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Is the 'International Business Environment' the Actual Context for IB Research?

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FOR IB RESEARCH?**

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IS THE INTERNATIONAL BUSINESS ENVIRONMENT THE ACTUAL CONTEXT FOR IB RESEARCH?

ABSTRACT

The International Business Environment (IBE) is argued to be the essential context for international business (IB) studies and the distinguishing factor from other management studies, and from studies of large scale enterprises. In this paper we argue for a greater environmental focus and illustrate how and how much the IBE has been included in published IB research. While extant research has often taken a uni-dimensional view, which has been mostly anchored in the cultural environment, we suggest that: (a) there is a need to developed more uni-and multi-dimensional environmental constructs, (b) a more holistic view of the IBE provides richer insights on the actual complexity that underlies IB research. Future conceptual and empirical studies that provide more comprehensive models of the IBE that overcome the usual "everything out there" are warranted.

Keywords: international business environment, IB research, trends, content analysis

Dating back to the origins of the international business (IB) discipline, scholars such as Vernon (1966), Fayerweather (1960), and others, have articulated the importance of the international business environment (IBE) in international business studies. For example, Nehrt, Truitt, and Wright (1970: 109) suggested more than three decades ago that international business research is "concerned with the interrelationship between the operations of the business firm and international or foreign environments in which the firm operates", and that "more attention is being devoted to the environment of international business". Recently, Guisinger (2000, 2001) argued that the IBE is the central element that established IB as a distinct discipline because the IBE is the idiosyncratic feature that distinguishes IB research from other management areas, and from studies of management of large-scale enterprises. In this regard, the IBE emerges as a dominant context that bounds IB studies. As Boyacigiller and Adler (1997: 398) argued:

"by definition, IB is contextual. It specifically includes the external international environment in which firms conduct business; that is, the international context in which firms are embedded. It is precisely the nature of this embeddedness in an external international environment that has distinguished IB from other areas of management inquiry".

The business environments seem particularly important for IB studies because we are concerned, essentially, with a variety of cross-border operations. As firms expand to foreign markets, structural and environmental complexity and uncertainty increase (Mascarenhas, 1982; Ebrahimi, 2000; Guisinger, 2001), requiring managers to attend to the impact of the foreign business environment on their firms' operations. Because the IBE is multidimensional - it encompasses political risks, cultural differences, exchange risks, legal and taxation idiosyncrasies - scholars seeking to understand the cross-border effects have been picking

from different disciplines (e.g., marketing, finance, operations, strategy, organizational behavior) the relevant theories and methods. Thus, it is no surprise, nor demeaning, that IB has a cross-disciplinary tendency.

If the IBE is the context of IB studies, as Nehrt, Truitt, and Wright (1970), Boyacigiller and Adler (1997), and Guisinger (2001) suggested, and it is the IBE that bounds the domain of IB/M research, we should expect that extant research has, in some way, incorporated and emphasized the many dimensions of the environment over the past years. Noticeably, although there has been a diffuse debate on the nature of IB as a discipline, and on whether it is running out of steam (Buckley, 2002), when looking inside to acclaim and critique the discipline no one has yet examined the role of the IBE in shaping and driving research. Nor has any study examined the extent to which the IBE has been included in prior extant publications in the major IB/IM journals. We conducted two content analysis studies: in the first of about 900 papers published in one top tier IB journal, and in the second, we confined the content analysis to the titles and abstracts of the papers published in the three top IB journals. We reached two main conclusions: first, many papers absolutely lack any reference to any dimension of the IBE; second, research tends to be uni-or bi-dimensional.

We guide our proposal with four questions. (1) Is the discipline as a whole moving away from the study of international business to the study of management of international operations? (2) Is the environment, and its dimensions, continually seen as "foreign environment uncontrollables", as posited by Stephen Young (2001) and Varadarajan, Clark and Pride (1992), thus not deserving further study? (3) How can research that takes both a uni- and a multi-dimensional view on the IBE strengthen IB as a discipline? And (4)

can a focus on the IBE really provide the distinguishing feature that allows IB to grow less in the periphery of the functional areas? While we provide essentially positive answers to these questions, much debate and conceptual research is warranted to understand how can we develop the IBE to the unifying feature of IB studies, or at least what are the benefits of developing research that considers explicitly the environment for individuals, firms and countries operations.

MULTIDIMENSIONALITY OF THE IBE

The IBE is multidimensional. By multidimensional we mean that the understanding of only a few variables will not be enough to capture the complexity of the IBE. The added environmental complexity of operating across geographies is not only a major source of uncertainties, but also a distinguishing factor from studies of management of large scale enterprises. Moreover, the interactions among environmental dimensions increase this complexity and make it more arduous to disentangle the specific effects of each environmental factors. By using only one environment dimension in our studies, we obtain only a fragmented view of the complexity associated to managing foreign operations, evaluating international strategies, location, entry mode, entry timing, management of foreign subsidiaries, and so forth. Each of the MNEs' decisions, whether concerning their capabilities, strategies or structural forms, is dependent on many environmental dimensions simultaneously. While, in some cases it is possible that one of these dimensions predominates, this is not generally the case.

The complexity and multidimensionality of the international business environment lead to the development of some frameworks trying to classify its components. Without accepted taxonomies of the many dimensions that

compose the environment, research becomes more difficult to conduct and publish. Broad acceptance of what the international business environment comprises is, thus, a milestone for research that delves deeper into the influencing facets of the environment. For example, Mascarenhas (1982) developed a perspective of multiple factors the MNE faces due to environmental uncertainty and focused on foreign exchange uncertainty, political uncertainty, and employment problems. Hambrick (1982) decomposed the environment into four categories: administrative, engineering, entrepreneurial, and regulatory, and these categories in twenty sub-categories. Several other scholars contributed to the classification in two broad dimensions: task (competitors, customers, and suppliers) and remote (political/legal, social/cultural, technological, and economic) environment (see Dess & Beard, 1984; Ebrahimi, 2000). More recently, Guisinger (2001), based on prior work, proposed the *geovalent* construct to comprised eight "mutually exclusive, exhaustive, quantifiable, and largely replicable" (Guisinger, 2000: 4) environmental dimensions and encapsulate some of the main features of the IBE. These dimensions are: culture, legal system, political risk, income profile, tax regimes, econographyⁱ, exchange rate, and restrictions.

In essence, when building a taxonomy of the environmental dimensions, what we are actually looking for are the major environmental factors that must be weighted in carrying operations to foreign markets, planning adaptation of products, selecting partnerships, and adjusting the internal processes of the firm to foreign operations (Guisinger, 2001). Hence, no environmental taxonomy is, in itself, the analysis of the IBE, but one is needed to support both researchers' and practitioners' assessment of the responsiveness of firms to environmental pressures (Guisinger, 2000).

Guisinger's (2001) geovalent construct offers a disaggregated conceptualization on the major dimensions that constitute the IBE, which is important to overcome a usual conception of the environment as "everything out there". Notwithstanding, the geovalent is also not an absolute classification, and we could easily add other environmental dimensions that are not captured in its current formulation.

An interesting avenue to understand how and how much the environment has actually been the fundamental context underlying IB studies is to trace the content of quality published research. We will do that in the next section, but first we need to identify a parsimonious set of environmental dimensions. By parsimonious we mean that it is almost impossible to capture all environmental dimensions without being overwhelming. Guisinger's (2001) disaggregation of the IBE is nicely suited for our study because it provides a more fine-grained distinction of the major components of the IBE than the alternative taxonomies noted above. These are also environmental dimensions that are well accepted by IB scholars.

Seven important dimensions of the international business environment are briefly described below (as per Guisinger, 2001), and are then exposed to a brief content analysis in published research in IB journals. *Culture* is defined as the set of values, attitudes and beliefs that can be used to distinguish one group from another. Multinationals also need to adjust their policies and practices to the *legal systems* of the regions in which they operate. Differences in *income profiles* among countries may require the MNE to adapt its operations, such as the labor skills and labor intensity used in production, pricing strategies and compensation policies. *Political risks* arise from instabilities caused by regime shifts, unwanted bureaucratic interventions, civil

insurrection or foreign aggression. Multinational firms further face a variety of *tax regimes* when they venture abroad, including national, regional and local fiscal obligations that may differ significantly from those at the home country. Additionally, MNEs are constrained to adopt policies to avoid or reduce *exchange rate* risks that may hinder profitability and induce relative shifts in the location (dis)advantages. Finally, *restrictions* refers to various forms of regulations such as tariff or non-tariff barriers that host governments place on foreign products and services, or on foreign firms themselves, when they enter the host economy.

CONTENT ANALYSES OF EXTANT IB RESEARCH

We conducted two content analysis studies of published papers to investigate the extent to which extant IB research has taken up on the IBE as the context (Boyacigiller & Adler, 1997), or as the distinguishing element (Guisinger, 2001). Weber (1990) argued that content analysis is a good technique that permits us to uncover and observe the focus of individual, group, and social attention on a specific research field. Content analyses permit us assess the evolution of research, and explore trends in IB research (Czinkota & Ronkainen 1997). Content analyses have been used before in international business (Albaum & Peterson, 1984; Leonidou & Katsikeas, 1996; Liang & Parkhe, 1997).

We drew sevenⁱⁱ dimensions of the international business environment from Guisinger's geovalent construct to ensure that the major IBE dimensions were captured in the content analysis. The seven environment dimensions were decomposed in an extensive list of 125 keywordsⁱⁱⁱ (see appendix A). The keywords sought to capture, even if in a parsimonious manner, the seven environmental dimensions without being

overly detailed. This list captures synonyms and related concepts. (additional details on the methods may be requested from the authors).

Often, descriptions of the impact of the IBE on MNEs' operations and strategies are couched in terms, or words, that allow us to identify the environmental dimension being analyzed. Moreover, it is reasonable to expect that the more one paper refers some idea, expression, or word, the more attention is being devoted to that topic. For example, a paper that uses the word 'culture' (or some derivation of it) 100 times is more likely to be about 'culture' than a paper with only one count. The frequency of word count per paper gives us a measure of the emphasis dedicated to the subject in the paper. Scant references to the environment, may only seek to position a paper into an accepted IB dialectic. This is important because, ultimately, it is prima facie evidence that some authors may be simply seeking to position the research within the expected contextual boundaries of IB research.

STUDY 1: In the first study, we content analyzed the papers published in the Journal of International Business Studies (JIBS) from 1970 to 2000. JIBS was recognized as the leading journal for IB research (Ricks, 1985; Morrison & Inkpen, 1991; Inkpen & Beamish, 1994; Phene & Guisinger, 1998; see DuBois & Reeb, 2001, for a recent ranking). Between 1970 and 2000, JIBS published 889 papers^{iv}, which we searched for all pre-defined keywords. All the papers were viewed in Adobe Acrobat PDF form, and we used the 'find' command to identify the keyword in the text. We analyzed the context of the keyword to assure that the meaning was relevant (the two coders read at least the entire sentence where the count was found). For example, if the word 'culture' referred to 'organization culture', it was not recorded because it

did not relate to the concept of national or country culture. Inter-rater reliability was close to 100%.

If, as some scholars have proposed, the consideration of the environment is central for IB research, then we should expect to see a large number of references to the IBE, both in an holistic or multidimensional manner, as well as see some papers focusing exclusively on one dimension. In fact, despite some variability, we observed an upward trend in references to some dimensions of the IBE: 'culture', 'legal systems', and 'tax regimes', particularly after 1986. 'Culture' and 'legal system' were the two most addressed dimensions, and conversely 'political risk' was the dimension that captured the least research attention, followed by 'exchange rate' and 'income profile'. Moreover, some dimensions have been prevailing. While 'culture' appeared in 355 papers (about 40% of the papers), and 'political risk' was referred in only 90 papers (less than 10%). 'Legal system' and 'tax regimes' were also significant dimensions in IB research over the 31 years. The relative emphasis on each dimension, assessed as the frequency of counts per paper, reinforces the strong inclusion of cultural elements in existing research. 'Culture' averaged about 27 counts per paper and 'income profile' a mere 5 counts throughout 175 papers.

Environment at the margin

A salient observation is that over 40% of the papers we identified for legal system, income profile and political risk have only one keyword count. This is clear evidence that these studies only marginally address the impact of these environmental dimensions on the relationships, or research question, being examined. That is, the environment seems to rest at the margin in IB

studies. We identified the papers that had one, two, and five keyword counts in each environment dimension for a sensitivity analysis (Table 1).

Insert Table 1 about here

We can clearly note that a large portion of the papers only "marginally" use the IBE dimensions. For example, 179 of the 302 papers (or 59%) identified for 'legal system' and for 'income profile' had at most 2 keyword counts, similarly for 'political risk', 'tax regime', and 'restrictions, more than 40% of the papers have 2 or less counts. Using counts as a measure of emphasis, we seek to uncover and distinguishes those papers that conceptualize (or are about) an environment dimension from those that also deal with it (or talk about). In the environment at the margin we identified many papers that only 'talk about'.

Multi-dimensionality of the IBE

The IBE is multidimensional, therefore we sought to distinguish between the extent to which the papers comprised a multi-dimensional environment focus (the number of IBE dimensions used) and the papers that did not reference any IBE dimension. It now seems plausible, given our prior findings, that some papers may not reference at all the IBE. We found (see Table 2) that 152 papers out of about 900 papers (or 17%) did not include any IBE dimension, 284 (about 30%) are uni-dimensional in their approach to the IBE, and that no single study addressed all seven IBE dimensions. The sensitivity analysis used two and five counts as cut-offs, and is illustrative of the sharp drop of the vast majority of studies to the one or zero IBE dimensions when these cut-offs are considered. Most notably, while more than 80% satisfied the

one count criteria (889-152=737), once we raised the cut-off to two counts 313 papers showed up as having zero IBE dimensions and only 576 papers (or about 65%) passed this cut-off. More drastic was the decline when we set the cut-off at five counts and about half of all papers (450) dropped to the zero IBE dimensions. Given these results it seems reasonable to say that a majority of the published papers very marginally include environment dimensions and variables.

Insert Table 2 about here

STUDY 2: We conducted a second study to determine if the main focus of the paper includes the analysis of an environment dimension. If the focus of the paper is on a certain dimension it should show in the title or abstract. Furthermore, including several journals avoids possible biases in our selection of journal since different journals may have different preferences. This second study proceeded similarly to the first, and we used the same set of keywords (see appendix A). We used Texshare OVID to search each article. We selected the three leading IB journals: Journal of International Business Studies (JIBS), Management International Review (MIR), and the Journal of World Business^v (JWB/ CJWB) (Dubois & Reeb, 2001). We also imposed more strict, even if arguably superficial, criteria for the content analysis by restricting it to the titles and abstracts of the papers published in these journals, over the period 1985-2000.

Insert Table 3 about here

Two findings warrant consideration: first, the apparent absence of the IBE from published research is largely journal insensitive, and we found a similar emphasis in terms of the environment focus across all journals. While there are small differences among journals, we cannot conclude for some relative specialization of one or another Journal. The JWB seems to have a lesser focus on culture and a relatively higher focus on several other dimensions (see Table 3). One simple explanation is that the JWB has a more business (possibly economics), rather than management, orientation. MIR and JIBS follow similar patterns, possibly more management/marketing oriented, as could perhaps be expected.

Second, environmental dimensions do not seem to emerge as strong as we could expect in guiding IB research. The row indicating the percentage of the total articles with counts illustrates that an environmental dimension appears as a main factor of research in less than 30% of the articles, across all journals. Articles focusing on culture are more frequent: 14.5% in JIBS, 11,3% in MIR and 7,6% in JWB. Interestingly in the JWB legal systems are the most recurrently examined dimension.

Advancing IB research through an IBE perspective

Recent worldwide political, cultural, social, and military developments plea for a larger emphasis on the IBE. The IBE is changing rapidly under the influences of globalization of some markets, the progress in information technologies, the modifications in the national and supranational institutions (e.g. WTO, UN, EU, NAFTA), the emergence of non-governmental organizations (NGOs), the economic growth of emerging economies, the attention to the natural environment and business ethics, and the recent terrorist events. Other changes such as the advent of the alliance capitalism

(Dunning, 1995), and the emergence of MNEs from non-traditional locations may also lead to important environmental shifts. These changes have a profound impact on the IBE in which MNEs operate, and on how MNEs operate. Li, Ferreira and Tallman (2004), for example, have recently showed how MNEs' capabilities, strategies and structures changed in the post-September 11th 2001 to adapt to the new international environment. However, to a large extent, according to Young (2001: 121) the multiple dimensions of the IBE continue to be seen as "foreign environment uncontrollables", and object of little scholar research. Varadarajan and colleagues (1992) had previously noted how firms can control their uncontrollable market environment. Stephen Young (2001: 124) noted that:

"while an unprecedented level of information is now available on the international environment through the internet, and through the publications of national and international organizations, this has not been translated into increased research effort. Yet, this is an area where international marketers have a real contribution to make by focusing on company-level behavior; and one which is complementary to that of other subject disciplines, and where (the desirable) interdisciplinary research is possible".

Many recent events, some specific to the U.S., others to foreign spaces, are sufficient evidence that the opportunities for IB research to incorporate the IBE are munificent. Academic journals organize special issues on, for example, corruption, impact of terrorist events, global corporate social responsibility, and emerging economies. We still need to develop a broader understanding of, for instance, the impact on MNEs of the worldwide institutional changes, and the liberalization of multiple countries' markets. How do internationalization and structural forms change to accommodate these environmental shifts? How do MNEs adapt their strategies to the institutional changes occurring specifically in the Eastern European countries? How do the MNEs' location preferences change in response to environmental shifts? The fact, as recent calls for papers denote, we have to some extent assumed environmental

complexity as a given and have been devoting more attention to the internal processes and the management of international, or foreign operations, in partial disregard for the environmental context. Hence, we seem to be ignoring these environmental "uncontrollables" as Young suggested. The fact that many aspects of the IBE are considered uncontrollables may help explain limited attention to such factors. For example, Young (2001) further suggested that some conflicting results on internationalization process studies might be due to changes in host government rules; but these are seldom included in internationalization process research. Notwithstanding, there have been studies seeking to assess some of these uncontrollable factors. For example, studies on international business political behavior (Boddewyn & Brewer, 1994; Henisz, 2000, 2002) or on the increased limitations on government sovereignty (Kobrin, 2001), on culture (Morosini, Shane & Singh, 1998), tax regimes (Eden, 1998), legal systems (LaPorta et al., 1997).

In addition to studies that take a uni-dimensional approach we also need multi-dimensional studies. This does not mean, however, that we need to consider all environmental dimensions, even because that is unviable. It means that IB research is improved by considering the simultaneous effect of more than one environmental dimension. The empirical findings would also be more easily generalizable. For example, research on MNEs may be improved if the researcher considers how legal and regulatory factors, social contracts, and restrictions to expatriates, simultaneously, impact on the core relationship being studied. That is, an accurate interpretation of empirical tests requires a broad understanding of collateral environmental dimensions that may have an impact beyond the immediate relationship being studied. It is not generally plausible that MNEs' concerns are exclusive to one IBE dimension. Rather,

MNEs need to balance multiple, and diverse, pressures in every location and for every operation, even if there may be one dimension with a particularly high impact.

It is possible that IB as a discipline gains from endorsing more environment-based research. On occasion, the multidisciplinary focus of IB research (Bartlett & Ghoshal, 1991) has raised some doubts as to the legitimacy of IB as a discipline and has led some scholars to call for a clearer understanding of what IB is as a research discipline (Boddeyn, 1999; Martinez & Toyne, 2000; Contractor, 2000), or what international management means (Boddeyn, Toyne & Martinez, 2004). It is possible that with the maturing of IB research, the IBE as context takes increasing importance in distinguishing IB research from other management disciplines. The growing internationalization of businesses also makes the IBE a non-negligible factor for other disciplines such as strategic management.

Finally, IBE-based academic research will probably contribute also to practitioners. We are all aware of the numerous blunders by firms, even internationally experienced MNEs, that failed to understand the new environment. David Ricks "blunders in international business" depict many situations of complete misunderstanding of the host country business environment. Academic research will most likely transpire to managers and MNEs may more easily develop environmental management and adaptation strategies.

From IB to management research

Not only can IB research advance on its own theories and paradigms, but it can also contribute to strengthen management research, more broadly, by dedicating some of its efforts to disentangle and scrutinize the impact of

environmental dimensions. As we recalled, Bartlett and Ghoshal (1991) have already pointed out that often IB research provides the stress laboratory for management research. Aharoni and Burton (1994) positioned it as the search for universal rules and the generalizability of management research (Shenkar & von Glinow, 1994). National cultures, for example, mold the researchers own perspectives and leads to well known risks of parochialism (Boyacigiller & Adler, 1991). These risks emerge when the researcher does not adapt instruments and assess the true meaning of theoretical constructs in the specific national context in which they are being applied. Take an example: we may study how holding power influences the labor contract length that managers prefer across a variety of countries. To address this question we should probably determine first what holding power means in each culture, and what are the individuals' expectations as to the appropriate manner to exercise power. Then we need to assess how people actually use power in each nation, and only then explain how holding power may influence the contract length. In pursuing this endeavor, ideally, the researcher will also look at other environmental dimensions such as the economic, institutional and social context as, for example, in some countries the contract length is determined rather exogenously, and in Europe, for instance, labor flexibility is much lower than in the US. The preference for shorter or longer contract lengths may thus be function of culture, legal and social factors, economy and a wide array of other characteristics. Hence, there is also great value in taking a multidimensional perspective because many concepts and relationships are not definable, nor are driven by only one environmental dimension.

In contributing to a better understanding of the context, IB research clarifies which theories are universal and which are particular. This is the more

important as the scholarly focus has been gradually shifting from technical to social views (see Rosenzweig, 1994). In open systems' views, evolutionary models, and social perspectives the environmental context is likely to be of great importance. The influence of the environmental context is extended to a variety of settings, some of which entail the strategy and structure of the firm. For example, Lachman et al. (1994) advanced how organizational structures change with the specific culture in which they are designed. Shane (1993) noted the change in entrepreneurial activity across international geographic space. Graham et al. (1994) how cross-national negotiation behaviors change. However, many other areas of management research still warrant research to demonstrate their universal validity and generalizability. Without generalizability across space, we are dealt a set of domestic, uni-national, and narrow scope theories. Krathwohl (1985: 74) put it better when he asked a fundamental question for external validity of models, constructs and theories: "[w]ould this relationship replicate with people or other cultures, in other countries of the world?". Triandis (1978) had already noted that for a theory to be universal, its underlying relationships need to be stable in other spaces.

DISCUSSION

Guisinger (2001) argued that the IBE is likely to be the foundation to sustain IB as an independent discipline in business schools, and to provide consistency to what has been a largely multidisciplinary discipline. Boyacigiller and Adler (1997) advanced that the context is essential for IB studies. Young (2000) and Varadarajan et al. (1992) posted that we can move beyond a view of the environment as a set of uncontrollable and deterministic elements. In this research note we sought to reinforce these perspectives and discuss one direction for IB research for the coming decades. The content analyses serve

to assess and understand how the IBE has been addressed in extant published IB research in top IB/M journals. Although many scholars would agree that the IBE is extremely important as the context and should be examined holistically, we found that the IBE has been, at best, a rather peripheral issue. Although omnipresent, the IBE is not operational, and remains as a vague "everything out there".

A critique of published research

The content analyses of published research highlight four major issues that warrant additional exploration, and may benefit from the debate in this AMR special issue:

- a substantial share of the papers (about 17%) absolutely lack any reference to the IBE,
- the dimension 'culture' is by far the most included environmental dimension,
- the majority of the papers are uni-dimensional (32.1%) or bi-dimensional (28.7%),
- our results were highly sensitive to the count benchmark that was set to determine whether an article addresses each IBE dimensions (Table 2).

It appears quite remarkable that a substantial proportion of the papers lacked any reference to the IBE. Taken in isolation this finding seems to indicate that although the environment is the context to IB research, it has not been explicitly addressed. It is possible, however, that their focus was on dimensions not captured here, such as dimensions of the institutional environment [although it is likely that when scholars refer to the institutional environment they will address culture (normative) and legal/political systems (regulatory)], country's human capital, and so forth. In fact, it is important we

develop studies, both conceptual and empirical, that extend the boundaries of the traditional environment dimensions. These can be studies exploring the effect of political culture on MNE's strategies, studies decomposing broader environmental dimensions into its sub-parts, and possibly more importantly, studies examining how known constructs validate across space (Boyacigiller & Adler, 1991).

However, we should not discard the gradual shift of emphasis from country and industry analyses (that were central at the emergence of the discipline) to analyses of the internal processes of the MNE, the novel models of international inter-firm cooperation, the coordination of the MNEs' subsidiaries, and more generally to the management of foreign operations. That is, the shift in research may have been from the issues involved in conducting operations across nations, to the issues relating to managing and integrating operations dispersed across multiple countries. In fact, the former aspects are clearly stated in the JIBS mission statement. This shift entails an increasing focus on "management" (see Boddewyn et al., 2004), rather than "business", but it also moves from the external to the internal environment of the MNEs. Future research may look at the external and the internal aspects of what cross-border operations mean, and what is the role of IB research in addressing those aspects. Moreover, it is worth noting that this shift does not necessary break away from the core environment dimensions, but rather relocates them to a different context. For example, 'political' and other key environmental variables are found both inside and outside organizations.

It is also worth noting that researchers often rely on broader definitions of the environment such as country controls, that are assumed as multidimensional (although not explicitly), to encompass a holistic view that

environments vary across countries, but that environments are largely uncontrollable. We cannot foresee any method that could have accurately accounted for the use of country controls when evaluating the content of published research. Notwithstanding, this explanation does not suffice to explain why a substantial portion of the papers absolutely lack any reference to the IBE. In other words, the inter-country differences are taken for granted, but assumed away in the legitimacy provided by the publication in an IB journal.

It is worthwhile discussing why 'culture' has been given such a large emphasis in extant research (see also Buckley, 2002). Clearly, 'culture' is the environmental dimension that most attention has captured particularly after 1980. Hofstede's (1980) work probably accounts for the impetus given to culture, by providing researchers with a known, quantifiable, understood, available, applicable for inter-country comparisons, largely replicable framework for categorizing 'culture' across countries, and generally accepted cultural taxonomy. In fact, it may be the ability to measure cultural characteristics that is, at least partly, facilitating the inclusion of culture in IB studies. It is possible that a holistic conceptualization and operationalization of the IBE that is exhaustive, quantifiable, replicable, and provide a comparable set of measures across countries may facilitate its inclusion in future research, much like Hofstede's measures. Although, predictably, no-one would oppose a comprehensive approach, and while scholars may recognize the importance of the IBE, there is a lack of usable, comprehensible and validated measures of the IBE. Possibly this lack of validation is even conceptual and some scholars may argue that the dimensions we used for the content analyses provide more a list of "cross-country" factors than "international" factors. In that case, what

dimensions should be considered and how can they be assessed? Is there a disagreement on what the IBE is and entails? If so, how can the environment be the actual context?

The empirical complexity and the cost of collecting data on many variables are likely to deter a holistic approach to the IBE. It is not surprising, thus, that the majority of the papers are either uni-dimensional or make explicit references to only two dimensions. The rules of conducting research, and scholarly contributions, tend to require that we take parsimonious endeavors and isolate effects in a set of what should be *ceteris paribus* hypotheses. Such is the nature of normal scientific progress and knowledge development. Our findings may be an artifact of this narrowness. Moreover, it has to be acknowledged that we are lacking also measures of many individual environmental dimensions, not only multidimensional measures. In some instances this is because the international agencies do not collect, nor make available, usable data. Nonetheless, it is surprising that the environmental complexity that accompanies IB is not followed by research that encompasses more of a multidimensional focus. In some instances, this absence almost seems to defraud the purpose of the discipline.

The high occurrence of only "marginal" references to the IBE also originates from an increasingly more general management orientation of IB as a discipline (see Boddewyn et al., 2004). It is possible that Guisinger's (2001) geovalent construct, from which we drew our environment dimensions, is in itself more economics oriented and may not capture as well the increasingly management oriented research. While researchers view the added complexity of the IBE as a "stress laboratory" (Bartlett & Ghoshal, 1991: 5) to test models, assumptions, and theories, they may do so by relying on selected

dimensions. A uni- or bi-dimensional focus is appropriate, but it does not camouflage that about 20% of the papers did not include a single environmental variable (see Table 2). However, it is interesting to note that increasing references to 'culture' may partially reflect the fact that the tests to which Bartlett and Ghoshal referred rely on connections to essentially cultural differences across countries. Nonetheless, IB is more than a "cultural discipline".

Finally, it is reasonable that an IB expert could conclude that in analyzing a particular problem only some variables are relevant, and the others could be safely ignored. Actually, this is appropriate, and it is not our claim that IB research needs to be always multidimensional to be worthwhile. The evaluation of whether in each article it was appropriate to include some, and not other, variables would involve evaluations that are beyond our purpose. We all probably agree that the more environmental dimensions may be accounted for, the better.

Additional future directions

The dramatic increase in studies on culture-related topics following Hofstede's quantifiable cultural taxonomy is a positive encouragement for research pursuing the operationalization of other environment dimensions, either to accurately measure single variables or on the form of multidimensional indexes. This research may be very fruitful in facilitating communication among IB scholars and in easing comparability of results of different research projects. These studies may resort to recent statistical techniques and software packages, such as structural equation modeling to, for example, develop overall scores of the IBE for each country using a structure of both/either latent and emergent factors. For instance, data from

secondary, or primary, sources may be exposed to a structural model to calculate scores for each environment dimension and these scores factored to obtain an IBE value per country. At the minimum these country scores would permit considering many "uncontrollables" and be useful to study the mechanisms for IB in different countries. At the very least, they may be better than mere country controls. However, research is also needed in developing scales and indexes for each individual environment dimension.

Other direction for future research rests on assessing why some dimensions receive more emphasis than others and how the emphasis has changed over time. This evolution may reflect disciplinary orientation, or a practical focus. For example, it is obvious the current trend towards studies on political constructs, either on the more traditional form of corruption and on the emerging form of corporate social responsibility and political capabilities. Therefore, an interesting for conceptual and empirical research may be to probe the combinations between dimensions to explore future research topics. For instance, is the current relative disregard for 'political risk' due to the progressive lowering of a multitude of barriers and the increasing democratization around the world? Have the events of 2001 brought back political risks to the research table, as the world seems at the verge of significant changes in the wake of September 11th 2001 and other terrorist attacks? These events will influence how MNEs develop inter-national operations (Li, Ferreira & Tallman, 2005). That is, is IB research sensitive to real world occurrences, which for example, change locations' relative attractiveness? While we used to take exchange rate fluctuations for granted, currently we do not really know the amplitude and direction of these variations, as the Asian crisis revealed. Exchange rate fluctuations is one of

the elements of the environment and may have renewed interest for IB scholars as they impact, for example, the global sourcing decisions and models. These are just illustrative examples of how a greater emphasis on the environment may enrich research, many other examples could be noted.

Additional conceptual development on the issues developed in this paper is desirable. These are generally not easy endeavors, and require that we overcome our own parochialisms (Boyacigiller & Adler, 1991). We also need to overcome unsuspected disagreements. On the process of presenting this paper we startled with some disagreement on what the international environment is, and on whether our dimensions capture the "international" or the "cross-national" environment, and how do they differ. Despite possible disagreements on what the IBE may be, and whether the environment that matters is cross-national or international, we propose that IB research may push its agenda by moving towards a stronger integration of the environmental dimensions in research. In fact, we expect to see an upsurge of studies focusing on the environment (international or cross-national), and in a more holistic perspective.

Finally, future research may use alternative classifications of the papers such as, for example, the one used by Werner (2002), in assessing how the IBE has been included in each area of IB studies. More review and meta-analyses may be very useful. Because our purpose was to evaluate how the IBE has been included, we did not show how these dimensions have been utilized regarding specific themes, such as on research in knowledge, entry modes, alliances, and subsidiaries-headquarters relations. This could be an interesting in determining which areas that are more lacking an understanding of how the environment matters. The mechanisms for doing IB -- such as

MNE, international joint ventures, the network perspective on MNEs, etc. -- could be included based on, for example, Werner's (2002) classification. This additional research would allow the study of the interaction between the IBE dimensions and the mechanisms for doing IB.

Limitations. Although our purpose is conceptual, we used data collected through a content analysis of published, thus warranting a brief comment on some *prima facie* limitations. These limitations warrant some caution in interpretation. First, it is arguable that the keywords better capture the "cross-national" comparative environment rather than the "international" environment per se, as we noted. For IB research, national environments and how they compare to one another are possibly particularly relevant, and may be a large part of what we commonly refer to as "international". Second, our list of keywords is certainly extensive, but not exhaustive, as an exhaustive list would be impossible. We are also aware that the authors may resort to the use of synonyms for stylistic or aesthetic motives (Weber 1990). For example, other vocabulary such as industrial strategy, obsolescing bargain, state power, public policy, political hazards, and so forth, could be added as potential keywords to capture 'political risk'. Also not exhaustive is our list of possible environment dimensions. Other non-core dimensions could be included, such as to capture, for example, the institutional environment and aspects related to the characteristics of the human, labor and of the financial markets, demographic characteristics, geography, and so forth. To some extent, this questions whether we have a concise and yet exhaustive taxonomy that encompasses a complete definition of what the international business environment really is. With these limitations, perhaps the inclusion of the IBE

may be under-represented in our content analysis, but we believe to be capturing the largest share of what we, as researchers, more often look at.

CONCLUSION

The analysis of the IBE cannot be per se the dominant or unifying paradigm for IB research. However, it can provide consistency to the field as a whole, delimiting the boundaries of what is quality IB research. The IBE as the context is absolutely adequate to the current focus on the social aspects of doing business, in contrast to all encompassing economic explanations for individuals' and firms' choices. Moreover, attentive considerations of the IBE probe into the combinations and interactions between firms and geographies, which is a dominant concern of our research.

If the international business environment *is to become* the dominant context for IB studies it needs to become more than an obscure "everything out there". We need to developed measures and taxonomies that may become widely accepted. Our analyses point to a simple fact: the IBE has not been the distinguishing factor for IB research, whether we take the IBE holistically or piecemeal! It may be that increasingly IB research is becoming more management oriented and taking upon increasing use of management concepts and theories not directly related to the more economics oriented traditional IB focus (see Buckley, 2002; Boddewyn et al., 2004). Our study captures well the evolution of academic attention to the IBE, and perhaps of cross-country comparisons of the environment, but a distinction between what has been IB theory and theories about IB is less clear and deserves additional research. Additional research on both the conceptual and the empirical delimitation of the IBE is also needed, as we gain from departing from all encompassing controls to attentive considerations of external environmental

dimensions. This is a possible, and interesting, avenue for IB to regain renewed steam.

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Table 1. The environment "at the margin"

	Culture	Legal system	Income profile	Political risk	Tax regime	Exchange rate	Restrictions
Number of papers with counts	355	302	169	90	256	153	189
Mean number of counts in the papers above	26.81	5.71	4.86	6.69	9.54	17.48	5.20
Number of papers with only 1 count	29	124	69	37	77	32	55
%	8.17	41.06	40.83	41.11	30.08	20.92	29.10
Number of papers with 2 counts	33	55	32	12	44	18	39
%	9.30	18.21	18.93	13.33	17.19	11.76	20.63
Number of papers with more than 2 counts	293	123	68	41	135	103	95
Number of papers with more than 5 counts	226	63	32	23	84	81	42

Note: % refers to the percentage of the above number of papers over the total number of papers with counts in the specific IBE dimension.

Table 2. Single and multi-dimensionality of IB studies

	Number of papers ⁽¹⁾	Number of papers ⁽²⁾ (> 2 counts)	Number of papers ⁽³⁾ (> 5 counts)
7 IBE dimensions	0	0	0
6 IBE dimensions	6	0	0
5 IBE dimensions	25	3	1
4 IBE dimensions	53	12	2
3 IBE dimensions	116	37	10
2 IBE dimensions	254	161	74
1 IBE dimension	284	363	352
0 IBE dimensions	151	313	450

(1) Includes any paper that has at least one count in an IBE dimension. Otherwise, papers without any count are reported in "0 IBE dimensions".

(2) Includes papers with more than 2 keyword counts, otherwise the papers are reported in "0 IBE dimensions".

(3) Includes only papers that have more than 5 counts.



Table 3. The environment in JIBS, JWB and MIR: 1985-2000

		Culture	Legal system	Income profile	Political risk	Tax regime	Exchange rate	Restrictions
MIR (477)	Number of articles	54	5	4	5	11	16	4
	% of total articles	11.32	1.05	0.84	1.05	2.31	3.35	0.84
	Number of counts	140	11	5	21	33	35	5
JWB/ CJWB (568)	Number of articles	43	49	6	5	21	9	19
	% of total articles	7.58	8.63	1.06	0.88	3.70	1.58	3.35
	Number of counts	79	83	7	21	50	15	47
JIBS (612)	Number of articles	89	9	5	9	14	16	6
	% of total articles	14.54	1.47	0.82	1.47	2.29	2.61	0.98
	Number of counts	252	20	7	22	43	49	9

Note: CJWB and JWB are aggregated as the second came to substitute the first. In parentheses the number of papers used.

Appendix A. List of keywords

Environment dimension	Keywords used to identify dimension
Culture	Culture, cultural or culturally, acculturation, multicultural or multicultural, transculture or transcultural, cross-culture or cross-cultural, subculture, multiculturalism, unicultural, monocultural
Legal systems	legal, law(s), competition law(s), property rights, safety regulation(s), corruption, patent law(s), property law(s), payoff(s), civil law, common law
Income profile	income (income inequality, income per capita, per capita income, income distribution, income elasticity, income group, high/low/middle-income, premium income, income level, net income, residual income, income growth), purchasing power parity or PPP, GDP per capita, GNP per capita
Political risk	political risk, civil unrest, political unrest, turbulence, civil disturbance, bureaucratic risk(s)
Tax regimes	tax(es), taxation, foreign taxation, tax rate(s), tax-exemption, taxable, after-tax or pre-tax, government revenue
Exchange rates	Exchange rate(s), exchange risk, currency risk, currency variation, currency variability, currency changes, currency movement(s), currency uncertainty, currency instability, foreign exchange risk, foreign exchange changes, foreign exchange movement(s), foreign exchange variation, foreign exchange variability, foreign exchange instability, foreign exchange uncertainty, monetary risk, monetary variation, monetary variability, monetary changes, monetary uncertainty, monetary movement(s), monetary instability
Restrictions	tariff(s), pre-tariff or post-tariff, quota(s), TRIM, trade related investment measures, trade policies, investment policy(ies), investment incentive(s), national treatment, border taxes, right (non right)of establishment, effective tariff protection, effective protection, performance requirements.

Endnotes

ⁱ Guisinger (2001) describes it as a "portmanteau word" that joins economic geography and demography, thus encompassing physical and human assets that the countries possess.

ⁱⁱ We did not include dimension econography in this study. This variable could be captured through keywords that reflect factors such as climate, proximity to major markets, physical size, and infrastructures. We should point out that our goal is not to validate the geovalent construct as an exhaustive classification of the environmental dimensions, in fact, other environmental dimensions may be added in future assessments.

ⁱⁱⁱ Although Guisinger proposed that these dimensions are mutually exclusive, some interactions may exist among them. For example, differences in legal systems may induce or be induced by disparities in national culture; high-income inequalities in a country may result in more corruption, which could also be captured by the political risk dimension. We overcame this limitation by not allowing overlap among dimensions in our list of keywords. Nevertheless, although this procedure may result in under- or over-representation of one dimension in favor of another, the overall focus on the IBE remains unaffected.

^{iv} We used as papers all published papers available in JIBS online. Comments, replies and introductions of symposia were included. We exclude advertisements, communications, dissertation abstracts, book reviews, calls for papers, etc. We thus have slightly different numbers of pages/year of those of Inkpen and Beamish (1994).

^v The Columbia Journal of World Business (CJWB) was renamed as Journal of World Business (JWB) in 1997.