Journal of International Business Studies (2008) 39, 937–939

www.jibs.net

EDITORIAL

Letter from the Editor-in-Chief

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Editor-in-Chief

Journal of International Business Studies (2008) **39,** 937–939.
doi:10.1057/palgrave.jibs.8400415

Issue 6 of volume 39 consists of eight articles, one Perspective article and a book review. The articles were accepted for publication by former *JIBS* Editor-in-Chief Arie Y Lewin. The issue begins with three papers exploring differences in governance structures in developed and emerging market firms; their topics are: multi-divisional MNEs vs metanationals; developed vs emerging market firms; and the linkages between market orientation, strategic human resource management (SHRM), and firm performance. Two pieces follow, each exploring a facet of international consumer behavior: consumer animosity to brands from a particular country; and global brands as servicescapes. The issue concludes with three articles on data measurement in international business, a Perspective on theory in international business, and a book review of Ghemawat (2007).

The issue begins with a theory piece by Verbeke and Kenworthy, "Multidivisional vs metanational governance of the multinational enterprise". The authors argue that five specific governance principles underlie the effective and efficient management of large multidivisional MNEs. These principles are: clear specialization in decision-making between corporate headquarters and divisions, strong selectivity in interdivisional interactions, standardized incentive systems for subunits, sequential and separate roles for headquarters and divisions in general innovation strategy, and a focus at the divisional level on incremental over disruptive innovation. As an alternative to the multidivisional MNE, Doz, Santos, and Williamson (2001) propose a new organizational form – the metanational – as particularly appropriate for multinationals that were "born in the wrong place," that is, in home countries that are resource poor and institutionally weak. Using transaction cost/internalization (TCI) theory, Verbeke and Kenworthy compare and contrast the multi-division and metanational organizational forms, concluding that multidivisional governance principles remain superior to metanational ones, at least for large MNEs. The article concludes with a nice, concise appendix on TCI theory, focusing on bounded rationality, bounded reliability and knowledge management.

"Transforming disadvantages into advantages: Developing-country MNEs in the least developed countries" by Cuervo-Cazurra and Genc compares the advantages and disadvantages of MNEs from developing vs developed countries. Developing-country MNEs operate from a position of disadvantage because their home countries have weak institutions and lack munificent environments. The authors argue that these disadvantages become advantages when the firms invest in other developing countries ("South–South FDI"). Using the share of developing-country foreign affiliates among all foreign affiliates in a host country as the dependent variable, for 49 developing countries in 1991 and 2001, the authors find support for their hypotheses.

Wei and Lau, in "The impact of market orientation and strategic HRM on firm performance: The case of Chinese enterprises," argue that SHRM mediates the relationship between market orientation and firm performance. Ownership (foreign vs domestic) and staffing autonomy moderate the relationship between SHRM and firm performance. A survey of CEOs and HR/finance directors of 600 Chinese enterprises provides evidence that SHRM positively mediates the market orientation–firm performance relationship. Ownership type is not a significant moderator; however, staff autonomy does improve performance.

The issue then moves to three articles on new issues in international consumer behavior: consumer animosity to national brands; television viewing and consumer well-being; and global brands as consumptionscapes. We start with "Understanding consumer animosity in an international crisis: Nature, antecedents, and consequences," by Leong, Cote, Ang, Tan, Jung, Kau, and Pornpitakpan. This article investigates the concept of consumer animosity as applied to brands from a particular country, that is, negative country-of-origin effects. The authors argue consumer animosity has two characteristics: situational (episodic) and enduring (stable) animosity. External control and external attribution are psychological antecedents that strengthen situational animosity. To test these arguments, adult consumers from five Asian countries were surveyed during the Asian currency crisis about their animosity to Japanese and US products. The survey results provide evidence that both situational and enduring animosity can significantly and negatively affect brands from particular countries, making it difficult to sell these products in local markets. The authors conclude that firms may need to lessen country of origin impacts by localizing their brands (moving production onshore) or disassociating themselves from home country policies.

The arguments and conclusions in this article are also supported by the liability of foreignness literature. Country-of-origin consumer animosity is a form of consumer ethnocentrism, creating cognitive institutional distance, raising liability of foreignness and harming firm performance in the host country. Localizing production is one way to improve host country legitimacy as is distancing one's self from the home country; other strategies include taking on a local partner, engaging in local CSR activities, joining local business associations and developing closer local government ties (Eden & Miller, 2004).

Venkatraman and Nelson ask, "How does a Western, high-end, unique servicescape such as Starbucks impact local consumption tastes, practices, and lifestyles when it enters a new market?" Historically, Western brands were seen as agents for cultural imperialism ("Cocacolanization") and global standardization (Levitt, 1983). The authors argue in "From servicescape to consumptionscape: A photo-elicitation study of starbucks in the New China" that instead of global brands being agents for mass standardization, the reverse can occur: consumers in emerging markets can appropriate and transform global brands. A qualitative study, using photography and consumer interviews ("photo-elicitation") is employed to argue that Starbucks in Beijing is being transformed by young, urban Chinese consumers into an experiential "consumptionscape".

We then turn to three articles on research methodology in international business studies. The first article, "Data equivalence in cross-cultural international business research: An assessment and guidelines," by Hult, Ketchen, Griffith, Finnegan, Gonzalez-Padron, Harmancioglu, Huang, Talay, and Cavusgil, classifies 167 journal articles in terms of their construct, measurement, and data collection equivalence. The authors argue that many international business studies fail to establish cross-cultural data equivalence, and recommend guidelines for future researchers.

Hofstede's cultural characteristics have been criticized because the indices do not account for changes in cultures over time. Changes in a country's wealth or institutions, for example, can affect these scores. In "A framework to update Hofstede's cultural value indices: Economic dynamics and institutional stability," Tang and Koveos argue that since institutions change slowly relative to economic conditions, Hofstede's indices need to be revised only for economic conditions. In their empirical work, they find curvilinear relationships between GDP per capita and three of the five Hofstede characteristics (individualism, power distance, long-term orientation).

"An assessment of the measurement of performance in international business research," by Hult, Ketchen, Griffith, Chabowski, Hamman, Dykes, Pollitte, and Cavusgil, classifies articles on firm performance in 96 journal articles on three dimensions: type of data sources (primary or secondary), type of measure (financial, operational or overall effectiveness), and level of analysis (firm, SBU, and inter-organizational). The authors conclude that "firm performance has been studied in a manner that often overlooks its multidimensional and multilevel nature," and offer guidelines for effective performance measurement.

The last article is a Perspective, "Innovation in international business research: A call for multiple paradigms," by Sullivan and Daniels, linking back to the calls by Buckley (2002) and Peng (2004) for a new "big idea" in international business (IB) research. Sullivan and Daniels argue that new directions in IB research must deal with "dynamic change and hard-to-explain phenomena" and should therefore embrace a "multiparadigmatic perspective" that builds on chaos theory. The authors illustrate their arguments with insights from a short case study of non-governmental organizations and genetically modified organisms in Europe.

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