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The resource-based view and international business

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Abstract

The resource-based view (RBV) of the firm has become an influential theoretical perspective in recent international business (IB) research. Tracking the evolution of the RBV literature in IB, this article has three objectives. First, it documents the extent to which the RBV has diffused to IB research. Second, it explains the rationale behind such diffusion. Finally, it provides a state-of-the-art review of the substantive work through a proposed organizing framework, focusing on multinational management, strategic alliances, market entries, international entrepreneurship, and emerging markets strategies. Overall, a broad, expanding, and cumulative knowledge base is emerging to connect IB and strategy research through the RBV. The article concludes with a discussion of the implications of such a development in the intellectual marketplace, with an emphasis on future research directions. © 2001 Elsevier Science Inc. All rights reserved.

1. Introduction

Spearheaded by the work of Wernerfelt (1984) and Barney (1991), one of the key developments in recent strategic management and international business (IB) research has been the emergence of the resource-based view (RBV) of the firm. Tracking the evolution of the RBV literature in IB since the publication of the landmark *Journal of Management* special issue in 1991, this article addresses three key questions. First, how influential has the RBV become? This question will be answered by mapping out the key contributions to the RBV literature in IB during 1991 through 2000. The second question focuses on what is behind the diffusion of the RBV in IB. Drawing on the diffusion-of-innovations literature, I suggest that the RBV may be considered as a theoretical innovation, whose attributes

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facilitate its diffusion, and that an understanding of the trajectories of the strategy and IB fields is necessary to understand the RBV's diffusion. Finally, what is the current state-of-the-art of RBV research in IB? To answer this question, I propose an organizing framework to review the substantive work to find out what new insights are gained. This article concludes with a discussion on the possible directions of future development of the RBV in IB.

2. Mapping the Contributions

A citation-based approach is used to document the extent to which the RBV has penetrated IB research, by focusing on articles in leading IB journals which cited two key RBV papers, Barney (1991) and/or Wernerfelt (1984), during 1991 through 2000. The selection of these two papers is driven by their widely acknowledged influence (Priem & Butler, 2001; Wernerfelt, 1995). Among the journals, I first examine the *Journal of International Business Studies* (*JIBS*), which has consistently been ranked as the number one journal in IB (Dubois & Reeb, 2000; Phene & Guisinger, 1998) and as one of the leading outlets for business research (Inkpen & Beamish, 1994; MacMillan, 1991; Tahai & Meyer, 1999). Then, given (1) the strategy roots of the RBV and (2) the substantial IB work published in the *Strategic Management Journal* (*SMJ*), I also included all IB papers in *SMJ*. Finally, I examined five mainstream management outlets, the *Academy of Management Journal* (*AMJ*), *Academy of Management Review* (*AMR*), *Journal of Management* (*JM*), *Journal of Management Studies* (*JMS*), and *Organization Science* (*OS*),[1] all of which have been found as leading forums (Tahai & Meyer, 1999).

The benefits of such an approach are (1) a clear and manageable focus on publications in international management (Boddewyn, 1999), (2) relative objectivity, and (3) consistency with well-accepted academic norms in assessing the influence of a body of work (Peng, Lu, Shenkar & Wang, 2001). The drawback is the inability to exhaust IB research in nonmanagement disciplines given IB's interdisciplinary nature (Toyne & Nigh, 1997). However, since management has asserted the most significant influence on IB research among all business disciplines,[2] this drawback is not deemed to be significant. Overall, it is believed that the benefits of this approach outweigh its drawback.

In Table 1, a total of 61 articles have been identified. Starting with three annual citations in 1991, the two key RBV papers had a total of 22 citations in 2000, indicating healthy growth of their influence. To further assess the RBV's impact on IB vis-a-vis other disciplines, in Figure 1, I drew on the Social Science Citation Index to plot the cumulative citations to a key RBV paper, Barney (1991), during 1992 through 2000. With a total of 526 citations to Barney (1991)—58 (11%) of which are IB papers—as of December 15, 2000, the overall growth of the RBV's influence becomes more evident when viewed with such a "big picture."

To assess the individual contributions to this literature, I followed similar reviews (e.g., Peng et al., 2001) to examine both "total" and "adjusted" appearances of authors whose work appears in Table 1. The method was that an article published by one author counts as a full credit for the author and his/her institution, an article published by two authors counts as

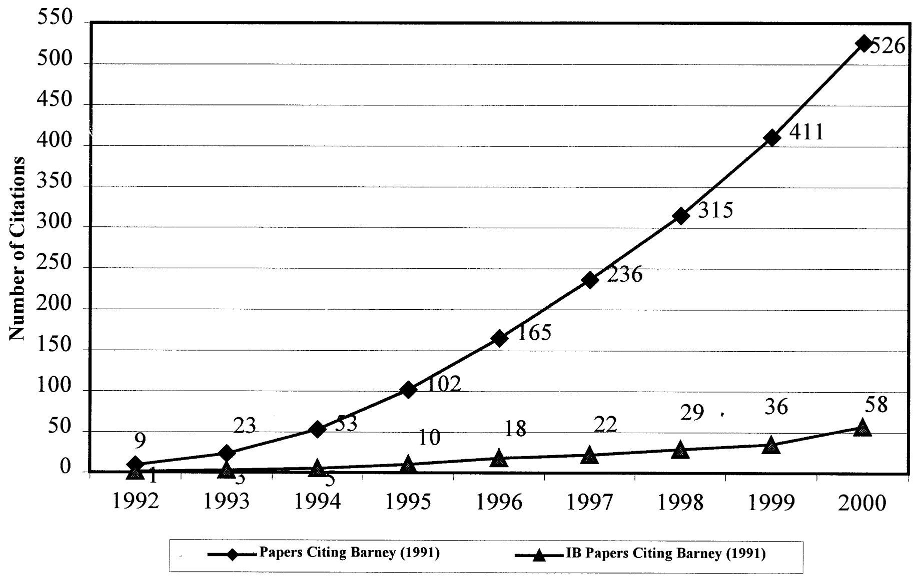
Table 1
International business papers citing Barney (1991) and/or Wernerfelt (1984), 1991–2000

	JIBS ($N = 16$)	SMJ* ($N = 18$)	AMJ/AMR/JM/JMS/OS* ($N = 27$)
1991		Collis (MNC)** Hamel (SA) Tallman (MNC)	
1992			Tallman (JM—MNC)
1993	Dubois et al. (MNC)		Schuler et al. (JM—MNC)
1994	Carpano et al. (MNC) Oviatt & McDougall (IE)		
1995	Dunning (MNC/SA)		Chang (AMJ—ME) Dess et al. (JM—MNC) Roth (AMJ—MNC) Zaheer (AMJ—MNC)
1996	Birkinshaw (MNC) Hooley et al. (EM) Makino & Delios (SA/EM)	Dyer (SA)	Glaister & Buckley (JMS—SA) Peng & Heath (AMR—EM) Tallman & Li (AMJ—MNC) Taylor et al. (AMR—MNC)
1997	Shan & Song (ME)	Madhok (ME) Zaheer & Mosakowski (MNC)	Hitt et al. (AMJ—MNC)
1998	Morosini et al. (ME) Peng & Ilinitch (ME) Rugman & Verbeke (MNC) Schuler & Rogovsky (MNC)	Birkinshaw et al. (MNC) Capron et al. (ME)	Birkinshaw & Hood (AMR—MNC)
1999	Liesch & Knight (ME) Luo & Peng (MNC/EM)	Athanassiou & Nigh (MNC) Capron (ME) Delios & Beamish (MNC) Lee & Miller (MNC/EM)	Shenkar & Li (OS—SA/EM)
2000	Fahy et al. (EM) Athanassiou & Nigh (MNC)	Daily et al. (MNC) Dussauge et al. (SA) Geringer et al. (MNC) Gupta & Govindarajan (MNC) Merchant & Schendel (SA) Steensma & Lyles (SA/EM)	Autio et al. (AMJ—IE) Bae & Lawler (AMJ—MNC/EM) Chang & Hong (AMJ—EM) Doh (AMR—EM) Hoskisson et al. (AMJ—EM) Filatotchev et al. (AMJ—EM) Guillen (AMJ—EM) Hitt et al. (AMJ—SA/EM) Isobe et al. (AMJ—ME/EM) Mitchell et al. (AMJ—IE) Moon & Lado (JM—MNC) Peng et al. (JMS—ME/IE) Peng & Luo (AMJ—EM) White (AMJ—EM)

Total $N = 61$ articles from these seven top-tier journals that publish IB research.

* Only *international* articles citing the two RBV papers in these journals were included.

** Designation of primary research areas reviewed: MNC, multinational corporation management; SA, strategic alliances; ME, market entries; IE, international entrepreneurship; EM, emerging markets strategies.



Source: Social Science Citation Index

Fig. 1. Cumulative Citations to Barney (1991), 1992–2000.

one-half credit for each author and institution, and so forth. Shown in Table 2, during 1991 through 2000, a total of 20 scholars had at least one adjusted appearance in these seven top-tier journals, led by Tallman in adjusted appearances (2.83) and Peng in total appearances (5). Overall, there is significant *international* diversity among these leading scholars. As of December 2000, while American universities dominated the list with 12 "adjusted" authors, Asian and European schools each housed four "adjusted" authors. These leading contributors can be found in France, Great Britain, Hong Kong, Singapore, South Korea, and the United States, indicating the global reach of RBV research in IB.

In summary, the RBV literature in IB has become a burgeoning one, with contributions from a wide variety of authors and institutions around the world. With this overview as a background, the next section sheds some light on the driving forces behind such growing influence of the RBV.

3. The Diffusion of a Theoretical Innovation

3.1. A theoretical innovation

The RBV's growing influence has provoked a significant debate on its standing in the intellectual marketplace, with one side of the debate arguing for its paradigm status (Conner, 1991, p. 121; Mahoney & Pandian, 1992, p. 373; Peteraf, 1993, p. 189) and another side critiquing its lack of tight definition and explanatory power (Porter, 1991; Priem & Butler, 2001; Williamson, 1999). Given the inconclusiveness of this debate on the status of the RBV (Barney, 2001), I would simply suggest that the RBV represents an "innovation."

Table 2
Leading contributors to the resource-based view literature in international business, 1991–2000

Rank	Scholar	Affiliation as of December 2000	Total	Adjusted
1	Stephen B. Tallman*	University of Utah & Cranfield University	4	2.83
2	Mike W. Peng	The Ohio State University	5	2.33
3	Julian Birkinshaw	London Business School	3	1.83
4	Srilata Zaheer	University of Minnesota	2	1.5
	Sea Jin Chang	Korea University	2	1.5
6	Laurence Capron	INSEAD	2	1.33
	Kendall Roth	University of South Carolina	2	1.33
8	Nicholas Athanassiou	Northeastern University	2	1
	Andrew Delios	National University of Singapore	2	1
	Jiatao Li	Hong Kong University of Science & Technology	2	1
	Yadong Luo	University of Miami	2	1
	Douglas Nigh	University of South Carolina	2	1
13	David J. Collis	Yale University	1	1
	Jonathan P. Doh	American Univ. & George Washington Univ.	1	1
	John Dunning	Rutgers University & University of Reading	1	1
	Jeffrey Dyer	Brigham Young University	1	1
	Mauro Guillen	University of Pennsylvania	1	1
	Gary Hamel	London Business School	1	1
	Anoop Madhok	University of Utah	1	1
	Steven White	Chinese University of Hong Kong	1	1

Total $n = 20$ scholars whose adjusted appearances in the seven top-tier journals (*AMJ, AMR, JIBS, JM, JMS, OS*, and *SMJ*) during 1991–2000 documented in Table 1 are at least 1.

* Example for Tallman's total and adjusted appearances: Total appearances = 4, Tallman (1991), Tallman (1992), Tallman & Li (1996), Geringer, Tallman & Olsen (2000); Adjusted appearances = 2.83 (1 + 1 + 0.5 + 0.33).

An "innovation" is "an idea, practice, or object that is perceived as new by an individual" (Rogers, 1983, p. 11). According to this definition, I believe that even the RBV's critics would accept that it represents a theoretical innovation. A critical insight of the diffusion-of-innovations literature is that "it matters little whether or not an idea is 'objectively' new . . . If the idea seems new to the individual, it is an innovation" (Rogers, 1983, p. 11). The key question is that despite its shortcomings, why the RBV ever gained such influence as documented in Table 1 and Figure 1.

Specifically, five characteristics of an innovation, *as perceived by users*, helps explain its diffusion (Rogers, 1983, p. 15). First, the greater the perceived relative advantage, the more rapid the innovation's diffusion. The RBV's focus on firm-level determinants of company performance—relative to traditional industry-level variables—is widely regarded as a key advantage. Second, the compatibility of an innovation with existing values also drives its diffusion. The RBV not only draws on the behavioral insights of Penrose (1959), but also extend five major industrial organization (IO) economics theories of the firm (Conner, 1991). As a result, the RBV is compatible with both behavioral and economic schools of thought in strategy (Mahoney & Pandian, 1992).

Third, simple innovations will be adopted more rapidly. On the surface, despite the difficulties associated with empirical work (Godfrey & Hill, 1995), the RBV logic is (deceptively) simple and easy to understand. Fourth, a high level of trialability, which is "the degree to which an innovation may be experimented with on a limited basis" (Rogers, 1983, p. 15), also facilitates its diffusion. The RBV's trialability, because of its linkages with many parts of the existing literature, enables scholars to employ it in parallel with other theoretical perspectives in the same studies (Peng & York, 2001).

Finally, the RBV has benefited from high visibility forums and events, such as the *JM* and *SMJ* special issues in 1991 (Bartlett & Ghoshal, 1991), the "fundamental issues in strategy" conference in 1990 (Rumelt, Schendel & Teece, 1994), the "emerging vision in IB" conference in 1992 (Toyne & Nigh, 1997), and the recognition of Wernerfelt's (1984) article as *SMJ*'s best paper in 1994 (Wernerfelt, 1995). In this process, the role of credible, "neutral" opinion leaders is instrumental (Rogers, 1983, p. 27). For example, at the "emerging vision in IB" conference in 1992, opinion leaders such as Doz (1997), Hitt (1997), and Kogut (1997) stood behind the RBV, thus influencing many others (such as the present author who was a Ph.D. student at that time[3]) to follow this path.

Overall, innovation adoption decisions can be classified into three groups: (1) "optional" (made by individuals), (2) "collective" (made by consensus by a group), and (3) "authority" (made by higher authorities) (Rogers, 1983, p. 29). It is possible that some innovations lacking the five desirable attributes above are still adopted, because they may be selected by some higher authorities. However, this is not likely in the case of academic research. In the intellectual marketplace, the adoption of a theoretical perspective always represents an "optional" or "collective" decision made when researchers craft their individual or joint work. Therefore, I suggest that given its rapid diffusion, the RBV, as a theoretical innovation, encompasses all five of the most desirable qualities that are conducive for its diffusion.

3.2. Strategy and IB: A convergence

In addition to the RBV's own attributes, we also need to be aware of the larger picture of the evolution of the strategy and IB fields to better understand its diffusion. Such diffusion took place during a time of flux (the 1990s) when both relatively young fields engaged in extensive soul-searching (Boddewyn, 1999; Toyne & Nigh, 1997; Rumelt et al., 1994). Specifically, I identify three driving forces behind such diffusion: (1) the nature of IB researchers as innovators, (2) the overlap between the IB and strategy research agenda, and (3) the crossing of the trajectories of these two fields.

First, as a field of "great diversity and dynamism," IB is "grounded in a wide range of disciplines and functional applications, yet willing to draw freely" from other fields (Bartlett & Ghoshal, 1991, p. 7). As a result, IB scholars tend to be "innovators," who are "active information seekers about new ideas" (Rogers, 1983, p. 22). Historically, IB has been one of the first adopters of some of the earlier innovations, such as transaction cost economics (TCE) (Buckley & Casson, 1976; Hennart, 1997). Thus, it is not surprising that some IB scholars became interested in the RBV early on.

Second, there is increasing synergy in the core research questions that IB and strategy scholars pursue (Dess, Gupta, Hennart & Hill, 1995; Hoskisson, Hitt, Wan & Yu, 1999; Ricks, Toyne & Martinez, 1990; Toyne & Nigh, 1997). Until the 1970s, IB research was influenced by economists, who were interested in macrolevel trade and investment flows between countries. Beginning in the 1970s, IB research became more interested in firm-level analysis of foreign direct investment (FDI) and of multinational corporations (MNCs) (Bartlett & Ghoshal, 1991). This research was especially interested in two questions: “why some firms possess unique resources and competencies—relative to their competitors of other nationalities—and why they choose to use at least some of these advantages jointly with a portfolio of foreign-based immobile assets” (Dunning, 1995, p. 466). As IB went through this transformation, it found that strategy offers the closest ally (Doz, 1997).[4] This alliance is primarily driven by the fact that more than any discipline (except IB), strategy has been most explicitly interested in the international dimension (Toyne & Nigh, 1997, p. 468). In fact, “What determines the international success and failure of firms?” has been identified as one of the five most fundamental questions in strategy (Rumelt et al., 1994, p. 564).[5]

Finally, the crossing of disciplinary trajectories might have also facilitated the RBV’s diffusion. During the 1970s and 1980s, as IB moved away from economics to embrace management, strategy went through an opposite transformation, by leaving its initial management roots (i.e., “business policy”) and increasingly invoking IO economics reasoning (Hoskisson et al., 1999). It seems that IB and strategy met on the middle ground via the RBV as both fields are “in search of a theory” (Doz, 1997, p. 490). As a result, “there has been a virtual explosion” in international strategy research (Ricks et al., 1990, p. 230). The next section will try to “settle the dust” of this explosion.

4. An organizing framework

To provide a substantive review of the emerging RBV literature in IB (see Table 1), I first identify four areas of central interest in recent work, organized according to a 2×2 matrix along the dimensions of firm size and international sophistication: (1) MNC management, (2) strategic alliances, (3) market entries, and (4) international entrepreneurship (Figure 2). While historically IB activities seemed to be the exclusive territories for large firms, this may no longer be the case any more (McDougall & Oviatt, 2000). Also, I pay explicit attention to both mature operations and start-ups, as well as the increasingly important alliance activities that bridge these two areas (Dunning, 1995).

After reviewing these four areas of research, I will move on to highlight one of the most recent developments in the literature, that is, the realization that emerging economies are likely to become the new battleground for IB competition and that researchers need to pay careful attention to the institutional context in which IB activities take place (Peng, 2000, 2002). Overall, the review in the following sections focuses on new insights gained by applying the RBV vis-a-vis other perspectives in IB.

5. MNC management

5.1. Global strategies

A key insight of traditional IB research is that MNCs face a substantial “liability of foreignness,” which leads to nontrivial costs. To overcome such a liability, both TCE

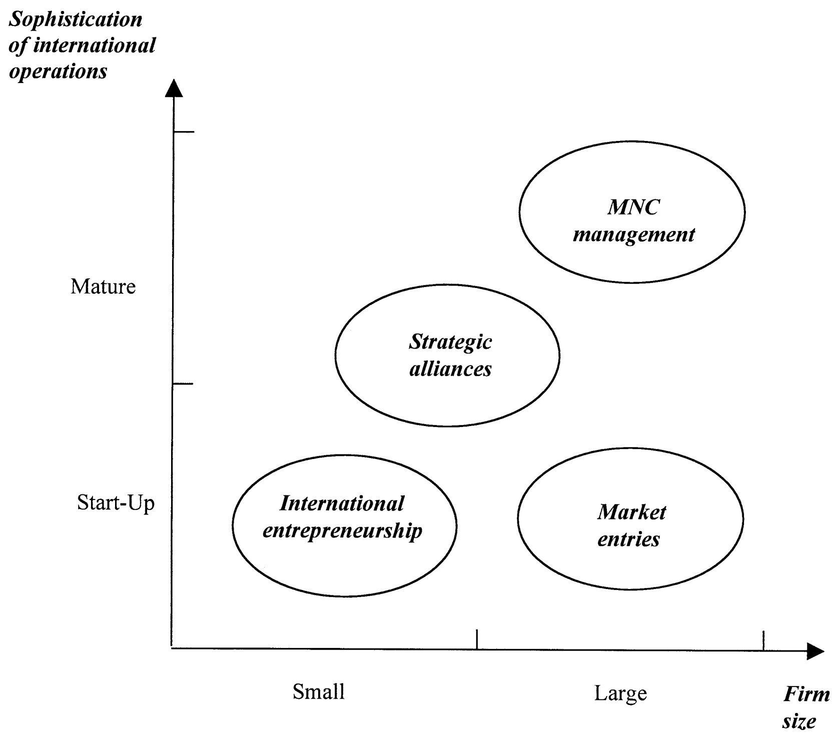


Fig. 2. The Resource-Based View in International Business Research: An Organizing Framework.

(Buckley & Casson, 1976; Caves, 1996) and "eclectic" (Dunning, 1993) perspectives stress that MNCs need to equip their overseas subsidiaries with certain firm-specific advantage. The RBV extends these perspectives by specifying the nature of these resources and capabilities,[6] such as administrative heritage (Bartlett & Ghoshal, 1989; Collis, 1991), organizational practices (Tallman, 1991, 1992; Zaheer, 1995; Zaheer & Mosakowski, 1997), and bargaining power (Moon & Lado, 2000).

Another stream of research focuses on international diversification. This work is both inspired and frustrated by the large body of diversification research with mixed findings. Most existing studies only measured the *product* diversity of firms, and did not capture the degree of *international* diversity (Dess et al., 1995). The RBV has served as a bridge by urging scholars to investigate the resources underlying both kinds of diversification. Specifically, "experience with product diversification can build managerial capabilities that allow more effective management for international diversification" (Hitt, Hoskisson & Kim, 1997, p. 770). Testing this proposition, Tallman and Li (1996) reported that international diversity has a positive effect on multinational performance. Hitt and colleagues (1997, p. 767) produced more fine-grained findings: "International diversification is negatively related to performance in nondiversified firms, positively related in highly product-diversified firms, and curvilinearly related in moderately product-diversified firms."

Both Hitt and colleagues (1997) and Tallman and Li (1996)—as well as the majority of traditional diversification studies—used U.S. samples, thus raising the question about the generalizability of the findings. Two recent studies on Japan addressed this problem. Interestingly, while both invoked a similar RBV logic, their findings were at odds with each other. Specifically, Delios and Beamish (1999) found that international diversification is *positively* associated with profitability, whereas Geringer, Tallman, and Olsen (2000) reported a *negative* link. Thus, their "take-away" messages could not be more different. Delios and Beamish (1999, p. 724) argued that "there is value in internationalization itself because geographic scope was found to be related to higher firm profitability," whereas Geringer and colleagues (2000, p. 76) cautioned that "multinational diversification is apparently less valuable in practice than in theory." Overall, it seems that much more future work needs to look at whether international diversification, independently and/or in association with product diversification, adds value.

5.2. Subsidiary capability development

The IB literature has long recognized the centrality of ownership- or firm-specific advantage to the *raison d'être* of the MNC (Caves, 1996; Dunning, 1993). Specifically, MNCs exist because of their capabilities to transfer and exploit knowledge more effectively in the intrafirm context than through external markets. However, this research has typically taken a top-down approach, emphasizing how the headquarters provides capabilities to subsidiaries. The reality is that subsidiaries can also play an important part in the development of the MNC's firm-specific advantage. However, very little is known on how the MNC's geographically dispersed capabilities within the firm can contribute to firm-level (MNE-wide) advantage. A number of recent studies attempted to fill this gap.

Birkinshaw (1996) and colleagues (Birkinshaw & Hood, 1998; Birkinshaw, Hood & Jonsson, 1998) reported that subsidiary growth is driven by its own distinctive capabilities developed through the entrepreneurial efforts of subsidiary management, rather than given by parent management. If subsidiary capabilities remain locally focused and globally underutilized, they cannot become the MNC's firm-specific advantage (Luo & Peng, 1999, p. 289). However, subsidiary managers' initiative to promote the wider application of their unit's capabilities is often seen by parent managers as evidence of subsidiary managers acting in their own or their country's interests rather than in the interests of the MNC as a whole (Birkinshaw et al., 1998, p. 235). As a result, subsidiary managers' efforts to facilitate outbound knowledge transfer will only be successful (1) when their incentive structure is linked with such outflows, and (2) when the target unit (sister subsidiaries or the headquarters) is motivated to learn (Gupta & Govindarajan, 2000). Overall, the RBV literature on subsidiary capability-building adds to our understanding that capability flows within the MNC are not necessarily a one-way process originating from the headquarters (Peng & Wang, 2000). It is through subsidiary capabilities and initiatives that more knowledge flows can be facilitated.

5.3. Human resource management

A new subfield within human resources (HR), "international strategic human resource management" (ISHRM), has emerged recently (Schuler, Dowling & Decieri, 1993). Taylor, Beechlor and Napier (1996, p. 965) developed a theoretical model of ISHRM for three levels, (1) the parent firm, (2) the subsidiary, and (3) the employee, each of which is examined by several RBV studies. First, at the parent firm level, primary attention has been focused on top managers. Drawing on the RBV insight that top managers may represent some of the most valuable, unique, and hard-to-imitate resources, Athanassiou and Nigh (1999, 2000) and Roth (1995) reported that the more an MNC internationalizes, the more likely its top managers will have significant international experience. Such attributes represent firm-specific tacit knowledge that is difficult to access by other MNCs whose top managers do not possess similar knowledge, thus leading to higher firm performance (Carpenter, Sanders & Gregersen, 2001). In terms of HR development, Daily, Certo and Dalton (2000) confirmed that executives' international experience is very attractive to other firms interested in acquiring such tacit knowledge, and Carpenter and colleagues (2001) reported that internationally experienced CEOs are able to extract more rents in the form of higher compensation.

Second, at the subsidiary level, three findings emerge. The first insight is that it seems important to staff subsidiaries with entrepreneurial managers, if the MNC is interested in tapping into the capabilities of these geographically dispersed units (Birkinshaw et al., 1998). The second finding is that to facilitate subsidiary capability development and knowledge sharing, the MNC needs to provide sufficient incentive to subsidiary managers, such as linking bonuses with these desirable behaviors (Gupta & Govindarajan, 2000). The third result is that the MNC needs to seek a fit between its HR practices such as compensation and the local culture (Schuler & Rogovsky, 1998).

Finally, at the employee level, two recent studies in Korea found that firms which value people as a source of competitive advantage are more likely to attain higher performance (Bae & Lawler, 2000; Lee & Miller, 1999). Overall, it seems that the RBV has provided ISHRM with a powerful analytical perspective connecting HR with firm-specific advantage. Given that socially complex relationships may be one of the most difficult-to-imitate resources (Barney, 1991), deepening our understanding of this connection may not only propel the further progress of ISHRM, but also help solve major empirical problems in the RBV (Godfrey & Hill, 1995).

6. Strategic Alliances

Since the 1980s, both the corporate world and the academic fields of IB and strategy have experienced an "alliance revolution" (Dunning, 1995). While strategic alliances is a multi-faceted phenomenon, the RBV focuses on one aspect, organizational learning. It advances a core proposition that capabilities to learn from partners may be a tacit resource underlying a firm's competitive advantage (Hamel, 1991). Empirical studies have largely confirmed this assertion. For example, learning from partners is found to represent a primary motivation for firms to enter alliances (Glaister & Buckley, 1996; Hitt et al., 2000; Shenkar & Li, 1999). For MNCs, the intensity and diversity of learning from local partners facilitate local knowledge acquisition and strengthen firm performance in host countries (Luo & Peng, 1999; Makino & Delios, 1996). For local firms, learning from MNC parents is likely to enhance survivability and performance (Fahy et al., 2000; Lyles & Salk, 1996).

Some alliances (e.g., those between Toyota and its suppliers) are designed to exploit relationship-specific assets (Dyer, 1996; Peng, Lee & Tan, 2001), and the threat of a "learning race" is not significant. However, alliances between competitors do represent a scenario most likely to generate a "learning race" (Hamel, 1991). Dussauge, Garrette, and Mitchell (2000, p. 100) argued that there are two kinds of alliances between competitors: (1) "link" alliances in which the partners contribute asymmetric knowledge, and (2) "scale" alliances in which the partners provide similar knowledge. They found that compared with scale alliances, interpartner learning occurs more often in link alliances.

However, despite significant progress, none of these studies *directly* observes learning, which is a highly intangible act. As a result, isolating and measuring such an intangible resource as learning and its impact on performance remains one of the key empirical challenges in further RBV work on strategic alliances (Godfrey & Hill, 1995).

7. Market entries

7.1. Extensions beyond TCE

Market entries are a classic strategic problem in IB. Largely influenced by TCE, traditional studies treat each particular entry as a "transaction" (Anderson & Gatignon, 1986), and the key concern is whether to rely on external market measures (e.g., exporting) or to internalize operations (e.g., FDI) (Buckley & Casson, 1976). The RBV raises the level of analysis from the transaction to the firm, suggesting that "a particular entry decision cannot be viewed in isolation. It must be considered in relation to the overall strategic posture of the firm" (Hill, Hwang & Kim, 1990, p. 117). The RBV differs from TCE on three key dimensions. First, whereas TCE predicts entry modes because of failure in the external market (e.g., licensing) under an assumption of opportunism, the RBV attributes such failure to a different underlying assumption, that is, the heterogeneity of firm resources (Capron, Dussauge & Mitchell, 1998). In other words, "the [licensing] market does not fail because of opportunism but, rather, because of superior capabilities of the multinational [licensor] in deploying its know-how and limitations to the capabilities of the other firm [licensee] in efficiently and effectively acquiring and integrating the particular knowledge" (Madhok, 1997, p. 46). A second difference is that while TCE generally focuses on one-time entries based on a set of relatively static conditions, the RBV highlights a dynamic, longitudinal process in which multiple entries take place each building on capabilities and learning from the previous entry experience (Chang, 1995; Chang & Rosenzweig, 2001; Kogut, 1997).

The third difference is concerned with firm-specific advantage, whereas TCE focuses on their exploitation and the RBV emphasizes both their exploitation and development (Madhok, 1997, p. 49). Although TCE unpacks the rationale behind MNCs' exploitation of their proprietary advantages abroad (Buckley & Casson, 1976), it seems less capable of explaining recent entries focusing on foreign research and development (R&D). Specifically, why do R&D-focused entries take place in the *absence* of strong advantages on the part of investing MNCs? The RBV suggests that such entries can be viewed "as an option to maintain access to innovations resident in the host country, thus generating information spillovers that may lead to opportunities for future organizational learning and growth" (Peng & Wang, 2000, p. 80). Thus, the RBV asserts that market entries are not only "pushed" by firm-specific advantages possessed by the MNC, but also "pulled" by the resources and capabilities of the target firm abroad that may help the investing MNC develop new advantages (Shan & Song, 1997).

7.2. Entry modes and performance

While the dependent variable of TCE studies is typically the entry modes, RBV studies aim to link entry modes—in particular, acquisitions—with postentry performance. In contrast to the traditional idea that national cultural distance between the target and the acquirer hinders cross-border acquisition performance, Morosini, Shane and Singh (1998, p. 137) demonstrated that cultural distance may actually *enhance* acquisition performance by "providing access to the target's and/or the acquirer's diverse set of routines and repertoires embedded in national culture." Vermeulen and Barkema (2001) found that despite the high initial costs of acquisitions (as opposed to "greenfield"), acquisitions may broaden a firm's knowledge base and decrease inertia, thus possibly leading to better performance in the long run.

7.3. Actual channels of entries

While focusing on the strategic aspects of market entries, scholars usually pay little attention to the *actual* channel through which entries take place (Melin, 1992). Since entering foreign markets entails a great deal of knowledge, firms without such knowledge, especially smaller ones, are typically thought to be unlikely to entertain foreign market entries (Liesch & Knight, 1999). However, recent work suggests that this may not necessarily be the case. Knowledge-based resources critical for market entries do not have to reside within the boundaries of the firm. Instead, they can be found in specialist organizations such as export intermediaries, which can help facilitate the "quantum leap" in internationalization among smaller firms (Peng & Ilinitch, 1998).

This research highlights the dilemma on how these hard-to-measure, knowledge-based resources can be "rented" to client firms (Chi, 1994). First, from the clients' standpoint, they are concerned with whether the intermediary, who is an agent, will actually perform as promised. Second, from the intermediary's perspective, it needs (1) to leverage its resources by taking advantage of the information asymmetries between its clients and foreign markets to profit from such opportunities, and (2) to assure its clients that its knowledge-based resources will indeed be deployed to advance the clients' interests. For intermediaries, the solution lies in an integration between the RBV and TCE/agency theory perspectives, by following the RBV logic to "be bold" and, at the same time, respecting the TCE and agency theory concerns by not being "too bold" (Peng, 1998; Peng, Hill & Wang, 2000; Peng & York, 2001). Future research in this direction is likely to help further integrate the RBV with other perspectives by shedding light on the intricacies of actual channels of entries.

8. International entrepreneurship

Historically, IB research focuses on large MNCs, and entrepreneurship studies concentrate on small and medium-sized enterprises (SMEs) within a domestic context. Some SMEs may eventually become MNEs through a time-consuming, sequential process in their international involvement, sometimes called a step-by-step, "stage" model (Johanson & Vahlne, 1977). However, such a "stage" model is increasingly challenged by empirical findings that some SMEs are able to internationalize more rapidly than the model predicts (Knight, 2000; Lu & Beamish, 2001). As a result, the academic demarcation segregating IB and entrepreneurship has begun to erode and a distinctive new subfield, "international entrepreneurship," has emerged (McDougall & Oviatt, 2000).

The RBV has played an important role behind the emergence of international entrepreneurship by solving a key puzzle: How can some SMEs succeed abroad rapidly without going through different stages suggested by the "stage" model? The answer typically boils down to the superb tacit knowledge about global opportunities (Peng, Hill & Wang, 2000) and the equally superb capability to leverage such knowledge in a way not matched by competitors (Mitchell, Smith, Seawright & Morse, 2000; Peng & York, 2001). The RBV logic suggests that "precisely because it is difficult to obtain, a surplus of tacit knowledge on internationalization is likely to provide the firm with a competitive advantage in foreign markets" (Liesch & Knight, 1999, p. 385).

Some recent RBV work has further challenged the "stage" model. Specifically, Autio, Sapienza and Almeida (2000) demonstrated that firms following the prescription of the "stage" model, when eventually internationalizing, must overcome substantial inertia because of their domestic orientation. In contrast, firms that internationalize earlier need to overcome fewer of these barriers. Therefore, SMEs without established domestic routines may outperform their competitors who wait longer to internationalize. In other words, contrary to the inherent disadvantages in internationalization associated with SMEs as suggested by the "stage" model, there may be "inherent advantages" of being small when venturing abroad (Liesch & Knight, 1999, p. 385).

Overall, the RBV literature on international entrepreneurship, measured by the number of articles, seems to be still in its infancy. However, the impact of this emerging literature, just like the impact of SMEs that it aims to capture, is increasingly being felt. As more and more SMEs venture abroad, it seems safe to predict that this literature will grow more sustainably in the new millennium.

9. Emerging markets strategies

While most research reviewed above focuses on developed economies, research interests on emerging economies have been growing significantly since the 1990s. Hoskisson, Eden, Lau and Wright (2000) recently identified the RBV as one of the top three most insightful theories when probing into emerging economies.[7] Given the prominence of institutional differences between emerging and developed economies, RBV research capitalizes on recent institutional work uncovering the intricacies of competition in emerging economies (Peng, 2000, 2002). This section focuses on the strategies of (1) MNCs, (2) state-owned enterprises (SOEs), (3) privatized firms, (4) start-ups, and (5) conglomerates. While this section overlaps to some extent with the four areas reviewed earlier, its distinction lies in its unique institutional context, which is less understood in traditional research.

9.1. MNCs

Although surveys of the MNC literature typically include a chapter on MNCs in developing countries (Caves, 1996, chapt. 9; Dunning, 1993, chapt. 19), such a chapter is often one of the weakest, not because of the authors' fault but because of the paucity of research (Wells, 1998). As emerging economies become increasingly important, such a dearth of knowledge is gradually replaced by a small but growing body of literature on MNCs in these new markets (Meyer, 2001; Peng, Au & Wang, 2001).

In emerging economies, MNCs' traditional liability of foreignness is magnified (Meyer, 2001). Confronting a higher degree of uncertainty, MNCs have to figure out (1) when to enter, (2) how to enter, and (3) how to win. The entry timing question, largely unresolved in existing research (Lieberman & Montgomery, 1998), has been tackled by Isobe, Makino and Montgomery (2000) and Luo and Peng (1999), who found significant early mover advantages in China. Moreover, they called for greater resource commitment (Isobe et al., 2000) and more diverse experience in a variety of local settings to maximize the gains from such learning (Luo & Peng, 1999).

Among different entry modes, acquisitions, which are used less frequently, are not well understood. For example, in Central and Eastern Europe, Uhlenbruck and De Castro (2000, p. 398) found that organizational fit between the acquirer and the target firms, long considered a critical resource behind acquisition success, is actually "negatively related to performance." However, with limited research to draw on, it is difficult to know whether (and how) such a finding is generalizable.

The alliance literature on emerging economies is more substantial (Lyles & Salk, 1996; Yan & Gray, 1994). A key insight is the emergence of a local partner perspective (Peng, 2000, p. 219). Research in Hungary, Poland and Slovenia suggested that local firms are interested in using alliances to acquire advantages over their *domestic* rivals (Fahy et al., 2000; Hooley et al., 1996). As a result, it is not surprising that local firms use a different set of criteria when selecting partners. Specifically, while MNCs value access to local markets, indigenous firms in China, Mexico, Poland and Romania strongly prefer partners' financial assets and technical capabilities (Hitt et al., 2000; Shenkar & Li, 1999).

Finally, when managing alliances, MNCs need to strike a balance between their strategic interests and those of local partners (Yan & Zeng, 1999). In Hungary, Steensma and Lyles (2000, p. 847) found a dilemma: "Strong foreign parent support is conducive to IJV survival by enhancing IJV learning . . . However, doing so appears to decrease the likelihood of IJV survival." They therefore advocated a 50/50 share of management control even when the MNC may be the dominant equity contributor, thus challenging the conventional wisdom in favor of dominant foreign control.

9.2. State-owned enterprises (SOEs)

While historically outside the “radar screen” of IB and strategy research, SOEs increasingly command research attention because they often compete and/or collaborate with MNCs (Tan & Litschert, 1994). During the transitions, SOEs “can no longer afford to be passive now but have to join the competition” (Peng & Heath, 1996, p. 507). The RBV suggests that to compete means to grow the firm, or to find better ways to exploit underutilized resources (Penrose, 1959). However, SOEs typically have a shortage of technological, financial, and managerial resources, thereby ruling out the possibility for internal (or hierarchical) growth, at least initially. At the same time, because of the underdevelopment of financial markets, mergers and acquisitions (M&As) may also be difficult. As a result, SOEs often resort to a compromise strategy which is neither market nor hierarchy, featuring “boundary blurring” through strategic alliances and networks with both foreign and domestic firms to develop their capabilities (Peng & Heath, 1996; White, 2000).

Overall, developing capabilities constitutes “one of the most important SOE strategies during the transitions” (Peng, 2000, p. 100). While many believe that SOEs represent organizational dinosaurs soon to die out (or at least be privatized), market transitions in many countries suggest that SOEs as an organizational form are likely to persist, thus necessitating our attention.

9.3. Privatized firms

While a wave of privatization has swept through many emerging economies, little attention has been devoted to its organizational and managerial implications (Zahra, Ireland, Gutierrez & Hitt, 2000). Recent RBV work has started to address this imbalance. However, studies focusing on resources hypothesized to facilitate postprivatization performance have not provided corroborative evidence. For example, in Russia, Ukraine, and Belarus, insider privatization leads to negative implications for corporate restructuring. However, even *outside* shareholding, considered as a critical resource to promote restructuring by both agency theory and the RBV, has largely failed to effectively combat managerial opportunism in privatized firms (Filatotchev, Buck & Zhukov, 2000).

Two avenues seem likely to generate desirable firm-level outcomes after privatization. First, developing effective capital markets to discipline managers is necessary. However, such development takes a long time. A second and more immediate —and more relevant to IB and strategy research—approach is to attract more MNCs to invest in these countries to spearhead the efforts in restructuring, a role many MNCs are capable of taking on (Doh, 2000; Uhlenbruck & De Castro, 2000).

9.4. Entrepreneurial start-ups

Throughout emerging economies, market transitions have opened the floodgates of entrepreneurship (Peng, 2001). The RBV has helped specify the resources with which entrepreneurs can leverage. Compared with their larger competitors such as MNCs and SOEs, start-ups cannot afford to compete on tangible resources, and can only compete on intangible *resourcefulness,* that is, the ability of doing more with less. An example of such resourcefulness is the micro-macro link identified by Peng and Luo (2000), who suggested that entrepreneurs attempt to translate their micro, interpersonal ties with managers at other firms and with government officials into improved macro, organizational performance. In an environment whereby formal institutional constraints (e.g., laws and regulations) are weak, informal institutional constraints (e.g., interpersonal ties) may play a more important role in facilitating economic exchange and hence assert a more significant impact on firm performance (Peng & Heath, 1996). The RBV suggests that the social capital embedded in these ties, networks, and contacts can be regarded as an intangible resource that is difficult to replicate, thus giving start-ups possessing such ties a significant advantage (Peng & Luo, 2000; Mitchell et al., 2000).

The "pecking order" of competition in emerging economies usually pits MNCs against each other (and sometimes against larger local firms). Rarely do MNCs feel compelled to compete and/or collaborate with entrepreneurial firms. Start-ups, however, are upsetting such a "pecking order," and are increasingly worthy of the attention from MNCs—and the attention from researchers as well.

9.5. Conglomerates

Sometimes called business groups, diversified conglomerates, which seem to be out of vogue in developed economies, not only seem to persist, but also enhance firm performance in many emerging economies. Therefore, a fundamental puzzle remains: How can conglomerates in emerging economies add value at a high level of diversification, a task their counterparts in developed economies have largely failed? The RBV argues that conglomerates' capability in multiple industry entries "can be maintained as a valuable, rare, and inimitable skill only as long as asymmetric foreign trade and investment conditions prevail" (Guillen, 2000, p. 362). In emerging economies, these conglomerates "replace poorly performing or nonexistent economic institutions (such as banks or external labor markets) that are taken for granted in developed countries" (Chang & Hong, 2000, p. 429). Moreover, Chang and Hong (2000), Guillen (2000), and Khanna and Palepu (2000) found that as competition heats up and these economies become better regulated, the benefits from unrelated diversification are harder (but still possible) to attain, thus supporting the RBV assertion that the reduction in the rarity and inimitability of resources is likely to render them less valuable (Barney, 1991).

A major point of contention in the diversification literature has been the measure of relatedness, traditionally based on product market characteristics. Prahalad and Bettis (1986) introduced a broader, managerially based common "dominant logic" that can potentially explain nonproduct-based linkages within a conglomerate. Building on this perspective, research on emerging economies leads to a more encompassing notion, termed "institutional relatedness," which refers to an organization's linkages with dominant formal and informal institutions in the environment which confer resources and legitimacy (Peng, 2000). Thus, it is the combination of a firm's product relatedness and institutional relatedness that determines its optimal scope in a given institutional framework. It is possible for a firm, which appears to have little product relatedness and, consequently, would be classified as an "unrelated" conglomerate, to actually enjoy a great deal of institutional relatedness. Since institutional relatedness is often less visible than product relatedness, firms' capability to derive synergy from institutional relatedness thus becomes a more difficult-to-imitate resource giving rise to competitive advantage (Barney, 1991; Guillen, 2000).

In addition to shedding light on the diversification-performance puzzle, this research is also significant for IB research for two reasons. First, the scale and scope of these conglomerates make them the most likely competitors and/or collaborators for MNCs in emerging markets. Second, some of these conglomerates are likely to venture abroad, and become "Third World multinationals" (Au, Peng & Wang, 2000; Peng, Au & Wang, 2001; Wells, 1998), thus deserving our research attention.

10. Retrospect and road ahead

Overall, this article contributes to the literature by (1) documenting the extent to which the RBV has diffused to IB research, (2) explaining the rationale behind such diffusion of a theoretical innovation, and (3) providing a state-of-the-art review of the substantive literature. A broad, expanding, and cumulative knowledge base is emerging to connect IB and strategy research through the RBV. Tracking this evolution in the 1990s, this article is both a celebration of the achievements accomplished and a call for more sustained and rigorous research efforts in the new millennium.

10.1. How has the RBV contributed to IB?

Overall, it seems that the RBV has provided a powerful theoretical perspective within which a substantial body of IB research is embedded. IB research historically has been critiqued as phenomenon-driven with scattered, unconnected topics. The RBV helps address this criticism, by presenting a unifying framework through which a large number of diverse research topics, ranging from the global strategies of MNCs to entrepreneurial activities of start-ups active in certain emerging economies, can be viewed as subscribing to the same set of underlying theoretical and competitive logic. In other words, the RBV has made IB research more theoretically rigorous.

A key question is: How would the IB research reviewed above have evolved independently without the RBV? It is important to note that not all the articles in Table 1 used the RBV as their main theoretical basis. Given that scientific knowledge is socially constructed (Kuhn, 1970), it is possible that as the RBV becomes more institutionalized, it may take on a life of its own, resulting in more citations to the key papers without really building on this perspective (Mizruchi & Fein, 1999, p. 677). Although it is difficult to assert that the five research areas in IB would not have emerged in the absence of the RBV logic, it is clear that the RBV did have an impact on these areas. While not all these five areas have benefited from the RBV equally, I believe that the three younger areas (strategic alliances, international entrepreneurship, and emerging markets) are really propelled by the RBV, whose contributions are more visible. In comparison, the two more established domains (MNC and market entries) are enriched by the RBV, whose impact is relatively more marginal.

10.2. How has IB contributed to the RBV?

While, so far, this article has focused on the diffusion of the RBV from strategy to IB, it is equally important to recognize that IB research has also significantly pushed the frontiers of strategy research in general, and RBV work in particular (Bartlett & Ghoshal, 1991). Some of the IB research reviewed here, such as global strategies, subsidiary capabilities, strategic alliances, and emerging markets strategies, is clearly at the leading edge of strategy research, thus helping set the terms for the strategy research agenda. It is fascinating to note that some topics regarded as "IB only" 10 years ago (e.g., globalization) have now been routinely featured in mainstream strategy journals. Overall, IB research directly helps answer one of the top-five fundamental questions in strategy identified by Rumelt and colleagues (1994, p. 564): "What determines the international success and failure of firms?"

In my view, IB's most significant contributions to the RBV lie in the identification of international knowledge and experience as a valuable, unique, and hard-to-imitate resource that differentiates the winners from the losers and mere survivors in global competition (Peng & York, 2001). In many ways, this idea of local embeddedness, that is, idiosyncratic expertise gained through in-country learning despite the liability of foreignness, predates the formal emergence of the RBV (Johanson & Vahlne, 1977), and has been well developed in the IB literature. It is not surprising that IB scholars are able to build on this idea to enrich and strengthen the RBV.

10.3. Future research directions

Looking into the future, I believe that five directions are likely to emerge. First, since the idea that resources matter is now widely accepted, researchers must tackle the harder and more interesting issues of how resources matter, under what circumstances, and in what ways. For example, while tracking the *value* of resources has attracted a lot of attention, parameterizing the *rarity* of resources, such as hard-to-replicate locations, endowments, and experiences, remains one of the key challenges (Barney, 2001, p. 52). Since the RBV is ultimately a theory about how to extract rents from resources, a more complete theory of the rent appropriation process, by globally dispersed firms, employees, and other stakeholders around the world (including different regions and nations), remains to be developed.

Second, given the RBV's wide-ranging connections with various strands of the literature and IB's tradition of being "eclectic," such theory development is likely to be accomplished through more integration with other perspectives, such as TCE (Barney, 1999). While the relation between the RBV and TCE is both rival and complementary, it is probably "more the latter than the former" (Williamson, 1999, p. 1106). The key seems to lie in how to differentiate firm-specific resources at the core of the RBV from transaction-specific resources at the core of TCE (Madhok & Tallman, 1998). Therefore, better specification of the contingencies under which one perspective is likely to be *more* valid will be important (Peng, Hill & Wang, 2000).

Third, echoing Lieberman and Montgomery (1998), I see substantial room for integration between the RBV and research on first-mover (dis)advantages, especially in an IB setting. Too high a fraction of our knowledge on entry timing strategies is based upon U.S.

experience and data. Given the obvious importance of entry timing issues in IB, it is important to examine whether first-mover strategies are more (or less) valuable in certain countries, industries, and time periods (Luo & Peng, 1999). The antecedents and consequences of these differences should be identified and explored.

Fourth, another area for further integration is with institutional theory (Peng, 2002). Originated in developed economies, the RBV assumes an equilibrium of product and factor markets (Barney, 1986, 1991). As a result, important institutional factors influencing product and factor markets (e.g., regulations) have been taken for granted by most researchers, and thus have faded into the background. While Priem and Butler (2001, p. 31) argued that general models "must be made more dynamic for usefulness in strategic management," perhaps this argument is best borne out by research probing into emerging markets, whereby institutional transitions profoundly affect strategic choices and firm performance (Peng & Heath, 1996). Although many MNCs have decided to concentrate disproportionately *more* resources on emerging economies, thus far, IB and strategy research—judging by the number of publications—seems to have paid disproportionately *less* attention to these markets of tomorrow (Peng, 2000, p. 271). It is, therefore, appropriate that more RBV work be devoted to emerging economies by drawing on the rich insights of institutional theory (Hoskisson et al., 2000; Peng, 2000, 2002), if we endeavor to remain a globally relevant field of inquiry.

Finally, future RBV work needs to pay more attention to process- and implementation-related issues. As conceded by Barney (2001, p. 53), the RBV historically has not provided sufficient focus on processes and implementation. However, when global competitors' strengths in tangible areas are increasingly matched, complex intangible processes such as global learning are likely to be the last frontier in the quest for competitive advantage (Bartlett & Ghoshal, 1989). Unfortunately, we know very little about these processes. One of the most striking (and, in my view, embarrassing) gaps of our knowledge is the lack of understanding of the processes surrounding cross-border mergers and acquisitions (M&As). While the share of cross-border M&As rose from 50% of global FDI in 1987 to 80% in 1999, valued at $720 billion (United Nations, 2000), only three (5%) of the 61 RBV articles in IB in Table 1 focused on M&As (Capron, 1999; Capron et al., 1998; Morosini et al., 1998). The empirical challenges to isolate and measure process-related capabilities underlying international M&As are indeed considerable. However, the RBV logic suggests that precisely because of these difficulties, researchers able to overcome them are likely to make larger, more ground-breaking contributions. If researchers aspire to take up these challenges, then it is safe to predict that more studies will be devoted to a better understanding of the driving forces behind cross-border M&As (Barkema & Vermuelen, 1998; Child, Faulkner & Pitkethly, 2001; Meyer & Estrin, 2001; Vermuelen & Barkema, 2001).

While being the first in the literature to organize and review RBV research in IB, this article is not without its limitations. First, as noted earlier, its management orientation precludes a review of IB research in other areas. Second, a more comprehensive review beyond articles citing Barney (1991) and Wernerfelt (1984) may need to cast a wider net to track the evolution of this research. Finally, I have not discussed any tension between IB and strategy. As partners in an expanding strategic alliance with increasingly blurring boundaries, IB and strategy are likely to experience occasional tension and conflict. However, if scholars practice what they uncover in their research on successful strategic alliances, then such an academic alliance is likely to grow further in the intellectual marketplace.

10.4. The road ahead

As for the future of the RBV in IB, I believe there can be two scenarios. First, despite IB's tendency to resist single paradigms (Toyne & Nigh, 1997), we may see the emergence of a comprehensive resource-based theory of the international enterprise approaching a paradigm status. Areas of inquiry do not become distinct scientific disciplines until they adopt a paradigm (Kuhn, 1970). There is no reason to think that IB is an exception to this rule. The second scenario is that basing strategies on the resource differentials between firms may become so obvious that scholars are likely to drop the compulsion to note that an argument (or theory) is "resource-based" (Wernerfelt, 1995). The diffusion-of-innovations literature suggests that the cumulative adoption rate of a theoretical innovation, such as the RBV, may eventually plateau, thus extending the curve in Figure 1 to an S shape (Rogers, 1983, p. 23). By then, the widely accepted RBV probably will no longer be considered as an innovation, but its purposes as an innovation to influence strategy, IB, and other areas of research will have been well served.

Notes

1. Another leading mainstream management journal, *Administrative Science Quarterly*, did not publish any IB paper during 1991 through 2000 which cited the two key RBV papers. Therefore, it was not included in my analysis.
2. Inkpen and Beamish (1994, p. 710) found (1) that in *JIBS*'s 25 years of history (1970–94), 28% of the published papers were management papers broadly defined (including three categories, "management," "business policy," and "human resources"), followed by 18% in marketing and 16% each in economics and finance, and (2) that during 1990 through 1994, 40% of the *JIBS* publications were management papers. Chandy and Williams (1994, p. 718–719) examined all the articles cited by *JIBS* publications during 1984 through 1993, and found that 21% of these citations came from management journals, followed by 19% from IB, 11% each from economics and marketing, and 9% from finance. Most recently, *JIBS*'s editor estimated that 40% to 60% of the papers currently published in *JIBS* are management papers, which consist of the largest contributing discipline to the journal (Thomas Brewer, personal communication, December 13, 2000).
3. Thanks to Richard Moxon of the University of Washington, who shared the conference proceedings (which were later published in Toyne & Nigh, 1997) with me in 1992.
4. It is also interesting to note that among many leading business schools in North America (e.g., Illinois, Michigan, NYU, Ohio State, Washington, Western Ontario, Wharton), Europe (e.g., INSEAD, LBS), and Asia (e.g., CUHK, HKUST), strategy and IB groups are often housed in the same management department.

5. The other four fundamental questions are: (1) Why do firms differ? (2) How do firms behave? (3) How are strategy outcomes affected by strategy processes? and (4) What determines the scope of the firm? (Rumelt et al., 1994, p. 564).
6. While some RBV authors tried to make a distinction between "resources" and "capabilities" (e.g., Teece, Pisano & Shuen, 1997), "it is likely that they [these two terms] will become badly blurred in practice" (Barney, 2002, p. 157). Therefore, following Barney (2002), the terms "resources" and "capabilities" will be used interchangeably in this article.
7. The other two leading perspectives are institutional theory and TCE/agency theory (Hoskisson et al., 2000, p. 263).

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