

## COMMENTARY

# WHAT IS INTERNATIONAL STRATEGY RESEARCH AND WHAT IS NOT?

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## INTRODUCTION

This issue of *Global Strategy Journal* marks the end of the fifth year of publication for the journal. The first five years have entailed a number of innovations and significant contributions to the conversations on international strategy issues. We are committed to continue along this path in the years to come. The best indication that we are on the right track came with the listing in the SSCI this year. *Global Strategy Journal (GSJ)* was ranked No. 16 of 185 in Management (impact factor (IF) of 3.694). This is supported by a five-year IF of 4.396 (No. 21) and an Article Influence Score of 1.647 (No. 27). These measures provide a strong indication that published *GSJ* articles are impacting scholarly research. This is particularly encouraging, as the ultimate goal of any journal is to influence the research conversations in its field. On all measures, *GSJ* ranks well ahead of many more established and well-respected journals. Although these rankings are notoriously volatile, this debut success suggests that *GSJ* is already the place for scholarly work on international strategy issues. As such, the past five years provide an excellent basis for outlining what international strategy research really is, i.e., identifying the boundaries of

international strategy research and, therefore, the domain of *GSJ*.

## INTERNATIONALISM—THE DEFINING CHARACTERISTIC

International strategy (IS) involves the study of cross-border activities of economic agents or the strategies and governance of firms engaged in such activity. International scope obviously is comprised of many parts, as one could claim that very few economic activities do not have an international dimension. It is certainly true that more and more economic activities are becoming more and more international and global, so the context for studying economic activities will often involve different cross-border activities.

However, in IS research, the key is not just to use the international dimension as the context of study, but to make the international dimension a key aspect of the study. The basic claim is that the international dimension is not just a matter of degree, but that it changes the nature of many of the activities we scrutinize. When compared with domestic activities, international activities entail more risks, uncertainty, psychic distance, cultural distance, institutional distance, etc., but also more opportunities that come from diversity in knowledge, resources, and user preferences. These fundamental differences in conducting business domestically and internationally go to the core of IS. In fact, it is a make-or-break crite-

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Keywords: Strategy research, international management, international strategy

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tion for publishing in *GSI* that the international dimension and its implications for firm strategy be central to the conceptual fabric of any manuscript.

That this conception of ‘what is international?’ is both relevant and poorly understood is supported by the fact that most desk rejections (nearly half of submissions) in *GSI* are due to submissions that do not fulfill this basic requirement and, as such, are inappropriate for the journal.

Therefore, the obvious next question is: what does it mean precisely to say that the international aspect ought to be at the center of the study? This implies that the theoretical part of the paper includes discussions of the international or cross-border context in which the firm acts and the implications of this context for the theories and phenomena under investigation. Typically this should also be reflected in the suggested propositions/ hypotheses that might include some contextual variables evolving from the international setting—such as organizational complexity or institutional or cultural distance—that are affecting (e.g., main effect, moderating, or mediating) or being affected by other variables. We have previously (Tallman and Pedersen, 2011: 2) highlighted that *GSI* is ‘... primarily concerned with strategy in context or with the moderating effects of geographical, cultural, and institutional differences on strategic management ...’ and not ‘... universal or context-free approach[es] to the study of strategy ...’ Thus, the idea that papers should be explicitly focused on the international context and its effects on the discipline under consideration, strategic management, is vital to *GSI*.

More especially, this implies that a study that uses a multi-country dataset to test an established theory of some aspect of business while simply controlling for country effects (sources of international heterogeneity or variation) might not qualify as appropriate. For example, a study of how the use of performance appraisals affects firm performance would not be appropriate—even if the data used to test this was collected in multiple countries and the study controlled for country differences. However, if the same data was used to study how cultural context moderates the relationship between performance appraisal and firm performance, so that the theory and hypotheses focused on this interaction between the local culture or cultural differences and the tool of performance appraisal (i.e., how it might be perceived differently in different contexts), then it typically would meet the criteria of being inherently international in character.

A single country study of a question such as ‘are MNEs more risk averse than purely domestic firms?’ would also qualify as an IS study if the theoretical discussion centers on how the international or multinational dimension might determine behavioral differences between MNEs and purely domestic firms. Likewise, a comparative study of business or management practices and consequences in multiple countries or regions is typically seen as an international study, presuming that the comparison is made both conceptually and empirically.

The main point that is highlighted here is that what makes an IS study is not the multi-country nature of the applied data, but rather the theoretical and conceptual insights on the implications of conducting cross-country activities that the study brings to the table.

### **Why single country studies are not considered international**

A common misconception is the idea that anything published about actions or operations of companies, industries, or economies taking place in locations outside the home country is automatically international. Often, though, these are really domestic studies that just happen to be based in countries other than the home country. Thus, a study of local business responses to corruption in the legal system of a West African nation would be just as single nation domestic in scope as a study of local business responses to boycotts in an American city based on local police shootings. Neither the firms involved, the activities monitored, the conceptual relationships, nor the data offer any insight on doing business across borders, the activities of MNEs in or from the country, or comparisons between business actions in multiple countries. But, if the same studies proposed and tested that multinational firms operating in the same local market would respond differently to the same stimuli than would locally based firms, due to home country cultural or institutional distance from the host, we would have a study in which international issues affect theory, models, data, and resulting conclusions and which would indeed be eligible for *GSI*.

### **Comparative management**

The majority of published international strategy papers address the activities of multinational firms that implicitly involve cross-border transactions.

Table 1. The domain of international strategy research

What is international strategy research	What is <b>not</b> international strategy research
<ul style="list-style-type: none"> <li>• MNE activities, strategies, structures, and decision-making processes</li> <li>• MNE interactions with other actors</li> <li>• Cross-border activities of firms</li> <li>• Impact of the international environment on the activities, strategies, structures, and decision-making processes of firms</li> <li>• Cross-country comparative studies of business processes and organizational behavior</li> </ul>	<ul style="list-style-type: none"> <li>• Activities, strategies, structures, and processes of domestic firms</li> <li>• Interactions of domestic firms with other domestic actors</li> <li>• Within-border activities of firms</li> <li>• Impact of the domestic environment on the activities, strategies, structures, and decision-making processes of firms</li> <li>• Within-country comparative studies of business processes and organizational behavior</li> </ul>

However, for IS scholars, comparative studies of business or management topics as they are pursued in different countries clearly are relevant to *GSI*. In the past, comparative management studies were relatively popular, as scholars grappled with differences in national settings. Comparative studies are also relatively popular in studies of the effects of cultural differences and national institutions, perhaps less so in the study of international strategies. However, there is much to be learned from comparisons of business or management processes and outcomes, whether at the individual, firm, or industry level, as they are manifested in different national contexts.

From the IS perspective, the effects of national context are clarified in such studies. From a strategic management studies perspective, such comparative studies are most useful in differentiating the universal aspects of strategy concepts from those tied to the international setting as a significant part of the framework.

In Table 1, we summarize both what IS international strategy research and what IS NOT international strategy research, and it is clear that many of the same phenomena and features are studied in international strategy and in general strategy, but again the main distinction is that the international dimension is added and is one of the defining criteria for IS research.

## VARIABLES

### Dependent variables

Dependent variables in IS studies are qualitatively much like those in any business or management research, whether measuring some organizational

outcome or performance in the market or another external context. Thus, choice of acquisition or alliance in an expansion, profitability resulting from a strategic decision, or retention of employees might all be outcomes in any business or management research. In international strategy, though, contextual aspects may shift the exact terms of the dependent variable. Thus, an expansion may be across borders, so governance decisions focus on specific markets. Profitability might be for the entire corporation, but is often focused on national or regional units, and employee retention considerations might result in a comparison of home and host country nationals' retention rates. Many IS studies do not use explicitly international dependent variables at the firm level, but when international or cross-border considerations are explicitly part of the dependent variable, establishing the study as international in nature is relatively straightforward.

### Explanatory variables

Again, the organizational variables that drive the dependent variable are often quite typical in quality, but may reflect geographical or locational considerations that do not appear in domestic studies. Thus, international diversification is much like product/market diversification in any study insofar as its anticipated mechanisms and effects, but at the same time, it explicitly incorporates considerations of differences across locations. Other possible independent variables such as cultural or institutional distance are often critical to an IS study, but are essentially irrelevant or meaningless in a domestic setting. If variables measure either stocks or flows of resources, products, ideas, or capital across borders

or differences among national units or specific location-tied characteristics, this is often an indicator of an international study.

### **Moderating variables**

As discussed earlier, international or cross-border considerations often are where international context comes into empirical estimations of theoretically relevant strategy frameworks, as organizational variables are predicted to have differential effects under different location-tied contextual conditions. When incorporated into the conceptual framework and modeled explicitly with measured variables, country-specific moderating variables are perhaps the most typical way for international effects to appear explicitly in organization- or industry-level studies. As well as establishing a clear international provenance, however, the importance of context to the actual operationalization of many business and management concepts is demonstrated by the moderating effect of national differences. This, then, is often how the benefits of international studies to understanding the nuances of larger theoretical and conceptual models of business management are demonstrated. Where a domestic study may appear to support the expectations of a universalistic theory, an international study using appropriate variables and interactions can go far toward establishing the boundary conditions, limitations, and relevance of such theories.

### **Control variables**

Even as we say that simply controlling for national setting is not a defining characteristic of IS studies, we recognize that IS studies generally do require consideration of a wider array of control variables than do domestic studies. Many of the variables mentioned for possible inclusion as moderating variables, if they are not included explicitly in the conceptual model, must be incorporated as controls in empirical estimations. Differences in national setting are often acknowledged by the use of country dummy variables, but as IS studies have matured, this simple expedient is less acceptable. Continuous or categorical variables representing cultural, institutional, and economic conditions that vary across nations are typical of most published IS studies, but many manuscripts do not control for these exogenous conditions—and struggle to pass review. Authors should anticipate being asked to consider

and control for possible location effects before they attribute outcomes to industry- or firm-level variables, just as multi-industry studies control for industry characteristics.

### **DATA**

We have said that multi-country data does not necessarily make a study international, if the contexts in which the data are collected are not incorporated in the study. However, multi-country databases naturally are typical of international studies. Increasing numbers of publicly available secondary databases covering many locational characteristics are available, and authors should look to them, if not uncritically, for the control and moderating variables described earlier. In other cases, authors have assembled multinational databases from multiple country-level sources. In such instances, authors must keep in mind that data collection standards and goals vary from place to place and similar, even identical, statistics may not in fact represent the same real-world activities. It is essential that authors do their utmost to ensure compatibility across such databases.

Since strategy studies typically rely on secondary industry and firm data, the same warning is needed at a more micro level. The majority of IS scholars recognize that reporting standards vary from country to country, and enforcement of accurate reporting is even more variable. However, when faced with data requirements for a particular study, we observe that authors regularly overlook these issues. This is most apparent when assembling an original database from individual firm reports. Fortunately, methods for data cleaning and standardization are available, as are good examples throughout the international management literature. However, even well-known secondary sources can have problems. Matching reported events, such as the establishment of a joint venture, an acquisition, or product launch, to actuality is necessary even in domestic studies. However, the vagaries of international information flows plus the institutional differences from country to country make verification of events, reported measures, and organizational characteristics particularly relevant in international settings. Reviewers of such studies have typically faced the same problems and will ask for justification if evidence of careful data collection and matching are not evident.

Primary data collection can be as problematic. While interviews and participant-observer and experimental methods are not common in strategy studies, surveys are. Without detailing what have become well known difficulties with survey research, we note that all problems are exacerbated in unfamiliar settings. We see, for instance, that while mail surveys (and their modern equivalent of electronic surveys) are common in industrial countries, they are typically questioned in emerging markets, where the expectation that a senior executive will actually take the time to fill out a survey, and perhaps even more that any respondent will not be overwhelmingly positive in outlook, is typically unfounded (though why we would expect a CEO in the U.S. to be any more forthcoming might be debated). Thus, the use of guided interviews in which the survey is administered in person by a trained research associate is common in China, for instance. Surveys offer unique insights, but design and implementation issues are critical, and frequent criticism, such as Chang, van Witteloostuijn, and Eden (2010) offered as editors of *Journal of International Business Studies*, has alerted editors and reviewers to potential problems. Authors should expect to be asked to detail every step from instrument design through final data analysis when using a survey.

## SO, WHAT IS INTERNATIONAL STRATEGY RESEARCH?

Typical phenomenon-focused international studies offer opportunities to develop concepts and ideas about understanding what is happening in international or foreign markets or among foreign suppliers, customers, or partners. A challenge for IS researchers is to move beyond this focus on what is

happening in the world to understanding how and why it is happening, which generally means applying business and management theoretical concepts to the phenomenon in order to understand how the international context is or is not different from previously studied domestic contexts. And, in order to clearly model the impact of the international or multi-country context, the setting must be explicitly included in the specification of the theoretical and empirical frameworks.

IS research involves both disciplinary and internationally focused theory and, especially, the intersection of the two. The international context offers excellent opportunities to build our understanding of the boundaries and limits of business and management theory, and taking advantage of these opportunities is the focus of *GSJ*. In the end, though, the first and most fundamental characteristic of IS research is that it is international in its intellectual scope—not just in its data or its setting, but in its conceptual development. The long-range goal of *Global Strategy Journal* is to be the defining outlet for international strategy research, but we also want to be an integral part of the larger conversation in strategic management by establishing how context limits or changes the relationships between organizations, managers, and outcomes in the strategy field.

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