INTRODUCTION

My tasks in this brief commentary are twofold. I will first comment on the two articles in this section: Bouquet and Birkinshaw’s (2011) How global strategies emerge: an attention perspective and Pedersen and Shaver’s (2011) Internationalization revisited: the big step hypothesis. The keywords from the two articles’ titles and abstracts, attention, emergence, big step, and discontinuous change, resonate well with the changing landscapes of global business today and the need to rethink the internationalization process and the development of international and global strategy. Based on these, I comment briefly about the implications of the changing global landscapes for our research in the theme area of international and global strategy, one of the 10 areas supporting the vision statement of the Global Strategy Journal.

INTERNATIONAL ATTENTION AND THE EMERGENCE OF GLOBAL STRATEGY

The attention-based view of the firm (Ocasio, 1997) suggests that ‘what decision makers do depends on where they focus their attention’ (Barnett, 2008: 606). CEO attention is a valuable and scarce resource in organizations because problems compete for the limited attention of decision makers (Cyert and March, 1963). Previous research in this area has found that the attention of major decision makers in a firm significantly influences its decisions and outcomes, including changes in strategy (Cho and Hambrick, 2006), investment in new technology (Kaplan, 2008), board activities (Tuggle et al., 2010), and mergers and acquisitions (Yu, Engleman, and Van de Ven, 2005). The focus of top executives’ attention is normally shaped by the social structure in which they are embedded (Barnett, 2008). The firm’s rules, resources, and social relationships to a large extent determine the distribution of executive focus among different key issues and potential solutions (Ocasio, 1997). Other studies have shown how a decision maker’s attention allocation can be influenced by environmental change (Bouquet and Birkinshaw, 2008; Cho and Hambrick, 2006) or change in the firm’s internal structure (Cho and Hambrick, 2006; Tuggle et al., 2010).

Extending this attention-based perspective to global strategy, Bouquet and Birkinshaw’s (2011: 243) article emphasizes ‘how global strategies emerge in a firm by studying the processes through which top executive attention is channelled and structured.’ Bouquet and Birkinshaw’s (2011: 243) article focuses on the concept of international attention, defined as ‘the time and effort HQ executives invest in activities, communications, and discussions aimed at improving their understanding of the global marketplace,’ and asks the research question about...
the key organizational and environmental factors shaping international attention in the MNC. Several hypotheses were developed, linking the constructs of global emphasis, global leadership development programs, global rules of the game, and global competitive actions to international attention. The hypotheses were largely supported with primary data collected from 134 multinationals based in the ‘triad’ nations (the United States, Canada, France, Germany, the United Kingdom, and Japan). I believe this is one of the early empirical studies of the attention-based view of the firm as applied in a global strategy context.

In terms of the implications for research in global strategy, I particularly like the aspect that it bridges the micro- and macro-aspects of strategic decision making in both theory and methods, to shift the emphasis ‘from what the firm does to how its managers act in order to achieve their global objectives’ (Bouquet and Birkinshaw, 2011: 257). In the opening paragraph of this article, the authors pose several questions to motivate their study, including how executives engage in the process of creating a global strategy and how the senior leaders of a firm achieve a collective understanding of the firm’s geographically dispersed markets and operations. These are important research questions that deserve more attention in the future. In addition, future research should also examine whether or not top executives’ psychological biases, such as CEO hubris (Li and Tang, 2010) may lead to variations in their attention to certain strategic decisions, such as international expansion.

DISCONTINUOUS CHANGE AND THE INTERNATIONALIZATION PROCESS

The second article, Pedersen and Shaver’s (2011) Internationalization revisited: the big step hypothesis, attempts to refine the internationalization theory by proposing and testing that international expansion is a discontinuous process characterized by an initial ‘big step,’ rather than a gradual incremental process. Pedersen and Shaver (2011: 264) argue that an initial international expansion forces firms to develop ‘architecture for managing, integrating, and controlling foreign operations,’ investments of a fixed cost nature that need not be fully incurred for subsequent investments. This will reflect in a pattern that international expansions will be characterized by a long initial time period before a firm first expands overseas and by little difference in time between subsequent expansions. These expansion patterns were confirmed with the international expansion activities of 176 Danish multinational firms.

The article has a clear focus and logic, with careful empirical work. It’s also provocative. While there has been much debate about the merits of the incremental model of internationalization (e.g., Barkema and Drogendijk, 2007; Johanson and Vahlne, 1977, 2009; Li, 1995; Malhotra and Hinings, 2010), Pedersen and Shaver (2011) is noteworthy as it presents a discontinuous model rather than an incremental one. I applaud the authors for this innovation in theory development. Clearly, more work is needed in refining and generalizing this work, and I offer several suggestions for research in this area. First, the ‘big step’ hypotheses need to be tested and the results should be replicated across different samples of firms and settings so that the generalizability of this article’s key findings can be established. For example, evidence is needed whether a similar pattern of this discontinuous internationalization process can be observed for emerging economy multinationals (such as Chinese and Indian firms), as well as for multinationals from other developed economies. Second, future research should benefit from the organization theory literature on inertia and legitimacy (e.g., Guillén, 2002; Li, Yang, and Yue, 2007) in further refining the theoretical foundation underlying this discontinuous model of the internationalization process.

CONCLUDING REMARKS: THE CHANGING LANDSCAPES FOR GLOBAL BUSINESS AND STRATEGY

The two articles are clearly addressing some of the key issues in global strategy. From the vision statement of the Global Strategy Journal, it is clear that the essence of global strategy is an expansive world vision and a global mindset. Global companies must craft their strategies for international expansion, diversification, and integration in terms of developing, protecting, and exploiting their resources and capabilities.

The same day when we discussed these two articles in the journal launch conference in Chicago, The Wall Street Journal (WSJ) reported that, powered by years of rapid economic growth, ‘China passes U.S. in energy use’ (The Wall Street Journal, 2010a). The United States had held the title of the world’s biggest
energy consumer for more than a century, even though it is still the biggest energy consumer per capita. Less than one month later, the newspaper reported that ‘China tops Japan as world’s second-largest economy’ (The Wall Street Journal, 2010b).

China certainly gets the attention of well-established and aspiring global companies. For many multinationals today, global strategy has taken on a new meaning: the emergence of a China strategy. For many, China is a large and fast-growing market, and for others, China is the most critical market for survival. More broadly, global strategy could mean an India strategy, a China and India strategy, a BRIC (Brazil, Russia, India, and China) strategy, or a more broad emerging market strategy. At the same time, we are witnessing the big steps being taken by the new multinational firms from emerging economies (including China, India, Brazil, and many others) in acquisitions and investments abroad, many in developed economies, for resources, technology, and markets. Leveraging on the power of scale in human capital and technical talents in these economies, we are witnessing the emergence of a new innovation model (Li and Kozhikode, 2009), leading to more discontinuities (Tushman and Anderson, 1986) in global technology and innovation.

What are the implications for us as global strategy scholars? The changing landscape for global business today, including the rise of the emerging economies and their multinational firms, requires us to research how our global strategy would coevolve with an emerging global marketplace. A new normal of increased uncertainty and rapid change, including discontinuous change, requires us to reexamine how the drivers of global growth and diversification have changed in the new world. The (dis)integration of value chain suggests research questions such as how multinational sourcing strategies drive internationalization and globalization. New social issues, such as the tragic incidents of worker suicides in 2010 in several Chinese subcontracting and manufacturing facilities for global computer and electronics companies, suggest the critical need and urgency for more research on the new challenges in our globalized and flat world.

REFERENCES


