



WIRTSCHAFTS
UNIVERSITÄT
WIEN VIENNA
UNIVERSITY OF
ECONOMICS
AND BUSINESS



The Value of Regional Studies for IB Theory Development – The Case of CEE Business Research

Arnold Schuh

Competence Center for Central & Eastern Europe

10th Vaasa IB Conference – August 25, 2009

Introduction

- Rise of BRIC and other emerging economies has aroused interest in those countries/regions (Griffith, Cavusgil & Xu, 2008)
- Globalization as regionalization (Rugman, 2003; Peng & Pleggenkuhle-Miles, 2009)
- Extant management knowledge is far from universal (Tsui, 2004)
- Success in international business is related to a comprehensive knowledge of national/regional peculiarities
- Why do regional studies receive little attention in IB research? How can the status of regional studies be raised?

Structure of presentation

- Role of regional studies in IB research
- Overview on business research on Central & Eastern Europe as an example for regional studies
- How can the status of regional studies in IB theory be raised?

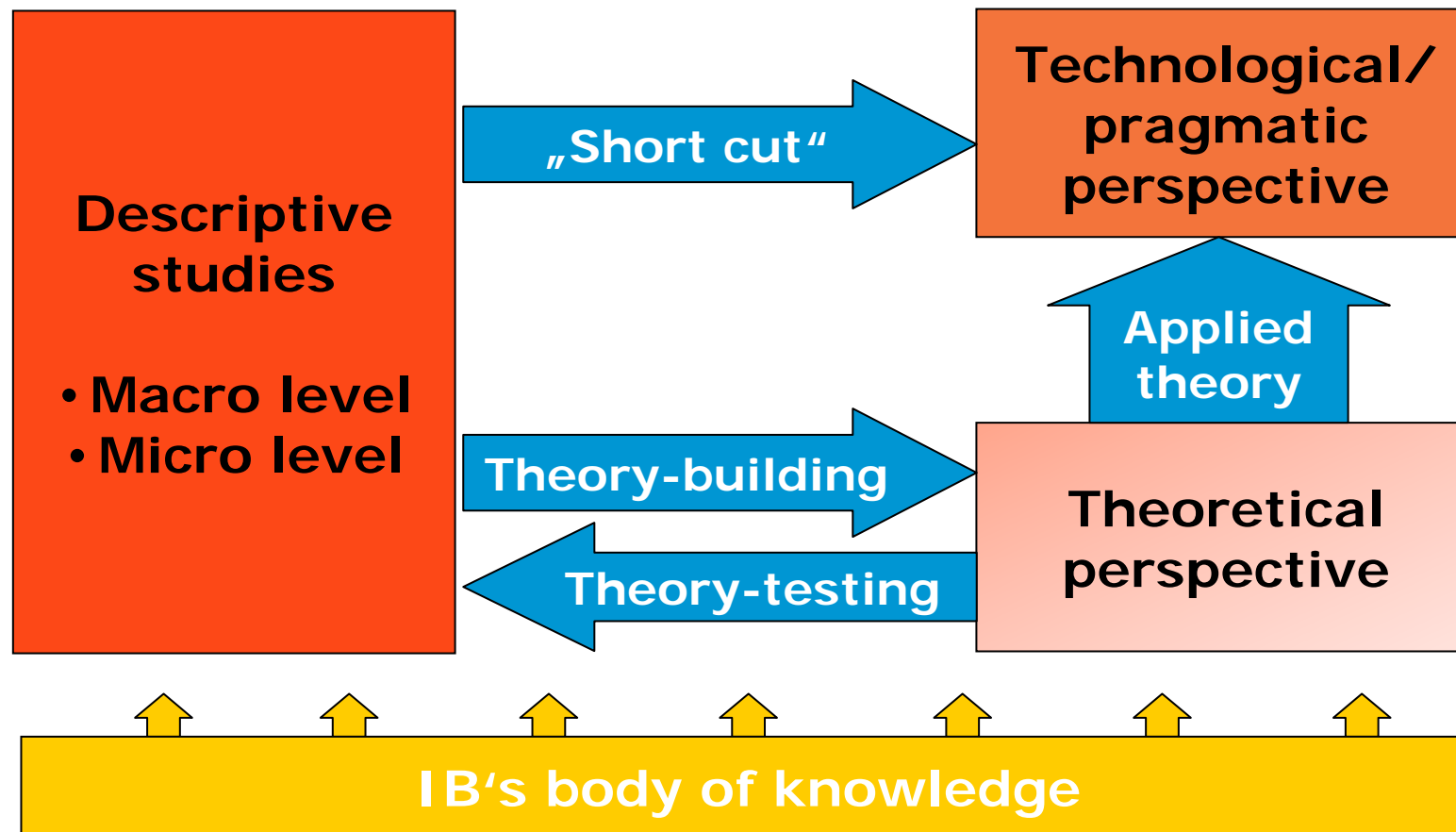
What are regional studies?

- Regional studies focus on a defined geographic area.
- In the IB context a region is a supra-national construct and encompasses a group of geographically close countries (e.g. Central & Eastern Europe, Latin America, South-East Asia). Ideally, the countries of the region share several common traits (e.g., history, culture, trade relations).
- Their purpose is to provide a comprehensive coverage of the business environment(s) and business management practices in the region.

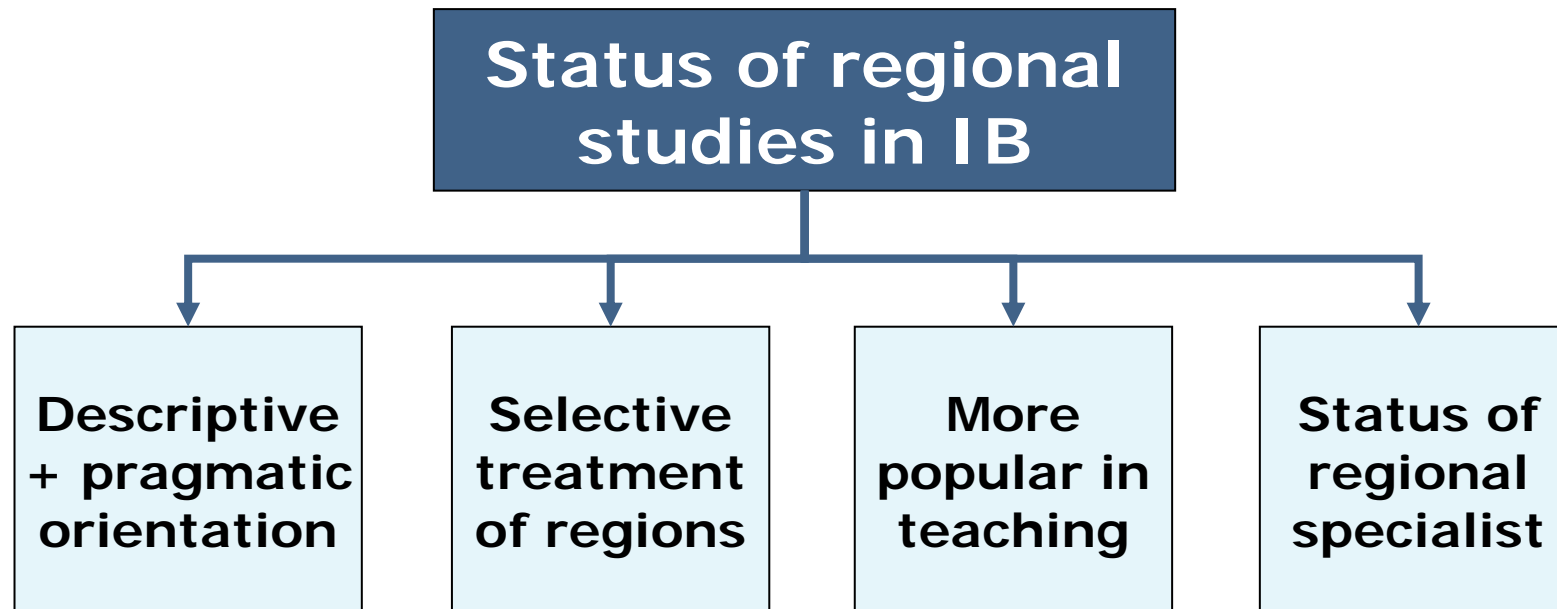
Regional studies provide the „raw material“ for IB research

- Provide insights and instruction on specific countries and geographic areas:
 - Business environments
 - Business systems
 - Management practices
- Regional focus creates a practical context to better understand theories.
- Regional studies serve as an integrating theme interlinking different aspects of the business environment and management.

The domains of regional studies



Regional studies are needed but are not well respected in IB research

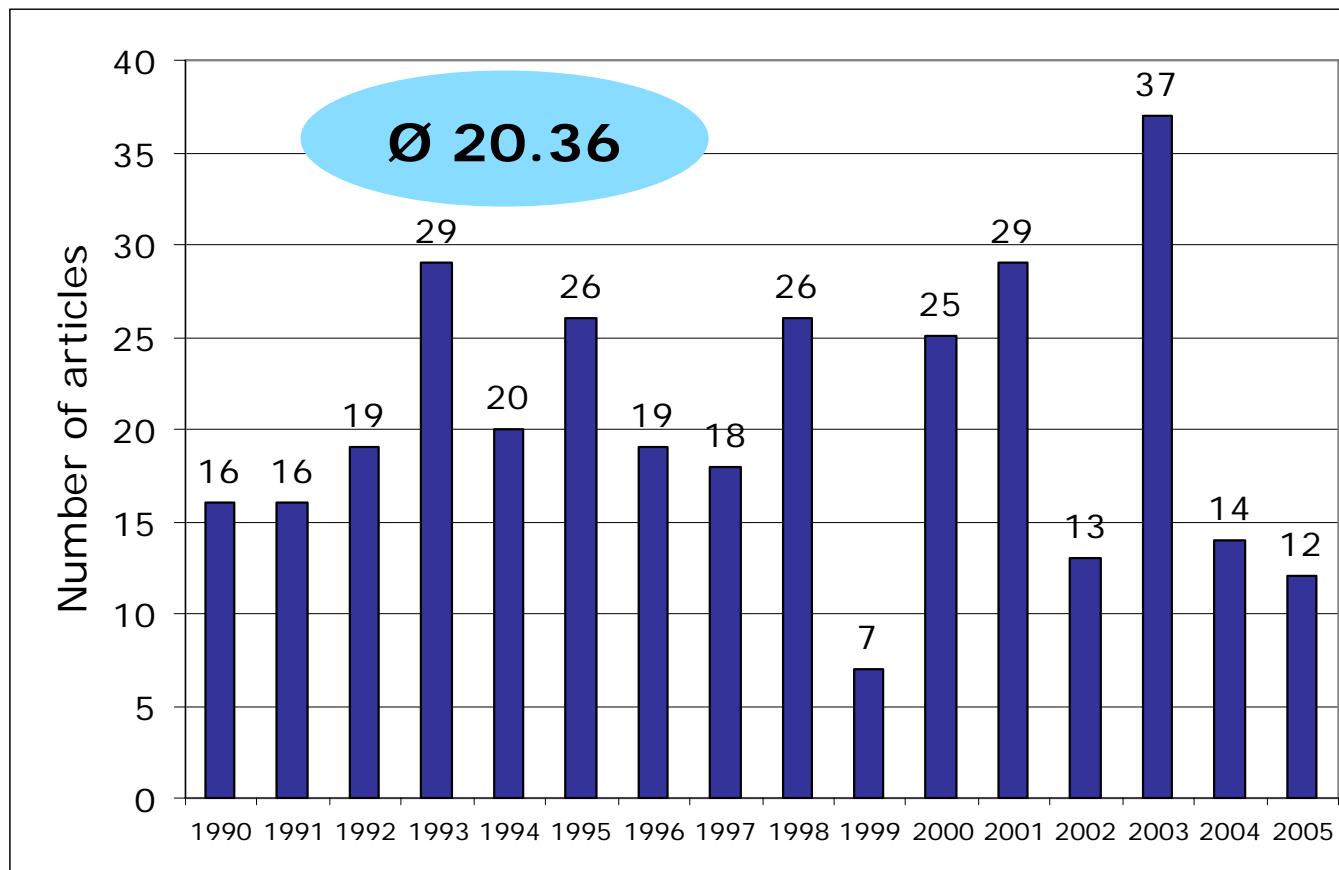


CEE as an example for regional studies

- Defining CEE = CE + Baltics + SEE + Russia/Ukraine/Belarus/Moldova > geographic + Soviet rule/influence
- CEE gained interest among researchers with the fall of the Iron Curtain in 1989
- Transition process from a centrally-planned to a market-based economy as a constituting element of CEE business research
- Other commonalities supporting a regional perspective:
 - Geographic proximity
 - Shared history and culture
 - Stage of economic and market development
 - Aspirations of governments and consumers
 - Expansion strategies of Western MNCs

The CEE topic is well represented in business research

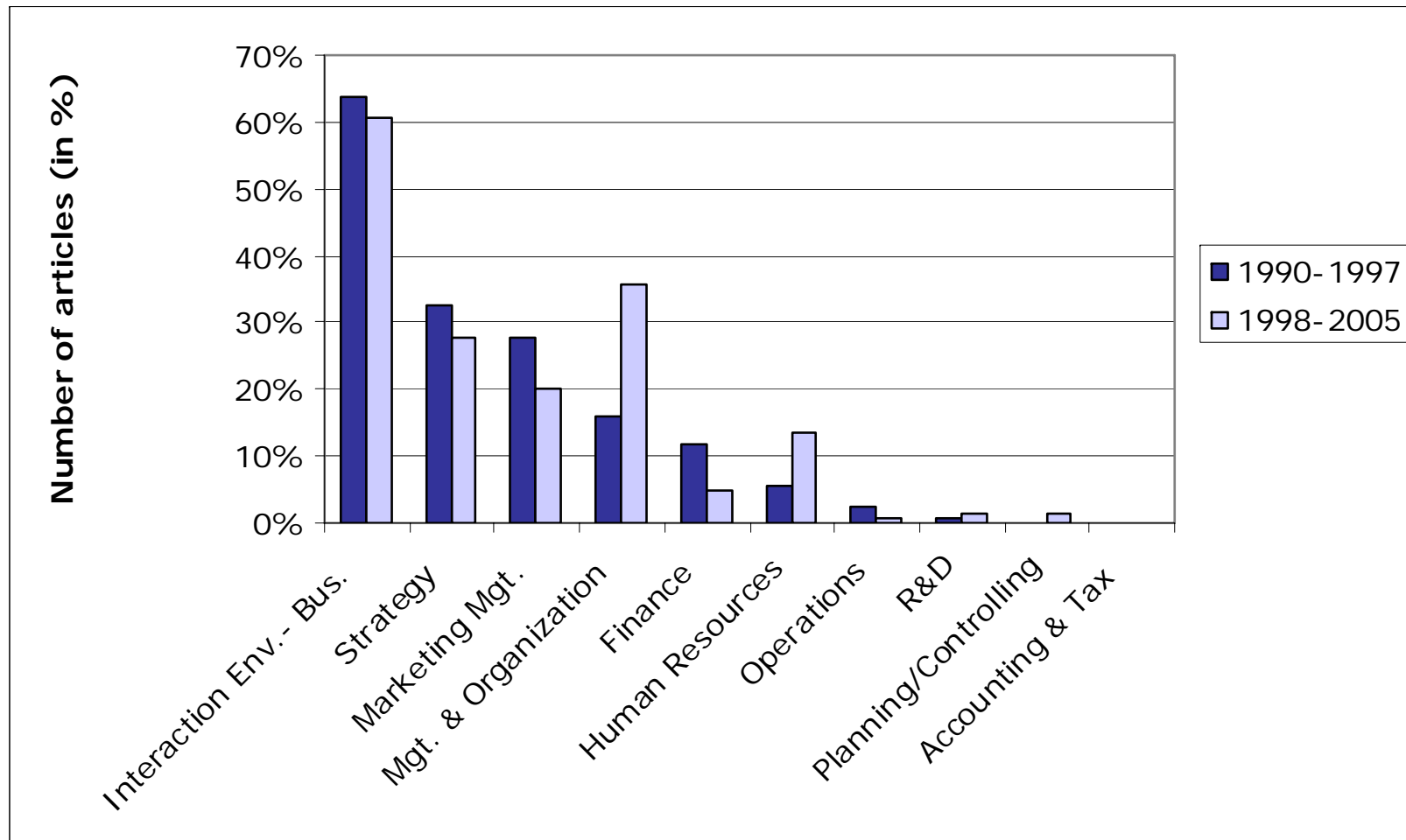
Schuh & Rossmann, 2008



PA Literature review (1990-2005) of 23 leading scholarly journals from int'l business, general management & int'l marketing (a total of 326 articles)

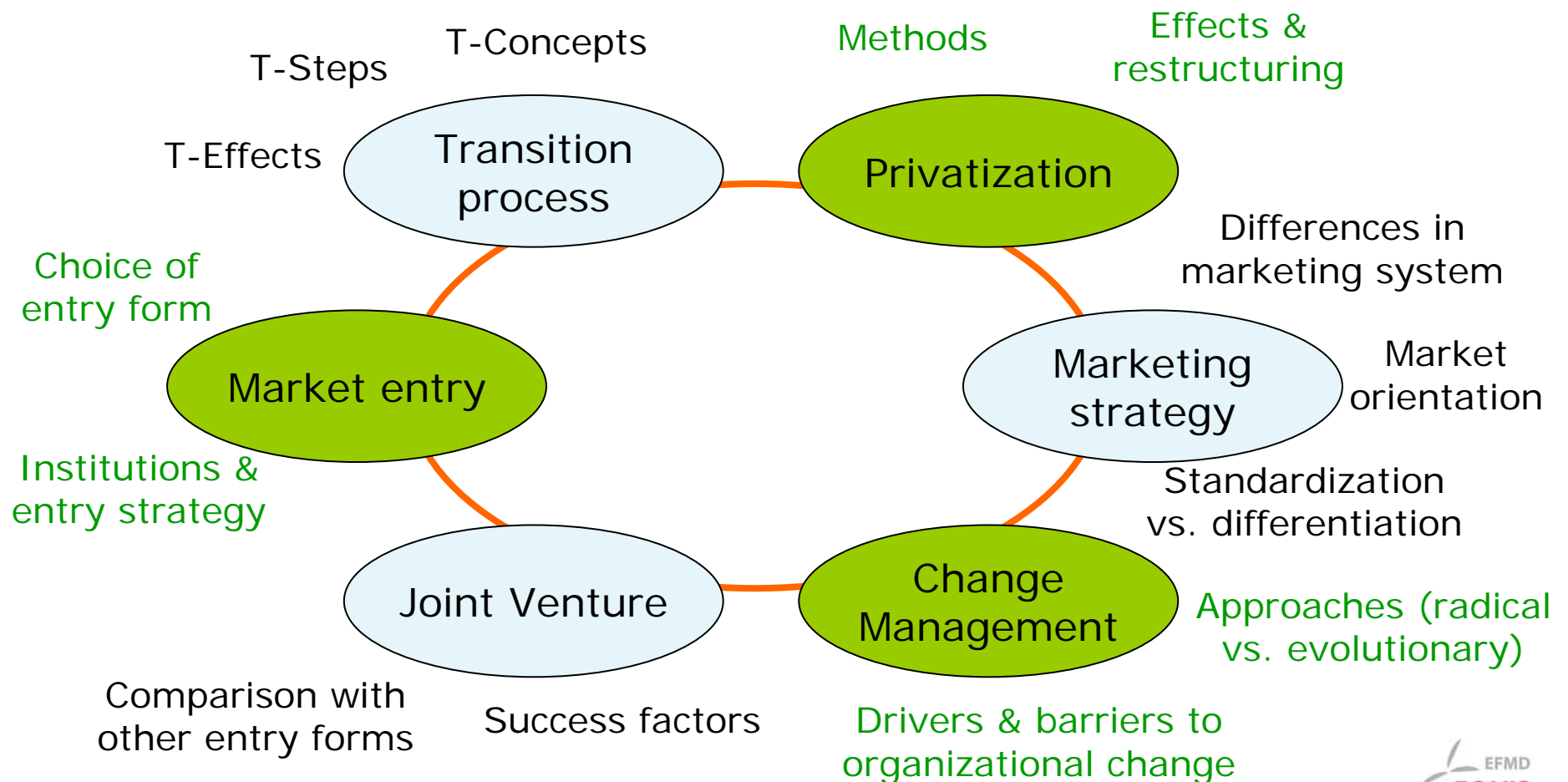
CEE research focuses on the environmental impact on businesses

Schuh & Rossmann, 2008



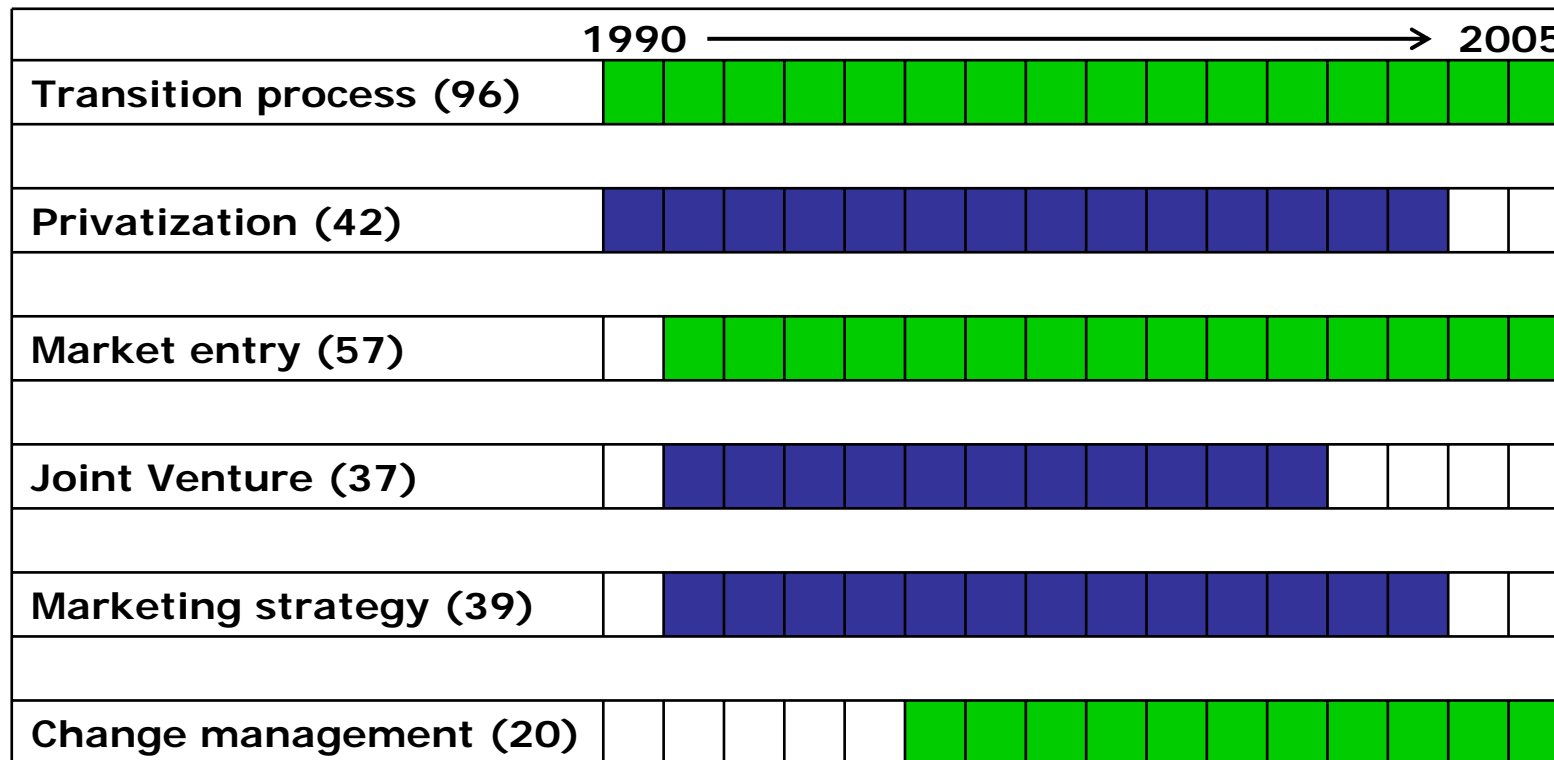
Major research topics

Schuh & Rossmann, 2009



„Evergreens“ in CEE business research

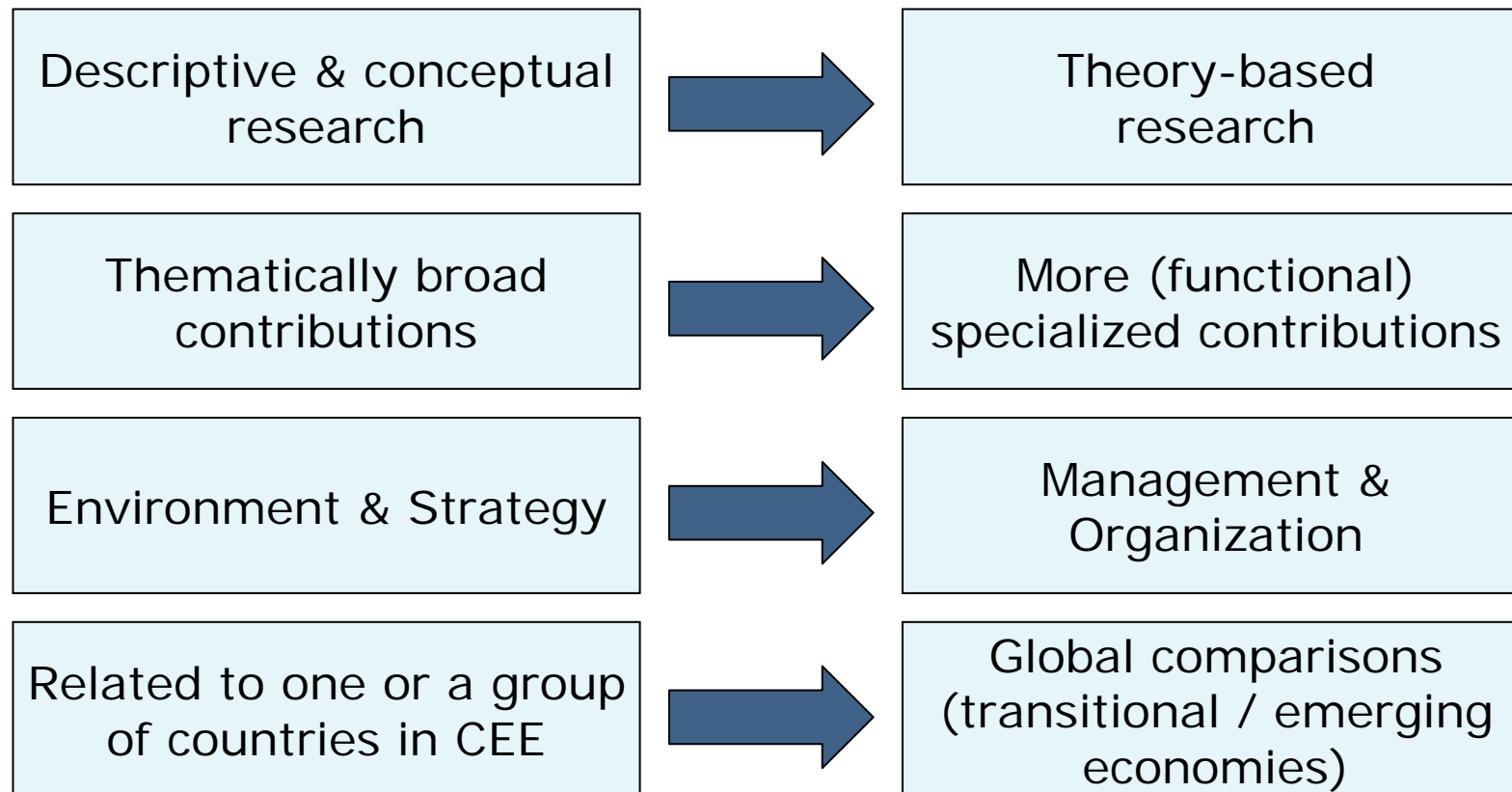
Schuh & Rossmann, 2009



Numbers in brackets represent the number of articles related to the topic; a minimum of 2 articles per year is necessary to be counted as „active research“

Trends in CEE business research

Schuh & Rossmann, 2009



Outlook for CEE research

- How long is the transition process as central explanatory concept for a distinct CEE perspective in IB research still valid?
- Does the analysis of the “trickle down effects” of macro-environmental changes to micro-levels possess enough potential for attractive research?
- Will CEE research be absorbed in integrated European Market research or split up into sub-regional research units?

Lessons learned from CEE business research

- Research focusing on regions is subject of a dynamic process. It seems that it follows a “life-cycle” like other scientific disciplines too (e.g. evolution from descriptive/conceptual to theoretical research).
- The regional focus competes with other perspectives and often loses due to its weaker distinctiveness for theory generation (e.g., CEE vs. transitional/emerging economies; region vs. MNC; globalization).
- However, there are ways to raise the status of regional studies in IB theory development.

Theory-guided & comparative studies upgrade CEE research

- Theory-guided studies using business conditions in CEE as “test beds” for existing theory (Meyer & Peng, 2005; Wright et al., 2005; Peng, Wang & Jiang, 2008):
 - Are theoretical concepts developed in Western markets also valid in the transitional economies of CEE?
 - Transaction cost, resource-based & institutional theories are regarded as particularly useful in the CEE context
- Comparative studies on a regional level – Can the phenomenon be found in other regions too?
 - Comparing personal networking in Russia and China: Blat and Guanxi (Michailova & Worm, 2003)
 - (Post-)Privatization issues in Asia/Latin America
 - Globalization of markets and consumer behavior

Theory-building by focusing on unique phenomena

- Uniqueness of the phenomenon as starting point (“Indigenous research”, Tsui, 2004)
 - Identify a business phenomenon that is/seems to be idiosyncratic for the region
 - “Thick description” and conceptualization of observed phenomenon in its local/regional context
 - Compare it with existing theory
 - Search for similar phenomena in other regions
- Examples:
 - Brownfield investment/acquisition (Meyer & Estrin, 2001)
 - Integration issues in international cooperative ventures (Danis & Parkhe, 2002)
 - Use of multi-tier brand/product strategies (Schuh, 2007)

Conclusions

- IB research is not as international as it presumes to be – a misconception?
- The relative success of CEE research is rooted in the system change in 1989: it offers homogeneity, diversity and novelty at the same time.
- More context-sensitive research will contribute to the further development of IB theory.
- Strong argument for cooperative studies with local researchers

References

- Danis, W. & Parkhe, A. (2002): Hungarian-Western Partnerships: A Grounded Theoretical Model of Integration Processes and Outcomes, *JIBS*, 33/3, 423-455.
- Ghemawat, P. (2005): Regional strategies for global leadership, *HBR*, December, 98-108.
- Griffith, D., Cavusgil, S. & Xu, S. (2008): Emerging themes in international business research, *JIBS*, 39, 1220-1235.
- Meyer, K. & Estrin, S. (2001): Brownfield entry in emerging markets, *JIBS*, 32/3, 575-584.
- Meyer, K. & Peng, M.: Probing theoretically into Central and Eastern Europe: Transactions, resources, and institutions, *JIBS*, Vol.36, 6, 600-621.
- Michailova, S. & Worm, V. (2003): Personal Networking in Russia and China: Blat and Guanxi, *European Management Journal*, 21/4, 509-519.
- Peng, M., Wang, D. & Jiang, Y. (2008): An institution-based view of international business strategy: a focus on emerging economies, *JIBS*, 39, 920-936.
- Rugman, A. (2003): Regional strategy and the demise of globalization, *Journal of International Management*, 9, 409-417.
- Schuh, A. (2007): Brand strategies of Western MNCs as drivers of globalization in CEE, *European Journal of Marketing*, 41/3-4, 274-291.
- Schuh, A. & Rossmann, A. (2008): Business and management research on Central and Eastern Europe: Key research areas and trends during the 1990-2005 period, *Proceedings of the 34th EIBA Annual Conference*, 1-31.
- Schuh, A. & Rossmann, A. (2009): *Schwerpunkte und Trends in der betriebswirtschaftlichen Mittel- und Osteuropaforschung: Ein Literaturüberblick zum Zeitraum 1990-2005*, Moser, R. (ed.): *Management politischer Risiken*, Mir-Edition (forthcoming)
- Tsui, A. (2004) Contributing to global management knowledge: A case for high quality indigenous research, *Journal of Management*, 212, 491-513.
- Wright, M., Filatotchev, I., Hoskisson, R. & Peng, M. (2005): Strategy research in emerging economies: Challenging the conventional wisdom, *Journal of Management Studies*, 42/1, 1-33.

Contact



VIENNA UNIVERSITY OF
ECONOMICS AND BUSINESS

**COMPETENCE CENTER FOR CENTRAL
AND EASTERN EUROPE**
Augasse 2-6, 1090 Vienna, Austria

ASS.PROF. DR. ARNOLD SCHUH
Director

T +43-1-313 36-4608
F +43-1-313 36-90 5284
arnold.schuh@wu.ac.at
www.wu.ac.at/cee