Internationalization has become a buzzword over the past decade. However, Verdin and Van Heck observe that some firms expand internationally without appropriate reflection over the strategic implications of such a move – and in consequence unsatisfactory performance. In their words, “an atmosphere has been created in which a company does not need to explain why it is internationalizing, because ‘we all know how important and beneficial it is to be international’ ” (p. 19). They thus set out to provide a focus for systematic reflection for managers facing internationalization pressures or struggling with its consequences. The subtitle of this book outlines the objectives: ‘A Strategic Management Perspectives on Managing Internationalization’.

The book is rich in examples drawing on the authors’ extensive teaching and consultancy experience as well as teaching cases. In addition to the usual references, a list of cases is provided at the end of the book. The practical examples certainly strike a cord and relate the arguments to the readers’ own experiences. ISS, the worldwide-active Danish service company, not only struggled with its contracts in Aalborg (p.26), but this spring lost their contract with Copenhagen Business School following months of user complaints and arduous negotiations. A smaller local firm will henceforth clean this reviewer’s office, though they too rely non-Danish staff (but this form of internationalization is not considered in this book, nor to my knowledge elsewhere in the strategic management literature).

Yet does imply a failure of corporate strategy? Conversely one might argue, that ISS went international exactly because Danish corporate customers for a long time have outsourced cleaning services, while setting high demands to cleaning service providers. This pushed ISS to develop the capabilities that enabled them to operate successfully internationally. At this stage, however, new businesses abroad may be more attractive than trying to cover every segment of the home market. The loss of customers in a small home market is on its own not, as implied by the authors (p. 26), indication of a failed corporate strategy. In developing their arguments, the authors frequently argue on the basis of cases to support their argument. Yet, for an academic reader this approach raises more questions than it solves. The example-based argumentation contains occasional flawed logic, such as interpreting setbacks in one area as an indication of an overall failed strategy, or excessive generalization from single cases.

Chapter 1 starts out with slogans about internationalization, and challenges managers to rethink their motivations to go international. For many pages, the authors joggle with some of the more simplistic slogans heard by journalists and second-rate consultants, and ridicule them. Then they take turns with the common arguments for internationalization, and propose counter questions that managers ought to ask before engaging in international businesses. They review drivers of internationalization, including the internationalization of competitors (p. 39), entry of foreign competitors in the home market (p. 40), saturation of the home market (p. 42), following global clients (p. 44), need to establish operation in key markets (p. 7), need to access global clients (p. 50), born global (p. 51) and risk diversification (p. 53). The authors provide plenty of examples where simplistic views are flawed, and where critical reflection is necessary. They often draw on journalistic sources and seem blissfully unaware that strategic management scholars have discussed most of these issues more systematically. The main contribution of this chapter is to encourage managers to ask critical questions, yet without providing a framework to systematically analyze them.

Chapter 2 in contrast provides an original conceptual framework outlining the potential and the limitations of internationalization. The framework consists of three dimensions, cost advantages, network benefits and learning opportunities, and is named ‘CONLEARN’ framework. The benefits of internationalization arise from a variety of cost advantages (p.60-67)
and network benefits (p.68-71). The authors suggest to determine the optimal degree of internationalization in a graph with these two dimensions, considering the limits to which such benefits may be reached (p.77). It is however not clear to me how either of these dimensions ought to be measured, and how the ‘globalization limits’ ought to be determined. In particular, in dynamic contexts with continuous accumulation of human capital, all these variables change over time. The authors provide examples of firms who ‘overglobalized’, and point out that they exceeded the optimal point of internationalization. But to make this analytical tool useful, firm would have to be able to determine ex ante how far to expand internationally. However, as the dimensions are very vague, all that is possible is to classify firm who failed as ‘overglobalized’.

Chapter 3 addresses entry modes, and chapter 4 organizational structures. These discussions add some ideas to the standard discussion, notably the inclusion of network benefits in the assessment of alternative options. For instance, how does a particular mode such as acquisition help to build networks? Yet, the main benefit of these chapters may be to outline the broad range of alternative options.

On page 135 (of 188) the authors finally realize that internationalization is actually a dynamic process rather than a one-off decision. It is certainly unique that scholars write about internationalization and appear unaware of the extensive literature on internationalization processes in both European and North American international business research. The work by Johansen and Vahlne (1977) has triggered major research projects in particular in the Nordic countries (reviewed by the original authors in Johansen and Vahlne 1990). This ignorance is surprising as one of the authors claims an affiliation with Helsinki University of Technology, where he must have come across the related work in Finland that build on early contributions of Luostarinen (1979). Equally, North American scholars have analyzed issues of international entry and expansion, for instance by Root (1994), which is one of the few items in this literature that have been cited by the authors.

Chapter 4 is concerned with the implementation of internationalization strategies. The authors identify organizational structure and people as barriers to internationalization, and then discuss ways to overcome these barriers. In this they acknowledge the dynamic nature of internationalization as a process that gradually changes internal structures – and one would like to add resource endowments. Chapter 5 concludes by setting the internationalization decision in the context growth strategies and the global economy.

A prime task for a reviewer is to identify the audience for which this book would be interesting. The book appears to be directed primarily to MBA students who analyze internationalization decisions in a case-based teaching setting. The book contains a wealth of arguments that can be used in a discussion of the pertinent issues, although often on the level of consultant slogans. Yet, in reading the book one may also be reminded one of the drawbacks of the case learning method: the focus on one-off decision rather than understanding management as continuous process.

On the other hand, those looking for a systematic operational framework that helps to analyse the internationalization may find the book disappointing. For most of the JIBS audience, scholars of international business or strategic management, this book is unlikely to be of major scholarly interest. The case based approach of the authors however raises a wealth of issues related to internationalization, some of which have not been analysed in depth in the academic literature. PhD students looking for a research topic may thus find a ‘nugget’.

References


