

Reflections on the JIBS Decade Award

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Probing theoretically into Central and Eastern Europe: transactions, resources, and institutions

Klaus E Meyer¹ and
Mike W Peng²

¹University of Reading, Reading, Berkshire, UK;

²University of Texas at Dallas, Richardson,
Texas, USA

Correspondence:

Klaus E Meyer, University of Reading,
Whiteknights, RG2 2AA

Abstract

Since the 1990s, Central and Eastern Europe (CEE) has provided unique societal quasi-experiments, which represent opportunities to test the applicability of existing theories in international business and management studies and to develop new ones. Specifically, three lines of theorising have been advanced: (1) organisational economics theories; (2) resource-based theories; and (3) institutional theories. For each of these theories, we discuss how they contribute to the understanding of key issues, such as entry strategies of foreign investors, restructuring strategies of local incumbents, and entry and



This work would not have happened without people who trusted, encouraged and supported us to pursue our ideas!



PhD, U of Washington

1998

AIB Vienna: first meeting

PhD, London Business School

Chinese U, Hong Kong

Copenhagen Business School

2002

AIB Puerto Rico: presented

U of Hawaii

Hong Kong UST

Ohio State U

2005

JIBS published

NCCU Taipei

UT Dallas

2009

SMJ published

U of Reading

Xi'an Jiaotong U

U of Bath

2011/2016
textbook

China Europe International
Business School

and still arguing...



International Business
Mike Peng and Klaus Meyer

商學院

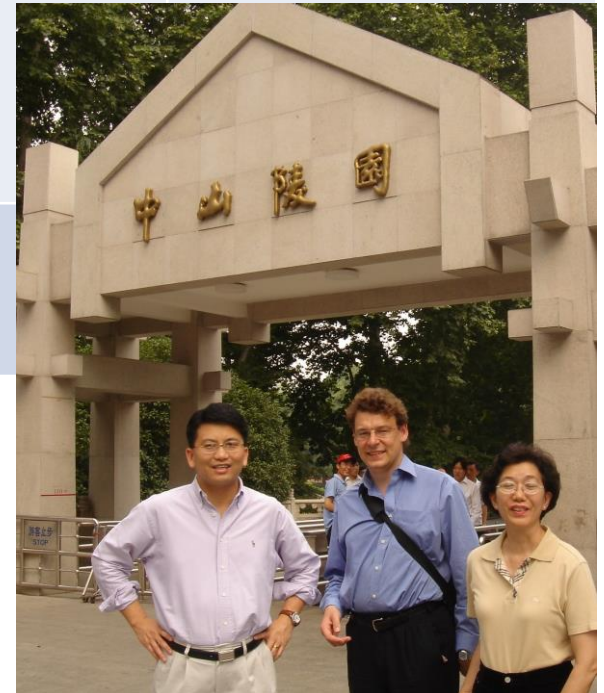
Klaus Meyer

www.klausmeyer.co.uk

www.ceibs.edu

In 2005, we organized the literature using this matrix:

	MNEs into CEE	Incumbent firms in CEE	Entrepreneurial start-ups
Organizational economics theories (agency, transaction cost)			
Resource-based theories (incl. organizational learning)			
Institution-based theories			



How has the field evolved over the past decade?

1. “CEE” is not as theoretically meaningful as in the 1990s /2000s
2. Shifting phenomena
 - i. Add: Multinationals from Emerging Economies
 - ii. Focus: operating existing firms (rather than entry)
3. Theoretical pluralism
Yet, institution-based view remains most popular



How does the institution - based view help address these emerging economy business issues?

Economics

Institutions affect the incentives that economic agents faced in, among other context, agency relationships and markets.

North, Williamson

Organization Theory

Economic agents aim to attain legitimacy with their peers by aligning their behaviours to expectations (pressures) from this environment.

Di Maggio & Powell, J Meyer & Ronan

MNE Government Bargaining

“Old IB”: Rules are the outcome of bargaining between MNEs and (host) governments

Vernon, many AIB Fellows

Institutional entrepreneurship

Agents influence institution.

Greenwood, Suddaby, ...

Varieties of Capitalism

Institutional frameworks consist of multiple elements that interrelate in complex manners that cannot be captured by single item indicators.

Hall & Soskice, Whitley, Redding

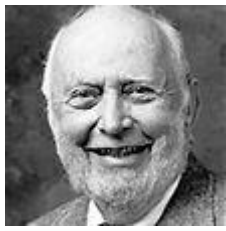
Co-Evolution

Institutions are not exogenous, but they are influenced by people through political processes and often self-serving reinforcement of existing institutions. Hence, changes in institutions and behaviours co-evolve.

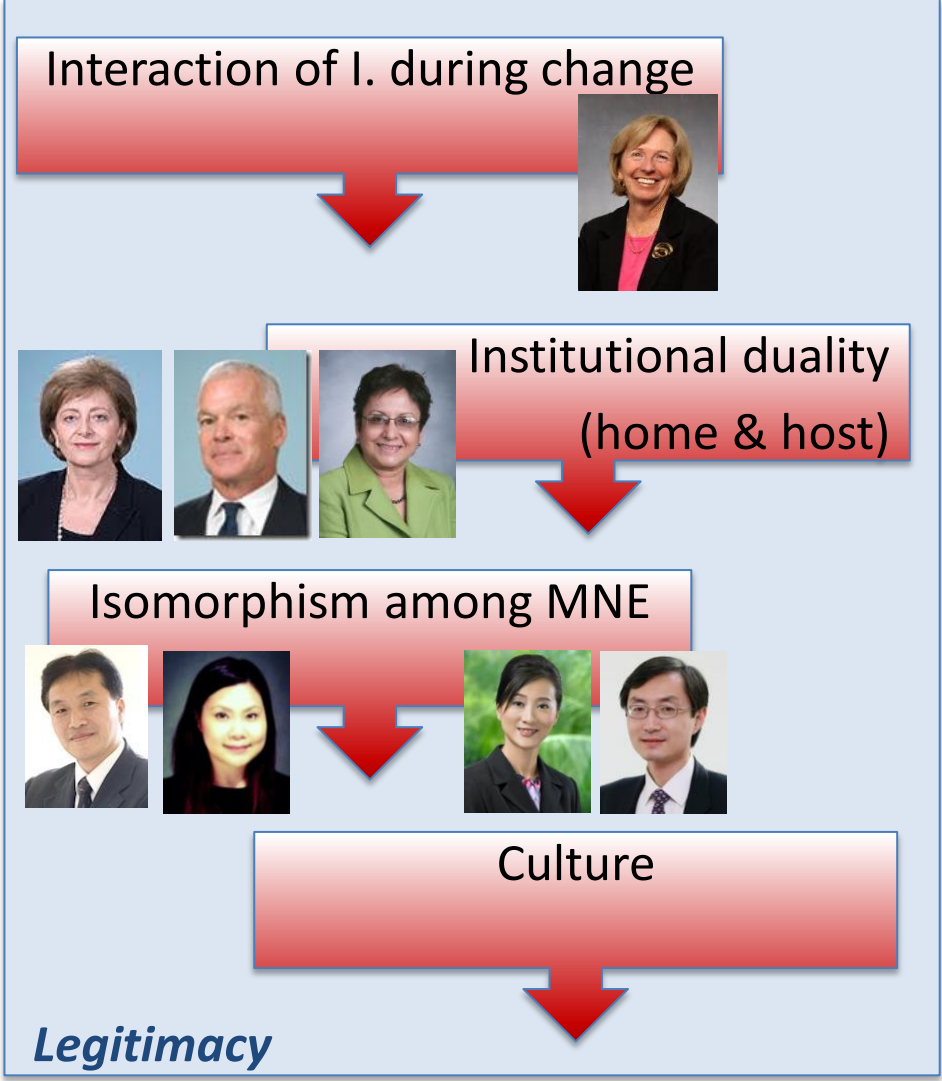
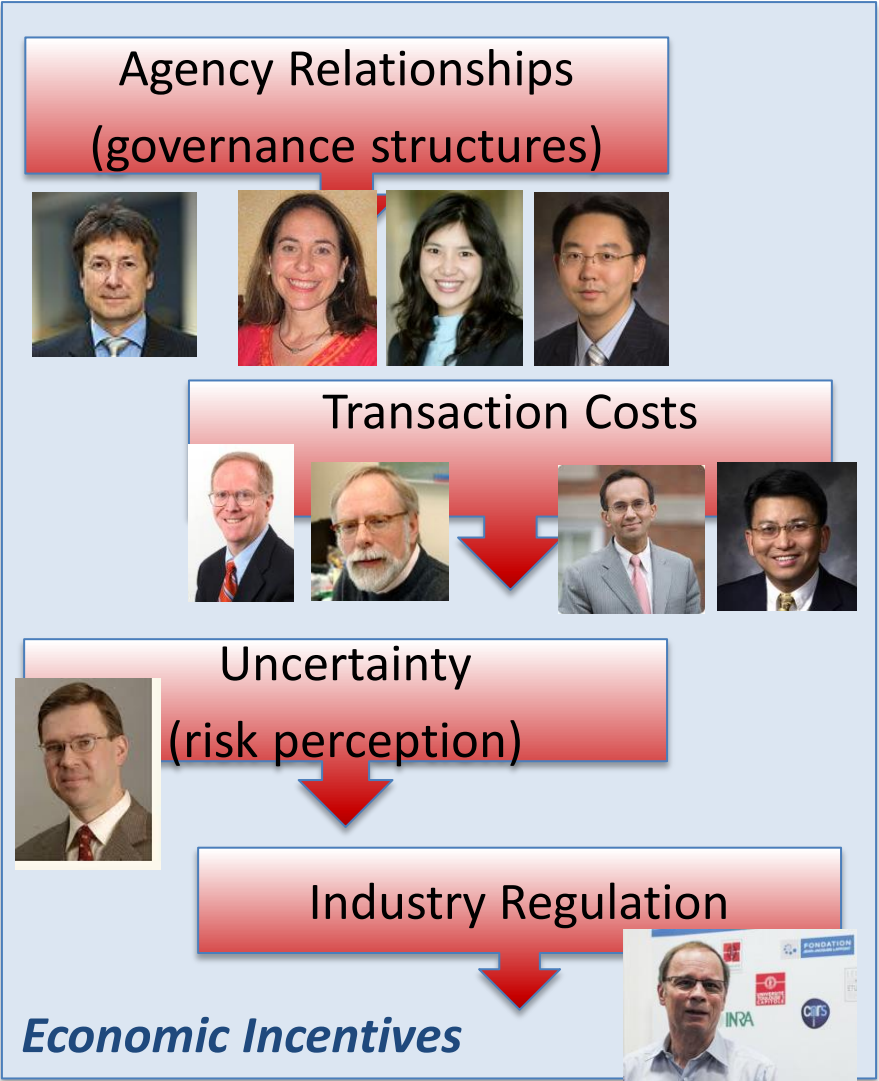
Nelson & Winter

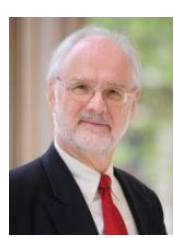
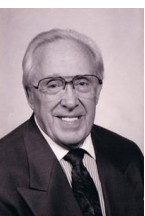
How do institutions matter?





How ?





Host Govt

*Obsolescing
bargain*

MNE

**Multilateral
organizations & treaties**

Home Govt

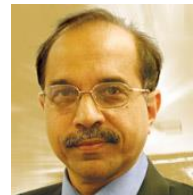
Host Govt

MNE

Bargaining Models in IB

Home Govt ↔ **Host Govt**

↙ ↘
MNE



Host Govt

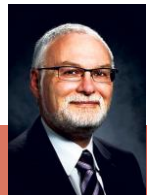
NGOs

MNE



Home Govt ↔ **Host Govt**

MNE



What is the Unit of Analysis when IB scholars employ the institution-based view?

Host Country

- National (lots of studies)
- Sub-national (e.g. Meyer & Nguyen, 2005; Dheer et al. 2015; Peng, Sun, Markóczy, 2015)

Supra-national

- Multilateral institutions (e.g. Ramamurti, 2002)
- 'Regional' (e.g. Rugman & Verbeke, 2004)

Home Country

- National (studies on c-o-o)
- Institutions for types of firms (e.g. SOE vs POE)

Distance

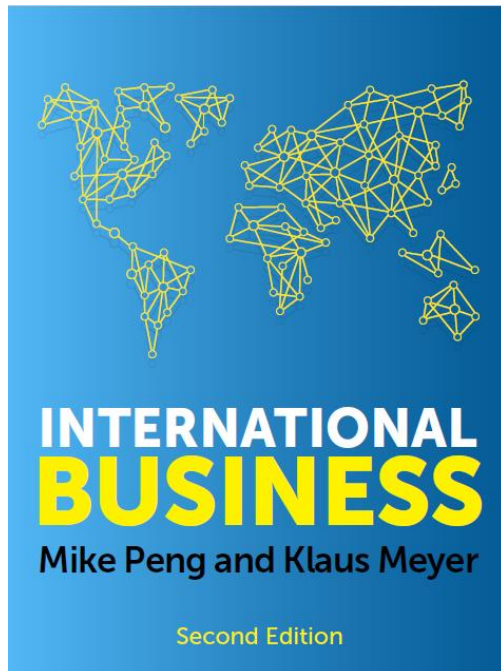
- Home-hosts (lots of studies)
- 'Added Distance' (e.g. Hutzschenreuter et al.)

Home-Host Constellations

- Home-host settings (Child & Marinova, MOR 2014, Li et al. GSJ 2012)
- Home-host interactions (e.g. Meyer & Thein, JWB, 2014)

Emergent themes for the next decade:

Insights from cases prepared for our textbook



WTO Mediates Between Airbus and Boeing (OC)

Russia in the WTO (FB)

Canada and the EU Negotiate CETA (IC)

Disputes over ISDS Tribunals (FB)

Starbucks: Standards in the Spotlight (OC)

M&S: ... because there is not Plan B (OC)

Tackling Corrupt Practices: GSK in China (IC)

B2B Marketing: BMS Plastics for Laptops (FB)

Subsidiary Initiative at Schenck Shanghai Machinery (OC)

German Chamber of Commerce Develops Social Responsibility in China (IC)

SAP Drives Industry 4.0 (OC)

SG Group: Chinese Managing European Acquisitions (IC)

Tata and Geely Acquire Capabilities (FB)

Thai Union Acquires Market Access (FB)

Kaspersky Lab is Scaling the Globe (OC)

ESET: From a Living-room to a Global Player in Antivirus Software (IC)

Xiaomi Challenges Global Smartphone Leaders (IC)

Themes for the next decade (1):

Supra-national (formal) institutions are creating new interdependencies between national institutions

World Trade Organization



Bilateral Trade and
Investment Treaties



***Investor State Dispute
Settlement (ISDS)
Tribunals***

Themes for the next decade (2):

MNEs are transmitting informal (and formal) rules from Western societies to emerging economies.



GlaxoSmithKline

MARKS &
SPENCER



GERMAN CHAMBER
of Commerce in China • Shanghai
中国德国商会 • 上海

Standards



Compliance

Handing over:

What future for institution-based theorizing in emerging economy business research?



Is the institution-based view becoming a unifying paradigm of IB research?

The “institution-based view”

- provides an analytical angle to analyze a wide range of questions.
- is probably the most popular way to introduce context into management research.
- is a powerful tool to give ex post explanations of what happened.

Is the institution-based view becoming a unifying paradigm of IB research?

The institution-based view lacks tools to identify which institutions matter (i.e. which institutions should go in the regression)

The institutional view lacks agreement on *why* institutions influence business actions and strategies.

Where to go from here?