Journal of International Business Studies (2007) 38, 1055–1068

www.jibs.net

INTRODUCTION

The role of path dependency and managerial intentionality: a perspective on international business research

Thomas Hutzschenreuter[1], Torben Pedersen[2] and Henk W Volberda[3]

[1]WHU Otto Beisheim School of Management, Vallender, Germany; [2]Copenhagen Business School, Denmark; [3]Department of Strategic Management & Business Environment, RSM Erasmus University, Rotterdam, The Netherlands

Correspondence: Thomas Hutzschenreuter, WHU Otto Beisheim School of Management, Burgplatz 2, Vallendar 56179, Germany.
Tel: +49 261 6509 200;
Fax: +49 261 6509 209;
E-mail: th@whu.edu

Abstract
Several decades of research in the field of international business have advanced various theories and studies on the internationalization of firms. Our assessment of the literature on internationalization shows that the focus has been primarily on path-dependency and learning-based aspects of internationalization, while managerial intentionality and the possibility of managers making deliberate strategic choices towards further internationalization have not been very prominent in the IB literature. We argue that internationalization paths and processes should be approached as a joint outcome of management intentionality and experience-based learning. In other words, managers are assumed to have the ability and the intention to influence the evolutionary paths of the firm. We derive a future research agenda that calls for the pursuit of this promising and emergent research stream. Moreover, we develop a model integrating managerial intentionality, knowledge/experience and other factors (institutional and selection forces) to explain heterogeneous outcomes of internationalization positions, paths and processes.
Journal of International Business Studies (2007) **38,** 1055–1068.
doi:10.1057/palgrave.jibs.8400326

Keywords: internationalization; managerial intentionality; path dependency; coevolution

Introduction: IB literature on internationalization

Internationalization is a topic at the very core of the IB field, as most questions dealt with in IB research emerge as a consequence of the interaction between the firm and the different locations.

Stephen Hymer (1960, 1968) was the first to introduce the firm as the proper unit of analysis for explaining internationalization. Hymer's starting point is that firms embody disadvantages in competing with indigenous firms in foreign markets (the 'disadvantage of foreignness'). Therefore internationalization is about overcoming this inherent disadvantage. In many ways, Hymer has created the foundation for the study of internationalization. Accordingly, the IB literature is very full on the different advantages that firms must posses in order to overcome the disadvantages of foreignness, as well as on the processes for overcoming these barriers.

Drawing on the behavioral theory of the firm, Jan Johanson and Jan-Erik Vahlne highlighted in their seminal paper (Johanson and Vahlne, 1977)[1] that the internationalization of the firm should be interpreted as an incremental learning process. As expressed by Forsgren and Johanson (1992: 10): 'International expansion is inhibited by the lack of knowledge about markets and such knowledge can mainly be acquired through experience from practical operations abroad.' The key problem in internationalization is defined as *the lack of knowledge about markets*, and this knowledge has to be acquired through learning-by-doing processes when conducting business abroad. Lack of experience is related not only to costs, but also to the options considered by decision-makers. Initially, only low-commitment modes and close markets are considered as options for international expansion, but as firms acquire more experience from conducting business abroad, more distant markets and higher-commitment modes will be considered.

It is fair to say that Johanson and Vahlne set the stage with their internationalization process model for the study of internationalization positions, paths, and processes, and much of the subsequent literature on internationalization is related to their work. In order to better classify subsequent research, we conducted a bibliometric analysis, which maps the existing terrain of research on internationalization. This bibliometric analysis (performed by the Centre for Science and Technology Studies, Leyden University) maps the structure of all Social Science Citation Index (SSCI) publications citing Johanson and Vahlne (1977) from 1991 to 2005 (a total of 345 publications). It applies a co-occurrence bibliometric mapping method that identifies the linkage between the Johanson and Vahlne article on internationalization and various key words.[2] Using this method, we create a two-dimensional representation of research topics on internationalization. The distances between the topics represent their mutual cognitive similarity. The closer they are in the map, the more similar they are. The topics that appear most frequently in the internationalization papers during the period 1991–2005 are depicted in Figure 1.

As the bibliometric analysis shows, the research topic within the framework of internationalization that has attracted most interest is 'knowledge, experience and capabilities' (circle 4). Here, the focus is on incremental and evolutionary internationalization paths shaped by knowledge stocks, experience accumulation and capability development. These studies are based mainly on the knowledge-based theory of the firm (e.g., Kogut and Zander, 1993). Also, the study of the internationalization process itself (circle 3) – with its focus on export behavior, market selection, and growth processes – has received considerable attention (e.g., Benito and Gripsrud, 1992; Chang, 1995; Song, 2002). In addition to the substantial interest in various experience- and knowledge-driven processes, the internationalization literature has also emphasized internationalization paths in terms of ownership and entry modes (circle 2). This topic covers the different governance modes in internationalization: wholly owned subsidiaries (WOS), international joint ventures, and strategic alliances. Theoretically, it builds mainly on internalization theory and the eclectic paradigm.

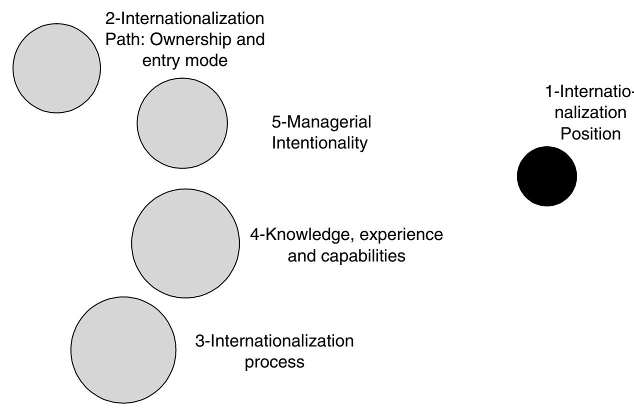

Figure 1 Bibliometric map of the field of internationalization.

Studies on internationalization that stress the role of management in terms of managerial choice, strategy and diversification (i.e., managerial intentionality) are found in circle 5. Overall, the bibliometric analysis provides a clear picture that the IB literature has paid far more attention to the incremental, gradual, experience- and knowledge-based aspects of internationalization than to the role of managerial intentionality affecting internationalization (see Figure 2). The role that managers play in achieving certain internationalization positions is, to a great extent, underdeveloped in the IB literature. Moreover, our bibliometric map of the field of internationalization shows that the outcomes of internationalization (positions) have also received considerably less attention in the field (circle 1).

Toward a coevolutionary model of internationalization

The research streams of internalization theory (e.g., Buckley and Casson, 1976; Hennart, 1982), the eclectic paradigm (Dunning, 1988), and the knowledge-based view (Kogut and Zander, 2003) differ on many dimensions, but they also have much in common. One important commonality is that they do not leave much scope for discretionary

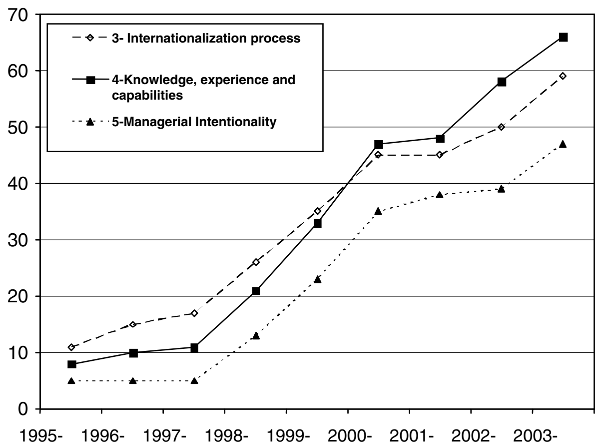

Figure 2 Growth in numbers of publications (moving averages) in the three antecedent subfields of internationalization.

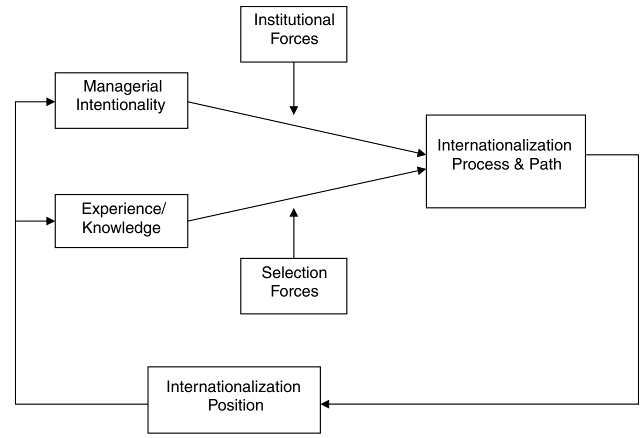

Figure 3 A coevolutionary model of internationalization.

management decision-making. In the internationalization process model (Johanson and Vahlne, 1977), the gradual accumulation of experience is both the limiting and the driving factor of internationalization. For the knowledge-based view, the path-dependent creation of the rich social context in the firm is driving the international exploitation of knowledge and expansion. In internalization theory and the eclectic paradigm, it is the assessment of the costs of conducting market transactions *vs* the cost of using the internal hierarchy for cross-border transactions involving the firm-specific assets that determines internationalization. All three approaches basically disregard strategic intent, entrepreneurship, and other aspects of managerial strategic decision-making. In other words, internationalization paths are considered as naïve evolutionary journeys (Volberda and Lewin, 2003) based on accumulation of experience (internationalization process model), international exploitation of knowledge (knowledge-based view) or assessment of transaction costs and risks (internalization theory and eclectic paradigm). It is therefore fair to say that the focus of the internationalization literature has been, to a great extent, on the incremental explanations that emphasize path dependencies, and on explanations emphasizing external factors (institutional and selection forces), which both downplay the role of managerial discretion in internationalization. As proposed by Porter (1986: 10): '…we still know far more about how MNCs were created in the first place than about how they should be managed in order to gain the benefits of creating a global network of value-adding activities.' Put another way, the literature focuses more on the problem of becoming a multinational than on strategies of established multinationals.

In this focused issue, we want to open up the 'black box' of internationalization and make a plea for a more encompassing, coevolutionary perspective (Lewin and Volberda, 1999; Volberda and Lewin, 2003; Volberda, 2005) of internationalization, stressing the interactions between managerial intentionality, path-dependent experience (Hutzschenreuter and Voll, 2008) and knowledge accumulation (Pedersen *et al.*, 2003), as well as the institutional and selection forces (see Figure 3). Internationalization paths in this connection should be approached as the joint outcome of managerial intentionality, path dependencies and institutional and selection forces as pointed out by Flier *et al.* (2003).

Given this dynamic model of internationalization as containing paths, processes and positions, a question arises: Are there generic patterns of internationalization, or is each journey rather idiosyncratic? Moreover, what roles do managers at the corporate and unit level play in internationalization journeys?

Path-dependent internationalization trajectories

MNCs and their units accumulate knowledge in the course of their existence, and become repositories of skills that are unique and often difficult to imitate. According to *population-ecology theory*, these skills are the sources of both inertia and distinctive competence (Hannan and Freeman, 1977, 1984). The inertia is due to sunk costs in past investments and entrenched social structures, and also to organization members becoming attached to cognitive styles, behavioral dispositions and decision heuristics. The accumulated skills that render MNCs and their units inert also provide MNCs with opportunities to strengthen their unique advantages and to further improve their know-how. The potential benefits include greater reliability in delivering sound and comprehensible products, and economies of efficiency and routine (Miller and Chen, 1994: 1). Moreover, Nelson and Winter (1982) present MNCs as repositories of routines that endow them with a capacity to search. Yet the same routines suppress attention span and the capacity to absorb new information by spelling out behavior that permits search only for new ideas that are consistent with prior learning. According to this theory, internationalization journeys are contingent on the proximity to tacit knowledge and to prior and commensurate skills. They have an inner logic of their own, and give rise to natural trajectories. In a similar way, the MNC in the *resource-based theory* is seen as a bundle of tangible and intangible resources and tacit know-how that must be identified, selected, developed, and deployed to generate superior performance (Penrose, 1959; Learned *et al*., 1969; Wernerfelt, 1984). These scarce, firm-specific assets lead to a focused internationalization trajectory with a limited capacity to change. MNCs are stuck with what they have and have to live with what they lack (Teece *et al*., 1997).

Path-creating internationalization trajectories

In the path-dependent perspective on internationalization, MNCs do best by not trying to counter their history, but rather by allowing evolution to take place (Volberda *et al*., 2001; Volberda, 2004). In contrast, other theories focusing more on adaptation and managerial intentionality argue that internationalization journeys are more versatile and less determined by tight selection and path dependencies (Volberda and Baden-Fuller, 2003). There is a large body of work that suggests that firms can and do change their strategic direction, overcoming internationalization barriers and limitations phrased in IB concepts such as 'liability of foreignness', 'psychic distance' and 'disadvantage of foreignness'. For instance, Teece *et al*. (1997) have suggested that it is not only the bundle of resources that matter, but also the mechanisms by which firms accumulate and dissipate new skills and new capabilities. They propose that *dynamic capabilities* represent a firm's latent abilities to renew its core competence over time. Moreover, the *behavioral theory of the firm* (Cyert and March, 1963) argues that a firm's ability to internationalize is determined primarily by the availability and control of organizational slack, and by the strategic intent to allocate slack to enter new regions. The theory provides a process description of structural inertia and a justification for periodic internationalization through restructuring and rationalization (Lewin and Volberda, 1999).

In addition, the s*trategic choice* perspective (Thompson, 1967; Child, 1972, 1997; Miles and Snow, 1978, 1994) argues that organizations are not always passive recipients of environmental influence; they also have the opportunity and power to reshape their environments. Finally, *learning theories* assume that internationalization journeys are both adaptive and manipulative, in the sense that organizations adjust defensively to reality, and use the resulting knowledge offensively to improve the fit between the organization and the environment (Hedberg, 1981: 3; Fiol and Lyles, 1985). These theoretical lenses, such as the behavioral theory of the firm, strategic choice, and learning perspectives, attempt to further elaborate the role of managerial intentionality. Using variables such as resource scarcity, experience, knowledge, static routines, and structural inertia, most studies discount the ability of organizations to self-consciously internationalize significantly or repeatedly. They argue that internationalization journeys are highly restricted. However, recent findings on 'born global' firms, growing FDI in Asian countries, and the increasing drive for internationalization of companies from emerging countries imply that we should focus not only on path-dependent internationalization trajectories but also on path-creating internationalization trajectories.

Toward a taxonomy of managerial intentionality

Managerial intentionality (MI) may not only be the most differentiating, but also the most neglected factor that influences internationalization and, logically, multinationality. In particular, we argue that once the path dependencies are accounted for, significant unexplained variance remains. This unexplained variance may capture the role of luck, but it may also capture important unobserved and under-researched effects of managerial intentionality. Why is there so much heterogeneity among MNCs in terms of multinationality? Why do some competitors out of a certain cohort internationalize early and some late? Why are some firms internationalizing rapidly and others slowly? The answers to these questions have much to do with differences of MI among firms and changes of MI over time.

Managerial intentionality is a manifold concept. Since human intentions in general are boundedly rational, MI can be expected to be a composite of diverse goals and metrics. Many observers note that managers in today's competitive environment are engaged in internationalization experiments and restructurings without the guidance of appropriate theory or empirical findings. Their seemingly chaotic trial-and-error processes require a *de novo* examination of whether and how managerial intentionality matters in the process of internationalization over time. In other words, how does MI evolve, influence, facilitate or even redirect the internationalization processes, paths and resulting positions? It is impossible to develop for this paper a comprehensive taxonomy of different kinds of managerial intentionality. However, we try to list the ones we think are the most important.

Growth to become global

In a recent study, Rugman and Verbeke (2004) analyzed the sales distribution of Fortune 500 firms across the regions of the world. This distribution reflects some characteristics of the status of internationality that a firm has reached, and therefore represents the outcome of an internationalization path. As their findings suggest, most firms are not 'global firms'. Rather, they pursue a regional strategy with a strong focus on their home region. Thus MI can be to become a global company or to stay focused on less distant regions. The strong intent to grow and to enter new markets is a certain kind of MI. Since most firms are not global, becoming a global firm requires an intention to enter new, unknown ground. It can be suspected that most managerial intentionality is to grow regionally, perhaps as a form of risk avoidance.

Innovative international expansion

Another distinction in terms of internationalization is whether MI is to innovate or to imitate. Is the MI to follow others who have entered a certain new region applying a certain entry mode, or is it to search for new ground and build a new configuration of entered countries by applying new organizational and entry modes? From an institutional theory perspective, most firms will mimic the internationalization behavior of other firms in their institutional environment, which results in similar internationalization paths (Flier *et al.*, 2003). Organizations are more homogeneous than unique, because of coercive, normative, and mimetic isomorphism (DiMaggio and Powell, 1983). Mimetic isomorphism may result in bandwagon pressures (Abrahamson and Rosenkopf, 1993), according to which internationalization paths and positions diffuse through an organizational field once an internationalization strategy is perceived to be legitimate (Meyer and Rowan, 1977). Institutional pressures may lead organizations to adopt internationalization initiatives undertaken by other organizations in their institutional environment. This process of institutional bandwagoning explains the phenomenon of a significant number of organizations in institutional settings undertaking similar types of internationalization initiative. As the number of organizations that adopt the initiative increases, the initiative becomes value-infused. Organizations that do not adopt the internationalization path risk a loss of stakeholders, and of shareholder support in particular, which may lead them to adopt the internationalization path after all (Abrahamson and Rosenkopf, 1993). Path-breaking firm internationalization therefore requires innovative MI to search for new ground.

High aspiration levels and industry-frontier comparison groups

Why are some MNCs more innovative and proactive than others in their internationalization paths? One important element of MI is the aspiration level of management. The process of setting the level of adaptive tension (the change in goals or the performance gap that needs to be overcome) is outlined in Cyert and March (1963), and is anchored in the theory of the level of aspiration (Lewin *et al.*, 1944; Festinger, 1954; Greve, 2003; Lewin and Massini, 2004). Levels of aspiration are determined on the basis of past experience and social comparison with a reference group. Thus, for example, Cyert and March (1963) assume that performance goals are adapted on the basis of firm-specific historical rates of improvement in performance, and on the basis of comparisons with the performance improvements of competitors. The theory and the empirical research are silent on how firms determine what weight is assigned to information on past performance and information about competitors, and how the competitor reference group is chosen. Lewin and Massini (2004) note that an important, underexplored source of heterogeneity between firms is the weights that firms assign to information regarding their own experience, and to information on competitors. In addition, they note that choosing to compare against some composite of average competitors, rather than competitors defining the performance frontier, has significant implications for firm adaptation trajectory. A firm that routinely chooses the industry average as a comparison group is more likely to follow an internationalization path that is consistent with mimetic behavior in institutional theory.

Firms that routinely choose other industry frontier-defining firms for comparison are more likely to be early adopters of internationalization. Such firms also earn above-average returns more consistently, which further increases their life chances over time. Lewin and Massini (2004) expect the presence of such firms in a population to be very small. The MI of the founder of IKEA is an example of how ambitious aspirations can impact on MI. His objective is to create the world's leading furniture company and this drives IKEA's MI to enter a new country aggressively and on a short cycle. Another example, Juergen Schrempp, former CEO of DaimlerChrysler, had a strong MI to create a 'world corporation' by bringing together Daimler, Chrysler and Mitsubishi. Although this vision failed, his MI made Daimler pursue this strategy. The MI of Dieter Zetzsche (present CEO) is completely different, which will result in a different internationalization position in the future.

High absorptive capacity

In addition to aspiration levels and the choice of a comparison group, MI has much to do with organizational learning, how organizational members notice and interpret information and knowledge, and how they use it to reconsider the appropriate mode of internationalization (Best, 1990; Van Den Bosch *et al.*, 1999, 2003). A firm's absorptive capacity plays an important role in international expansion (Lewin and Volberda, 1999), as this capacity influences the expectation formation process (Van Den Bosch *et al.*, 1999, 2003). Cohen and Levinthal (1990: 137) suggest that the higher the absorptive capacity, the more likely it will be that a firm's aspiration level or expectation formation process will be defined in terms of international opportunities independent of current performance criteria such as profitability. Cohen and Levinthal (1990) even suggest that firms with higher levels of absorptive capacity will tend to be more proactive: fortune favors the prepared firm (Cohen and Levinthal, 1994). Firms with high aspiration levels and absorptive capacity are more likely to develop more idiosyncratic internationalization paths.

Stretch goals

The role of stretch goals is to direct attention away from the natural tendency to focus on incremental internationalization paths of the current business (short jumps) to escalating competition through long jumps (e.g., leapfrogging competitors). This means that managers stress strategies that require longer time horizons and involve higher risk. To seize opportunities, the strategies should embody the values of being a first mover or, at least, driving momentum and being early in a new wave. For instance, Jack Welch, former CEO of General Electric, forced GE's businesses to become first or second in their respective industries, in terms of revenue. Since most industries are global in nature, or are at least becoming more global, the objective to be first or second is a clear-cut MI towards internationalization. Although many companies state similar MIs following Jack Welch's dictum, in reality only a very limited number are able to implement such an MI.

Slack resources

Child (1972, 1997) attributes to decision-makers some managerial leeway regarding environmental factors, performance standards, and organizational design. Few organizations function at the limits of their efficiency (Cyert and March, 1963), resulting in organizational slack, which in turn allows incumbents to meet short-term performance needs (Schiff and Lewin, 1970) and makes multiple forms of internationalization viable. According to many theorists, ambiguous work roles and redundancy in MNCs constitute a wasteful use of organizational resources. Overlapping work roles or redundancies in functions (Emery, 1969), ambiguous goals and responsibilities (Burns and Stalker, 1961), and informal communication channels can increase the organizational potential of MNCs to recognize and seize emergent opportunities in the form of expanded exploration and a higher level of organizational curiosity (Hedberg, 1981: 15). Managers seek to maximize their control over slack resources to ensure their ability to mitigate short falls in performance. But some of these managers have the MI to use slack resources as a way to bootstrap innovation without incurring risk of failure.

Thus some companies are driven by managers who use slack resources to speed up internationalization and to reach both, exploiting new growth opportunities abroad and reducing risk from operations in countries in which the firm is already active.

Emergent behavior

As noted above, MI does not require a formal managerial role or a mandate to make decisions. In many firms, initiatives arise from the bottom up. Enabling emergent processes, in general, relate to the often-espoused idea of empowering bottom-up processes. However, how can an organization increase the rate and utilization of individual initiatives? This is referred to as enabling the initiatives of *strange attractors* such as regional champions. For example, Honda actively discourages hierarchy, grants young employees responsibility for taking initiatives, and supports local confrontation. In contrast to the General Motors Corporation theme of 'Rank has its privileges', the Honda Way preaches that 'To lead is to serve' (Pascale, 1990). At Honda, the boss's job is to free up his subordinates. Honda encourages individuals to think independently, to experiment, and to improve. It is this ability to encourage initiative-taking and self-questioning that nurtures, supports and underpins emergent processes at the individual and group levels of an organization, and which teaches and develops the capability of learning to learn and self-organization. Self-organization requires a belief in the local rationality of individuals and units (e.g., those closest to the customer know the customer best), and it is consistent with the often espoused idea of delegating decision-making to the lowest possible level. It also implies maximizing capabilities of scope at every level of the organization. Self-organization also implies that managers function as stewards of the evolutionary process and focus their managerial role on devising the critical values and establishing the boundary conditions that enable and guide decision-making at lower levels of the organization (Volberda, 1998). For example, Würth, a German manufacturing company, actively encourages local managers abroad to come up with initiatives to expand to new regions. As a result, such companies first expand abroad and become aware of their new international activities afterwards. The support of emergent international growth can heavily influence a firm's MI to internationalize.

Introducing hypercompetitive dynamics

MI can also be to outperform others by applying a hypercompetitive mode of international expansion. Craig (1996) describes how Asahi unleashed hyper-competition in the Japanese beer industry by introducing a new beer, Super Dry, and how the market leader Kirin had to adapt. Prior to Asahi's introduction of the new product, the Japanese beer industry was a stable oligopoly that had traditionally been limited to well-understood, non-price dimensions. This implies that coexisting rivals trigger each other's internationalization journeys along a coevolutionary path. The competitive landscape is a strong source of MI. Competitors might create certain kinds of signals that could influence managers to think about entering new countries or leaving countries in which the firm is active. For instance, the rapid internationalization of Coca-Cola forced Pepsi to follow suit. Would Pepsi have internationalized so rapidly without such a strong competitive force? The multi-market contacts General Motors and Toyota have also create MI in both companies that drive their internationalization.

External selection environment

Coevolutionary research points to the key role of the selection environment on MI. Actors such as governments and other regulatory agencies can influence the 'rules of the game' applicable to the external selection environment of firms. They play a key role in enhancing or, more commonly, inhibiting MI of firms (Volberda and van den Bosch, 2004). Most often, in designing, implementing and controlling these regulations, the purpose of creating a demanding selection environment for enhancing internationalization is simply not taken into account (Porter and Van der Linde, 1995). An interesting example of an internationalization- and productivity-enabling regulation *vs* an inhibiting one is the case of the regulation of the pulp and paper industry. In the US, regulations forced firms to install costly end-of-pipe treatment systems. In Scandinavia, however, regulations permitted more flexible approaches, enabling firms to focus on the sources of pollution in the production process itself. This approach stimulated Scandinavian firms to develop innovative pulping and bleaching technologies that not only met emission standards but also raised productivity and created first-mover advantages.

Also, the political environment, for example, can shift MI to a certain level. Henisz and Delios (2001) show that MI can result from creating buy-in by creating jobs in host countries. Witt and Lewin (2007) note that FDI strategies may reflect a MI to escape national institutional constraints. Other influences on MI from the firm's environment can, for example, be ongoing debates on climate protection or corruption (i.e., Husted and Allen, 2006; Luo, 2006; Rodriguez *et al*., 2006).

Interactions of MI and path dependencies

We believe that MI has many facets, and deserves more attention in IB research. Of course, we need a more balanced view for explaining internationalization processes, paths and positions. We therefore invite research on internationalization that more explicitly takes into account the various management intentions of corporate *vs* business unit management, global entrepreneurship and international corporate venturing in MNCs. Moreover, research is needed into how these path dependencies and management intentions interact and influence internationalization trajectories and positions.

Most of the papers in this focused issue take stock of the many aspects of the explanations of managerial intentionality and path dependency. This is true for the paper by Buckley *et al*. (2007), which looks at deliberate rational decisions *vs* more iterative and experience-based decisions, both papers by Barkema and Drogendijk (2007) and by Goerzen and Makino (2007), which contrast a slow, low-risk entry strategy with faster, more deliberate entries into unknown territory. Nadolska and Barkema (2007) focus on managerial intentionality relating to furthering international expansion paths of companies, as well as the implications and limitations of prior experience and knowledge through domestic and foreign acquisitions and joint ventures abroad. Also, Belderbos and Zou (2007) stress the importance of managerial decisions for the path of further internationalization, particularly with regard to the accumulation of flexibility that comes with future opportunities in changing environments. Fan and Phan (2007) present a formal model that links MI of 'born global' companies to their initial market entry choices and compares those choices with the knowledge-based internationalization steps of well-established companies. All of these papers more or less explicitly deal with MI and arguments based on path dependency at the same time.

The analysis by Buckley *et al*. (2007) examines the drivers behind managers' decisions for the location of new FDI, and emphasizes that the decision-making is deliberate, rational, and a process in which managers make more iterative decisions because of limited information and risk aversion. Managers making location choices seem to be following fairly rational rules when creating the sets of investments to 'consider', while the final choice of the short-listed investments is a much more iterative process. This study emphasizes the importance of looking at the interaction between explanations of managerial intentionality and path dependency in internationalization.

The study on the internationalization of the service sector by Goerzen and Makino (2007) in this issue arrives at a similar conclusion. However, the authors propose that managerial intentionality *vs* an iterative process of internationalization built closely around the core activities may vary over the lifetime of the firm. Typically, firms that are early in the internationalization process will perform better if they make entries into related business, while performance in later stages is not as tightly coupled to the firm's original core activities.

Interactions of path dependencies and management intentions generate different internationalization paths and positions for the MNC, and are also highly influenced by various institutional and selection forces (Volberda *et al*., 2001). Institutional theories in IB explain how difficult it is for firms to deviate from existing internationalization templates, and stress the various coercive, normative and mimetic forces that strongly limit firms' internationalization paths (DiMaggio and Powell, 1983; Greenwood and Hinings, 1996). Along this line, many studies in IB address the effects of local, regional and international policies, the speed and diffusion of various technological developments, and the intriguing impact of national cultures. Various IO perspectives have also stressed the selection forces that strengthen or limit certain internationalization paths, such as the level of competition, the influence of customers, and the power of local suppliers.

In our dynamic model of internationalization (see Figure 3), we consider the various antecedents of internationalization and conclude that incremental trajectories based on experience accumulation, knowledge stocks shared between various locations and cost considerations have received the most attention. The intentions of corporate and business unit managers seem to play only a minor role in internationalization research. Moreover, various institutional and selection forces that strengthen or limit certain internationalization paths have been well studied in the IB literature. However, we have not explored the outcomes of internationalization paths. The outcome of an internationalization path is a certain position that describes the temporal state of the internationalization and its environment at specific points in time. In research on the outcomes of internationalization, a main focus has been on performance effects. Many studies have analysed the relationship between internationality and multinationality as the outcome of internationalization and performance. However, this line of research is very inconclusive. Recent discussions suggest that there is no theoretical reason to expect a systematic relationship between multinationality and performance, and that all relationships found should be considered empirical noise (Hennart, 2007).

While the antecedents of internationalization, internationalization paths, internationalization processes, and the outcomes of internationalization have received considerable attention in research, the linkages between the boxes have been researched to a much lesser extent. Paths and processes as well as the performance effects are among the central topics of research on internationalization, but less research has examined directly how different internationalization paths affect the outcome. Vermeulen and Barkema (2002) show that companies with an expansion process that has been balanced with respect to speed, scope, and regularity could gain higher benefits from internationalization. Based on these findings, Wagner (2004) shows an inverted U-shape relationship between the speed of international sales growth and labor-cost efficiency. However, there are still many questions to answer regarding the influence of the path of international expansion on performance.

Brown and Eisenhardt (1998), Anderson (1999a), Tushman and O'Reilly (1996) and many other scholars specialized in complexity theory (cf. Anderson, 1999b), loosely coupled systems, and co-evolution (cf. Lewin and Volberda, 1999; Volberda, 2005) provide valuable evidence that balanced journeys of managed selection may be very effective, and could dominate the landscape in the future. Internationalization proceeds most rapidly, they argue, when top management undertakes small probes in a characteristic rhythm, recombining the elements of a portfolio of modular units, so that novelty is deliberately generated without destroying the best elements of past experience. Top management operates through local unit managers indirectly, taking advantage of the tendency for myriad local interactions to self-organize into a coherent pattern. Rather than shaping the pattern that constitutes internationalization positions, managers shape the context within which it emerges, speeding up coevolutionary processes. Moreover, radical internationalization is a signal of missed inflection points in this perspective (Volberda and Baden-Fuller, 2003). Managed selection journeys are ongoing and relentless.

However, we are not so sure that other internationalization paths could not be equifinal and still prevail (Volberda and Lewin, 2003; Volberda, 2004). One reason for our caution is the scarcity of good empirical work. Cross-sectional, survey-based studies and economic time series modeling dominate the empirical research landscape (Lewin and Volberda, 1999). We need more long-term studies of how firms internationalize and co-evolve (management intentions together with the efficiency of knowledge transfer and accumulation of experience) and emerge over very long periods of time. These studies should allow for the comparison of several internationalization journeys rather than just two at a time. To date, there have been few very long-run analyses, but they often yield surprising results. The paper by Flores and Aguilera (2007) in this issue is an exception in the sense that it includes a more longitudinal perspective for explaining how globalization affects the location choices of MNCs. The focus of this paper is on the institutional factors, how they change over time, and how they influence location choice.

In conclusion, the majority of IB literature has focused on knowledge- and experience-based explanations that highlight path dependency, while the role of managerial intentionality is clearly underdeveloped. Moreover, research into the role that managers at the corporate and business levels play, and how management intentions interact with path dependencies, is underdeveloped. However, as demonstrated by the papers in this focused issue and other recent research, interests are now shifting towards an understanding of the multiple paths and processes by which firms can become successful, change their positions, and develop and acquire new knowledge and capabilities. These perspectives, as applied in this focused issue, are more dynamic and voluntaristic (paying attention to managerial discretion), where researchers look at paths, processes, knowledge stocks, management intentions and positions simultaneously, as they understand that all of these aspects are vital to successful internationalization.

Overview of the *JIBS* Focused Issue

The model presented above provides the basis for the contributions of the papers included in this focused issue. The papers shed light on one or more elements and/or linkages in the proposed dynamic model of internationalization (see Figure 3).

This 'internationalization' issue of *JIBS* includes seven carefully chosen papers in accordance with the process established by Editor-in-Chief Arie Y Lewin for *JIBS* focused issues. An open Call for Papers resulted in a total of 57 submissions, which underwent the extensive *JIBS* peer-review process according to standard practices. Fourteen manuscripts were short-listed and invited to participate in the paper development workshop, which took place during the Annual Conference on Corporate Strategy (ACCS) at the Berlin-Brandenburg Academy of Sciences in Berlin in May 2006. This was followed by a second review round. After a long review process and a number of intense discussions within the editorial team, we chose seven papers for publication that we believed would add a great amount of value, not only to this publication but also to further research in IB.

Positioning of papers

Managerial intentionality

The first article, 'Do managers behave the way theory suggests? A choice-theoretic examination of foreign direct investment location decision making' by Peter J Buckley, Timothy M Devinney and Jordan J Louviere, deals with the effects of managerial intentionality on internationalization. In contrast to conventional studies that use secondary data on the behavior of companies, this study is grounded in an observation of managers' choices in a structured experiment. Since the common models of internationalization emphasize the role of factors such as resources, path dependencies and external forces, less attention is paid to managerial intent and other aspects of managerial decision-making. This paper addresses the previously underrepresented topic and underlines the importance of this 'human factor'. The outcomes reveal that managers do not show strictly rational behavior when deciding on foreign direct investments, and that they do not necessarily behave according to established models (e.g., the Uppsala model). The conclusions support other recent studies that move away from the classical contrast between a strictly rational and a process-oriented view on decision-making, and try to emphasize the complexity of factors and choices associated with decisions on FDI. Moreover, the study reveals that basic fundamental operational factors are considered by managers when they think about internationalization in general or define a set of potential investment alternatives. The closer managers move towards the final investment decision in terms of deciding in which country to invest, the more country-specific characteristics, such as cultural distance, play a prominent role. Since managers do not behave fully rationally, personal experiences or their international backgrounds might affect their decisions.

René Belderbos and Jinglei Zou shed light on the research stream, and address the importance and implications of managerial decisions and their interaction with the paths, processes and positions of multinational companies. In their article 'On the growth of foreign affiliates: multinational plant networks, joint ventures, and flexibility' they study subsidiaries of Japanese manufacturing companies operating in other Asian countries during the second half of the 1990s. Parent companies use the flexibility achieved after building up manufacturing sites abroad to take advantage of changing macroeconomic conditions, such as labor costs, within these countries. Furthermore, it is shown that joint ventures exhibit considerably less flexibility than fully owned affiliates. The authors stress the importance of managerial decisions for the path of further internationalization, particularly with regard to the accumulation of flexibility that comes with future opportunities in changing environments. They call for a distinction between operational and strategic flexibility, and emphasize that the entire foreign affiliates/plants network of a parent company has to be considered when studying affiliate paths and performance.

In their paper 'International new ventures: revisiting the influences behind the "born-global" firm', Terence Fan and Phil Phan create a formal model to explain the trade-offs faced by born-global companies in their initial market entry choices. The model is tested using a sample of new ventures from the European airline industry. The results indicate that born-global companies face forces when making these initial production and market entry decisions that are similar to those applicable to the entry decisions of established firms according to common theory. The authors emphasize that born-global start-ups tend to chose a mixed strategy concerning production location choices, rather than pursue an 'all or nothing' approach. Moreover, it is shown that selection and institutional forces along with home market effects significantly influence the internationalization decisions at the birth of born-globals. The paper presents an interesting example of how these forces may impact on decisions and paths during the internationalization process of firms.

Experience and knowledge
Three papers address path dependence in connection with the build-up of knowledge and experience, and the path's impact on internationalization. Harry G Barkema and Rian Drogendijk's study, 'Internationalizing in small, incremental or larger steps?', contributes to research on the relationship between experience/knowledge and the internationalization process and path by providing new insights into the trade-off between exploration and exploitation during internationalization. They use the exploration/exploitation lens to investigate how companies expand to a foreign cultural environment. While exploration means entering a new cultural environment, exploitation corresponds to expanding within a cultural block and building on the previously acquired knowledge within another country of the respective cultural block. Analyzing a sample of companies headquartered in the Netherlands that entered the central and eastern European countries after 1989, the authors show that a successful internationalization strategy is based on a balanced, sequential, and path-dependent learning process. The results support the view that internationalization steps may lead to poorer performance in the short term. In contrast, building up knowledge through learning from these steps is a precondition for superior performance in the long term. The findings highlight the importance of balancing explorative and exploitative steps for a successful long-term internationalization strategy. The applied concept of exploration and exploitation seems to be promising for further research in this area.

'Multinational corporation internationalization in the service sector: a study of Japanese trading companies' by Anthony Goerzen and Shige Makino also addresses the impact of experience/knowledge on the process and path of internationalization. First, a new typology of investments by service companies with regard to business and geographical relatedness is developed, adding new insights. By applying this typology to large Japanese trading companies, and by providing several case studies, the authors show that those multinational firms pursue different investment strategies depending on the state of their internationalization process. Moreover, the results demonstrate that performance differences between related and unrelated expansion steps change over time during the internationalization process. This finding is due to different levels of experience, and once more shows that this view is essential to an understanding of the internationalization of firms. Contrary to many present studies, no significant differences between the behavior of multinational companies from the service sector and firms from other industries, namely manufacturing companies, can be found.

The paper by Anna Nadolska and Harry G Barkema is entitled 'Learning to internationalize: the pace and success of foreign acquisitions'. This study is grounded in learning theory, and focuses on managerial intentionality for the further international expansion path of companies, as well as the implications and limitations of prior experience and knowledge through domestic and foreign acquisitions and joint ventures abroad. Foreign acquisitions represent a popular way to internationalize. However, many managers still underestimate the inherent challenges and increasing complexity that come with international acquisitions, especially with respect to the early stages of internationalization. Using a sample of 25 Dutch companies, the authors analyze more than 1,000 acquisitions during a 30-year period. They point out that firms have to become skilled at learning which knowledge acquired along the previous expansion path is relevant and useful to further internationalize successfully through the acquisition of foreign companies. This paper, along with the preceding and following article, tackles the research stream between managerial intentionality and internationalization processes and paths in our model, which seems to be under-represented in the existing research.

Institutional and selection forces
The previously presented paper by Anthony Goerzen and Shige Makino also addresses the 'institutional forces' element of our model. In addition to the impact of different paths and consequent positions, the paper also deals with the influence of institutional forces on internationalization decisions. The study interestingly shows that these

forces may be more influential on internationalization than the existing notions, such as those related to the influence of industrial sectors.

The article by Ricardo G Flores and Ruth V Aguilera entitled 'Globalization and location choice: an analysis of US multinational firms in 1980 and 2000' focuses on the internationalization positions of firms, and contributes to our understanding of the internationalization path and process of MNCs. The paper aims to provide explanations for foreign location changes in multinational corporations over time by analyzing the location choices of 100 US-based multinational firms at two points in time (1980 and 2000). The results indicate that certain economic and sociocultural factors (e.g., GDP, population size and labor costs of the target country) significantly affect an MNC's foreign location choices. However, the impact of these factors on FDI decisions is subject to change over time. For example, the findings show that the importance of GDP decreases over time, while the population size of the foreign country becomes increasingly important. The study underlines the path/position relationship, and supports the relevance of considering the prior expansion path and the position reached when analyzing the internationalization of companies.

Acknowledgements
We would like to highlight the large number of very promising papers and excellent ideas that were submitted for the focused issue. Furthermore, we have to thank all authors, particularly the workshop discussants, and all reviewers for their great work and their valuable contribution to this *JIBS* focused issue. Moreover, we deeply appreciate the contribution and editorial guidance of the Editor-in-Chief, Arie Y Lewin, and the support of the Managing Editors, Danielle Trojan and Joy Kearney, as well as ACCS Managing Chair, Boris Frhr. Marschall v Bieberstein, throughout the process.

Notes
[1]This article is the most cited *JIBS* article when measured as the number of citations in the *Social Science Citation Index* with 464 SSCI citations as of 1 June 2007.

[2]We collected keywords for each of these 345 publications to assess the content related to the field of internationalization. Of the most frequent keywords (with 20 or more occurrences) we selected the 54 most relevant and discriminative. With these 54 keywords, we calculated the number of times they co-occur in publications. The resulting bibliometric cartography (Noyons, 1999) groups co-occurring keywords into clusters and maps those clusters in a two-dimensional figure: the size of each cluster indicates the number of publications represented, and the color of each cluster indicates growth in the number of publications from 1991 to 2005 (black: fast growth; grey: growth around average). The label for each research topic was provided by field experts.

References
Abrahamson, E. and Rosenkopf, L. (1993) 'Institutional and competitive bandwagons: using mathematical modeling as a tool to explore innovation diffusion', *Academy of Management Review* **18**(3): 487–517.

Anderson, P. (1999a) 'Seven Levers for Guiding the Evolving Enterprise', in J.H. Clippinger III (ed.) *The Biology of Business: Decoding the Natural Laws of Enterprise*, Jossey-Bass: San Francisco, pp: 113–152.

Anderson, P. (1999b) 'Complexity theory and organization science', *Organization Science* **10**(5): 216–232.

Barkema, H.G. and Drogendijk, R. (2007) 'Internationalizing in small, incremental steps or in larger steps?', *Journal of International Business Studies* **38**(7): 1132–1148.

Benito, G.R.G. and Gripsrud, G. (1992) 'The expansion of foreign direct investments: discrete rational location choices or a cultural learning process?' *Journal of International Business Studies* **23**(3): 461–476.

Belderbos, R. and Zou, J. (2007) 'On the growth of foreign affiliates: multinational plant networks, joint ventures, and flexibility', *Journal of International Business Studies* **38**(7): 1095–1112.

Best, H. (1990) *The New Competition, Institutions of Industrial Restructuring*, Polity Press: Cambridge.

Brown, S.L. and Eisenhardt, K.M. (1998) *Competing on the Edge: Strategy as Structured Chaos*, Harvard Business School Press: Boston.

Buckley, P.J. and Casson, M.C. (1976) *The Future of the Multinational Enterprise*, Macmillan: London.

Buckley, P.J., Devinney, T.M. and Louviere, J.J. (2007) 'Do managers behave the way theory suggests? A choice-theoretic examination of foreign direct investment location decision making', *Journal of International Business Studies* **38**(7): 1069–1094.

Burns, T. and Stalker, G. (1961) *The Management of Innovation*, Tavistock: London.

Chang, S.J. (1995) 'International expansion strategy of Japanese firms: capability building through sequential entry', *Academy of Management Journal* **38**(2): 383–407.

Child, J. (1972) 'Organization structure, environment and performance: the role of strategic choice', *Sociology* **6**(1): 1–22.

Child, J. (1997) 'Strategic choice in the analysis of action, structure, organisations and environment: retrospect and prospect', *Organization Studies* **18**(1): 43–76.

Cohen, W.M. and Levinthal, D.A. (1990) 'Absorptive capacity: a new perspective on learning and innovation', *Administrative Science Quarterly* **35**(1): 128–152.

Cohen, W.M. and Levinthal, D.A. (1994) 'Fortune favors the prepared firm', *Management Science* **40**(2): 227–251.
Craig, T. (1996) 'The Japanese beer wars: initiating and responding to hypercompetition in new product development', *Organization Science* **7**(3): 302–321.
Cyert, R. and March, J. (1963) *A Behavioral Theory of the Firm*, Prentice-Hall: Englewood Cliffs, NJ.
DiMaggio, P. and Powell, W. (1983) 'The iron cage revisited: institutional, isomorphism, and collective rationality in organization fields', *American Sociological Review* **48**(2): 147–160.
Dunning, J.H. (1988) 'The eclectic paradigm of international production: a restatement and some possible extensions', *Journal of International Business Studies* **19**(1): 1–31.
Emery, F.E. (1969) 'Socio-technical Systems', in F.E. Emery (ed.) *Systems Thinking*, Penguin Books: London, pp: 281–296.
Fan, T. and Phan, P. (2007) 'International new ventures: revisiting the influences behind the ''born-global'' firm', *Journal of International Business Studies* **38**(7): 1113–1131.
Festinger, L. (1954) 'A theory of social comparison processes', *Human Relations* **7**(2): 117–140.
Fiol, C.M. and Lyles, M.A. (1985) 'Organizational learning', *Academy of Management Review* **10**(4): 803–813.
Flier, B., Van den Bosch, F.A.J. and Volberda, H.W. (2003) 'Co-evolution in the strategic renewal behaviour of British, Dutch and French financial established organizations: interaction of environmental selection, institutional effects and managerial intentionality', *Journal of Management Studies* **40**(8): 2163–2187.
Flores, R.G. and Aguilera, R.V. (2007) 'Globalization and location choice: an analysis of US multinational firms in 1980 and 2000', *Journal of International Business Studies* **38**(7): 1187–1210.
Forsgren, M. and Johanson, J. (1992) 'Managing in international multi-centre firms', in M. Forsgren and J. Johanson (eds.) *Managing Networks in International Business*, Gordon and Breach: Philadelphia, pp: 19–31.
Goerzen, R. and Makino, S. (2007) 'Multinational corporation internationalization in the service sector: a study of Japanese trading companies', *Journal of International Business Studies* **38**(7): 1149–1169.
Greenwood, R. and Hinings, C.R. (1996) 'Understanding radical organizational change: bringing together the old and the new institutionalism', *Academy of Management Review* **21**(4): 1022–1054.
Greve, H. (2003) *Organizational Learning from Performance Feedback: A Behavioural Perspective on Innovation and Change*, Cambridge University Press: Cambridge.
Hannan, M.T. and Freeman, J.H. (1977) 'The population ecology of organizations', *American Journal of Sociology* **82**(5): 929–963.
Hannan, M.T. and Freeman, J.H. (1984) 'Structural inertia and organizational change', *American Sociological Review* **49**(2): 149–164.
Hedberg, B. (1981) 'How Organizations Learn and Unlearn', in N. Nystrom and W. Starbuck (eds.) *Handbook of Organizational Design*, Oxford University Press: Oxford, pp: 3–27.
Henisz, W.J. and Delios, A. (2001) 'Uncertainty, imitation, and plant location: Japanese multinational corporations, 1990–1996', *Administrative Science Quarterly* **46**(3): 443–475.
Hennart, J.-F. (1982) *A Theory of Multinational Enterprise*, University of Michigan Press: Ann Arbor, MI.
Hennart, J.-F. (2007) 'The theoretical rationale for a multinationality-performance relationship', *Management International Review* **47**(3): 423–452.
Husted, B.W. and Allen, D.B. (2006) 'Corporate social responsibility in the multinational enterprise: strategic and institutional approaches', *Journal of International Business Studies* **37**(6): 838–849.
Hutzschenreuter, T. and Voll, J. (2008) 'Performance effects of ''added cultural distance'' in the path of international expansion: the case of German multinational enterprises', *Journal of International Business Studies* **39**(1), doi:10.1057/palgrave.jibs.8400312.
Hymer, S. (1960) 'The international operations of national firms: a study of direct investment', PhD Dissertation, Sloan School of Management, Massachusetts Institute of Technology; published by MIT Press under same title in 1976.
Hymer, S. (1968) 'La grande firme internationale', *Revue Economique* **14**(b): 949–973.
Johanson, J. and Vahlne, J.-E. (1977) 'The internationalization process of the firm: a model of knowledge development and increasing foreign market commitments', *Journal of International Business Studies* **8**(1): 23–32.
Kogut, B. and Zander, U. (1993) 'Knowledge of the firm and the evolutionary theory of the multinational corporation', *Journal of International Business Studies* **24**(4): 625–645.
Kogut, B. and Zander, U. (2003) 'A memoir and reflection: knowledge and an evolutionary theory of the multinational firm 10 years later', *Journal of International Business Studies* **34**(6): 505–515.
Learned, E.P., Christensen, C.R., Andrews, K.R. and Guth, W.D. (1969) *Business Policy: Text and Cases*, Richard Irwin: Homewood, IL.
Lewin, A.Y. and Massini, S. (2004) 'Knowledge creation and organizational capabilities of innovating and imitating firms', in H. Tsoukas and N. Mylonopoulus (eds.) *Organizations as Knowledge Systems*, Palgrave: New York, pp: 209–237.
Lewin, A.Y. and Volberda, H.W. (1999) 'Prolegomena on co-evolution: a framework for research on strategy and new organizational forms', *Organization Science* **10**(5): 519–534.
Lewin, K., Dembo, T., Festinger, L. and Sears, P.S. (1944) 'Level of aspiration', in J. McV. Hunt (ed.) *Personality and the Behaviour Disorders*, The Ronald Press Company: New York, pp: 333–377.
Luo, A. (2006) 'Political behaviour, social responsibility, and perceived corruption: a structuration perspective', *Journal of International Business Studies* **37**(6): 747–766.
Meyer, J.W. and Rowan, B. (1977) 'Institutionalized organizations: formal structure as myth and ceremony', *American Journal of Sociology* **83**(2): 340–363.
Miles, R.E. and Snow, C. (1978) *Organizational Strategy, Structure, and Process*, McGraw-Hill: New York.
Miles, R.E. and Snow, C. (1994) *Fit, Failure, and the Hall of Fame: How Companies Succeed or Fail*, Free Press: New York.
Miller, D. and Chen, M. (1994) 'Sources and consequences of competitive inertia: a study of the US airline industry', *Administrative Science Quarterly* **39**(1): 1–23.
Nadolska, A. and Barkema, H.G. (2007) 'Learning to internationalise: the pace and success of foreign acquisitions', *Journal of International Business Studies* **38**(7): 1170–1186.
Nelson, R.R. and Winter, S.G. (1982) *An Evolutionary Theory of Economic Change*, Harvard University Press: Cambridge, MA.
Noyons, E.C.M. (1999) *Bibliometric Mapping as a Science Policy and Research Management Tool*, DSWO Press: Leiden.
Pascale, R.T. (1990) *Managing on the Edge*, Penguin Books: London.
Pedersen, T., Petersen, B. and Sharma, D. (2003) 'Knowledge transfer performance of multinational companies', *Management International Review* **43**(3): 69–90.
Penrose, E. (1959) *The Theory of the Growth of the Firm*, Basil Blackwell: London.
Porter, M.E. (1986) 'Changing patterns of international competition', *California Management Review* **28**(2): 9–40.
Porter, M.E. and Van der Linde, C. (1995) 'Toward a new conception of the environment–competitiveness relationship', *Journal of Economic Perspectives* **9**(4): 97–118.
Rodriguez, P., Siegel, D.S., Hillman, A. and Eden, L. (2006) 'Three lenses on the multinational enterprise: politics, corruption, and corporate social responsibility', *Journal of International Business Studies* **37**(6): 733–746.
Rugman, A.M. and Verbeke, A. (2004) 'A perspective on regional and global strategies of multinational enterprises', *Journal of International Business Studies* **35**(1): 3–18.

Schiff, M. and Lewin, A.Y. (1970) 'The impact of people on budgets', *Accounting Review* **45**(2): 259–268.
Song, J.Y. (2002) 'Firm capability and technology ladders: sequential foreign direct investments of Japanese electronics firms in East Asia', *Strategic Management Journal* **23**(3): 191–201.
Teece, D.J., Pisano, G. and Shuen, A. (1997) 'Dynamic capabilities and strategic management', *Strategic Management Journal* **18**(7): 509–533.
Thompson, J.D. (1967) *Organizations in Action: Social Science Bases of Administrative Theory*, McGraw-Hill: New York.
Tushman, M.L. and O'Reilly, C.A. (1996) 'The ambidextrous organization', *California Management Review* **38**(4): 8–30.
Van Den Bosch, F.A.J., Van Wijk, R.A. and Volberda, H.W. (2003) 'Absorptive Capacity: Antecedents, Models, and Outcomes', in M. Easterby-Smith and M. Lyles (eds.) *Blackwell Handbook of Organizational Learning and Knowledge Management*, Blackwell: Oxford, pp: 278–301.
Van Den Bosch, F.A.J., Volberda, H.W. and De Boer, M. (1999) 'Coevolution of firm absorptive capacity and knowledge environment: organization forms and combinative capabilities', *Organization Science* **10**(5): 551–568.
Vermeulen, F. and Barkema, H.G. (2002) 'Pace, rhythm, and scope: process dependence in building a profitable multinational corporation', *Strategic Management Journal* **23**(7): 637–653.
Volberda, H.W. (1998) *Building The Flexible Firm: How To Remain Competitive*, Oxford University Press: Oxford.
Volberda, H.W. (2004) 'Mastering strategic renewal: mobilizing change in large multiunit firms', *Netherlands Journal of Social Sciences* **40**(3): 212–246.
Volberda, H.W. (2005) 'Rethinking the Strategy Process: A Coevolutionary Approach', in S.W. Floyd, J. Roos, C.D. Jacobs and F.W. Kellermans (eds.) *Innovating Strategy Process*, Blackwell: Oxford, pp: 81–87.
Volberda, H.W. and Baden-Fuller, Ch. (2003) 'Strategic Renewal Processes in Multi-unit Firms: Generic Journeys of Change', in B. Chakravarthy, G. Mueller-Stewens, P. Lorange and C. Lechner (eds.) *Strategy Process: Shaping the Contours of the Field*, Blackwell: Oxford, pp: 208–232.
Volberda, H.W. and van den Bosch, F.A.J. (2004) 'Rethinking the Dutch innovation agenda: management and organization matter most', Innovation Lecture, Ministry of Economic Affairs, The Netherlands, ERS-2004-009-STR.
Volberda, H.W. and Lewin, A.Y. (2003) 'Co-evolutionary dynamics within and between firms: from evolution to coevolution', *Journal of Management Studies* **40**(8): 2111–2136.
Volberda, H.W., Baden-Fuller, Ch. and van den Bosch, F.A.J. (2001) 'Mastering strategic renewal: mobilizing renewal journeys in multi-unit firms', *Long Range Planning* **34**(2): 159–178.
Wagner, H. (2004) 'Internationalization speed and cost efficiency: evidence from Germany', *International Business Review* **13**(4): 447–463.
Wernerfelt, B. (1984) 'A resource-based view of the firm', *Strategic Management Journal* **5**(2): 171–180.
Witt, M. and Lewin, A.Y. (2007) 'Outward foreign direct investment as escape response to home country institutional constraints', *Journal of International Business Studies* **38**(4): 579–594.

About the authors

Thomas Hutzschenreuter is Dietmar Hopp Professor of Corporate Strategy and Chairman of the Strategy and Organization Department at the WHU – School of Management, Vallendar/Germany. His research interests include diversification and internationalization paths and strategy processes. He has published eight books on growth strategies, corporate governance, restructuring, business model innovation, and offshoring. His research has been accepted and appeared in journals such as *Journal of International Business Studies* and *Journal of Management.*

Torben Pedersen is a Professor of International Business at the Copenhagen Business School's Centre for Strategic Management and Globalisation. He has published over 50 articles and books concerning the managerial and strategic aspects of globalisation. His research has appeared in prominent journals such as *Strategic Management Journal*, *Journal of International Business Studies*, and *Journal of Corporate Finance*. His latest book, *Managing Global Offshoring Strategies: A Case Approach*, has been well received among academics, students and practitioners.

Henk W Volberda is Professor of Strategic Management and Business Policy, Chairman of the Department of Strategic Management and Business Environment, and Vice Dean of the RSM Erasmus University. He is Director of the Erasmus Strategic Renewal Centre, President of the Hay Group Vision Society, and a board member of the Netherlands Institute for Social Innovation. He is senior editor-in-chief of *Long Range Planning*, and a member of the editorial boards of *Journal of Management Studies*, *Organization Studies* and *Organization Science*. His research on strategic renewal, strategic flexibility, co-evolution of firms and industries, knowledge flows, and innovation has been published in many journals, such as the *Academy of Management Journal*, *Management Science*, *Journal of Management Studies*, *Long Range Planning*, *Organization Studies* and *Organization Science*.