1. Ownership advantage Paradox

- Ownership advantage
  - Identified as a key determinant of foreign direct investment (FDI)
  
  \[\rightarrow\] Firms with greater ownership advantage over local rivals are more likely to engage in FDI

Google’ Exit from China

“Unless they turn themselves into a Chinese company, Google could not win. Baidu, a Chinese-run search engine company, enjoys a close relationship with the government and maintains the market leader position in China”.


2. Risk-Return Paradox

- Asset Pricing Theory
  - High expected returns should be associated with large exposures to risk factors
  
  \[\rightarrow\] Risk and Return are positively associated
3. Paradox in Flying Geese Hypothesis

- Flying-Geese Hypothesis
  - Less developed nations in Asia will follow the growth path of advanced economies in a wild-geese pattern
  
  ➔ The lead goose represents Japan, followed by NIES, ASEAN countries, and other less developed economies.
• These examples illustrate some of the way in which conventional wisdom cannot precisely explain today’s IB practices in Asia.

Literature Review: Strategies of Asian Firms

• Systematic literature search of Asian firm strategies published in 8 journals:
  – AMJ, AMR, ASQ, JIBS, JOM, JMS, Org Sci, and SMJ.
• Identified a total of 228 articles published between 1980 and 2011.

Publication by Journal

Publication by Country Focus

Publication by Topic
• IB research on Asian firm strategies has been part of a rising trend
• Topics of research have covered a wide range of management issues

→ IB research on Asian firms and organizations will add significant value to the study of organization and management

Three Perspectives for IB Research in Asia

1. Multilevel Perspective
2. Historical Perspective
3. Variance-based Perspective

Multilevel Perspective

• Separating micro and macro issues is increasingly irrelevant
• Examines the multiple causes or consequences of behaviors at and across different levels.
• A single-level analysis often creates misleading implications for practice

Income and Work hours

![Graph showing the relationship between income and work hours with a correlation coefficient of R=0.72]
Income and Work hours by Country

**Between-country variation:**
- **Country mean**

**Within-country variation:**
- **Country mean adjusted**

**Total Variation** = **Between-group (country) Variation** + **Within-group (country) Variation**

**Observed Practices**

**Theory I**

**Theory II**
How much does country matter? (Makino et al, 2004)

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How much does country matter?

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<th>Emerging Economies</th>
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How much does sub-national region matter? (Chan, et al. 2010)

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<tbody>
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Historical Perspective

- A country’s institutions evolve in a path-dependent manner with cross country relations developing as a consequence of a variety of historical events
- However, IB researchers have tended to treat history “in a stylized fashion with little concern for the complexities of particular historical events” (Jones, et al., JIBS)

Distance research

- Focuses on distance in culture, administrative practices, geographic proximity, or economic development, between home and host countries (e.g., Ghemawat’s CAGE model)
- Examines how distance affects the flow of economic activity across borders
Distance research

• Key Prediction:
  – Distance makes international exchanges and interactions difficult and costly.
• Weakness:
  – Focuses on the static comparison of location-specific attributes that reside independently within countries.
  – Overlooks the effects of relational factors that have been historically developed between countries.

Distance and History

• Vietnam
  – under the direct rule of, or paying tributes to, successive Chinese dynasties (111 B.C. to the early 20th century)
  – colonized by France (1880s to 1954)
  – unified as the Socialist Republic of Vietnam and supported by the former Soviet Union (1975 - )
  – engaged in a war with China: Sino-Vietnamese War (1979)

• France and Vietnam have a large cultural and geographical distance
  – However, France has been one of the major investors in Vietnam due to the previous colony-colonizer relationship
• China and Vietnam have a small cultural and geographical distance
  – However, they do not have a meaningful trade relationship due to the war

Variance-based Perspective

Average represents the most essential characteristics of the sample

Considered as not essential or even as noise
All sample
ROS in 267,388 subsidiary-year cases in 27 host countries, 1997-2009

• 4 distinct patterns identified:
  – Advanced economy model
  – Transitional economy model
  – Two Emerging economy models

Advanced economy model
Bell-shaped structure with a high peak

Transitional Economy model
Bell-shaped structure with two lower peaks
Emerging economy model 1

- Bell-shaped stricture with a low peak, skewed towards positive performance with a long tail to the right.
- Greater proportion for positive performance.

Emerging economy model 2

- Unclear bell-shaped structure, skewed towards positive performance.
- Peaks not clear.

• Transitional and Emerging economy models tend to have:
  - Longer tails
  - Greater skewness
  - Lower peaks

Conclusions

• IB research on Asia provides a tremendous contribution to theory development and practice.

• Scholars, especially, IB scholars need to develop stronger theoretical foundations to explain why countries matter.

  ➔ This is a great opportunity for IB scholars to develop a third theory of strategic management to complement IO and RBV.
Practitioners recognize that IB skills are becoming more important than ever, thanks to the rise of emerging economies.

IB scholars are in a good position to provide useful insights to practice of IB in Asia.