

INTERNATIONAL BUSINESS IN A VUCA WORLD

PROGRESS IN INTERNATIONAL BUSINESS RESEARCH

Series Editors: The European International
Business Academy (EIBA)

Recent Volumes:

- Volume 1: Progress in International Business Research – Edited by Gabriel R. G. Benito and Henrich R. Greve
- Volume 2: Foreign Direct Investment, Location and Competitiveness – Edited by John H. Dunning and Philippe Gugler
- Volume 3: New Perspectives in International Business Research – Edited by Maryann P. Feldman and Grazia D. Santangelo
- Volume 4: Research on Knowledge, Innovation and Internationalization – Edited by Jorma Larimo and Tia Vissak
- Volume 5: Reshaping the Boundaries of the Firm in an Era of Global Interdependence – Edited by José Pla-Barber and Joaquín Alegre
- Volume 6: Entrepreneurship in the Global Firm – Edited by Alain Verbeke, Ana Teresa Tavares-Lehmann and Rob van Tulder
- Volume 7: New Policy Challenges for European MNEs – Edited by Rob van Tulder, Alain Verbeke and Liviu Voinea
- Volume 8: International Business and Sustainable Development – Edited by Rob van Tulder, Alain Verbeke and Roger Strange
- Volume 9: Multinational Enterprises, Markets and Institutional Diversity – Edited by Alain Verbeke, Rob Van Tulder and Sarianna Lundan
- Volume 10: The Future of Global Organizing – Edited by Rob van Tulder, Alain Verbeke and Rian Drogendijk
- Volume 11: The Challenge of BRIC Multinationals – Edited by Rob van Tulder, Alain Verbeke, Jorge Carneiro and Maria Alejandra Gonzalez-Perez
- Volume 12: Distance in International Business: Concept, Cost and Value – Edited by Alain Verbeke, Jonas Puck and Rob van Tulder
- Volume 13: International Business in the Information and Digital Age – Edited by Rob van Tulder, Alain Verbeke and Lucia Piscitello

PROGRESS IN INTERNATIONAL BUSINESS RESEARCH
VOLUME 14

INTERNATIONAL BUSINESS IN A VUCA WORLD: THE CHANGING ROLE OF STATES AND FIRMS

EDITED BY

ROB VAN TULDER

Erasmus University, The Netherlands

ALAIN VERBEKE

*University of Reading, UK; Vrije Universiteit Brussel,
Belgium; University of Calgary, Canada*

BARBARA JANKOWSKA

Poznan University of Economics and Business, Poland



United Kingdom – North America – Japan
India – Malaysia – China

Emerald Publishing Limited
Howard House, Wagon Lane, Bingley BD16 1WA, UK

First edition 2020

Copyright © 2020 Emerald Publishing Limited

Reprints and permissions service

Contact: permissions@emeraldinsight.com

No part of this book may be reproduced, stored in a retrieval system, transmitted in any form or by any means electronic, mechanical, photocopying, recording or otherwise without either the prior written permission of the publisher or a licence permitting restricted copying issued in the UK by The Copyright Licensing Agency and in the USA by The Copyright Clearance Center. Any opinions expressed in the chapters are those of the authors. Whilst Emerald makes every effort to ensure the quality and accuracy of its content, Emerald makes no representation implied or otherwise, as to the chapters' suitability and application and disclaims any warranties, express or implied, to their use.

British Library Cataloguing in Publication Data

A catalogue record for this book is available from the British Library

ISBN: 978-1-83867-256-0 (Print)

ISBN: 978-1-83867-255-3 (Online)

ISBN: 978-1-83867-257-7 (Epub)

ISSN: 1745-8862 (Series)



ISOQAR certified
Management System,
awarded to Emerald
for adherence to
Environmental
standard
ISO 14001:2004.

Certificate Number 1985
ISO 14001



INVESTOR IN PEOPLE

CONTENTS

<i>List of Contributors</i>	ix
<i>Preface – Peter J. Buckley – A Tribute</i>	xiii

Introduction: Progress in International Business Research in an Increasingly VUCA World <i>Rob van Tulder, Barbara Jankowska and Alain Verbeke</i>	1
--	---

PART I

INTERNATIONAL BUSINESS IN A VUCA ENVIRONMENT

Chapter 1 The Role of International Business Theory in an Uncertain World <i>Peter J. Buckley</i>	23
Chapter 2 The Impossibility of International Business <i>Mark Casson</i>	31
Chapter 3 The Firms of Our Times: Risk and Uncertainty <i>Peter W. Liesch and Lawrence S. Welch</i>	41
Chapter 4 Can VUCA Help Us Generate New Theory within International Business? <i>L. Jeremy Clegg, Hinrich Voss and Liang Chen</i>	55

PART II

NEW PERSPECTIVES ON THE INTERPLAY BETWEEN FIRMS AND THE NON-MARKET

Chapter 5 Production Switching and Vulnerability to Protectionism <i>Ari Van Assche and Byron Gangnes</i>	69
---	----

Chapter 6 Institutional Schisms in Argentina: The Impact of Intergovernmental Organizations on Country Institutional Environments	
<i>Elizabeth Moore, Kristin Brandl and Luis Alfonso Dau</i>	89
Chapter 7 The Future of Transatlanticism: Effects of a Rise of US Import Tariffs on Exports in the German Automotive Sector. A Quantitative, Data Driven Approach	
<i>Moritz Kath and Natalia Ribberink</i>	103
Chapter 8 Passive, Aggressive or Creative? Adjustment Strategies of Companies Affected by Sanctions	
<i>Beata Stepień and Patrick M. Weber</i>	131
Chapter 9 How Economic Freedom Affects Transaction Costs	
<i>Bruno Buscariolli and Jorge Carneiro</i>	157
PART III	
NEW GOVERNANCE CHALLENGES IN INTERNATIONAL BUSINESS	
Chapter 10 Macroenvironmental Dynamism and Firm Risk Management – An Exploratory Investigation	
<i>Florian Klein, Jonas Puck and Martin Weiss</i>	173
Chapter 11 Top Management Team Influence on Firms' Internationalization Complexity	
<i>Tommaso Vallone, Stefano Elia, Peder Greve, Lisa Longoni and Daniele Marinelli</i>	199
Chapter 12 What Happens After Offshoring? A Comprehensive Framework	
<i>Marco Bettiol, Maria Chiarvesio, Eleonora Di Maria, Cristina Di Stefano and Luciano Fratocchi</i>	227
Chapter 13 The Role of Institutional Context in Backshoring Decisions	
<i>Lise Lillebrygfjeld Halse, Bella Belerivana Nujen and Hans Solli-Sæther</i>	251
Chapter 14 Multinationals and the European Poor: Reverse Knowledge Transfer or <i>Ad Hoc</i> Solutions?	
<i>Antonella Zucchella and Serena Malvestito</i>	269

PART IV

NEW CONTEXTS FOR NEWLY
INTERNATIONALIZING FIRMS

- Chapter 15 Born Globals or Born Regionals? A Study of
32 Early Internationalizing SMEs**
Sara Melén Hännell, Emilia Rovira Nordman and Daniel Tolstoy 289
- Chapter 16 Facilitating International Venturing of Emerging
Market Firms Through Entrepreneurial Transformation:
Contingent Role of Technological Environment**
Chen Han and Bo Bernhard Nielsen 309
- Chapter 17 Uncertainty and Decision-making in SME
Internationalization: The Importance of Control, Prediction,
and Knowledge**
*Luis Oliveira, Wensong Bai, Martin Johanson,
Milena Ratajczak-Mrozek and Barbara Francioni* 333
- Chapter 18 The Internationalization of Early Stage
Social Enterprises**
Tiina Ritvala and Rilana Riihinen 357

PART V

CONTEMPORARY MANAGEMENT
PERSPECTIVES IN IB RESEARCH

- Chapter 19 VUCA and the Future of the Global Mobile
Telco Industry**
*Angels Dasi, Frank Elter, Paul Gooderham and
Torben Pedersen* 383
- Chapter 20 Managing Ambidexterity Using Networking
Perspective – Added Value or Necessity? Empirical Evidence
from Poland**
*Joanna Radomska, Przemysław Wołczek and
Susana Costa e Silva* 403
- Chapter 21 Exploring the Context-specific Talent
Management Practices and their Link to Firms' Absorptive
Capacity in Emerging Markets: Brazil vs Russia**
*Marina Latukha, Louisa Selivanovskikh and
Maria Laura MacLennan* 419

Chapter 22 Institutional Effects on the Ownership in Cross-border Acquisitions by African Firms <i>João Neves de Carvalho Santos, Manuel Portugal Ferreira and José Carlos Rodrigues</i>	435
Chapter 23 When does Adaptation to Foreign Markets Matter? An Institutional Approach to the Internationalization of Post-transition Economy Firms <i>Mariola Ciszewska-Mlinarič and Piotr Trąpczyński</i>	459
Chapter 24 Outward Foreign Direct Investment and Multinationality of Emerging Multinationals <i>Mohamed Amal and Huaru Kang</i>	481
<i>Index</i>	507

LIST OF CONTRIBUTORS

<i>Mohamed Amal</i>	Regional University of Blumenau, Brazil
<i>Wensong Bai</i>	Dalarna University and Uppsala University, Sweden
<i>Marco Bettiol</i>	University of Padova, Italy
<i>Kristin Brandl</i>	University of Victoria, Canada
<i>Peter Buckley</i>	University of Leeds, UK
<i>Bruno Buscariolli</i>	Fundação Getúlio Vargas, Brazil
<i>Mark Casson</i>	University of Reading, UK
<i>Liang Chen</i>	University of Melbourne, Australia
<i>Maria Chiarvesio</i>	University of Udine, Italy
<i>Mariola Ciszewska-Mlinarič</i>	Kozminski University, Poland
<i>L. Jeremy Clegg</i>	University of Leeds, UK
<i>Angels Dasi</i>	University of Valencia, Spain
<i>Luis Alfonso Dau</i>	Northeastern University, USA
<i>Eleonora Di Maria</i>	University of Padova, Italy
<i>Cristina Di Stefano</i>	University of L'Aquila, Italy
<i>Stefano Elia</i>	Politecnico di Milano, Italy
<i>Frank Elter</i>	Telenor Research, Norway
<i>Manuel Ferreira</i>	Universidade Federal de Lavras, Brazil and Polytechnic Institute of Leiria, Portugal
<i>Barbara Francioni</i>	University of Urbino Carlo Bo, Italy
<i>Luciano Fratocchi</i>	University of L'Aquila, Italy
<i>Byron Gangnes</i>	University of Hawaii at Manoa, USA
<i>Peder Greve</i>	University of Reading, UK
<i>Paul Gooderham</i>	Norwegian School of Economics, Norway

<i>Lise Lillebrygfeld Halse</i>	Molde University College, Norway
<i>Chen Han</i>	Xi'an Jiaotong University, P.R. China
<i>Barbara Jankowska</i>	Poznań University of Economics and Business, Poland
<i>Martin Johanson</i>	Dalarna University and Uppsala University, Sweden
<i>Huaru Kang</i>	Zhengzhou University, China
<i>Moritz Kath</i>	Hamburg University of Applied Sciences, Germany
<i>Florian Klein</i>	WU Vienna, Austria
<i>Marina Latukha</i>	St Petersburg State University, Russia
<i>Peter W. Liesch</i>	The University of Queensland, Australia
<i>Lisa Longoni</i>	Politecnico di Milano, Italy
<i>Maria Laura MacLennan</i>	Centro Universitario Fei, Brazil
<i>Serena Malvestito</i>	UBS, Italy
<i>Jorge Manoel</i>	Fundação Getúlio Vargas, Brazil
<i>Daniele Marinelli</i>	Politecnico di Milano, Italy
<i>Sara Melén Hånell</i>	Stockholm School of Economics, Sweden
<i>Elizabeth Moore</i>	Northeastern University, USA
<i>Bella Belerivana Nujen</i>	Norwegian University of Science and Technology, Norway
<i>Bo Bernhard Nielsen</i>	The University of Sydney, Australia and Copenhagen Business School, Denmark
<i>Luis Oliveira</i>	Dalarna University, Sweden, and University of São Paulo, Brazil
<i>Torben Pedersen</i>	Bocconi University, Italy
<i>Jonas Puck</i>	WU Vienna, Austria
<i>Joanna Radomska</i>	Wrocław University of Economics, Poland
<i>Milena Ratajczak-Mrozek</i>	Poznań University of Economics and Business, Poland
<i>Natalia Ribberink</i>	Hamburg University of Applied Sciences, Germany
<i>Rilana Riikkinen</i>	Aalto University School of Business, Finland

<i>Tiina Ritvala</i>	Aalto University School of Business, Finland
<i>José Carlos Rodrigues</i>	Polytechnic Institute of Leiria, Portugal
<i>Emilia Rovira Nordman</i>	Mälardalen University, Sweden
<i>João Neves de Carvalho Santos</i>	Center of Applied Research in Management and Economics, and Polytechnic Institute of Leiria, Portugal
<i>Louisa Selivanovskikh</i>	St Petersburg State University, Russia
<i>Susana Costa e Silva</i>	Católica Porto Business School, Universidade Católica Portuguesa, Portugal and Wrocław University of Economics, Poland
<i>Hans Solli-Sæther</i>	Norwegian University of Science and Technology, Norway
<i>Beata Stępień</i>	Poznań University of Economics and Business, Poland
<i>Daniel Tolstoy</i>	Uppsala University, Sweden
<i>Piotr Trapezyński</i>	Poznań University of Economics and Business, Poland
<i>Tommaso Vallone</i>	University of Reading, UK
<i>Ari Van Assche</i>	HEC Montreal, Canada
<i>Rob van Tulder</i>	Erasmus University, The Netherlands
<i>Alain Verbeke</i>	University of Reading, UK; Vrije Universiteit Brussel, Belgium; University of Calgary, Canada
<i>Hinrich Voss</i>	University of Leeds, UK
<i>Patrick M. Weber</i>	University of Konstanz, Germany
<i>Martin Weiss</i>	Vlerick Business School, Belgium
<i>Lawrence S. Welch</i>	Melbourne Business School, Australia
<i>Przemysław Wolezek</i>	Wrocław University of Economics, Poland
<i>Antonella Zucchella</i>	University of Pavia, Italy

This page intentionally left blank

PREFACE

PETER J. BUCKLEY – A TRIBUTE

The modern theory of the multinational enterprise (MNE) was developed over several decades and remains at the core of mainstream international business (IB) research. Many scholars have contributed key intellectual pieces to explain why MNEs exist, and why their governance evolves over time. One of the most influential among these scholars has been Professor Peter J. Buckley, OBE.

Peter Buckley's scientific oeuvre, which has been cited more than 40,000 times (Google Scholar), includes over 275 intellectual contributions to the IB field. Peter Buckley's thinking has consistently been innovative and highly insightful. It has kept pace with the changing nature of the global economy and the nonlinear governance trajectories of the internationally operating firms that function within it. Macro-level changes and micro-level decision-making are closely intertwined. Peter Buckley has always remained at the forefront of conceptual thinking on the evolving relationships between these two levels.

As Editors, we dedicate this book to Peter Buckley: Volume 14 in the Progress in International Business Research (PIBR) series, based on the conferences of the European International Business Academy (EIBA), addresses the many challenges MNE face when expanding or repositioning themselves in the global environment, whereby the tensions between micro-level strengths and weaknesses, and macro-level opportunities and threats, are front and center.

In addition to the close match between Peter Buckley's oeuvre and the theme of this research volume, there are four other, substantive reasons why we decided to honor him.

First, *The Future of the Multinational Enterprise*, co-authored with Professor Mark Casson, and first published in 1976, is one of the pillars of IB theorizing. It credibly demonstrates that contemporary MNEs have features that make them a comparatively efficient governance vehicle to conduct cross-border exchanges of intermediate goods, such as technological knowledge. This work has been instrumental to hundreds of empirical studies on MNE international expansion trajectories.

Second, Peter Buckley's work on Chinese foreign direct investment (FDI) (co-authored *inter alia* with Jeremy Clegg, Adam Cross, Xi Liu, Hinrich Voss, and Ping Zheng), carefully contextualized the rationale for Chinese outward FDI. It demonstrated that in the Chinese context, both micro-level parameters and proactive, government policies must be considered simultaneously, to explain FDI decisions.

Third, Peter Buckley popularized the notion of *Global Factory*, which – as he has pointed out many times – is neither global nor a factory. It moves IB thinking far beyond the narrow scope of the MNE as a hierarchical structure.



Peter Buckley and Mark Casson (1974)
 [on the drive back from Budapest where they discussed
 the ideas that became "The Future of the Multinational
 Enterprise" (1976) and (re) invented internalisation]



Peter Buckley, OBE (2019)

The MNE increasingly functions as network orchestrator, whereby it develops a large number of relationships with external economic actors, beyond simple market exchanges, much in line with the literature on asymmetrical and flagship-based networks. Related to his more applied research efforts, he functioned as consultant in particular to UNCTAD for which he served as Principal Consultant for the 2011 World Investment Report.

Fourth, and perhaps most importantly, Peter Buckley has been a tireless servitor to the field of IB research. He has been a role model for numerous academics, demonstrating the highest levels of integrity and research excellence, but also consistently showing patience and kindness, especially toward young and aspiring IB researchers. His numerous accolades (as Fellow of the British Academy and the Academy of Social Sciences) highlight not only his multi-disciplinary take on IB-relevant themes, but also his dedication to educate future generations of students and managers.

His dedication-driven leadership style and determination to improve the IB field, have encouraged him to assume high-level administrative roles to serve the IB community, *inter alia* as President of the Academy of International Business (2002–2004) and as Chair of the European International Business Academy (2009–2012).

Scholarly contributions and long-standing dedication to fostering the field of IB, both in theory and practice, are the main criteria applied to select the scholar to whom a PIBR volume is dedicated. Peter Buckley will join the distinguished group of Danny Van Den Bulcke, Alan Rugman, Lou Wells, Rosalie Tung, and Lorraine Eden, as the honorees for the respective years 2015–2019. Each of these scholars has been a larger-than-life figure, establishing the IB research field as a legitimate area of scientific inquiry. As IB researchers, we are proud to stand on the shoulders of these giants.

The Editors

Rob van Tulder, Alain Verbeke and Barbara Jankowska

INTRODUCTION: PROGRESS IN INTERNATIONAL BUSINESS RESEARCH IN AN INCREASINGLY VUCA WORLD

Rob van Tulder, Barbara Jankowska and Alain Verbeke

INTRODUCTION: INTERNATIONAL BUSINESS IN A VUCA WORLD

A diverse set of powerful trends in the political, economic, social, and technological spheres is presently reshaping the international network connections of firms and governments. Importantly, these trends are redefining the context, content, and consequences of the geographically distributed footprints of established multinational enterprises (MNEs), small and medium enterprises (SMEs), and emerging players – including international new ventures (INVs). The acronym “VUCA” has increasingly been used as a short-hand characterization for the present state-of-the-world. The VUCA acronym was first introduced in 1987 and has been used by the United States Army War College to describe the volatility, uncertainty, complexity, and ambiguity associated with new trends. In the international business (IB) context, VUCA requires adequate anticipation and understanding, preparation of strategic responses, and effective implementation of management or policy interventions.

In an increasingly multipolar world, without an undisputed hegemon, “VUCA” can lead to organizational failure at both the firm and state levels. A number of political economists who believe in “long waves” predicted in the 1980s that the transition from one Kondratieff-like wave to the next would be associated with rising and declining states, radical technology changes, and the challenging of incumbent firms’ dominant positions, to the extent that these were linked to the earlier paradigm (Freeman & Perez, 1988; Perez & Soete, 1988). Historically, some long-range transitions have been accompanied by growing conflict and ultimately

even war (Kennedy, 1987). In the present context, a number of scholarly accounts have documented the rise and decline of states (e.g. Acemoglu & Robinson, 2012; Olson, 2008). Progress in International Business Research (PIBR) – Volume 7 on “Policy Challenges” for European Multinationals (Verbeke, Van Tulder, & Voinea, 2012) highlighted a set of parallel policy developments around the world: the advent of a multipolar policy system; growing regulatory ambiguity regarding the roles of privatization and liberalization of markets; a stalling multilateral trade regime; the upcoming trend of bilateral trade and investment approaches; and the move away from multilateralism toward regional arrangements, such as the European Union (EU) and the United States–Mexico–Canada Free Trade Agreement (USMCA). The above trends have clearly intensified and are not only affecting the position of European MNEs. The ultimate direction of a rapidly transforming VUCA world is consequently becoming even less predictable. But the consequences for strategy and policy are tangible.

These forces affect the position of states, their governments, and firms alike. Particularly noteworthy in recent years have been the (post-great-recession) rise of populism; growing anti-European sentiment among the member states of the EU; increasing protectionism; slowdown in the growth of emerging markets; and a universally felt low trust in companies and governments alike, adversely affecting the global economy. These tendencies have been accompanied by the emergence of new players (including those from post-communist, transition countries); the unprecedented acceleration of international commerce and communication due to technological advances and reduced trade and investments barriers; and the continued rise of outsourcing and deep restructuring of corporate governance structures and partnerships. Collectively and individually, these processes continue to reshape the future of international business, and their consequences will undoubtedly resonate for many decades. In addition to driving a fundamental redesign of the global landscape, they also raise questions regarding the proper power balance between sovereign states and markets.

This introductory chapter examines the way the IB discipline has been dealing with VUCA-relevant themes over the years (Section 2). We can conclude that there is still considerable ground to be covered. We define a number of relevant sub-themes (Section 3), for which the present volume provides further input (Section 4).

TAKING STOCK OF VUCA- DIMENSIONS IN THE IB DISCIPLINE

By moving across borders, MNEs have always been confronted with higher levels of uncertainty and complexity in the management of their operations. The internationalization process can be considered either as an effort in reducing volatility and uncertainty (by internalizing markets) or as an act of entrepreneurship by accepting greater degrees of risk, uncertainty, and complexity. Both attitudes require the coordination and integration of often widely diverging regulatory and cultural systems in order to reap greater profits through economies of scale or scope. Since the demise of the dollar-gold standard in 1971, MNEs had to deal with greater

volatility, particularly in the management of their currency portfolio. But since the fall of the Berlin Wall in 1989 and the disintegration of the Communist economies, MNEs could also expect to benefit from greater predictability of the global economic system, which in turn would lower the degree of complexity for international operations and create a relatively stable international environment.

The way the IB discipline dealt with VUCA themes post-1989 can consequently be considered a litmus test for the relevance attached to each of the VUCA dimensions in IB research. We considered the way IB scholars have been concentrating on these and a few related issues as the prime focus of our research. Through Scopus we covered the inclusion of papers in seven leading IB journals for the years 1990–2018.¹ We focused only on explicit titles and keyword references to VUCA themes. We checked for the four key concepts of the VUCA acronym as well as other relevant synonyms such as “turbulence” and “risk.”²

Scientific discourses generally materialize along three tracks (1) historically – linked to societal trends; (2) disciplinary – linked to different publication platforms, and (3) scientifically – linked to various conceptualizations. Each of these tracks is discussed below.

The first discourse involves a historical review of the VUCA themes in IB journals. Fig. 1 provides a historical account of the coverage of these concepts since 1990, measured through the frequency of keywords that appeared in published papers³. The historical coverage of VUCA themes in IB journals suggests three distinct periods. In the earlier stages of globalization, the antecedents of this process (including possible negative or ambiguous effects) were not questioned. In the 1990–2003 period hardly any reference was made to any of the concepts that can now be associated with a VUCA world. Only since the turn of the millennium can we observe that mainstream IB research has started to consider aspects of a VUCA world. Some rare references to uncertainty in the 1990s can be found that primarily considered uncertain outcomes of FDI (foreign direct investment) (Lee & Caves, 1998; Rivoli & Salorio, 1996); uncertain legal environments (Sant & Ferris, 1993); or risk and perceived environmental uncertainty (Werner, Brouthers, & Brouthers, 1996). Fig. 1 shows that the coverage of risk in IB publications precedes the coverage of uncertainty. Conceptually, risk and uncertainty are different, with uncertainty reflecting less (or no) insight into outcome probabilities. But in managerial practice, the term “risk management” is commonly used, even though it may precisely relate to addressing future outcomes with probabilities that are difficult to determine.

Since the turn of the millennium, most IB research began to focus on uncertainty as a context variable and risk management as the (imperfect, but highly routinized) managerial response to increased uncertainty. Since 2010, risk management has also become associated with growing degrees of complexity, ambiguity, and turbulence exhibited by an increasing number of keyword references that started to appear in journal publications. Much less and more fragmented attention has been given over the whole period to volatility. VUCA synonymous terms like “chaos,” “wicked problems,” “insecurity,” “controversies,” or “unintended consequences” have not been widely embraced in the IB discourse. Only the concept of “turbulence” has been used regularly.

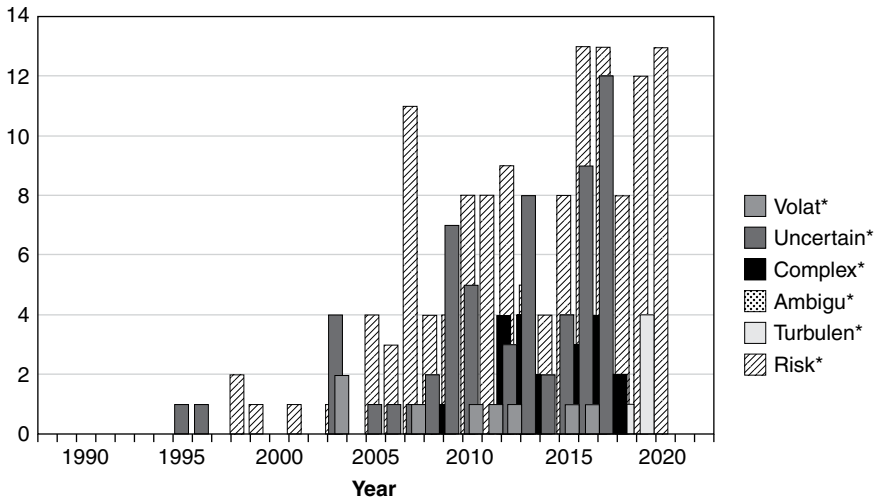


Fig. 1. VUCA Relevant Scholarship over the Years – Key Words (1990–2018).

The second dimension of the IB discourse on VUCA themes involves an analysis of disciplinary publication platforms. The analysis revealed the emergence of intra-disciplinary patterns. Fig. 2 shows the relative attention in the 1990–2018 period paid to six, often named VUCA-related elements, in each of the seven IB journals. Fig. 2 shows the most conspicuous distinctions, either on the basis of keywords or on the title searches. A dominant theme according to the keyword search in all publication platforms is clearly “risk” (with around 150 hits). Interestingly, however, the risk topic becomes much less prominent when considering the titles of the articles over the same period (with only 9 hits). “Uncertainty” on the other hand, as a leading theme in the IB discourse, has received extensive coverage in five of the seven platforms – both as keywords (total of 66 hits) and as titles (58 hits). Noticeable exceptions in the coverage of uncertainty are *Transnational Corporations* and *Critical Perspectives on International Business*, with a negligible number of papers dedicated to this theme. The relative attention of these two platforms has been largely focused on the risk-dimension of IB.

Two VUCA-relevant issues have received recent attention: complexity and turbulence. “Complexity” can be considered an IB theme that has become intellectually relevant with an almost equal number of hits (20) in keywords and titles since 2010. All journals have started to cover articles that stress complexity (and partly also complexity theory). “Turbulence” scores better as title of papers (14 hits) than as a keyword (8 hits). This probably indicates that turbulence is still considered less of a core research theme, even when it has been used in the technical jargon of researchers. Turbulence as a concept has in any case entered the jargon of three platforms: *The Journal of World Business*, *IBR* and *JIBS*.

The third, and arguably the most important, dimension of the IB discourse on VUCA-relevant themes involves content and conceptualizations. We reviewed

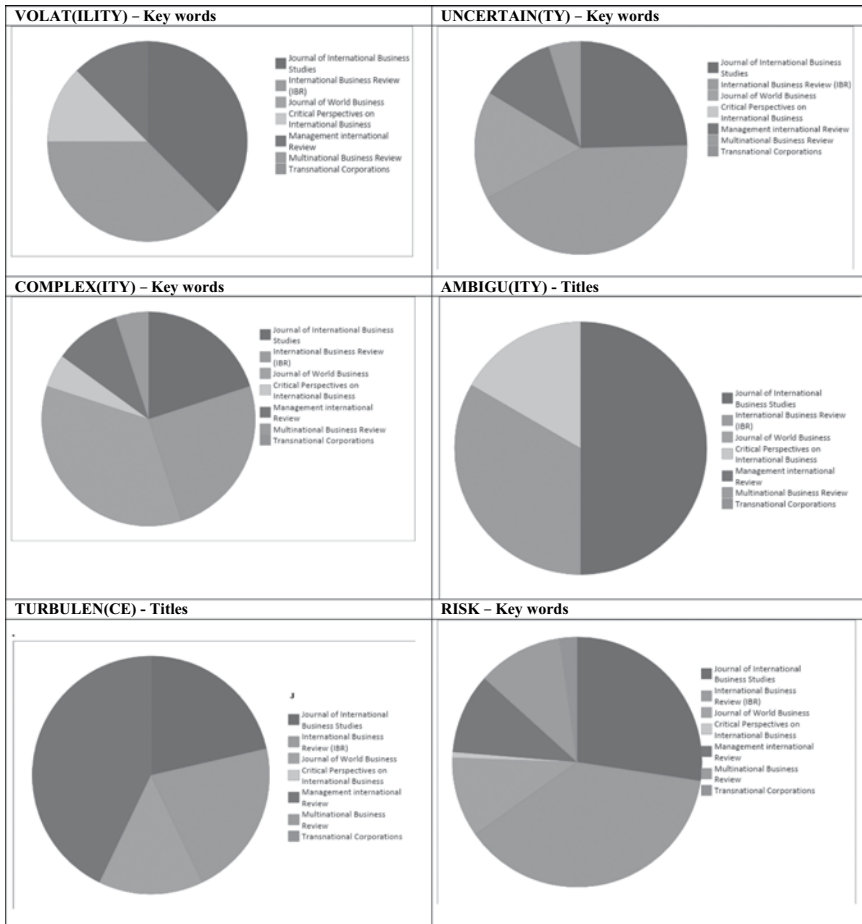


Fig. 2. Where to Find Key IB Contributions to VUCA Themes – 1990–2018, Measured by Frequency of Appearance as Keyword(s) in Different Journal Articles.

which topics of the IB discourse are associated with the VUCA acronym. Table 1 provides a more general elaboration of the acronym as presented by Bennett and Lemoine (2014), as well as an alignment of the dimensions with associations relevant to IB.

Volatility and Uncertainty in extant IB research have been closely related. The volatility of exchange rates (Grube & Samanta, 2003; Song, Lee, & Makhija, 2015), stock exchanges and political environments (Beaulieu, Cosset, & Essaddam, 2005; Delios & Hensz, 2003; Desbordes, 2007; Neaime, 2006) raises the levels of uncertainty for MNEs. These dimensions define the unavoidable “risks” MNEs (Vahne, Hamberg, & Schweizer, 2017) have to deal with when they move abroad. In turn the risks associated with volatility can be managed, for instance, by real options (Lee, Makhija, & Paik, 2008; Wooster, Blanco, &

Table 1. A VUCA-relevant Approach to International Business.

VUCA	General associations ^a	IB-relevant associations
Volatility	<p>Characteristics: the challenge is unexpected or unstable and may be of unknown duration; but its not necessarily hard to understand; knowledge is often available</p> <p>Example: price fluctuations after a natural disaster</p>	<ul style="list-style-type: none"> - Currency and exchange rate fluctuations - Political, exchange, stock risks - Economic volatility and political instability - Stock market volatilities - Volatile environments - Climate risk - International crises - Volatile firm performance - Turbulent markets - Hyper turbulent contexts - Turbulent events - Technological turbulence - Turbulent business environments - Real options - Dynamic capabilities
Uncertainty	<p>Characteristics: despite a lack of other information, the event's basic cause and effect are known; change is possible but not a given</p> <p>Example: a competitor's pending product launch muddies the future of the business and the market</p>	<ul style="list-style-type: none"> - Possible new entrants in the domestic market - Uncertainty avoidance - Trade uncertainty - Monetary uncertainty - Environmental uncertainty - Technology uncertainty - Managerial uncertainty - Political uncertainty - Cultural distance (cf. uncertainty avoidance) - Uncertainty mitigation - Cooperation and merger-acquisition - Hedging
Complexity	<p>Characteristics: the situation has many interconnected parts and variables; some information is available, but can be difficult to process</p> <p>Example: doing business in many countries, all with unique regulatory environments, tariffs and cultural values</p>	<ul style="list-style-type: none"> - Country portfolio management - Regulatory and administrative distance - Institutional complexity - Global business complexity - Multinationality–performance relationship - Systemic complexity - Environmental complexity - Complex relationships - Negotiating complexity
Ambiguity	<p>Characteristics: causal relationships are completely unclear; no precedents exist; you face “unknown unknowns”</p> <p>Example: launch of products beyond core competencies</p>	<ul style="list-style-type: none"> - Internationalization in immature markets - Causal ambiguity - Knowledge ambiguity - Ambiguous relationships - Identity duality (paradoxical lens) - Cultural and competing values - Foreign-friendliness paradoxes

Source: ^aBased on Bennett and Lemoine (2014).

Sawyer, 2016) or contracts (Choi, Lee, & Kim, 1999) and dealt with, in particular, in functional areas of management like supply chains (Hedaa, 1993), marketing (Helm & Gritsch, 2014), or through specific acquisition and/or cooperation strategies (Mayrhofer, 2004). Studies concentrating on culture have in particular considered Hofstede's dimension of “uncertainty avoidance” (Bova & Vance,

2019; Lim, Leung, Sia, & Lee, 2004; Macnab & Worthley, 2007) or reducing cultural uncertainty (Hong & Lee, 2015). Uncertainty impacts opportunity development in internationalization processes (Alimadadi, Bengtson, & Hadjikhani, 2018; Liesch, Welch, & Buckley, 2011) such as market-entry strategies (Müllner, 2016; Sanchez-Peinado & Pla-Barber, 2006; Slangen & van Tulder, 2009; White III, Hemphill, Joplin, & Marsh, 2014). But it also has perceptual dimensions that need to be taken into account (Fisch, 2008). Most uncertainty-related studies in IB have concentrated on issues such as environmental uncertainty (Hoque, 2004; Matanda & Freeman, 2009; Werner et al., 1996) or more specific context dimensions like policy uncertainty (Nguyen, Kim, & Papanastassiou, 2018), technology uncertainty (Celly, Spekman, & Kamauff, 1999), host market uncertainties (Song, 2013), or home country uncertainties (Cuervo-Cazurra, Ciravegna, Melgarejo, & Lopez, 2018).

Complexity in IB research has been primarily used as a context dimension, in particular when referring to systems complexity (Chandra & Wilkinson, 2017), global business complexity (Teagarden, 2012), institutional complexity (Arregle, Miller, Hiitt, & Beamish, 2016; Egri et al., 2012;), network complexity, or environmental complexity (Ebrahimi, 2000; Wu, Lao, Wan, & Li, 2019). When considered as a management dimension, complexity involves the adequate management of international joint ventures (Demir & Söderman, 2007), jobs (Nurmi & Hinds, 2016), technology management (Bartholomew, 1997), or megaproject management (Kardes, Ozturk, Cavusgil, & Cavusgil, 2013; Kumar, Rangan, & Rufin, 2005).

The Ambiguity dimension in IB studies has either focused on intra-firm processes in general (Beleska-Spasova & Glaister, 2013; Jean, 2007) and knowledge ambiguity in specific (Ho, Ghauri, & Kafouros, 2019; Simonin, 1999), or on the influence of knowledge and culture in interfirm relationships (Wilken, Jacob, & Prime, 2013). Ambiguity in the IB literature has been associated with a paradoxical management lens, in particular when dealing with identity duality (Pant & Ramachandran, 2017), different values and cultures (Faure & Fang, 2008; Zander, Jonsen, & Mockaitis, 2016), or ambiguous intellectual property regimes. For example, China poses a so-called “foreign friendliness paradox” (Prud’homme, 2019) for MNEs operating there.

The main term used in IB research for VUCA-related themes, however, remains “risk.” Risk as a context dimension refers to the level of risks that MNEs face due to their portfolio of countries and related locational decisions (Boubakri, Mansi, & Saffar, 2013; Buckley, Chen, Clegg, & Voss, 2018), influenced by degrees of volatility caused by exchange risks (Bowe & Saltvedt, 2004; Bruno & Shin, 2014; Carrieri & Majerbi, 2006; Clarke & Liesch, 2017), stock price and equity risks (An, Chen, Li, & Xing, 2018), and political and expropriation risks (Click, 2005; Click & Weiner, 2010; Giambona, Graham, & Harvey, 2017). Particular attention has been paid to the risks associated with operating in conflict zones (Dai, Eden, & Beamish, 2013) or the increasing risks related to climate change (Huang, Kerstein, & Wang, 2018). Managing risks strongly overlaps with the management of turbulence literature through real options (Fisch, 2011; Tong & Reuer, 2007).

A final VUCA-relevant concept that has been used by IB scholars has been “turbulence,” which can be considered particularly synonymous to “volatility.”

IB scholars have thereby focused largely on how to manage risk within MNEs during turbulent events (Ghauri & Park, 2012; Weiner, 2005), turbulent conditions (Yayla, Yeniyurt, Uslay, & Cavusgil, 2018), and a turbulent world economy (Prasad, 2001) or turbulent markets (Engwall & Hadjikhani, 2014; Petričević & Danis, 2007) through initiatives such as improved integration-responsiveness procedures (Williams, Colovic, & Zhu, 2017), cross-border learning (Pérez-Nordtvedt, Mukherjee, & Kedia, 2015), entry strategies (Johanson & Johanson, 2006), and arbitrating procedures (Fathallah, Branzei, & Schaan, 2018).

A SELECTION OF RELEVANT SUBTHEMES: THIS VOLUME

Table 1 can serve as a general frame for further IB research in support of the general discourse on the VUCA phenomenon. The VUCA concept has particular repercussions for the relationship between states and companies. Under the influence of a rapidly changing world, the relationship between states and companies is also bound to change. This changing relationship revolves around seven broad topics that perhaps best epitomize the struggle of power between the state and market forces:

1. The post-great-recession rise of populism has been associated with the emergence of nationalism and protectionism in various countries (Solomon, 2017). Nationalism is visible among Asian countries – in China (Economist, 2017) and India (Bhattacharjee, 2017) – as well as in West-European countries (Economist, 2016) and in the United States (Solomon, 2017). It is a multi-dimensional phenomenon, which according to Kosterman and Feshbach's (1989, p. 271) approach can be defined as “a perception of national superiority and an orientation toward national dominance. It consistently implies downward comparisons of other nations.” Nationalism affects companies – their governance, strategies in their home and host markets, as well as their attitude toward business partners in their home and host environments. Thus, populism (Rodrick, 2018) and nationalism that give rise to a strong nation state – whether this be the home or host market – reshape the institutional context for MNEs. And following neo-institutional theory, the new context can reduce business freedom and managerial autonomy over firm strategy and business practices (Fardale, Brewster, Ligthart, & Poutsma, 2017), and can also affect MNE operations across the value chain.
2. Nationalism and populism create a political challenge to globalization since they are often the foundation for the negative perceptions of open trade and free flows of capital, goods, services, technologies, and people. In other words, the impediments to free trade and investment manifest themselves as the new protectionism and belong to the “grand challenges” IB scholars need to study to make IB research more relevant (Buckley, 2002; Buckley & Lessard, 2005; Cheng, Henisz, Roth, & Swaminathan, 2009). The renegotiated NAFTA, now renamed USMCA, as well as the demise of proposals for the Transpacific/