

TRENDS IN INTERNATIONAL BUSINESS RESEARCH

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My purpose this morning is to discuss with you what appear to be some significant trends in international business research.

An overview of these trends indicates that international business research is alive and well indeed. Some of the specific trends that lead to this conclusion are the following:

- More research is being done all the time;
- Emphasis within the functional areas is becoming more diversified;
- International business researchers are increasingly looking at broad, policy-type questions that transcend the traditional functional bounds;
- More attention is being devoted to the environment of international business;
- A growing amount of international business research is being initiated by European scholars.

In a moment I will develop each of these observations at greater length. In addition, I want to talk about the future: where should international business research go from here? At the conclusion of my talk I will distribute two lists of specific subjects that appear particularly in need of further research; one a list of suggested topics for individual research projects, the other a list of broader programs suitable for institutional or team research.

Background of the Project

All of these observations and suggestions were developed in a project that has been underway at Indiana University for the past two

years. The work will culminate soon in a book entitled *International Business Research: Past, Present and Future*. I see a number of people in the room here who have participated directly in the project in one way or another. I want to take this opportunity to thank all of you, on behalf of my co-authors, Lee Nehrt and Fred Truitt, for your valuable contributions.

Let me very quickly sketch in the background of our project and what we set out to do. The Graduate School of Business of Indiana University received a grant from the Ford Foundation in the early 1960's to establish a program in international business. The program was well established by 1965, but by that time the funds were nearly exhausted. The request for renewal of this grant proposed that new funds be allocated primarily for research in the field of international business to develop a greater body of knowledge and to advance the field as an academic discipline. It also proposed that an International Business Research Institute be established and that one of its first efforts be to "prepare an inventory of recent and current research in international business and recommendations for further research." The results of the survey and the recommendations were to serve as a guide, not only for future projects of the International Business Research Institute, but also for researchers everywhere. Our project and the book that will result represent the implementation of that commitment.

Definition of International Business

One of the first major problems of the study was to define the field of international business in a way that would be acceptable and useful to those of us in this field and would permit the publication of an annotated bibliography in less than five volumes. The problem with the field of international business is that, since its inception in the mid-1950's, it has embraced nearly every idea or publication on foreign countries or the international economy that could be of interest to international businessmen. Thus, there were almost no limits to the literature falling within the purview of international business, although an obvious need for limitation existed. After discussions with a number of leading academicians and a good deal of soul-searching among ourselves, we defined *international business research*, for the purposes of this study, as scholarly investigation and/or analysis of subjects that meets the following criteria:

First, it is concerned with firm-level business activity that crosses national boundaries or is conducted in a location other than the firm's home country. (This activity may be the movement of goods, capital,

people and know-how, or it may be manufacturing, extraction, construction, banking, shipping, advertising, and the like.)

Second, it is concerned in some way with the interrelationships between the operations of the business firm and international or foreign environments in which the firm operates.

Our definition *excludes* studies devoted to economic development, foreign trade, and the international monetary system, which belong to development and international economics. Excluded also are studies of foreign legal, political, economic, and social environments. These, it was felt, belong to the fields of law, political science, economics, and behavioral science unless the study itself relates the environment directly to the organizational, operational, or decision-making problems of international business firms.

The definition also *excludes* studies of business activities in given foreign countries. A study of marketing channels in Turkey, whether it be done by an American, French, or Turkish professor of marketing, is still a study about domestic business in Turkey. This would not be international business any more than would, say, a study of motivation levels of Portuguese workers or the study of personal income distribution in Japan, even though each may be of interest to international business firms.

As an exception to this last point, however, *comparative* business studies *are* included within this definition. For example, a study of marketing channels in Germany, Italy, Brazil, and Japan, which makes comparisons and analyzes the causes and effects of similarities and differences, would be considered international business research even though it was not concerned with the relationship between the marketing channels within each country and the international business firms.

Recent and Current Trends

Having established our definition, we went through the laborious process of compiling an annotated bibliography of international business research projects that have either been published or are currently under way. Over 300 completed projects are reported in our book, each annotated with a description of the objectives of the research, the methodology, and the principal findings or conclusions. One hundred eleven ongoing projects also are entered, similarly described by objectives, methodology and anticipated significance. Certainly the annotations themselves are a useful—perhaps the most useful—result of our work. But patterns in the incidence and distribution of the entries

tell a great deal about how international business research has evolved and where it is going.

First, the entries reflect the increasingly rapid pace of research in this very new field of international business. We were able to find only 16 projects fitting our definition in all the years prior to 1960. Through the early 1960's the number of international business research projects referred to in publications ranged from about 15 to 30. This accelerating pace continued through 1965, 1966 and 1967, with the number of projects approaching 50 per year, and appears to have climbed still higher in 1968. No fewer than 111 separate projects are known to be underway at this time. Clearly more and more international business research is being done, and the pace seems still to be increasing.¹

Looking at the distribution of projects among the various categories, other trends are seen. Through the early 1960's the predominance of international business research effort was in the traditional functional areas—particularly in marketing, and to a much lesser extent in accounting, finance and personnel. Even within this group of functional categories, changes are taking place at the present time. Marketing remains in the forefront, but much more attention is being given to other functions. For example, the function reflecting the strongest current interest in proportion to what has been done previously is finance. Nearly one-fourth of the ongoing projects that can be classified within the functional areas fall in the finance category, a much higher proportion than has been the case until this time. A completely new category of research in international production management has arisen just in the last year or two. International research in the general area of personnel and manpower development shows a strong current shift away from simply labor relations toward problems of management development and compensation. All of these trends show international business researchers to be looking at a wider variety of functional areas than has previously been the case.

Even more revealing than these shifts among the functional areas is a dramatic focusing of current research onto broader problems of international business strategy and structure that transcend the traditional functional lines of research. Notice the large number of current research projects in the first category, "International Business Strategy and Structure." Only 13% of the research projects published through 1968 were of a scope that could be categorized in this set; yet fully 30% under way at present fit there. This means that the present-

1. See Exhibit 1.

day interest of international business researchers is turning from the more limited functional studies toward broader, more comprehensive questions such as motivations for overseas expansion, multinational corporate systems, organization strategies, problems of international joint ventures, etc. This seems to me to be clearly a reflection of growing sophistication in this still new field of international business research. An interesting sidelight supporting this claim of increasing sophistication is the very recent development of methodological tools specifically designed for international business research. Some 15 projects either published or under way seek specifically to develop research procedures or frameworks for the types of problems coming under our definition; all have been within the last six years.

Still another trend evident in our survey is that international business specialists are increasingly looking at aspects of the environment in which international business takes place—e.g., the international monetary system, the political climates of less developed countries, etc. This, again, may indicate the advancement and growing breadth of the field. However, perhaps a note of caution should be sounded here. We were very surprised at how many of the so-called international business research projects of this nature do *not* meet the requirements of the definition we discussed a few moments ago, because they fail to relate the findings of the environmental study to the managerial processes of international business firms. This seems to be particularly true of many of the doctoral dissertations emanating from international business departments.

Finally, a study of the sources of current and recent projects reveals that European scholars are entering this field of international business research with particular rapidity. Although international business is only recently being recognized as an area of study in the few schools of business that exist in Europe, the recent growth of research in the field by European scholars can certainly be expected to hasten the introduction of courses and programs of study.

Recommendations for Future Research

The discussion thus far has centered on our compilation of annotations of past and present international business research projects. Another major challenge was to determine desirable directions for future research in the field.

Our approach to the task was a variation of the Delphi technique, developed and used originally by the RAND Corporation to study national defense capabilities and strategies. The process is designed to

obtain a reliable consensus of a committee of experts who represent a variety of disciplines. In the initial round of questioning, each respondent is asked to submit, individually, his ideas or estimates of a given topic, and usually to give reasons for these opinions. In subsequent rounds a collection of such responses from the various experts of the group is presented to each respondent, who is then asked to reconsider and possibly revise his earlier responses. The feedback of responses contributed by others during subsequent rounds is intended to stimulate each expert to examine considerations he might have neglected and weigh factors felt to be important by respondents in other fields of specialization. Each round of the Delphi process narrows the range of responses as common elements of the experts' views are blended. Hopefully, the procedure ultimately arrives at a set of responses representing a meaningful synthesis of all the views.

A committee of 30 experts was chosen to participate in this survey; some from academic life and some from the business world; representing a wide variety of functions and disciplines. To start the process, each committee member was sent our definition of international business and asked to prepare a list of topics or areas of international business that he considered to be in greatest need of research. In subsequent rounds the committee members were instructed to study the entire range of projects and to come up with a smaller number of broader topics that would combine elements or disciplines from the earlier ones. This committee process was specifically designed to yield broad, strongly interdisciplinary topics in the end. Because of the breadth and interdisciplinary nature of the final proposals it is difficult to point to any clear and definite trends in them. Probably the most notable feature is the emphasis on the need for more research into the truly global or supranational enterprise: its outlook, its structure, its managerial problems, its impact on nationalism, etc.

For your practical purposes, I thought you would be interested in seeing the actual future research recommendations at two stages of the Delphi process. The 91 topics resulting from the first round are quite specific in nature and should be of special interest to individual researchers. The 32 topics resulting from the third and final round are, as I have mentioned, broad and multidisciplinary—really research *programs* that are particularly appropriate for institutions or research teams. I will pass out to you a complete list of the project titles from both the first and the final stages.² A full description of the problem,

2. See Exhibit 2 and Exhibit 3.

the methodology, the types of skills required, and the potential significance for each one of the projects is included in our book, which will be available soon.

Summary

This brief review of international business research reveals trends that are encouraging. In summary, they show international business research to be a lively and growing field; a field dealing with increasingly more comprehensive, sophisticated problems; and a field with a healthy future.

Thank you for your interest and attention.

EXHIBIT I

PUBLISHED AND ONGOING RESEARCH PROJECTS
Distribution of Entries by Category and Year

Categories	TOTAL											
	Prior to 60	60	61	62	63	64	65	66	67	68 ½ 1st ½ Thru 1st 68 Ongoing		
INTERNATIONAL BUSINESS STRATEGY AND STRUCTURE												
Strategy and Structure for Global Business	0	2	1	1	1	1	1	3	1	1	12	10
Management Planning, Policy and Control	1	0	0	0	2	1	2	4	2	1	13	5
Forms of International Collaboration	0	1	1	2	0	1	0	4	3	1	13	7
Comparative Management	2	1	0	1	0	0	3	2	2	0	11	9
FUNCTIONAL ASPECTS OF INTERNATIONAL BUSINESS												
Accounting and Taxation	1	1	1	4	2	2	3	2	5	0	21	3
Finance	0	1	1	1	0	2	1	1	6	1	14	10
Marketing	2	2	0	5	2	5	8	4	4	7	39	13
Personnel and Industrial Relations	3	4	0	1	0	2	0	5	2	0	17	3
Management Development and Compensation	1	5	1	2	2	2	1	4	2	1	21	8
Production and Technology Transfer	0	0	0	0	0	1	0	0	0	2	3	4
Other Functions	0	0	0	1	0	0	0	1	1	0	3	2
INTERNATIONAL BUSINESS AND NATIONAL ENVIRONMENTS												
Role of International Business in the Development Process	0	0	1	1	0	2	1	1	1	0	7	7
Public Policies of the Home Countries	1	1	0	1	1	0	2	2	1	2	11	1
Public Policies of the Host Countries	1	2	2	0	6	2	2	2	5	3	25	5
Attitudes Toward Foreign Private Enterprise in the Host Countries	1	0	1	0	0	2	0	0	1	0	5	1
Conflict Resolution and Multigovernment Policies	0	1	1	4	2	0	2	1	2	1	14	7
Evaluating the Investment Climate	0	0	1	2	0	2	2	0	1	2	10	0
CULTURAL FACTORS												
The Executive in a Foreign Culture	1	1	0	0	2	0	2	1	3	1	11	2
Managerial Attitudes and Behavior	1	0	0	0	0	0	0	3	0	1	5	6
General	1	0	1	0	0	1	1	2	1	1	8	1
OTHER												
International Operations of Commercial Banks	0	1	0	3	3	1	2	2	2	0	14	0
International Business in Selected Countries of Regions	0	0	0	1	0	0	1	1	2	0	5	2
Industry Studies	0	0	2	0	0	0	2	0	0	1	5	2
Methodologies in International Business Research	0	0	0	0	0	3	5	4	1	1	14	1
Miscellaneous	0	0	0	0	0	0	1	0	0	0	1	2

EXHIBIT 2

RECOMMENDATIONS FOR FUTURE RESEARCH

Results of First Round of Delphi Process

PERSONNEL: ASSIGNMENT, TRAINING, AND PROBLEMS WITHIN THE MULTINATIONAL FIRM

1. How Can Managers of Different Cultural Backgrounds Best Be Integrated in a Single Company?
2. Management Personnel for International Business
3. Role Conflicts Experienced by U.S. Managers Abroad
4. How Is the "Returnee" Problem Most Successfully Handled?
5. The Training of Foreign Managerial Candidates in the United States
6. How Best to Approach the Personnel Relations Problem Overseas

CROSS-CULTURAL FACTORS AFFECTING THE CHARACTER AND SUPPLY OF MANAGEMENT PERSONNEL

7. The Sources of Managerial Talent in Less-Developed Countries (LDC's)
8. The Demand and Supply of Professional Managers: Western Europe and the LDC's
9. The Role of the Industrial Entrepreneur
10. Lateral Relationships
11. Participation Management
12. The Role of Cultural Patterns and Norms in Reshaping Policy and Procedures of American Enterprise Abroad
13. Adaptation to Ethical Standards Abroad

INTERCULTURAL CONFLICT RESOLUTION

14. Conflict Resolution
15. Conflict Resolution in union-management relations

INTERNATIONAL TRANSFER OF TECHNOLOGY

16. A Search of Experience and Theory for Guidelines in Facilitating the Flow of Technology via Commercial Channels From One Nation to Another
17. Technological Strategy
18. Manufacturing Systems in Different Cultures
19. Technological Implications of Industrial Transfers by Multi-national Corporations

ROLE OF INTERNATIONAL BUSINESS IN ECONOMIC DEVELOPMENT

20. Effect of International Business Investment on Economic Development
21. Impact of the Foreign Investor on the Host Country
22. Role of the Multinational Company in Integration of LDC Economics
23. Role of the Multinational Corporation in Attaining Market Viability
24. The Relative Flows of Investment and Employment Generated by the American Government through its Various Programs Compared with the Flows Generated by American Private Enterprise in Selected Underdeveloped Countries
25. The Effects of U.S. Banks located in LDC's

EFFECT OF INTERNATIONAL BUSINESS ON THE CAPITAL EXPORTING COUNTRY

26. The Impact on the U.S. Economy of Direct Investment Abroad by U.S. Companies
27. Impact of Foreign Direct Investment on Labor in the Capital Exporting Economy

COMPARATIVE COST FACTORS

28. Comparative Costs
29. Comparative Cost Benefit Analysis
30. The Relative Efficiency of the International Corporation

NATIONALISM AND THE MULTINATIONAL FIRM

31. Reduction in the Conflict of National Sovereignities Affecting the International Company
32. Ownership and Control of Manufacturing Affiliates in Developing Economies
33. Adapting Corporate Structure and Capability to the Changing Needs of Developing Economies
34. How Best to Build the Corporate Image

LEGAL ASPECTS OF INTERNATIONAL BUSINESS

35. Impacts and Implications of the Extraterritorial Application of Government Controls and Regulations to Foreign Subsidiaries of International Companies

36. Case Studies in the Relationship between Legal Rules and Institutions and Business Practices in International Business
37. The Use of Standard Contracts in International Investment Transactions
38. The Use of Conciliation Techniques for the Settlement of International Investment Disputes.

INTERNATIONAL MARKETING MANAGEMENT

39. Relationships between Marketing Institutions and Environmental Factors
40. Comparative Analysis of Consumer Behavior in Different Sociocultural Settings
41. Methods for Predicting Diffusion Rates in Different Cultures
42. International Differences in Marketing Communications
43. Product Design for International Adaptation
44. Cross-Cultural Differences in the Negotiatory Process
45. International Transfer of Marketing Technology

INTERNATIONAL FINANCIAL MANAGEMENT AND ACCOUNTING

46. Asset Management
47. Transfer Pricing
48. The Effect of Multinational Operations on Corporate Common Stock Prices
49. The Impact of the Value-Added Tax on Multinational Corporations
50. Multinational Corporations and Host Country Monetary Policy
51. Simultaneous Multiple Financial Reporting Requirements
52. International Diversity of Accounting Standards
53. Accounts Expressed in Foreign Currencies
54. Optimizing Exchange Risk
55. Effect of Types of Exchange Rate Systems on Trade and Investment

JOINT VENTURE MANAGEMENT

56. Joint Ventures, Pros and Cons: An Empirical Study
57. The Management Process in International Joint Ventures
58. International Joint Ventures
59. Joint Venture Management

ORGANIZATION OF MULTINATIONAL FIRMS

60. What Are the Advantages or Disadvantages of Organizing International Operations by Product Lines versus Areas?
61. Organizational Relations in International Operations
62. Location of Major Business Decisions
63. Regional Management Strategies of International Companies
64. The Effect of Free Trade Areas on the Organizational Structure of Multinational Firms
65. The Cross-Cultural Viability of Organization and Management Theories

POLICY: MULTINATIONAL CORPORATE GOALS AND STRATEGIES

66. Comparative Study of Policies of International Firms of Different National Origins
67. Simulation Techniques and Effects of Profit Maximization in Multinational Contexts
68. Plant Location
69. Computer-Based Information Systems for Multinational Firms
70. Topologies of the International Business Environment
71. International Logistic Planning
72. Multinational Purchasing
73. Prediction and Effects of Changes in Competitive Conditions in Different Countries
74. Foreign Investment in R&D Facilities
75. Foreign Investment as a Means of Supplying the Home Market
76. U.S. Versus European Competition in the Latin American Market
77. Relative Acceptance Ratios for Industries of Different National Origins and the Impact of Acceptance on Operation
78. Long-Run Investment Opportunities for U.S. Manufacturing Firms in Europe

MULTINATIONAL FIRMS: TRENDS IN GROWTH AND FORM

79. Truly Multinational Firms: Potential Growth
80. Are Multinational Companies Actually Becoming More Independent?
81. Obstacles to Development of Multinational Companies in Some Industries

LATE ARRIVALS

82. Government Pressures on Multinational Firms
83. Structuring International Marketing Operations
84. Business Arrangements in Socialist Countries
85. Price Level Accounting under Inflationary Conditions
86. Nationalism and Ownership
87. Licenses and Patents
88. Correlation of Manufacturing Facilities Location and Distribution in View of Changes in Duty Structure of Various Market Areas
89. Stock Exchanges
90. Foreign Subsidiary Resistance to Parent Company Management Style
91. The Effect on Foreign Management of the Training of Foreign Managers

EXHIBIT 3

RECOMMENDATIONS FOR FUTURE RESEARCH

Results of Final Round of Delphi Process

STRATEGIES AND GOALS OF INTERNATIONAL BUSINESS FIRMS

1. Determining Optimum Corporate Strategy for an International Business Firm
2. Decision-Making Strategies for Profit Maximization in a Multi-Inflation-Rate International Environment
3. Simulation of Strategy for the International Diffusion of Technology
4. Market Supply Strategy for the Multinational Firm (MNF)

ORGANIZATION AND EFFECTIVENESS OF THE MULTINATIONAL FIRM

5. Growth Patterns of MNF's
6. Organizing the MNF for Optimum Performance
7. The Comparative Success of Companies Correlated with Size, Location, Industry, and Organizational Form
8. International Joint Ventures
9. Problems of the Supranational Firm

10. Structure of the Global Enterprise
11. A Study of the Alternative Types of Organization, Ownership, and Management of the MNF, including Advantages and Disadvantages of Each Alternative, and an Analysis of the Relationship that Each Alternative Bears to the Others
12. Organization and Behavior of the MNF
13. The MNF as a System
14. Organization and Management of Multinational Firm (MNF)

POLITICAL AND ECONOMIC ENVIRONMENT VIS-A-VIS INTERNATIONAL BUSINESS

15. Conflict resolution: Nationalism, National Interest, and the MNF
16. Internationalism of the MNF versus the National Economic Policies of the Nation-State
17. Factors Affecting the Survival and Growth of Foreign Businesses and Industrial Interests in the Developing Countries
18. What Is the Impact of MNF Activities on World Economic and Social Development?
19. Analysis of Antagonism toward the Foreign Investor
20. The Supranational Firm and Nationalism
21. Impact of Economic Integration of the MNF and vice versa
22. Role of the MNF in Opening Markets and Attaining Market Viability for Enterprises of Less-Developed Countries
23. The Special Contributions of the Medium-Sized Firm to Economic Growth through Direct Investment Abroad
24. What is the Impact on the U.S. Economy of Direct Investments Abroad by U.S. Companies?
25. The MNF and the Communist World

INTERCULTURAL RELATIONS IN THE MANAGEMENT OF INTERNATIONAL BUSINESS FIRMS

26. Dimensions of Cross-Cultural Organizational Studies
27. The Social Participation Patterns of North Americans Within Selected Foreign Countries and Their Impacts on Foreign Personnel in Economic, Governmental, Educational, Religious, Military, and Welfare Institutions

MANAGERIAL PERFORMANCE IN INTERNATIONAL BUSINESS

28. Measuring Managerial Performance in an International Firm
29. Human Relations and Communications

INFORMATION TRANSFER IN INTERNATIONAL BUSINESS

- 30. Financial Information Systems of Multinational Firms**
- 31. Effective Transfer of Industrial Technology to Developing Economies**
- 32. Information Transfer**