



## EDITORIAL

# Letter from the Editor-in-Chief

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### INTRODUCTION

I am honored to be the seventh Editor-in-Chief of the *Journal of International Business Studies*, following in the footsteps of six previous *JIBS* Editors: Ernest W Ogram Jr. (1970–1975), William A Dymaza (1975–1984), David A Ricks (1985–1992), Paul W Beamish (1993–1997), Thomas L Brewer (1997–2002) and Arie Y Lewin (2002–2007). I am the second Canadian and the first woman to hold this appointment. During my term as Editor, the Academy of International Business will celebrate its 50th anniversary and *JIBS* its 40th anniversary. It is, indeed, a wonderful honor and a privilege to assume the editorship of the world's premier journal of international business.

Growing up as a 'border child' explains my longtime interest in international business. Born and raised in Canada, on the border next to the world's largest and most powerful nation, I listened to multiple US radio and television stations, watched swings in the Canada–US exchange rate affect (legal and illegal) cross-border flows, and participated in dinner-table debates over US ownership of the Canadian manufacturing and natural resource sectors. In the world where I grew up, there was no question as to whether or not international business was important: it was reality.

International business is bread and butter to a border child. This is the situation for firms and individuals in any small open economy, or where several small countries are contiguous such as within the European Union. Only very large countries, such as the United States, have domestic markets sufficiently large that opportunities outside the country's borders must be weighed against opportunities inside. In these few behemoths, the preferred expansion path may be from one domestic metropolitan area to another (e.g., the expansion of Blue Bell Creameries north from Texas to nearby states). Even in large countries, however, international business intrudes through imported goods and services, inward foreign direct investment and culturally diverse immigrant enclaves. There is no escape. International business is today's business. The international dimension of business cannot be avoided, either by firms, consumers or scholars.

The preeminence of international business is perhaps the key lesson of the 1990s. The 1990s were a cataclysmic period. The extremely rapid growth in international trade and investment flows, especially in knowledge-based services and intangibles; the integration into the global economy of emerging and transition economies – particularly from Asia – with very different institutions; and the rise of the "new latecomers" (multinationals from emerging and transition economies) were huge changes. These



environmental and business changes significantly increased the relative importance of cross-border, cross-cultural and comparative studies – all core components of IB research.

Paradoxically, the dominance of IB issues provided the rationale for stripping international business of its stand-alone status and infusing “international” throughout the business school curriculum. In the 1990s, when asked whether international business should be a separate field, most North American business schools answered this question with a strong “no!” They dismantled their IB departments; moved IB faculty into functional departments (management, finance, accounting, and so on); and replaced stand-alone IB courses with international modules added to functional courses. “We are all international now” was the theme. However, when everyone is responsible for internationalizing the business curriculum, often no one is responsible. Perhaps it is not surprising that, while I was preparing this editorial, there was an active discussion on the Academy of International Business list serve (AIB-L) and a stellar colloquium at IESE in Barcelona, both questioning the current roles of international business education and research in our business schools.

### WHITHER *JIBS*?

For the Editors of *JIBS*, there is an equivalent question: What should be the role of *JIBS* within scholarly business journals? The changes in the global economy over the past 15–20 years suggest the demand for good international business research should be stronger today than ever before. The increase in the stature of *JIBS*, the rising number of competing journals and the increased international component of mainstream business journals are all testimony to the growing importance of IB research.

But do we need *JIBS* as a separate journal? Are articles published in *JIBS* any different from internationally oriented articles published in the top-ranked discipline-based journals, such as the *Academy of Management Journal* or the *Journal of Accounting Research* or the *Journal of Finance*? Is *JIBS* simply a repackaging of articles that could have appeared in the international subfield journals associated with each functional area, such as the *Journal of International Marketing*, the *Journal of International Management* or the *Journal of International Accounting*? Is *JIBS* basically a multidisciplinary journal, consisting of articles that could have appeared either in the top-ranked functional

journals of business or in their international subfield journals?

My personal answer is that yes, we need *JIBS*, but the journal is and must be more than a repackaging of international versions of the functional disciplines. Perhaps an analogy would be helpful here. Consider a matrix where the columns in the matrix are the different disciplines or functional business areas (management, marketing, finance, accounting, and so on). International business is a row in the matrix that cuts across all the columns. Thus, international business, as a minimum, consists of the sum of the various cells: international management, international finance, international accounting, et cetera. A simplistic treatment of the “row” perspective therefore implies *JIBS* is a multidisciplinary business journal.

Let us use the matrix analogy to explore the role *JIBS* should play. First, for example, suppose I were to argue that the big question in IB research should be “what determines the international success or failure of firms?”. Our matrix analogy would interpret this question as the intersection of the strategic management “column” (what explains the success/failure of firms) with the international “row”. While this question is clearly appropriate for international strategic management scholars, it is only one of the many possible intersections of functional “columns” with the international “row” and therefore only one of the many possible “big questions” that can and should interest IB scholars and be publishable in *JIBS*. Thus, there may be many “big questions” in international business, and one might expect their relative importance to shift over time as disciplines wax and wane and the international environment changes.

Second, I argue *JIBS* should be more than a simple combination of the cells defined by the functional areas of business. Other disciplines – particularly the social science disciplines of economics, political science and sociology, but also including geography, law and psychology – have important contributions to make to IB scholarship. I would extend the columns to include these social science disciplines. Thus, *JIBS* can be seen as a “big tent” that draws from many social science disciplines, not just the functional areas of business. Some disciplines, historically, have been far more important than others, economics for example. However, the recent interest in emerging economies, varieties of capitalism, institutions and institutional distance suggests the growing importance of sociology, political science and law for IB scholars. The



key linking the columns is a focus on “international” and “business”.

Third, the matrix analogy can be helpful in exploring the difference between scholars who define themselves as functionally based in comparison with those who see themselves as IB scholars. For example, a mainstream finance scholar (the finance “column”) publishes in mainstream finance journals and may occasionally publish an international finance (IF) piece either in a core finance journal or one of the subfield international finance journals. In my matrix analogy, an IF scholar’s interests lie at the intersection of the finance “column” and the international “row”. She/he is not interested in international business; that is, his/her interests seldom scan outside the international finance “cell”.

On the other hand, IB scholars – specifically because their interests are in I+B – do span disciplines in terms of their backgrounds, interests and research questions. Their research interests are phenomenon based and theory motivated; they conduct multilevel research that employs context-rich approaches. IB scholars, while typically located in one “cell” (e.g., international management), find their interests spilling over into related “cells” such as international economics and finance.

IB scholars are enthusiastic about boundary spanning. IB scholars like to *read across* the journals. If their phenomenon of interest is the liability of foreignness of MNEs in host countries, for example, they read wherever liability of foreignness takes them – accounting, finance, management, sociology, economics and political science! IB scholars want to read articles in *JIBS* that do span across the disciplines. They send their research first to *JIBS* so that other IB scholars can read and comment on their work, regardless of whether the researcher is housed in a management or accounting department. True IB scholars are boundary spanners – they engage in two strategies, integration and arbitrage, in the “semiglobalized” world of academic scholarship.

My conclusion, drawing from the matrix analogy above, is that *JIBS* is the journal for boundary spanners, for individuals that place “international” first, who want to write for and be read by other boundary spanners. Successful submissions to *JIBS* are not based in a single “cell”, but rather spill over into other “cells” by incorporating insights from other disciplines into their research. Thus, *JIBS* is one of the rare journals that aspires to be interdisciplinary, rather than unidisciplinary or

multidisciplinary. *JIBS* spans the boundaries of single disciplines to engage its readers in thoughtful discourse on international business. As former Editor-in-Chief Arie Lewin argues in his first editorial in volume 34.1: *JIBS* is the place where scholars want to read and publish “new and important theoretical papers that extend the intellectual reach of international business, bridge disciplinary boundaries, and break out of the single-theme research silos”.

Building on my matrix analogy, the domain of *JIBS* includes the following research questions (quoting from the *JIBS Statement of Editorial Policy*):

- the activities, strategies, structures and decision-making processes of multinational enterprises;
- interactions between multinational enterprises and other actors, organizations and institutions;
- the cross-border activities of firms (e.g., intrafirm trade, finance, investment, technology transfers, offshore services);
- how the international environment (e.g., cultural, political, economic) affects the activities, strategies, structures and decision-making processes of firms;
- comparative studies of businesses, business processes and organizational behavior in different countries and environments; and
- the international dimensions of organizational forms (e.g., strategic alliances, mergers and acquisitions) and activities (e.g., entrepreneurship, knowledge-based competition, corporate governance).

*The goal of JIBS must be to publish insightful and influential research on international business.* Top scholars in international business must see *JIBS* as their first choice for journal submission, and *JIBS* must be consistently ranked in the list of premier scholarly business journals. And, in fact, *JIBS* is now ranked not only as the premier journal of international business studies, but eighth among all business and all management journals listed in the Social Sciences Citation Index (see Table 1). We are therefore well on our way to accomplishing this mission.

### THE NEW *JIBS* EDITORIAL TEAM

I am delighted to introduce the new *JIBS* editorial team, who have been handling manuscripts since July 1, 2007, overlapping for six months with the outgoing editorial team. Srilata Zaheer (University of Minnesota) is Reviewing Editor, the “first set of eyes”, who assesses all submitted manuscripts

**Table 1** SSCI top 10 business and management journals, 2006

	SSCI top 10 business journals	Impact factor	SSCI top 10 management journals	Impact factor
1	<i>Journal of Marketing</i>	4.831	<i>MIS Quarterly</i>	4.731
2	<i>Academy of Management Review</i>	4.515	<i>Academy of Management Review</i>	4.515
3	<i>Marketing Science</i>	3.977	<i>Academy of Management Journal</i>	3.353
4	<i>Academy of Management Journal</i>	3.353	<i>Organization Science</i>	2.815
5	<i>Strategic Management Journal</i>	2.632	<i>Strategic Management Journal</i>	2.632
6	<i>Administrative Science Quarterly</i>	2.455	<i>Information Systems Research</i>	2.537
7	<i>Journal of Marketing Research</i>	2.389	<i>Administrative Science Quarterly</i>	2.455
8	<i>Journal of International Business Studies</i>	2.254	<i>Journal of International Business Studies</i>	2.254
9	<i>Entrepreneurship Theory and Practice</i>	2.123	<i>Information &amp; Management</i>	2.119
10	<i>Journal of Consumer Research</i>	2.043	<i>Journal of Operations Management</i>	2.042

Source: Web of Science Journal Citation Reports, 2006 JCR Social Science Edition.

against *JIBS* fit and minimum quality benchmarks. We have nine Area Editors: Daniel Bello (Georgia State University), Sea-Jin Chang (Korea University), Witold Henisz (University of Pennsylvania), Lee Radebaugh (Brigham Young University), Lemma Senbet (University of Maryland), Anand Swaminathan (Emory University), Rosalie Tung (Simon Fraser University), Alain Verbeke (University of Calgary) and Arjen van Witteloostuijn (University of Antwerp). The credentials of the new editorial team are well known; all are senior scholars in international business with highly distinguished publication records; most also have significant editorial experience. Anne Hoekman is the new Managing Editor, running the new *JIBS* Office located at AIB Headquarters in the CIBER at Michigan State University. We are assisted by two superb boards: a small Consulting Editors Board, whose members will review manuscripts and occasionally act as guest editors, and a large Editorial Review Board, whose members will review manuscripts for the journal. The names of the board members are posted on the journal masthead and on <http://www.jibs.net>. Behind the scenes, a dozen journal editors have agreed to be an informal "kitchen cabinet" providing advice to the Editor-in-Chief, and I thank them for their willingness to share their expertise.

My Editors and I intend to strengthen the Journal by (1) tightening and improving the manuscript review process; (2) encouraging top-flight submissions from credible, mainstream scholars in international business; and (3) continuing the work begun by former Editor-in-Chief Arie Lewin in broadening the readership and diversity of the Journal. We will manage the process from submission through final decision as expeditiously as possible using the new web-based submission

system at <http://mc.manuscriptcentral.com/jibs>. Several new policies have been developed and can be found on the *JIBS* website ([www.jibs.net](http://www.jibs.net)), including a brand-new Code of Ethics and Guidelines for Special Issues. To celebrate the upcoming 50th anniversary of AIB and 40th anniversary of *JIBS*, we are organizing an Anniversary Special Issue on *Innovations in International Business Theory*. You can read more about these topics on the *JIBS* website and in subsequent issues of the journal.

In terms of the composition of the journal, *JIBS* will now be publishing regular Articles and occasional Perspectives pieces and Research Notes. Each issue will be introduced by a Letter from the Editor-in-Chief providing an overview of the issue, summarizing the individual pieces, and highlighting the authors' contributions to IB scholarship. Occasionally, one or more of the Editors will write a Letter from the Editors on a theme related to IB scholarship. The first of these, on "Single-Country Studies in International Business", by Rosalie Tung and Arjen van Witteloostuijn, will appear in 39.2. Lastly, in certain issues, such as the first one of the year, there will be invited pieces that are single-blind reviewed such as the Retrospective and Commentaries on the *JIBS* Decade Award.

There are many individuals and organizations to thank as we transition into the new editorial team. The support of the AIB Executive Board and the AIB Headquarters in the CIBER at Michigan State University have been critically important during this start-up period. I particularly want to thank Tunga Kiyak, who masterminded and spent untold hours on the refitting of Manuscript Central to accommodate our new *JIBS* workflow processes. I am especially grateful for the support of Mays Business School, the Department of Management and the Center for International Business Studies,



at Texas A&M University, for providing me with a reduced teaching load, travel funding and an editorial assistant, Deanna Johnston, to help with my editorial responsibilities. I would also like to thank three student workers (Gloria Sanchez, Megan Stevener and Dean Matula) who managed the selection processes for the Consulting Editors Board and the Editorial Review Board through the first six months of 2007. Working with David Bull and Dave Williams at Palgrave on setting up the “new *JIBS*”, both the paper version and the much-expanded website, has been a pleasure and I look forward to working closely with them over the next three years. The financial contributions to *JIBS* and AIB activities from the many sponsoring CIBERs are also gratefully acknowledged. On a personal note, I thank my sounding board and advisor, my husband Chuck Hermann, for his support, encouragement and patience. Finally, on behalf of the incoming editorial team, I want to thank former Editor-in-Chief Arie Lewin, the Managing Editors Dani Trojan and Joy Kearney in the *JIBS* Offices, and all the members of the outgoing *JIBS* editorial team for their help and encouragement during the transition process. Editing a major journal is a huge and daunting undertaking. Without the dedication and support of all these individuals and institutions, this would be a much more difficult task – thank you!

### OVERVIEW OF 39.1

The first issue for 2008 includes a reprint of the *JIBS* Decade Award winner for 2007: “The Impact of National Culture and Economic Ideology on Managerial Work Values” by Ralston, Holt, Terpstra and Yu (1997). This winning article found support for the concept of crossvergence (the development of new and unique values systems among individuals due to socio-cultural and business ideology influences) in a study of managerial attitudes in the United States, Russia, Japan and China. The study also provides support for separating individualism and collectivism into two cultural dimensions rather than treating them as opposite ends of a single scale. In his invited Retrospective on the *JIBS* Decade Award article, “The Crossvergence Perspective: Reflections and Projections”, Ralston provides a broad agenda for future research directions, arguing that the future of values research lies in “longitudinal, longitudinal, longitudinal research”. Ralston’s Retrospective is followed by two invited Commentaries. The first by Tung, “The Cross-Cultural Research Imperative: The Need to Balance Cross-National vis-à-vis Intra-National Diversity”,

highlights the contributions made by the crossvergence construct to comparative management. However, Tung argues that IB studies of work values continue to suffer from two fallacious assumptions: cultural homogeneity within nations and cultural stability over time. The second Commentary, by Witt, “Crossvergence Ten Years On: Impact and Further Potential”, argues there is scope for theory building in three areas: defining the meaning of crossvergence, distinguishing between national culture and economic ideology, and exploring the processes of change that underlie crossvergence.

Following the *JIBS* Decade Award papers are seven articles. All of these articles (as, indeed, are most articles that will appear in 2008 issues of *JIBS*) were accepted in 2007 by former *JIBS* Editor-in-Chief Arie Lewin based on the recommendation of one of his Departmental Editors. The name of the Departmental Editor can be found in the article’s Acknowledgements.

We start with three articles on culture and international business, as is most fitting given the subject of the 2007 *JIBS* Decade Award. The first article, “Performance Effects of ‘Added Cultural Distance’ in the Path of International Expansion: The Case of German Multinational Enterprises”, by Hutzschenreuter and Voll, distinguishes between cultural distance and added cultural distance. The authors provide a simple but compelling message: when analyzing the impact of cultural distance on the MNE, what matters is not the cultural distance between the home and host countries, but rather the added cultural distance, as compared to the MNE’s existing network. The ability of MNEs to handle the complexities associated with international expansion depends on the added cultural distance per unit of time associated with the most recent expansion, with higher added cultural distance leading to lower performance. For example, when a Canadian firm expands to Argentina, the relevant cultural distance is not between Canada and Argentina, but between Brazil and Argentina if the Canadian firm is already operating in Brazil. The authors test and find support for their arguments on a data set of over 2000 expansion moves undertaken by German MNEs.

The second article, “An Interpretive Examination of the Development of Cultural Sensitivity in International Business”, by Shapiro, Ozanne and Saatcioglu, addresses the question of how cultural sensitivity develops in international business. Using a qualitative research design, the authors interviewed US firms who hired Asian firms as

subcontractors, in order to explore the meaning and development of cultural sensitivity. The authors found a four-stage model of cross-cultural sensitivity in which US buyers move through the stages of romantic sojourner, foreign worker, skilled worker and partner. The article has implications for understanding cultural shock, successful cross-cultural relationships, the way that trust interacts with cultural sensitivity, and selection and training of cross-cultural workers.

The third article on culture and international business, “National Culture and Life Insurance Consumption”, by Chui and Kwok, examines how differences in national cultures affect patterns of life insurance consumption across countries. The authors argue that life insurance is an abstract and complex service with unsure future benefits. Given its inherent uncertainty and ambiguity, consumers are likely to differ in their consumption patterns depending on cultural differences. Using Hofstede’s cultural dimensions and 1976–2001 data for 41 countries, the authors find that individualism has a positive impact on life insurance consumption while power distance and masculinity/femininity have negative impacts.

Next in the issue is “Insider Trading and the Valuation of International Strategic Alliances in Emerging Stock Markets”, by Miller, Li, Eden and Hitt. Previous researchers have used event study methodology to investigate the reaction of investors in developed stock markets to strategic alliances involving developed and emerging market firms (e.g., a joint venture between US and Chinese banks, valued on the New York Stock Exchange). Little work has been done on valuing the other side of the alliance: valuation of the emerging market partner, measured on its national stock market. The authors argue that emerging stock markets should positively value these alliances; however, institutional voids in emerging economies create conditions that favor informational leakages and insider trading. The level of state ownership of publicly traded firms and the nationality of foreign partners should also affect the size and timing of market reactions. Using a database of strategic alliances involving Chinese firms on the Shanghai and Shenzhen stock markets, the authors find strong evidence of informational leakages throughout the 1990s, which drop off after the Chinese government tightened stock market regulations as part of its WTO commitments.

The role of trust in buyer–supplier relations has long been of interest, particularly in the context of

the automotive industry where assembler firms have, over the 1990s, unbundled activities and moved them to first and second tier automotive suppliers. When the assemblers are multinationals from OECD countries and the parts suppliers are located in emerging/transition economies, buyer–supplier relations face additional problems. Given institutional voids, high environmental uncertainty and complexity, trust as a soft institution can be important glue for replacing missing and weak formal institutions in such countries. “Trust in Buyer–Supplier Relations: The Case of the Turkish Automotive Industry”, by Wasti and Wasti, explores the factors facilitating buyer–supplier trust in the Turkish automotive industry, finding that soft technologies and informal commitment increase trust.

Salomon and Jin’s article, “Does Knowledge Spill to Leaders or Laggards? Exploring Industry Heterogeneity in Learning by Exporting”, argues that exporting provides firms with opportunities to benefit from knowledge spillovers, particularly firms in technologically lagging industries. Using firm-level patent application counts by Spanish manufacturing firms as the dependent variable, the authors find that exporting is positively associated with an increase in patent applications, especially for firms from technologically lagging industries. Thus, firms from relatively weak industries stand to learn more by engaging in export trade. The authors thus provide a micro explanation for the macro argument that exporting generates knowledge spillovers and productivity gains for open economies.

The last article in this issue, “HRM in US Subsidiaries in Europe and Australia: Centralization or Autonomy?” by Fenton-O’Creevy, Gooderham and Nordhaug, explores subsidiary autonomy in setting human resource management (HRM) practices in European and Australian subsidiaries of US multinationals. The authors argue that both the strategic role of the subsidiary (local vs international) and the host-country environment (liberal market vs coordinated market) should influence the centralization/decentralization of HRM practices. Hypothesizing that MNEs prefer standardized HRM systems, the authors predict that decentralization should occur only where pressures for local adaptation are high, for example, when the subsidiary is locally focused or there are strong localization pressures from trade unions. The authors find support for these arguments; there is greater HRM centralization when the US subsidiary has an international strategic role, is



located in a coordinated market economy, and where union density is low.

This first issue of 2008 concludes with a Perspectives article by Dunning and Pitelis, "Stephen Hymer's Contribution to International Business Scholarship: An Assessment and Extension". Every international business scholar knows and has read all or parts of Hymer's dissertation on the multinational enterprise. Dunning and Pitelis remind us of that history, reviewing Hymer's major contributions and how his views changed over time, including his conversion to neo-Marxism later in life. The authors then assess Hymer's contributions and predictions in

terms of their internal consistency and relative to current scholarly thinking. Dunning and Pitelis argue that "Hymer chose to focus on only half of the story, viz, the value capture by firms, at the exclusion of efficiency and value creation". Bringing the value creation aspect back in was the major contribution of later IB thinking such as the OLI paradigm, internationalization theory, the resource-based view and the evolutionary theory of the MNE. The authors conclude that Hymer's "canonical status within the IB profession" deserves to be questioned, given his problematic focus on value capture as the core explanation for the MNE.