion moves, entering foreign markets associated with low ambiguity and complexity, as perceived by this manager, and as a function of this manager's personal preferences and capabilities.

Reid also anticipated the present backlash against the simplistic literature on "born global" firms. Careful analysis of these firms' expansion behavior systematically shows strong selectivity in the choice of foreign markets, often as a function of relational capital bridging the various distance dimensions between home and host countries. Here, even the "born regional" concept should be properly qualified, whereby IB scholars should try to understand what constitutes the relevant set of low distance environments as perceived by the individual manager.

COUNTRY-OF-ORIGIN EFFECTS ON PRODUCT EVALUATIONS

Warren J. Bilkey, University of Wisconsin (deceased), and Erik Nes, BI Norwegian School of Management
JIBS Volume 13 • Issue 1 • 1982

Perspective by Erik Nes

Our article was a state of the art assessment and critical review of country-of-origin research. Discussion of methodology included issues that at that time were more prevalent than today. Hence, our paper sort of set things "right" and provided a platform on which to build future research. I think the paper also brought attention to country-of-origin research. In retrospect I've felt honored that scholars have expressed that the article inspired them to do their own work in the area. The early research, and thus our article, addressed the cognitive elements of country attitudes that relate to product beliefs and the impact on intentional buying behavior. Our article may still have relevance for these issues, but the issues themselves have been extensively studied, and the attention is shifting to other areas of country-of-origin. What appeals to the brain is well researched. The affective and perhaps normative parts of country-of-origin effects are much less understood. As more countries develop excellence in the production of quality products, the differentiating impact of country-of-origin on product beliefs may diminish, but the symbolic and emotional effects of the associated country that appeal to the heart may be more important. Herein lies one of the challenges for future research.

THE CULTURAL RELATIVITY OF ORGANIZATIONAL PRACTICES AND THEORIES

Geert Hofstede, University of Maastricht (emeritus)
JIBS Volume 14 • Issue 2 • 1983

Perspective by Geert Hofstede

The *JIBS* article was a summary of my 1980 book *Culture's Consequences*. Its message is that organizational practices reflect the values of the people in the organization, which depend partly on the country where they grew up. The article argues that most theories of management made in the US are based on the values of US people, and that applying them abroad may be an ethnocentric error. It outlines how people's work-related values were found to differ among 50 countries, and gives examples of what these differences mean for the variety of management practices and the validity of management theories, in particular in the fields of leadership, organization and motivation.

Re-reading the article now I am surprised at how topical it still is. It still has news value for readers both in the US and abroad. Of course there has been enormous progress in fields like International Management Research and Cross-Cultural Psychology, but the insights they have brought have not necessarily reached practitioners and academics from other sub-disciplines, and ethnocentric habits die hard. For this, the believers abroad are at least as much to blame as the theorists in the US. Management theories based on values from other parts of the world are still rare and lack the luster of US theories. One possible positive effect of the 2008 economic crisis may be that a wider spread of global economic power will in due time be followed by a broader range of management theories, reflecting values from different parts of the world.

BARGAINING POWER, OWNERSHIP, AND PROFITABILITY OF TRANSNATIONAL CORPORATIONS IN DEVELOPING COUNTRIES

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Perspective by Don Lecraw

At the time the research for this article was conducted, most developing countries had major sections of their economies that were either closed to foreign investment or open only to joint ventures with domestic partners. This set up a bargaining situation between the foreign investors and the host-country government over whether entry was permitted and if so, with how much domestic equity. My article found that the success of foreign investors in achieving their desired/target equity was a function of their bargaining power embodied in their product and process technology, and access to export markets. It also found that if ownership were equally shared (more or less), the venture was less profitable.

At present, most developing countries have eliminated most of their barriers to FDI. So what is the relevance of this article? Possibly two reasons: China and India, the two largest destination countries for FDI, still have many barriers to FDI. As well, the same bargaining power that assisted foreign investors to gain increased equity positions in developing countries 25 years ago now gives them bargaining power to access fiscal and financial incentives in developing countries.

KEY CHARACTERISTICS IN THE CHOICE OF INTERNATIONAL TECHNOLOGY TRANSFER MODE

William H. Davidson, MESA Research Group, and Donald G. McFetridge, Carleton University
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Perspective by William Davidson and Donald McFetridge

This article was written from the perspective of the classic markets vs hierarchies model of industrial organization. We examined whether successful commercial technologies were transferred to foreign markets through FDI (internal/hierarchy), joint venture (hybrid) and licensing (market) modes. The variables most strongly correlated with the choice of technology transfer mode reflect the powerful impact of risk and uncertainty in business decision making. Levels and modes of prior transfer experience by the parent, for the individual technology, and in the relevant country powerfully affected the choice of transfer mode. Early transfers of a technology were more likely to be via lower risk market and hybrid modes. Technologies closest to the parent company's core business were most likely to be transferred internally. Transfers to countries with no prior presence by the parent company were most likely to be conducted via licensing agreements and joint ventures.

These findings remain relevant to today's scholars in several respects. A number of questions remain unanswered. For example, the logic of joint ventures as a hybrid form of industrial organization deserves further examination. The role of risk and uncertainty, at both the organization and the executive level, also offers rich opportunities for further research. Comparative, cross-cultural studies related to the effects of experience and uncertainty on global decision making would be particularly valuable. The interaction of economics, uncertainty and comfort/commitment zones warrant further examination.

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