



*Fellows Opening Plenary,
Academy of International Business
Vancouver, June 22, 2014*

Local Contexts in Global Business

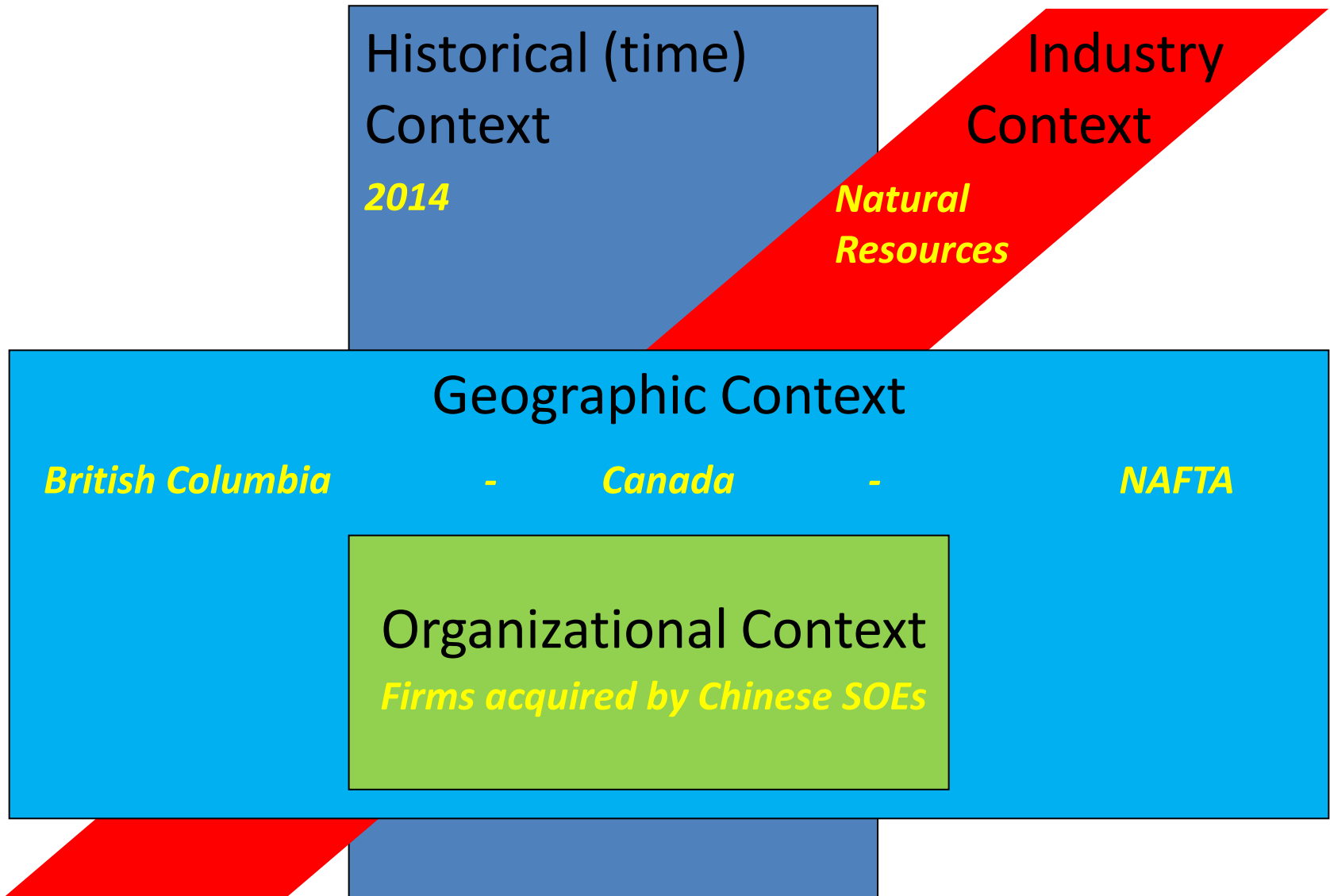
Klaus Meyer,

China Europe International Business School
Shanghai, China

International Business matters because Local Context matters!



Which Context?



Global Business = Multiple Local Contexts

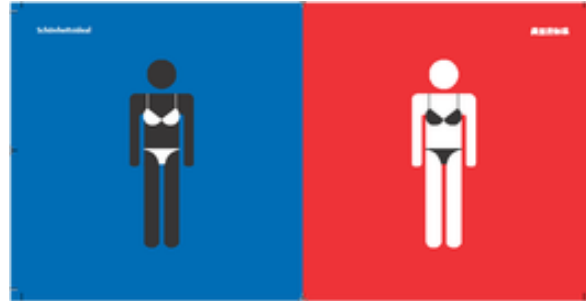
Globalization = *“a process leading to greater interdependence and mutual awareness (reflexivity) among economic, political and social units in the world, and among actors in general.”*

M.F. Guillén, 2001, Is globalization civilizing, destructive or feeble?
A critique of five key debates in the social science literature,
American Review of Sociology 27: 235-60.

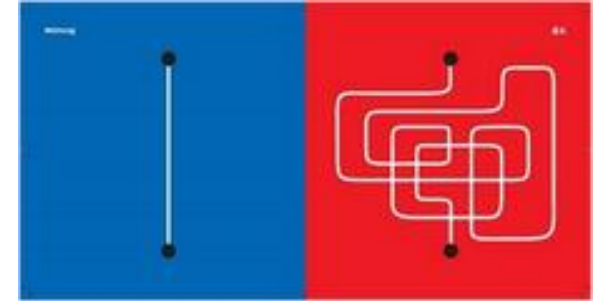


“Local” contexts differ along many dimensions, ...

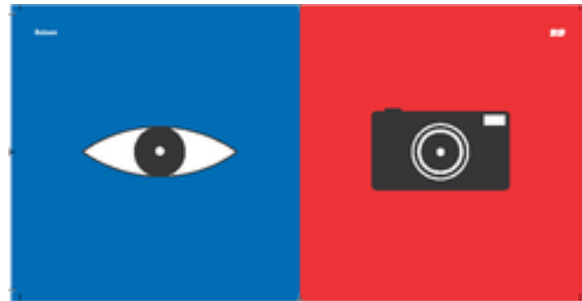
Yang Liu (A Chinese Artist living in Berlin)
“The Design of Cultural Difference”,
http://blog.sina.com.cn/s/blog_5d20abc20100hkwy.html



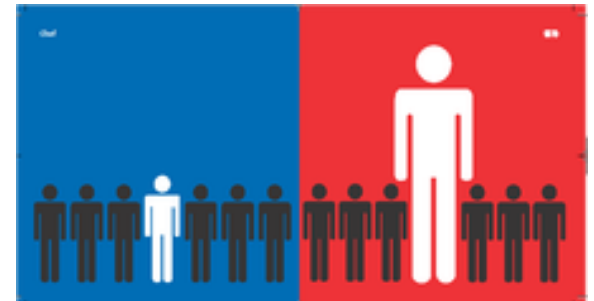
Beauty



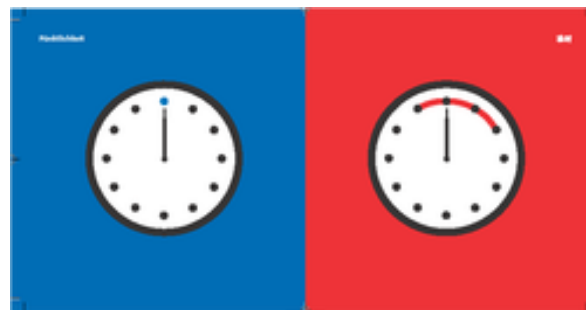
Opinion



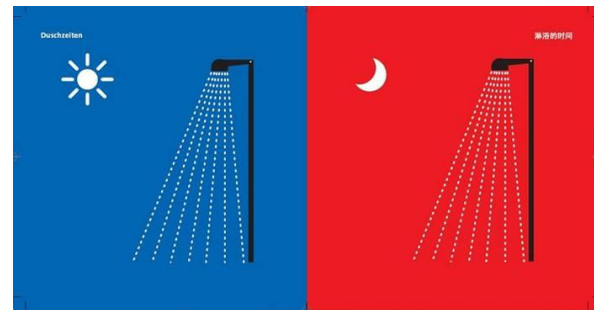
Travelling



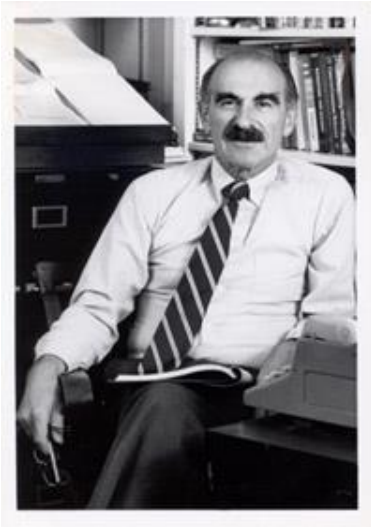
Boss



Time



☺



Convergence?

Divergence?



Semi-globalization?

What does this imply for practice?

Two People,

The Exceptionalist

“those foreign ideas won’t work here”



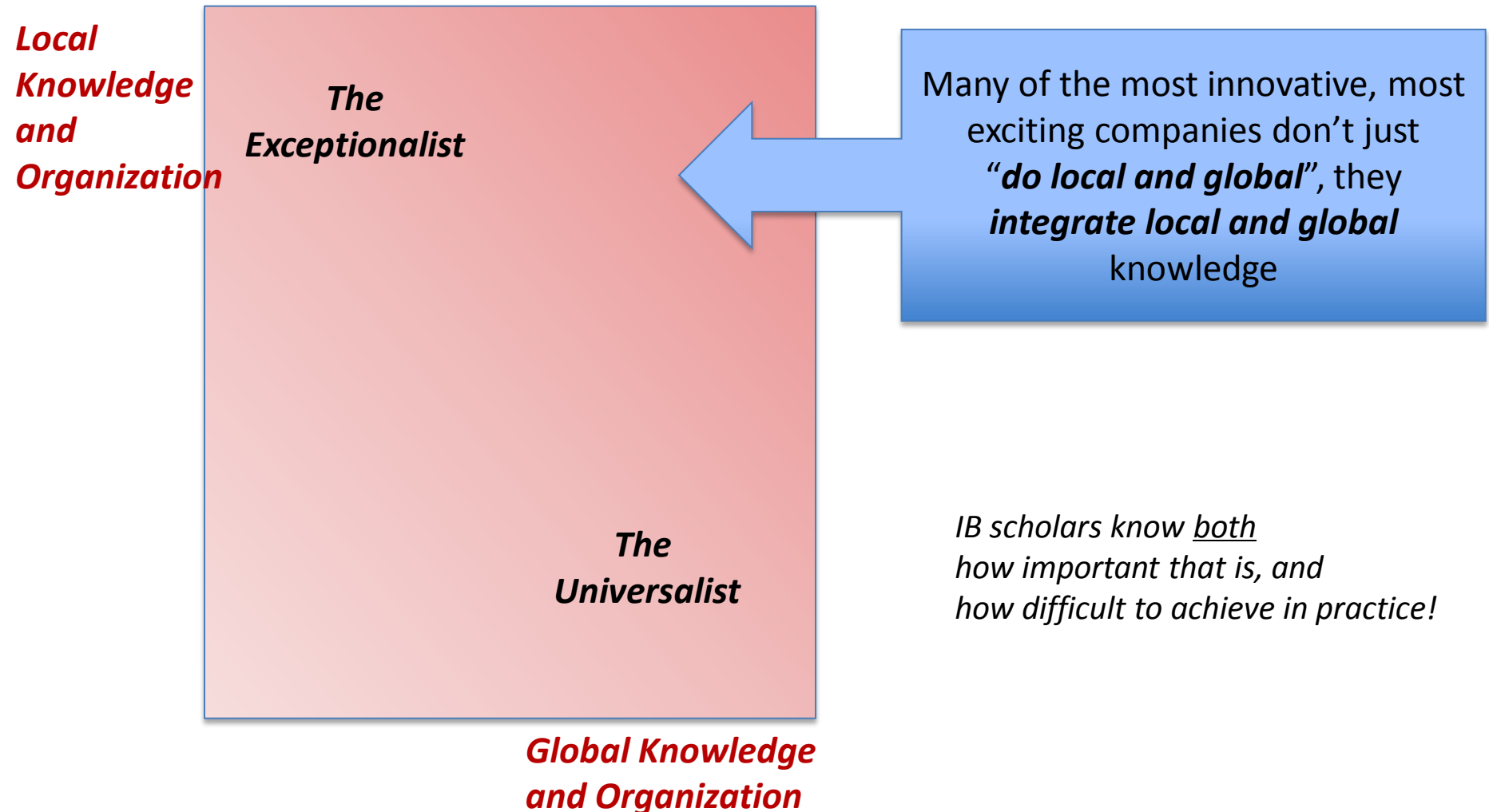
The Universalist

“let’s roll our best practices out worldwide”



both will fail in Global Business

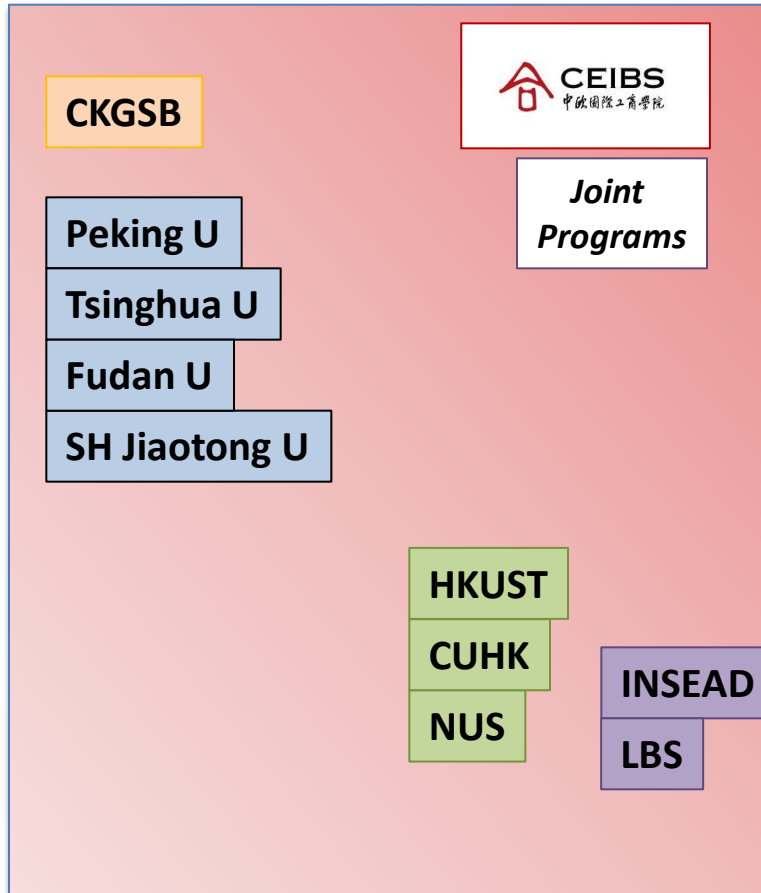
What does this imply for practice?



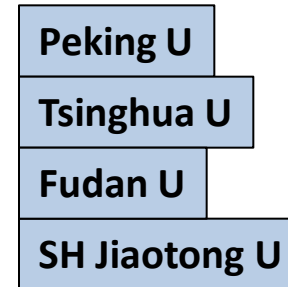
What does this imply for practice?

The Case of the Business Education Industry in China

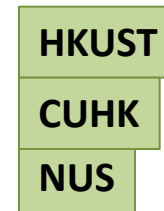
**China
Depth**



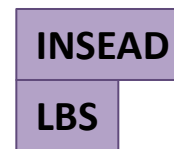
**Global
Breadth**



**Traditional
Chinese
Universities**



**Asian Business
Schools**



**European
Business Schools**



Private School

What does this imply for scholarship?



Geert Hofstede
“Cultural Constraints in
Management Theories”
AMR 1993

*“There are no such things as universal management theories...
Not only practices but also the validity of theories may stop at national borders”*

- The word ‘management’ actually refers to different activities in Germany, Japan, France, Holland, Overseas Chinese, South-East Asia, Eastern Europe, Russia, China, USA.
- Cultural values of the context within which managers act imply that the role of ‘manager’ is quite different in different context.
- Consequently, **assuming validity of US-generated theories** when practicing or researching ‘management’ around the world **is highly flawed.**

Is “general theory” **scholarly hubris**?

→ How **useful** is “general theory” for management in a diverse world?

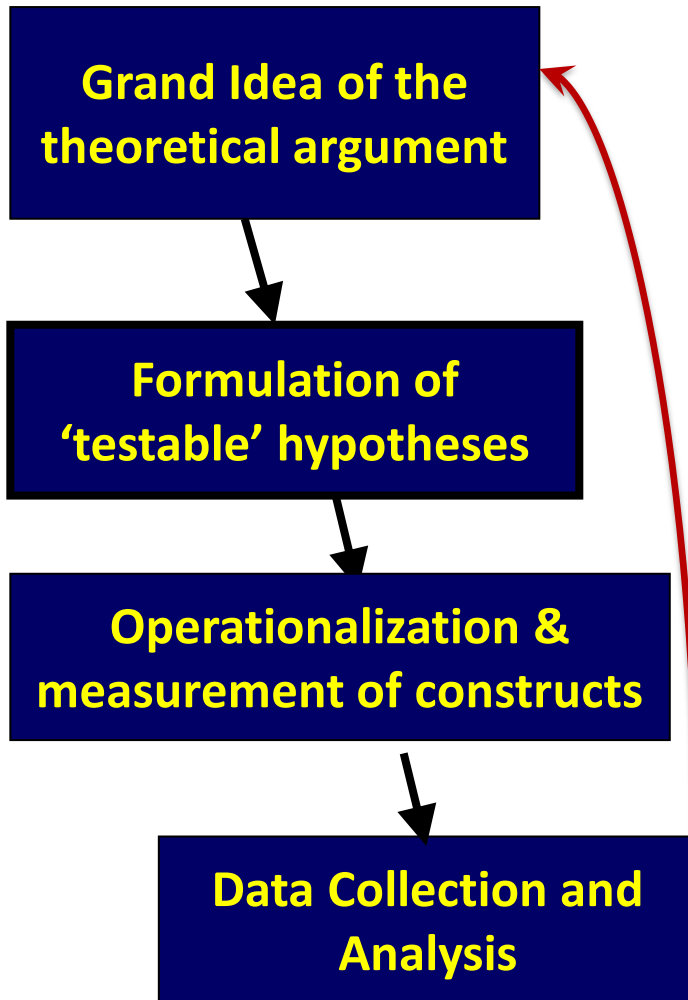
Good general theories are the most powerful analytical tools of the social sciences.

But,

General theory is feasible only at a very high level of abstraction

Inappropriately claimed general validity is leading into the ivory tower

Focusing on what holds true everywhere provides low explanatory power to real world questions.



At high levels of abstraction general theory is feasible

?

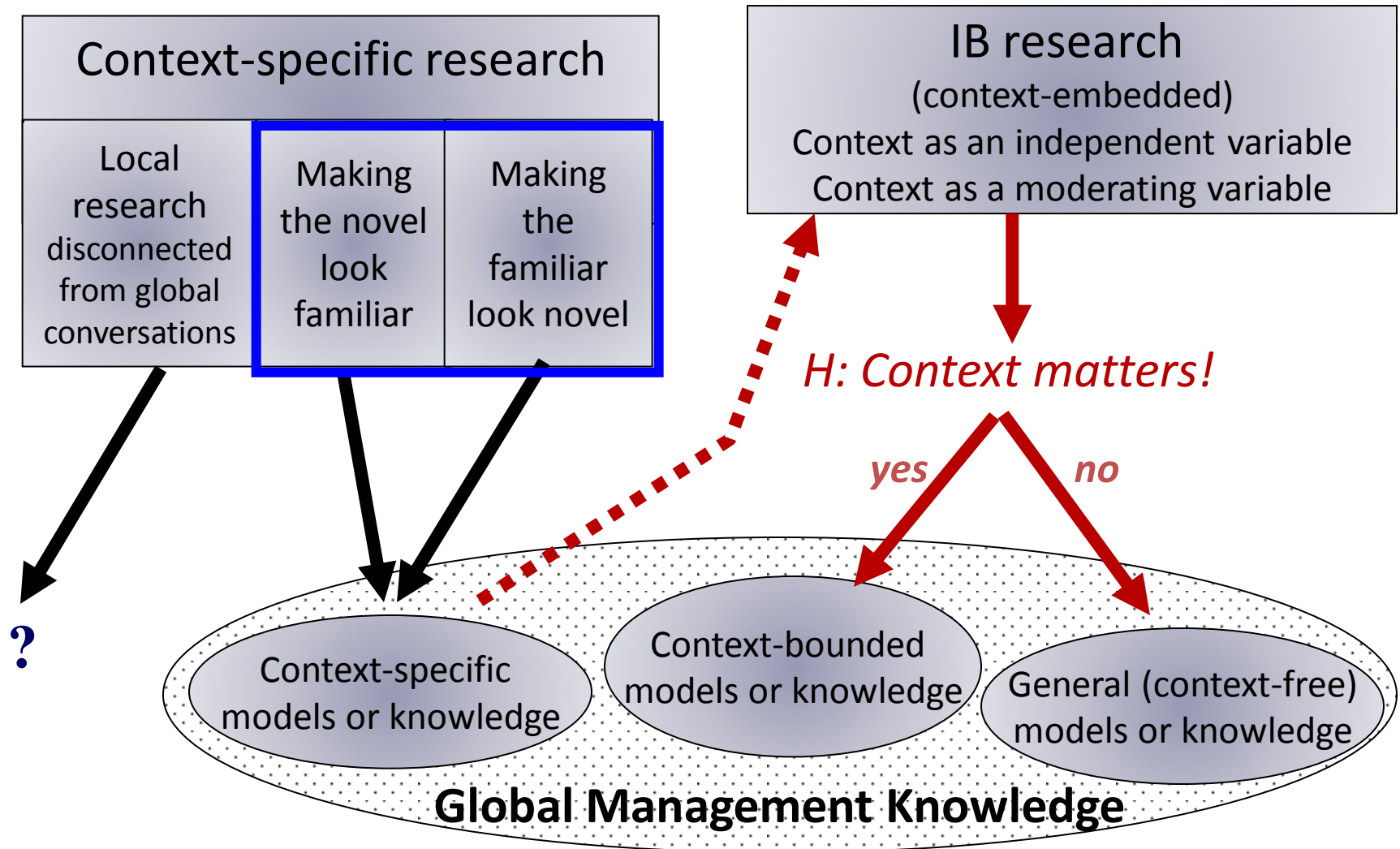
Already at this stage, implicit assumptions about context are common

At this stage context-specific assumptions are almost unavoidable

*Contextual moderators;
Noise in the data varies across contexts
(systematic bias).*

**Apart from the *general idea*,
not much can truly be generalized from a single-context empirical study!**

IB research in the context of 'global' management knowledge



[Sources: Tsui, APJM, 2004; Meyer, JIBS 2007]

We need *less*

- Leaning-over-backward to pretend generalizability of our findings

We need *more*

- **Critical and honest reflections over what aspect of the research are generalizable, and what aspects are not**

Exploring contextual variation is both a core mission and a key challenge for International Business scholars!

Single Country Studies

- Indigenous Research

Is this relevant beyond the context you are analyzing?

Multiple Country Studies

- Comparative studies
- Replication studies

Which of the many context differences actually explains the behaviour differences observed?

Many Country Studies

- Large cross country datasets
- Meta-Analysis

Can the crucial phenomenon actually be measured equivalently in all these countries?

Investigating how and why context matters for business is our core mission as IB scholars.

Enhancing mutual understanding of people across contexts is our social responsibility!

Some of my own work relevant to the issues raised in this talk:

On Context in Research Designs:

- Meyer, Klaus E. (2013): *What is, and to what purpose do we study, international business?* *AIB Insights* 13(1): 10-13.
- Meyer, Klaus E. (2007): *Contextualizing organizational learning: Lyles and Salk in the context of their research*, *Journal of International Business Studies*, 38(1), 27-37.
- Meyer, Klaus E. (2006): *Asian management research needs more self-confidence*, *Asia Pacific Journal of Management* 23(2), 119-137.

On Central/East Europe as Context for International Business:

- Gelbuda, Modestas; Meyer, Klaus E. & Delios, Andrew (2008): *International business and institutional development in Central and Eastern Europe*, *Journal of International Management*, 14(1), 1-12.
- Meyer, Klaus E. (2001): *International Business Research on Transition Economies*, in: Tom Brewer & Alan Rugman, eds: *Oxford Handbook of International Business*, Oxford: Oxford University Press, p. 716-759, ISBN 0-19-924182-1.
- Meyer, Klaus E. & Peng, Mike W. (2005): *Probing theoretically into Central and Eastern Europe: Transactions, resources and institutions*, *Journal of International Business Studies* 36(6), 600-621.

Some of my own work relevant to the issues raised in this talk:

Studies of the impact of sub-national contexts:

- Meyer, Klaus E. & Nguyen, Hung Vo (2005): *Foreign investment strategies and sub-national institutions in emerging markets: Evidence from Vietnam*, *Journal of Management Studies* 42(1), 63-93.
- Tan, Danchi & Meyer, Klaus E. (2011): *Country-of-origin and industry agglomeration of foreign investors in an emerging economy*, *Journal of International Business Studies*, 42(4): 502-520.

Studies of the impact of host county national contexts (selection):

- Bevan, Alan A.; Estrin, Saul & Meyer, Klaus E. (2004): *Foreign investment location and institutional development in transition economies*, *International Business Review* 13(1), 43-64.
- Meyer, Klaus E. (2001): *Institutions, transaction costs and entry mode choice in Eastern Europe*, *Journal of International Business Studies* 31 (2), 357-367.
- Meyer, Klaus E.; Estrin, Saul; Bhaumik, Sumon K. & Peng, Mike W. (2009): *Institutions, resources, and entry strategies in emerging economies*, *Strategic Management Journal*, 30(1): 61-80.
- Meyer, Klaus E., Ding, Yuan, Li, Jing & Zhang, Hua (2014). *Overcoming distrust: How state-owned enterprises adapt their foreign entries to institutional pressures abroad*. *Journal of International Business Studies*, forthcoming.

Study of the interaction of home and host contexts:

- Meyer, Klaus E. & Thein, H.H. (2014): *Business under adverse home country institutions: The case of international sanctions against Myanmar*, *Journal of World Business*, 49(1): 156-171.