

# INSIGHTS

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# LETTER FROM THE EDITORS



Daniel Rottig, Ph.D.,  
Editor

We have entered a new era for international business! Recent news, events and developments evidence a broader globe-spanning trend toward more isolationism at the cost of further integration; toward more neo-mercantilism and less free and fair market ideology; and toward a more pronounced focus on domestic rather than international issues. This increasingly “spiky” (and diminishingly flat) world is experiencing a new, cranky face of globalization that has left its marks on many domains, including our academic realm - which is illustrated by the vanishing legitimacy and relevance of our IB field. The current issue publishes a set of articles which discuss and analyze how we, as members of the AIB, can contribute to reversing this trend and making our IB field more legitimate and relevant again.

Simon Collinson focuses on IB scholarship, its new realities and key challenges. He argues that IB scholars are not significantly influencing the debates that are shaping our world and explores the questions of why that is, and what most constrains our engagement with a wider set of stakeholders and limits the contribution we could make to solving these challenges.



John Mezias, Ph.D.,  
Associate Editor

Mary Ann von Glinow asks whether the current developments and changes affecting our field will take us, as IB teachers and scholars “out of our ivory towers into the “abyss” or [whether we are] simply dangling on the edge of it?” She also offers specific suggestions regarding our top journals, research incentives and possible collaborations with our accrediting bodies for how to deal with these challenges and new realities.

Jonathan Doh makes a case for “phenomenon-based research” to encourage IB scholars to address real-world issues in their research, something our field had heavily focused on upon its inception more than a half century ago. He argues that our core theories and narrow focus on academic contributions have distracted IB scholars from addressing important challenges facing managers. He calls for studies which answer big questions that address important phenomena, and a renewed emphasis on examining real-world problems in order to regain relevance and legitimacy as a field.

Rob Grosse addresses the key challenge for us as IB teachers: the declining demand for stand-alone IB courses and programs due to the commonly made, fallacious assumption that integrating “international” in other courses by simply adding an “internationally-oriented” chapter to textbooks would suffice. Based on this assumption, the “value added” and uniqueness of IB as its own domain has been questioned, and our field has been marginalized. Rob Grosse further discusses the crucial competences of our field and offers suggestions for teaching and curriculum changes that will facilitate the (re-)establishment of IB as a core discipline, and so contribute to regaining relevance and legitimacy.

Jean Boddewyn, who co-edited this special issue, and the editor of this publication discuss how we, as members of the AIB, may contribute to the efforts of our field to regain relevance and legitimacy. The article discusses the new challenges facing our field in this new era for international business, explores some actionable projects to tackle these challenges, and proposes specific opportunities for you, our valued *AIB Insights* readership, to become involved in this dialogue, and so contribute to regaining relevance and legitimacy as a field.

One of these opportunities is a **Panel Session titled “Tracing the Contours of a New Era for International Business: Regaining Legitimacy and Relevance for its Study” at the upcoming AIB 2017 Annual Meeting in Dubai** (*scheduled for Tuesday, July 4 from 9:00 to 10:15 a.m. in Room Dubai 1-2 at the JW Marriott Marquis Conference Hotel*), organized by Jean Boddewyn and the editor of this publication. All authors who contributed to this special issue will join as panelists.

We hope that you find this special issue valuable, and we cordially invite you to attend the aforementioned panel in Dubai in order to engage in a fruitful conversation on how we, as the AIB, can regain relevance and legitimacy for our field.

Go AIB, Go *Insights*!

*Daniel Rottig*

*John Mezias*

## How to Regain Legitimacy and Relevance in a New Era for International Business: If Not Us, Who?

Jean J. Boddewyn, Baruch College (City University of New York), USA  
 Daniel Rottig, Florida Gulf Coast University, USA

Be ready to apply this general question, which we pose in the subtitle of this paper, to contemporary challenges facing us!

### The New IB Realities

For us who research, teach, and learn about international business (IB), several recent news and developments have generated powerful concerns for the field of IB:

- Taken as a whole, the world economy is no longer booming but is crawling sideways as far as trade and investment are concerned, with economic growth generating less international business than in the recent past (UNCTAD, 2016; World Trade Organization, 2016).
- The post-WWII, post-Soviet Union, and post-isolated China consensus about the benefits of globalization and economic integration have been shaken by the nationalism evident in the post-recession rise of “guarded globalization” in many emerging markets (Bremmer, 2014), recent anti-globalization and anti-integration movements in developed countries as illustrated by the Brexit vote in the United Kingdom, growing anti-European Union and anti-immigration sentiments in several other European countries including Germany, France, Italy, and The Netherlands, separatist movements in the UK (Scotland) and Spain (Basque country and Catalonia), the neo-mercantilism revealed by thousands of new trade restrictions since 2008, and the populist ethnocentrism manifested against immigrants and refugees.
- Regime changes and uncertain government policies render the political picture murky and even scary in several key Western and Eastern countries, which have witnessed new voting constituencies as well as leaders willing to upset the global economic order – as with the new U.S. administration pulling out of an imminent Trans-Pacific trade agreement or renegotiating existing trade and investment agreements to regain sovereignty in light of controversies surrounding the

investor-state dispute settlement (ISDS) system (Meyer & Rottig, 2016).

In the face of these new realities, Professor Simon Collinson wonders whether today’s IB faculty can shed its elitist image of detachment and irrelevance, and replace it with one of professionalism, imagination, conviction and credibility so as to rebuild legitimacy and relevance of our field. However, *who will achieve these goals if not us?* Collinson foresees us getting the new “right messages” to “the people that matter” so here is the first question for you, our valued readers of *AIB Insights*: **What messages and what audiences will matter most in the near future?**

### The New Challenges

Professor Mary Ann Von Glinow agrees that the above new realities do not have the sound of a “working global system.” We have failed so far to help our stakeholders – students, managers, and policy-makers – make sense of our constantly changing world. We have been tested and found wanting! Yet, she is optimistic enough to believe that we can develop what it takes to “add value” to our audiences if we focus on “the fringe and frontier issues” that are relevant, important and even critically alarming in our world today. We have a “voice” and must use it to answer the second question of: **What constraints may hamper our full engagement in this project?**

Professor Jonathan Doh evokes the MNE research that started after World War II when IB problems were new and exciting to discover, analyze and explain. Today, many issues sound stale and overworked, and we wonder what new “phenomena” will inspire us and what new incentives we need now to locate, study and report “rich details for which no theory yet exists.” In other words, “description” is again acceptable when grounded in deep detailing of what has been so far overlooked but merits definite attention. The impact of the recent reduction from 32 to 17 U.S. CIBERs (Centers for International Business Education and Research) that have been financed by the U.S. Department of

Education, illustrate this point so that our third question for you is: **What (other) IB “phenomena” can you identify that deserve rich description and preliminary explanations?**

Professor Robert Grosse has greatly benefited from his multiple foreign assignments as Business School Dean in Mexico and the United Arab Emirates and as Founding Director of a Global Leadership Center in a large South African bank, in addition to his teaching in several universities in the United States, Spain, and Latin America. Hence, he is well qualified to comment on the relative decline of IB education in the United States and its absolute growth in other parts of the world, including China and India which offer large and growing markets for the IB field. He thinks that earlier policy- and strategy-oriented studies are worth emphasizing again albeit in a new guise. He cites an example of how IB professors have looked at international business in a free-trade manner combined with a decent respect for international norms and agreements. Now, we must change this scenario and credibly assume that China and other emerging markets as well as even some developed markets generally act as neo-mercantilists operating with few scruples and that MNEs often try to become overbearing monopolists.

Besides, he believes that global value chains (GVCs) make IB research more “international” by locating, for instance, the United States and the European Union’s member countries as individual links in these chains that offer U.S. and European firms, whether big or small to medium enterprises, rich opportunities to position themselves within their countries of origin but also wherever in the world their contributions fit the local link. As the economist David Ricardo demonstrated through his comparative-advantage thesis 200 years ago, there is always room for one less well-endowed country to compete and succeed at it! However, the world remains a suboptimal place where countries act opportunistically with guile while firms seek monopolistic positions. We live in a “new world” where governments pursue international policies that maximize voters’ well-being while companies favor nation-serving rather than globe-saving endeavors. Based on these considerations, our fourth question to you is: **What teaching and curriculum changes would you propose to make IB pedagogy more relevant, legitimate, and impactful?**

## Action Begins at Home

Jonathan Doh exhorts us to make the efforts, take the risks, and choose the right targets in order to prepare those executives, managers, and operators who will staff and run firms in Grosse’s new world. These targets must also include the organizations we belong to and the instruments they use. Think of the Academy of International Business, the International Management Division of the Academy of Management, their leaders and Secretariats, their publications – mainly, AIB’s *Journal of International Business Studies*, *AIB Insights*, as well as AIB’s new policy journal that is about to be launched – their conferences, their chapters

(18 around the world in the case of the AIB) and their accreditors (e.g. the AACSB, AMBA, EQUIS).

In the following section, we would like to start exploring with you some actionable projects that we, as IB teachers and scholars, could implement following a fruitful discussion. Therefore, we kindly solicit your input on how we can contribute to our field’s efforts to regain legitimacy and relevance in the new era for international business.

## Actionable Projects

### 1. Share up-to-date relevant information among members of the IB community.

There are many sources of information unknown or unavailable to members of the IB community, and we encourage efforts to continuously identify these sources, rapidly publicize and distribute news about key trends and new developments regarding such topics as the benefits and costs of globalization, international trade and investment changes, the integration (or trends toward disintegration) of countries into associations and blocs, the treaties uniting countries, the growth of terrorism, as well as immigration problems and opportunities. To realize this project, we could envision, for example, a more pro-active engagement of AIB’s 18 regional chapter organizations, coordinated by AIB’s leadership (e.g., VP in charge of chapters), to “feel the pulse” of specific locales around the globe and so learn about and share with the AIB community in a timely manner current political, legal, economic and cultural news, analyses, events, and developments. The Middle East and North Africa (MENA) and Central & Eastern European (CEE) Chapters, for example, could inform and distribute important data, information, and developments about the refugee crisis in their region.

Another example is the recent decision by the new administration of the United States to not join the Trans-Pacific Partnership (TPP) agreement that the previous administration had negotiated. AIB’s chapters which cover the remaining 11 TPP member countries – namely, the Australia-New Zealand, Canadian, and Japanese chapters, as well as the Latin American and Southeast Asian chapters – could provide updates on the current discussions and future outlook for the TPP without the United States from their own regional perspectives, an interesting dialogue that could be complemented by insights from AIB’s Chinese chapter regarding China possibly filling the void which the United States opened in TPP’s implementation efforts by withdrawing from the agreement. AIB’s central website, individual chapter websites, and perhaps even a new AIB social media app to which the AIB membership could subscribe, could serve as central and timely outlets for these data and other information and as platforms for sharing, discussing, and interpreting them. Our question to you is: **What do you think are other sources of information about the above issues and how can we make them available to AIB members on a continuous basis?**



## 2. *Share interpretations of major and current developments*

In addition to sharing data and information about current events relevant to our field, their structured and in-depth analyses would be valuable for the IB community. This would require: (1) identifying and distributing major published analyses and (2) circulating blogs written by AIB members on these topics.

Building on our earlier suggestion to engage AIB regional chapters, the Western European Chapter, for example, could provide analyses and discussions about the implications of the refugee crisis, based on the data and information provided by the AIB's MENA and CEE chapters, while the UK-Ireland Chapter could contribute by interpreting the current execution of the Brexit vote and discussing the latter's implications for the UK, the EU, and the rest of Europe.

Besides, AIB's publication strategy could provide a timely outlet for these analyses and discussions based on blogs, online discussion forums, AIB social media apps, and more fine-grained and developed analyses. The latter's output could be published in *AIB Insights* as was done right after the Brexit vote in June 2016, when *AIB Insights* published a featured article by Pankaj Ghemawat titled "Beyond Brexit: An Initial Analysis and Questions for the AIB Community" (Vol. 16, Issue 3). In it, Professor Ghemawat discussed the Brexit vote, explored its implications based on the laws of globalization, sketched out business implications and concluded with a set of thought-provoking questions to the AIB community in an effort to stimulate a fruitful discussion on the topic which *AIB Insights* facilitated through an interactive "Comments" feature on its website that allowed the readership to comment on the article, discuss the underlying topic and so communicate with the author and with each other in a two-way and timely fashion. Therefore, our question to you is: **What suggestions do you have for the best identification and distribution of major public analyses and interpretations of key events?**

## 3. *Facilitate new research on current major issues*

It is not enough to urge new studies if we do not translate the above issues into intelligible and manageable research topics and do not suggest the relevant theories to apply. For example, the topic of immigration could be translated into "How do U.S. MNEs facilitate the immigration of foreign labor?"—a subject that could be investigated with the help of the resource-based view and of resource-dependence theory. The phenomenon-based research advocated by Professor Doh is certainly also worth considering.

AIB's conferences and specifically its chapter meetings could encourage scholars to present well-conceived research ideas as well as preliminary studies and final analyses based on annual conference themes focused on important developments worth exploring in our field. Conference panels, the new town-hall format, interactive round-table paper discussions and development workshops, as well as focused discussions by top IB scholars and AIB Fellows could provide an opportunity to exchange

information and further refine these research ideas in an effort to develop them into publishable papers. AIB's publications, including the *Journal of International Business Studies (JIBS)*, *AIB Insights*, and the about-to-be launched AIB policy journal could be valuable outlets for these analyses and discussions. This time, our question to you is: **How can we best encourage, support and facilitate path-breaking research on current major issues, and disseminate it in the IB community and beyond?**

## 4. *Other initiatives to regain legitimacy and relevance*

AIB, its regional chapters, as well as the Academy of Management's International Management Division could launch specific research initiatives, raise funds to support studies on specific topics, and reward the best research possibly based on "Current Phenomenon-based Best Paper Awards," thereby inspiring and encouraging more institutional research in the field of IB—particularly against the background of recent "institutional" problems linked to our associations and profession.

Such important "institutional" problems include the supply and demand for new professors of IB topics, the structure of school departments specializing in IB teaching and research, the variety of programs offering majors and minors in IB subjects, and related topics reflecting and affecting the present and foreseeable future of IB education.

Is it true, for example, that fewer schools now hire academics who teach only IB courses? Besides, what doctoral programs still train such IB specialists, and what has been their recent experience in placing them? Through our deans, we could ask the Association to Advance Collegiate Schools of Business (AACSB International) and other accrediting bodies (such as AMBA and EQUIS) to study the supply and demand of new Professors of International Business.

Apropos accrediting bodies, particularly the AACSB's recent guidelines affecting the relevance and legitimacy of business schools include *engagement, innovation and impact*. Do we, as a field, and as individual members "engage" sufficiently— not only within, but also outside our academic realm? Do we feel that our research is innovative enough or merely trying to fit into commonly established research norms and expectations of our academic journals in order to become published and cited? Are the number of publications and academic citations the only impact we value and do we believe that we, as academic scholars and educators in IB, (should) have sufficient impact on IB business practice and policy and sufficient visibility to share our expert opinions, research findings and ideas outside of our academic realm?

In her presidential address at the 2005 Academy of Management conference in Honolulu, Hawaii, Denise Rousseau (2006) talked about the disconnect between management research and management practice in her excellent speech about "evidence-based management." Now, a dozen years later, do we

believe that managers in the IB field make decisions based on the evidence (data, information, analyses, etc.) that we provide in academia? Do we feel that we have sufficiently supported and engaged in initiatives such as the Center for Evidence-Based Management (CEBMA), which provides support and resources to managers, consultants, organizations, teachers, academics, and others interested in learning more about evidence-based decision making and practices in the field of management and leadership? Jonathan Doh, in his article in this issue, prescribes how we could engage based on “phenomenon-based research” so that we need to ask ourselves to what extent have we in the past, and will we in the future have to value and evaluate “phenomenon-based research” so as to facilitate “evidence-based management.” Perhaps this and other routes will significantly contribute to the efforts of our scholarly community to regain legitimacy and relevance in the new era for international business. Through the afore-raised and other questions we would like to explore with you, the *AIB Insights* readership and the AIB membership, how to provide the necessary guidance and drive needed to achieve these goals.

\*In an effort to encourage and engage in an action-oriented discussion about how we can contribute to, and facilitate the efforts of, our field to regain legitimacy and relevance in the new era for international business, we would like to identify and highlight three opportunities to participate in this action-oriented dialogue:

First, if you are attending this year’s AIB Annual Meeting in Dubai (July 2–5, 2017), we have organized a panel session titled “Tracing the Contours of a New Era for International Business: Regaining Legitimacy and Relevance for its Study.” This panel session will be held on Tuesday, July 4 from 9:00 to 10:15 a.m. in Room Dubai 1-2 at the Conference hotel (JW Marriott Marquis Dubai) and co-chaired by the authors of this paper – namely, Jean Boddewyn and Daniel Rottig. All authors who have contributed to this special issue—Simon Collinson, Jonathan Doh, Mary Ann von Glinow, and Rob Grosse-will, as panelists, discuss their articles and ideas and invite your comments and suggestions for how we can contribute to rebuilding legitimacy and relevance of our field. We would, therefore, like to cordially invite and encourage you to attend this panel, and we hope that you will take advantage of this invaluable opportunity to communicate and engage with our panelists who are accomplished, experienced and respected IB scholars and educators.

Second, *AIB Insights* provides you with the opportunity to engage in a conversation with the authors of the articles in this special issue through an interactive “Comments Feature” on the *AIB Insights* website at [aib.msu.edu/publications/insights](http://aib.msu.edu/publications/insights). You are cordially invited and encouraged to share your comments, feedback, and suggestions to any of the articles or topics, and the authors will be glad to respond. We further plan on publishing the best comments and suggestions in a future issue of *AIB Insights* and on the aforementioned publication website.

Third, we invite you to submit articles to *AIB Insights* in response

to this special issue that sketch out and discuss suggestions for how our field can regain legitimacy and relevance in this new era for international business. We also welcome articles which follow the suggestions made in this special issue by, for example, analyzing current, relevant, and interesting phenomenon-based research topics and so contribute to building relevant new knowledge and insights that will have an impact within and beyond our field.

We hope that this special issue will spark a healthy, constructive, and fruitful discussion that will contribute to the authors’ recommendations bearing on rebuilding our relevance and legitimacy and on obtaining the evidence necessary to promote the relevant study, teaching and learning of international business. We are confident that your involvement reflecting either the aforementioned three opportunities, the authors’ presentations at the panel in Dubai and the participation of the audience there will enrich these proposals and their execution.

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# The Declining Relevance and Legitimacy of IB Scholarship in a World That Really Needs It

Simon Collinson, University of Birmingham, UK

Any distinctive community of scholars should take time to collectively and periodically reflect on the nature of that community. What makes it distinctive? Where and how does it add value? Who are its relevant stakeholders? In effect, what is our communal purpose? In 2011, at the AIB Annual Meeting in Nagoya, we were given such an opportunity under the leadership of AIB President Mary Ann Von Glinow and the AIB Executive Board. This resulted in an *AIB Insights* article titled “Defining a Domain for International Business Study” (Collinson et al., 2013), and it is wonderful to be given the opportunity to update this article!

There are good reasons to revisit these issues today in light of some unprecedented real-world challenges that add a new level of urgency to our scholarly mission to engage in relevant research. At the same time, however, it is clear that we are not significantly influencing the debates that are shaping our world. Why is that? What most constrains our engagement with a wider set of stakeholders and limits the contribution we could make to solving these challenges? Part of the answer lies in structural and institutional (dis-)incentives that limit our user engagement, our relevance, and our impact. But I also argue that broader changes threaten our very legitimacy as relevant experts in today’s world.

## New Challenges

We have all witnessed a growing range of globalization-related challenges. These are manifest at several different levels, from protests about the behaviors of global corporations (tax avoidance, labor practices, broad sustainability) to the deterioration of a range of bilateral and international trade agreements and of entire trading blocs in Europe and North America.

There is also a strong and growing perception that globalization brings more costs and risks than benefits. The resulting social

and political movements towards disconnection and isolationism through the creation of new protective barriers are arguably more pervasive than the protests triggered by the 1999 WTO meeting. These movements are a feature of the general public mood in a number of countries, not least in a post-election United States and a post-Brexit Britain, rather than being limited to anti-capitalist activists. They are also more strongly linked to socio-political, cultural, and religious rivalries, underpinned by general fears of mass migration and terrorism. These pressures are now driving real change in the policies and practices that affect the forms of interaction, exchange, and interdependence that sit at the heart of globalization.

Economic protectionism driven partly by grass-roots anti-liberalization and anti-elitism is also the product of a persistent “confirmation bias.” The high costs of globalization – including the obvious and immediate impacts of mass-migration, major indebtedness for some countries (e.g., Greece), and the additional complexities of ensuring national security against terrorists – are now direct and visible, while in many quarters there is a simple ignorance of the significant benefits of globalization.

Greater global integration and interdependence have created losers as well as winners. In this regard, Milanović Branko’s (2016) book provides some insights into the impacts that matter to large sections of the electorate in the United States and the UK. His “elephant graph” shows how global income distribution has changed in the 20 years up to 2008. There is a clear pattern of inclusive economic growth at the global scale, lifting a billion people out of poverty, while at the national level it is equally clear that the wealthy elites have benefited disproportionately.

These trends have significantly increased the disaffection and fear of globalization across influential Western populations. Populist hostility to relatively open borders and the freedom of

movement of goods, services, and skills has arisen for genuine reasons. Unfortunately, some politicians and media channels have fueled this disaffection for less-than altruistic motives and created a harmful backlash.

## Our Response?

As a community of international business (IB) scholars we understand these complexities. Our primary remit has surely been to research the costs and benefits of global business systems and educate others about our findings. In particular, considering the challenges to globalization, do we not have a collective responsibility to more effectively demonstrate these benefits?

This does not mean defending current forms of capitalism, market structures, and global organizational forms. As thought-leaders, we should aggressively explore and promote improvements and alternatives to the current forms of global business that will tangibly change lives and life-chances.

Surely, developing a clearer understanding of the processes, practices, and policies that enhance the positive effects and limit the negative effects of globalization should underpin a stronger sense of purpose for our scholarship and our community. But why does this kind of analysis of important real-world events take such a backseat in our research and publications?

Little of this is entirely new to IB scholars. Ten years ago John Dunning urged us to adopt a “responsible agenda” (Collinson, Buckley, Dunning, & Yip, 2006), before that Eden and Lenway (2001) called for that investigation into the central claims of the anti-globalization movement, and now Andrew Delios (2017) has lamented the fact that key policy issues are almost entirely absent from the research agenda of our major journals. Moreover, this complements a larger ongoing debate around the relevance and impact of management and business studies (and the legitimacy of business schools; Pettigrew, & Starkey, 2016) and the social sciences more generally (Bastow, Dunleavy, & Tinkler, 2015).

Without replicating this debate, we can reflect specifically on the potential and actual relevance of IB scholarship in a changing world by asking who our key stakeholders are and whether we have the right kinds of analytical approaches to add value to their efforts to tackle these challenges.

In the 2013 Collinson et al. article we highlighted the strength of IB as both “a distinctive and differentiated field of studies in its own right and one which helps to bridge, integrate and link other disciplines and/or sub-disciplines.” This power to combine disciplines and connect them across levels of analysis, from the micro-foundations of decision making to the

macro-level patterns of globalization, is needed to address today’s “big questions.” It is ideal for problem-led, integrative, and engaged research. However, this power remains largely latent. Why?

## Key Constraints: Structural (Dis-) Incentives, Declining Relevance, and Questionable Legitimacy

There are three related constraints on our ability to add value to the societies which support us: (1) the incentive structures we are embedded in, (2) the declining relevance of what we know, and (3) the legitimacy of what we do among important stakeholders. Arguably these factors in combination explain why we are increasingly peripheral as a community of scholars.

### *Structural (Dis-)Incentives*

We are well aware of the performance metrics used today to judge the “value” of what academics do on a daily basis. There are specific instrumentalities at work in the UK higher-education system as well as in Australia and elsewhere related to the Research Excellence Framework (REF). These have acted as reward systems for differentiating between high and low performers, as resource-allocation mechanisms, and as drivers of significant behavior change (Pettigrew, 2011). They act at all levels – institutional, disciplinary and individual – of the hierarchy. Add to this the more powerful effect of the strong premium placed on four-star, world-class peer-reviewed journal outputs above all other criteria in the international recruitment of scholars to top universities, particularly in business schools.

I would argue with many others that this strong focus on peer-reviewed papers is at the expense of real-world engagement. On the one hand, as time is our scarcest resource, any time spent on writing in the highly sophisticated, iterative, and painstaking way to develop a four-star publication reduces the time available for engagement with policy and practice. This is a simple resource-allocation trade-off, irrespective of motivation or capability. Second, there is a growing disconnect between these two kinds of activities as peer-reviewed journals become more erudite and specialist, distancing themselves from real-world challenges. Thus, one respected study found that, over a five-year period “if an academic focuses more on producing outputs that are highly cited by their peers, less of their work is picked up by external actors” (Bastow, Dunleavy, & Tinkler 2015: 81).

### *Declining Relevance*

The relevance theme has been the subject of a great deal of discussion. “Physics envy,” as it has been termed (Thomas & Wilson, 2011), is certainly part of the problem as the social



sciences have attempted to achieve the precision and certainty that comes from the scientific method of systematic observation, measurement, and experiment, with the formulation and testing of hypotheses. Many argue that this reductionist scientific paradigm does not provide meaningful insights when applied to social systems.

But are we becoming collectively less relevant as applied research and “blue sky”/ theory-driven scholarship become more polarized? Delios (2017) is adamant that this is the case and blames both excessive quantification (“p-values and our 21st century deification of 0.05”) and a myopic focus on a select set of traditional IB phenomena.

This polarization between rigor and relevance certainly appears to be happening. At the “sharp end” of top-class, four-star article publishing, the practice of crafting sophisticated, top-rated journal articles is becoming more competitive and specialized, while, at the other end of the spectrum, the world is undergoing fundamental change which requires engaged, user-led, and inter-disciplinary approaches.

### ***Questionable Legitimacy***

A scholar who is willing and able to engage has to have legitimacy in the eyes of the users or beneficiaries of the research.<sup>1</sup> Our legitimacy as relevant experts possessing the analytical skills, imagination, conviction, and credibility to shape the practices and policies of real-world decision makers is weaker than ever. This parlous situation partly results from the growing disconnect between the intellectual challenges we choose to focus on and those required to solve the problems that matter to the majority of non-academics. It also results from a broader shift in the way in which expertise is defined, established, or recognized.

In a world where opinions are increasingly shaped and rapidly re-shaped through dynamic social media interactions, the very nature of expertise is evolving. The institutions and structures that authenticate certain kinds of experts and certain kinds of expertise face a strong set of challenges. This is not just a problem of information dissemination, translation, or bridge-building through new media mechanisms. It is more fundamental in the sense that we are not seen by most important stakeholders as qualified experts because our attention is focused on “non-problems” – the trivial intricacies of our ivory towers. Moreover, the legitimacy of expertise increasingly lies in the “proven” relevance of analyses and insights tested through user interaction. The “added value” of different forms of academic production is therefore under scrutiny.

This trend has sharpened more recently with the emergence of an active and widespread distrust of established experts seen

to be allied with a dominating elite so that academics and universities are viewed in some quarters as an interest group protecting current patterns of governance and inequality. This perception ignores or is blind to the objective neutrality that normally places scholars some distance from politicians, private consultants, or the media, all of whom have a vested interest in attracting voters or making a profit. Our key differentiator as trusted impartial experts has significantly declined.

## **Conclusions: Improving Relevance and Re-establishing Legitimacy?**

We cannot isolate ourselves from the new realities and we must regain credibility in order to deserve and receive continued institutional support and resources. Reclaiming this support will require a larger proportion of IB scholars to address the questions that key stakeholders are asking and provide actionable insights through intelligent analyses. A small example of this approach appeared in a featured article in *AIB Insights* published soon after the UK voted to leave the European Union. Pankaj Ghemawat sensibly applied standard IB frameworks to empirical data in order to better understand the likely impacts of the Brexit vote (Ghemawat, 2016).<sup>2</sup> Such informed analyses provide a much clearer picture of the pros and cons of such a momentous decision. Unfortunately, the voices carrying these insights were not heard and therein lies our greatest challenge.

As scholars we all recognize how broad ambitions and aspirations to take on the “big questions” often sit in stark contrast to the daily realities of our roles and responsibilities and the institutional contexts in which we operate. However, as a reflective community of scholars, we also need to step back now and see where we fit into the broader context and how we may need to realign our behaviors to some new realities. This does not call for a revolution in engaged social sciences but for a determination to focus more of our work on the complex challenges that our societies face and to get the messages that matter to the people that matter!

If we do not realize the full potential of our superior insights into the determinants, influences and impacts of a globalized world economy then we will have failed to fulfill our role as responsible and accountable members of society.

## Endnotes

<sup>1</sup> According to a much-quoted definition: “Legitimacy is a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions” (Suchman, 1995: 574). Legitimacy underpins the appropriateness, worthiness and trustworthiness of particular organizations in particular contexts. It is therefore essential to the ability of organizations and individuals to hold influence and secure resources (Thomas & Wilson, 2011).

<sup>2</sup> This article invokes “the two laws of semi-globalization” to show that borders and distance still matter so the UK is strongly tied to the EU in terms of trade and FDI. Moreover, misperceptions about the number and influence of immigrants in the UK amongst the general public are evident when we examine the real data.

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## Plus Ça Change, Plus C'est La Môme Chose? Or, That Was Then, This Is Now!

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In 2011, when serving as President of the Academy of International Business, I held what I believe was the first AIB strategic planning exercise that was facilitated by Dr. William B. Werther, an expert in strategic planning. Among the issues that emerged were a series of “Task Forces” pertinent to where we, as an Academy, wanted to go. One of those Task Forces dealt with “The Domain of International Business and the AIB” – with Simon Collinson, Yves Doz, Tatiana Kostova, Peter Liesch, and Kendall Roth serving as its members. They produced a document, discussed at the 2013 AIB Istanbul Conference and subsequently published in *AIB Insights* in 2013. Subsequently, Simon Collinson has updated this report now entitled “The Declining Relevance and Legitimacy of IB Scholarship in a World That Really Needs It” and included in this issue of *AIB Insights*.

The 2017 version discusses the declining relevance and legitimacy of the Academy while another article in this issue asks a key question – namely “Is It Really That Bad?” – in terms of the implications of current economic, political, and social issues for international business (IB) education, research, and the Academy as a whole? Well, de facto, the nature of international business is always changing, but are the changes about to take us out of our ivory towers into the “abyss” or are we simply dangling on the edge of it?

### First Scenario: The Situation is Bad and Getting Worse for IB

Why is the situation bad? The vicious elections we have just gone through in the United States and the populist elections facing much of Europe after Brexit but also Ecuador and South Korea have polarized segments of the world population more than I can remember in my lifetime. The net result is that we now have a poisoning of free trade, bans on immigration worldwide, a new rise in racism, attacks on religious rights,

misogyny, pullbacks on laws protecting LGBT members, and a general inward-leaning trend. So much for a “global community!”

These topics were not “front and center” in 2011, nor in 2013 when my presidential term ended. At that time, we touted the values of tolerance, we valued diversity, we were reaping the benefits of globalization, and *immigration* was not considered a dirty word. Yet, along the way, there were already signs that things were getting pretty bad, and as *The Economist* wrote in 2017, global companies in the new era of protectionism were surely in retreat.

The main premise of the “global firm” was its ability to be a superior moneymaking machine (*The Economist*, 2017: 11). However, over the past five years, the profits of multinationals have dropped by 25 percent. Haass in *Foreign Affairs* (2017: 2) wrote that “the US has for the first time in 70 years elected a president who disparages the policies and institutions at the heart of postwar US foreign policy.” The North American Free Trade Agreement is under attack, the Trans-Pacific Partnership has been cancelled by the Trump Administration, and threats of increased U.S. tariffs to its major trading partners (e.g., Mexico) will dampen goodwill.

Is this the sound of a working global system? Is the IB world that we thought we knew looking increasingly inward for guidance? Will the prefix “anti” – as in anti-globalization and anti-immigration – become the descriptor de rigueur, and will we increasingly look to what is happening at our frontiers or “fringes” where so much is going on to guide our thinking about changes facing international business “as we thought we knew it”? Don’t we want to be relevant in our educational and research systems to what is happening today? Admittedly, some of the above issues have happened before and, undoubtedly, will happen again – perhaps with a slightly

different twist whereby, instead of the Great Wall of China, we will have the Great Wall between the United States and Mexico!

## Second Scenario: That Was Then ... This Is Now!

In today's world, we must ask ourselves, "What constrains our engagement with stakeholders and limits the contributions we could make to solving challenges facing global economies and academies?" (Collinson, 2017). The list of "usual suspects" is growing, from global corporations' practices of the kind that generate only wealth for the wealthy, to protective barriers that move us toward isolationism, and to socio/cultural/political/religious rivalries linked to fears of immigration and terrorism. Does this mean that the Divergence Hypothesis – all cultures will retain their "uniqueness" as they have for millennials – has won because we are not ultimately "converging" on Westernization? Back in 2013, Collinson and his coauthors asked a relevant question: "Do we have the right analytical approaches to add value to our stakeholders and help them make sense of our world which, by now, has significantly changed?" Boddewyn and Rottig (2017) said that we are definitely not prepared for this task, and that IB education and our research will suffer accordingly unless we undertake some radical changes.

Perhaps, as Collinson noted, it is true that we are lousy at asking the big important questions because we are stuck in outdated university incentive structures with little to offer to important stakeholders. Our deeply embedded peer review system drives out "full-voice meaningfulness" – an expression which Debra Shapiro, President of the Academy of Management, coined in 2016 to represent the fringes or frontiers of our IB/management world. Without having all of our voices heard, we are doomed to repeat solving the same old problems. Alternatively, we could be committing an error of the third kind, which refers to solving the wrong problems well. There is nothing wrong with the mainstream of any field, and it should be taught and learned, but why do we not study and teach about the fringe and frontier issues that represent the relevant and important changes happening today in our IB world?

Surely, we need to reclaim relevance! Wasn't that the hallmark of the early IB studies that looked at emerging issues for insights? An example might be how the changing strategies of MNEs affect globalization (Buckley, 2002) or, in today's world, how does the changing globalization affect the strategies? Or, to be even more realistic, how does anti-globalization affect MNE strategies? Might this change help us improve relevance to our important stakeholders and reestablish legitimacy amidst our new realities?

Globalization is here to stay because little stays local nowadays. Everything from tourists, terrorists, emails, diseases, dollars, and pollution can go almost anywhere. As Haass (2017: 5) noted: "Climate change is in many ways the quintessential manifestation of globalization. It reflects the sum total of what is going on; countries are exposed to and affected unevenly by the problem, regardless of their contribution to it. Borders count for naught."

If you believe that there is already a huge negative impact on IB education as well as a lack of relevance for our stakeholders, I beg to differ. "Necessity is the Mother of Invention!" Simply because we "researchers" have not always gotten it right does not mean that students don't yearn for answers to the modern vexing problems of our global world today.

Let me return to my metaphor "out of the ivory tower and into the abyss." Well, I am a sucker for a happy ending so that I invite you to watch a movie called *The Abyss* starring Ed Harris. An older film, it told a delightful story of a miracle that occurred. Without giving it away, we appear to be at the edge of an abyss so that we need more than just a "kick in the pants." We need to listen to those stakeholders who do not see relevance in the nth study on the same topic, to the exclusion of critically alarming issues happening in our world today. We should heed Collinson's (2017) and Delios' (2017) admonitions to make our work count for relevant stakeholders, rather than let it gather dust in some circular file.

I do not think that it is fair for us to settle for "plus ça change, plus c'est la même chose." For our leading journals, like the *Journal of International Business Studies (JIBS)*, failing to be relevant, readable, and engaging on important issues of the day are problems that need to be addressed. I would propose that we have a section focused on "relevance to current stakeholders about big issues and world phenomena" to be filled by all *JIBS* article submitters. I would further advance that we need an incentive system that does not count only "A" journals and causes us to lose "full-voice meaningfulness." Moreover, I would propose that several of the international academies conduct a forum with the Association to Advance Collegiate Schools of Business (AACSB) to proclaim, "That was then, and THIS IS NOW!" Let's start to address real-world issues. There is much that we can do, in terms of research and the education of our students, but not if we lose our voice!



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# Phenomenon-Based Research in International Business: Making IB Relevant Again

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## Introduction

International business scholars have made a habit of reflecting on their contributions to academic research and the shortcomings associated with them. These reflections may be seen in the broader context of mounting questions and concerns about the relevance of business school education and the role of academic research in the business school enterprise. I trace this wave of reviews and reconsiderations to the essay by the late Sumantra Ghoshal (2005) where he argued that our core management theories have distracted us from the important challenges facing managers, and where he further asserted that these theories are often ethically problematic.

In another widely cited piece, Pfeffer and Fong (2002) debunked conventional wisdom about the value of an MBA degree, while Mintzberg and Gosling (2002) argued for real-world training in global settings to develop globally relevant managerial skills and aptitudes. In the introduction of a recent issue devoted to the “The Legitimacy and Impact of Business Schools,” Andrew Pettigrew and Ken Starkey (2016) reviewed the modern literature that has frequently questioned the role and impact of business schools on a range of grounds such as the emphasis on professionalism and careerism over a broader liberal education, and the advocacy of a capitalistic, neoliberal approach to all social and economic challenges (see also Henisz, 2011; Khurana, 2007).

In the world of international business (IB), arguments have tended to center around its legitimacy as a field separate and apart from management, economics, and other disciplines, and the issue of what questions IB scholars should focus on. In this article, I make the case that a return to more *phenomenon-based research* is a potentially fruitful response to many of these criticisms, and one that could help re-establish the field as a leading contributor to scholarly research but also of a practical impact on both public policy and corporate strategy.

## What Is Phenomenon-Based Research?

A number of scholars have attempted to define and delineate phenomenon-based research from other forms of scholarship. For example, Von Krogh, Rossi-Lamastra and Haefliger (2012: 278) argued that this type of research is designed to “capture, describe and document, as well as conceptualize, a phenomenon so that appropriate theorizing and the development of research designs can proceed.” Echoing some of the critiques of management scholarship mentioned above, they point to many calls from senior scholars for greater attention to *phenomena*. Specifically, they quoted Hambrick (2007: 1346, as cited in Von Krogh et al., 2012: 278) who argued that too strong a focus on theory is likely to “prevent the reporting of rich details about interesting phenomena for which no theory yet exists.”

While Von Krogh and his co-authors (2012) stated that phenomenon-based research is inherently proto-theoretic, I have argued that phenomenon-based research is any research that “takes as a principal focus the ability to accurately and insightfully inform a real-world phenomenon or phenomena” (Doh, 2015: 609). Indeed, one could reasonably expect all research in business to have this basic quality although Hambrick (2007) and others have observed that business research, especially the one emanating from the management disciplines, has increasingly required: (1) the development of elaborate and often abstract theories to underlie it and (2) increasingly sophisticated methodologies to test those theories. While these qualities are not in and of themselves negative or exclusionary, it does seem that they exist at the expense of demonstrated connections to real-world phenomena.

## Defining International Business as a “Row” Discipline

Former *Journal of International Business Studies* Editor-in-Chief Lorraine Eden frequently argued that IB is a “row” rather than

a “column” discipline. That is, IB seeks to highlight and explore the international dimensions of our core social and behavioral science disciplines of economics, management, finance, marketing, and related areas – the “columns.” More importantly, simply investigating the international dimensions of these disciplines is not enough because IB research has to show how more than one of these areas may be necessary to fully inform the study of a given phenomenon. In this regard, Shenkar (2004) argued that this synergistic quality is IB’s “special sauce” – my words, not his.

To me, this ability to integrate insights from multiple perspectives and bring them to bear on a given phenomenon is the core contribution of IB research. As such, IB has the potential – and responsibility – to add up to more than the sum of its disciplinary parts. Indeed, IB research is uniquely positioned to contribute to understanding modern phenomena, and it is well-situated at the intersection of other disciplines and fields to do so.

## Answering Big Questions

Another frequent point of IB reflection is the issue of *what questions it should explore*. In an exchange in *JIBS* some years ago, several scholars argued that IB research should tackle big questions, and they offered suggestions for what these questions should be. Buckley (2002) lamented that IB might be running out of steam, while Peng (2004) proposed a tantalizingly simplistic interpretation of IB’s core question – namely, “What contributes to the success or failure of firms in international markets?”

Recently, as Editor-in-Chief of the *Journal of World Business*, I oversaw the compilation of a 50th anniversary issue of the journal that included multiple reviews of IB literature streams. I was struck by the degree to which IB scholarship, in its early days, was often focused on tackling real-world problems related to the impact of policies toward multinational enterprises, to trade and investment agreements between and among countries, to issues of environment and development, and to many other realistic issues. As such, I believe that returning to some of those issues and questions will help re-energize IB scholarship while also providing valuable insights that could ultimately have relevance for policy and practice.

## Adhering to a Narrow View of Capitalism

A related issue in debates among IB scholars and in the broader scholarly management community revolves around an increasing tendency to blindly incorporate assumptions about capitalistic markets that do not necessarily conform with reality. In the economic field, behavioral approaches have upended many long-held beliefs about how markets and the individuals who populate them make decisions. It is surprising that the

international business field has not been subjected to similar pressures to revisit some of its core assumptions. Still, Shenkar (2004) took the field to task for its tendency to focus almost exclusively on its economic origins and paradigms as opposed to those emanating from anthropology, political science, and sociology. In his view, IB is broader than what is sometimes simply seen as the international dimensions of strategy, and Shankar emphasized its cross-cultural and comparative dimensions. Such a view would help extract IB from its over-emphasis on economic tools and measures, and leverage its broader social sciences connections and potential contributions.

Besides, Henisz (2011) has argued that the financial crisis underscored the need for business school research to leverage the range of social science research methods and to acknowledge the heterogeneity of national institutions, practices, and approaches to social and economic structuration. In particular, he called on scholars to acknowledge and integrate the role and position of civil society actors within the study of global political and economic issues – something which Teegen, Doh and Vachani (2004) also promoted in their assertion that non-governmental actors (NGOs) are legitimate subjects of IB research. With its sometimes compulsive focus on financial performance as the end-all of outcome variables, the strategy and IB fields have overlooked critical phenomena in the global environment, that are fundamental not just to the performance of firms but also to the functioning of modern societies.

## Phenomenon-Based IB Research

Delios (2017: 391) recently observed the following:

- *The world of IB is vibrant and stimulating. IB research is not.*
- *Managers in IB are energetic, creative and risk-taking. Modern-day IB scholars are not.*
- *Media stories covering IB are novel, engaging, and eye-catching. Recent IB journal publications are not.*

While Delios’ views may overstate the case, they are valid and deserve serious attention. Earlier on, Collinson, Buckley, Dunning and Yip (2006) as well as Collinson, Doz, Kostova, Liesch and Roth (2013) voiced similar concerns, although they were not presented quite so starkly or directly. In this issue, Collinson focuses on three related issues that have prevented – or, at least, constrained – IB scholarship from realizing its full potential in an environment that would seem ripe for the insights IB scholars may provide: (1) the incentive structures we are embedded in, (2) the declining relevance of what we know, and (3) the legitimacy of what we are doing regarding important stakeholders. I take issue with his second point because I believe that IB scholars are in fact highly knowledgeable about current global phenomena and have the potential to make important contributions to current debates. However, due to Collinson’s first condition, we

rarely have opportunities to convey it to our colleagues and the broader public. We are left to use op-eds, blogs, and other brief commentaries, and with precious few “scholarly” outlets interested in publishing more applied, direct, and relevant insights.

As Collinson points out, the range of contemporary phenomena requiring the kind of training and perspective which IB scholars possess is extensive – from Brexit to the political origins of economic crises in Brazil, to China’s transition from a saving to a consumption economy, and to the rise of anti-globalization in the United States and Europe – and the IB field has all the tools necessary and talents to shed light on and inform these topics. However, a real upheaval may be required in order to encourage and incentivize scholars to pursue this kind of applied research. There are good examples of it but they are few and far between. We owe it to ourselves and our communities to make the efforts, take the risks and pursue the important questions. By committing ourselves to phenomenon-based research, we can begin this important transition.

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# Global Value Chains, Emerging Markets, and IB Education

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Having served as Dean of business schools on two continents and as a management educator in schools on three continents, I will address here international business (IB) teaching and the relevant themes that should be included in the curriculum in both general and specific contexts. Besides, I wrote an AIB Curriculum Survey about forty years ago, and have observed and participated in the development of IB curricula since then, so that I have reasonable knowledge about what we do. Having worked as one of the leaders of a major multinational bank for several years recently, I also have gained some perspective on what IB capabilities international firms need in their managers/leaders. This essay then speaks to one aspect of the evolving global economy and to the needs of IB graduates who will manage in this new world.

I will not suggest an appropriate IB domain or theoretical approach as Simon Collinson does in this issue but will offer a perspective that could be incorporated into any IB curriculum and that may be a useful organizing principle for teaching IB in many places. However, this perspective is only “provocative” in arguing that this issue needs to be recognized as we teach millennials and their successors in the internet age.

## The New Challenges

What really is challenging us as IB scholars and teachers is that the demand for our product is not growing – at least not in the United States. Besides, what we teach can easily be incorporated in the “international” chapter and relevant parts of textbooks on marketing, economics, finance, management, strategy, and other disciplines, so that the demand for separate international business courses will not increase in the U.S. context. Our uniqueness is thus questioned and our “added value” is no longer clear. Even though we can point to the fact that cross-border business involves such major issues as cross-cultural management, government-business relations, and perhaps the arbitrage of costs and regulatory conditions, we still seem to be becoming a marginal rather than a core discipline. Because we are indeed cross-disciplinary, it is not possible to

argue that there is one overarching theory of international business, even though Raymond Vernon’s international product lifecycle and John Dunning’s eclectic theory have been shining examples of theories that have included two or more of our functional disciplines. Fortunately, companies, students, and professors around the world recognize the importance of international business, and there is a growth of IB teaching in countries such as China and India, which are very large and rapidly growing markets for our field. So, what can we do to stake a better claim on relevance and even centrality in business analysis?

## Our Crucial Competences

We need to pursue analyses of key issues in the world economy and society of today in order to build up our relevance and credibility. In addition, there is no doubt that we need to continue to pursue Thomas Kuhn’s “normal science” by attacking interesting IB issues with solid methodologies and by coming up with useful conclusions. Still, we need to take our analyses to issues of major national and international concern. Originally, IB professors looked at U.S. international business and generally argued that international trade and investment should be encouraged, and that firms needed to deal credibly and legitimately with national governments. Now we should be staking our claim to understanding how China should be dealt with as a (mercantilist) source of FDI and exports and as a target market for foreign firms; and we should be analyzing employment patterns and opportunities in the United States and Europe as supply chains extend further into emerging markets and as technology eliminates manufacturing jobs (among other major issues).

We have progressed a long way from our early days in the 1960s, but there are plenty of big issues where we can still make a mark. Obviously in the United States of today, analyses of why exports and imports are economically very valuable is very important – especially in the context of such international trade agreements as NAFTA with Canada and Mexico. Besides,

showing how FDI abroad supports the growth and wealth of the U.S. economy is needed once again. It does not matter that we have written about these issues in the past because today's environment requires new statements of the benefits of international business.

Beyond U.S. concerns, we have a global interest in the combined hegemony of the United States and China, and how it does and will affect international business. After the global crisis of 2007–2009, we have witnessed a much greater willingness of governments to intervene in financial and other markets: how does this development impinge on international business? A huge cultural and political issue is how governments deal with Islamic extremism and terrorism. This is a worldwide concern, and we, as IB experts, certainly should be able to offer useful perspectives on cross-cultural communication and management as well as on Middle East–European Union–United States relations and business.

These are just a few of the vital topics of concern to decision makers and policy makers today. If our field wants to build its credibility further, then we need to address these kinds of topics and carry out analyses that are as unbiased and generalizable as possible. From the beginning, the field of international business has been policy and strategy oriented, and this is an excellent time for us to focus on such concerns again.

## The New Global Value Chains

One line of attack on key issues today rests on the fact that international business in the 21st century largely operates in the context of global value chains (GVCs) through which firms from various nations provide production inputs, process/manufacture/produce/transport outputs, and sell them in a variety of countries. This reality leads to a need for international

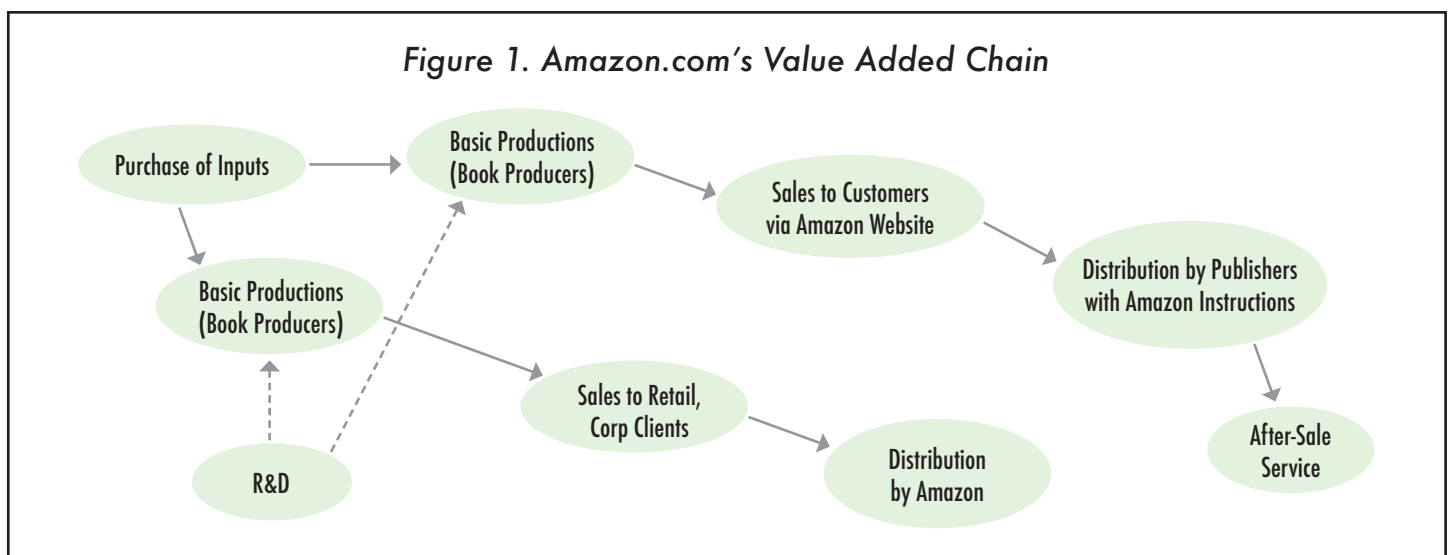
business analysts and educators to focus on the structure and functioning of these global value chains and to show firms how to position themselves to take advantage of opportunities in this environment. It also calls for government policy makers to recognize GVCs and support the development of domestic firms into key roles within these chains.

Just think of the much-cited value chain of the Apple iPhone, which spans five countries on three continents for its production – not to speak of sales of the phone, which are truly global.<sup>1</sup> Suppliers of components and inputs into the production of this phone come from the United States, Germany, Japan and Korea while assembly takes place in China. All of the companies involved are participants in the iPhone's global value chain, and opportunities exist for them to insert themselves into value chains of other products (e.g., different cell phones and other consumer electronics) as most of them do.

This is very different from the second half of the 20th century when more integrated MNEs operated in a world of higher transport and regulatory costs and when technology was more isolated before the arrival and diffusion of the Internet. The new situation means that firms in emerging markets are much more likely to find opportunities in the value chains as they become aware of the opportunities “out there.”

To expand on this idea, and to ensure that small- and medium-sized firms are included in the discussion, think about the global value chain of a company involved in providing a service – namely, Amazon.com. This company offers a global marketplace through which companies and individuals can sell products or services to anyone via the internet. Without getting into detailing the technology underpinning Amazon.com's marketplace, suffice it to say that the company buys computers and network equipment to operate its global platform

Figure 1. Amazon.com's Value Added Chain



where companies list their products and customers place their purchase orders. Then, Amazon operates a huge distribution network with transportation of its products either to its warehouses or directly from producer/supplier to customer. Thinking about Amazon's first product line – e.g., books – the global value chain looks something like its representation in Figure 1.

Amazon's value chain has two main lines of production and distribution. One goes through Amazon's own distribution system whereby Amazon buys from a book publisher, sells, and ships the book to a customer. The other line goes directly from the publisher to the consumer, with Amazon charging the producer a fee for delivering to the customer, for organizing the shipping, and for tax payment on the book.

In addition to its book value chain, Amazon sells and distributes tens of thousands of other products. If we consider Amazon's overall value chain, it would show purchases of inputs such as electronics, clothes, toys, and many other products from thousands of producers, the "production" of the service of connecting producers with consumers, and then purchases of delivery services from UPS and Fedex in addition to Amazon's own delivery service, to after-sale service offered to Amazon's millions of customers around the world.

Given that the value chain is a description of how business works today, it is open to theoretical approaches from many social sciences, and it readily fits into analyses of company strategy, location of business activities, cross-cultural management of employees, organization structures, and marketing planning. As noted above, the GVC perspective directly opens thinking and discussion of the incorporation of emerging markets into many if not most value chains, which is relevant in the 21st century when most growth in the world economy comes from this group of countries. And, as particularly relevant in the Amazon case, the GVC phenomenon demonstrates opportunities for small- and medium-sized enterprises to participate in such value chains.

## Future IB Teaching and Research about Value Chains

What should IB teaching and research focus on? Clearly study is needed of how firms can best insert themselves into global value chains. Besides, MNEs with value chain members in emerging markets will need to pay more attention to social and political issues that historically were not as significant in the developed countries where the firms mostly operated. New policy challenges are likely to result from more protectionist or at least less globally-open policies in the United States and United Kingdom, based on recent votes in those countries. Hence, company managers will need to re-consider their

networks of supply chain sources and transport links, which may become (slightly) more costly in the near future, and academics will need to give them guidance on risk management and alternative supply/value chain structures.

If new protectionism does indeed occur, it will require some new thinking by IB educators who have been fixated on the benefits of comparative advantage and free trade without adequately considering government policy in a sub-optimal world where countries cheat on free trade and companies employ monopolistic practices. IB educators will need to incorporate these developments into their teaching and writing. These issues relate not just to NAFTA and Brexit but also to existing protectionism – for example, in the U.S. trade with China where the relatively open United States faces a highly restrictive China, although academics continue to push for unilateral free trade on the part of the United States.

For IB scholars, handling these new realities should be a no-brainer – namely, that institutions matter and that free trade in a vacuum is different from the real trade that takes place. They should be looking for government policies that would maximize voters' well-being and for company strategies that take into account possible government actions to pursue nation-serving ends. To bear on these and other issues of great importance today, perspectives can be borrowed from disciplines ranging from organizational behavior to economic geography and from financial market analysis to consumer behavior.

## Endnotes

<sup>1</sup> See the iPhone value chain reproduced in Grosse (2016: 5-6).

## References

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