# Article information:

An institution-based view of international business strategy: a focus on emerging economies | SpringerLink
<https://link.springer.com/article/10.1057/palgrave.jibs.8400377>

# Article summary:

1. The traditional industry- and resource-based views of international business strategy largely ignore the institutional context of competition among industries and firms.

2. Formal and informal institutions significantly shape the strategy and performance of firms in emerging economies, which has led to an increasing interest in institution-based views of IB strategy.

3. The institution-based view can be seen as one leg that helps sustain a "strategy tripod" alongside the industry- and resource-based views, and can shed light on how institutions matter in IB strategy research.

# Article rating:

May be slightly imbalanced: The article presents the information in a generally reliable way, but there are minor points of consideration that could be explored further or claims that are not fully backed by appropriate evidence. Some perspectives may also be omitted, and you are encouraged to use the research topics section to explore the topic further.

# Article analysis:

The article "An institution-based view of international business strategy: a focus on emerging economies" presents an argument for the emergence of an institution-based view of IB strategy, which complements the industry- and resource-based views. The authors argue that institutions matter in determining firm strategy and performance, especially in emerging economies where formal and informal institutions significantly shape the competitive landscape. The article draws on four diverse areas of substantive research to illustrate how the new institution-based view contributes to our understanding.

Overall, the article provides a compelling case for the importance of institutions in shaping firm strategy and performance in emerging economies. However, there are some potential biases and limitations to consider.

Firstly, the article focuses primarily on emerging economies, which may limit its generalizability to other contexts. While it is true that institutions matter in all contexts, their impact may vary depending on factors such as political stability, economic development, cultural norms, and legal frameworks.

Secondly, the article does not provide a clear definition or operationalization of what constitutes an institution. While it is acknowledged that institutions include both formal (e.g., laws, regulations) and informal (e.g., norms, values) elements, it is not clear how these elements interact or how they can be measured empirically.

Thirdly, the article assumes that institutions are exogenous factors that shape firm behavior. However, firms also have agency in shaping institutional environments through their actions and interactions with other actors. This dynamic relationship between firms and institutions is not fully explored in the article.

Fourthly, while the article provides examples of how an institution-based view can contribute to our understanding of specific phenomena (e.g., antidumping as entry barriers), it does not address potential counterarguments or alternative explanations for these phenomena. For example, while antidumping measures may be used as entry barriers by governments to protect domestic industries from foreign competition, they may also be justified on grounds of fair trade practices or preventing dumping activities by foreign firms.

Finally, while the article acknowledges that there are multiple perspectives on what drives firm strategy and performance in IB (e.g., industry- and resource-based views), it does not fully explore how these perspectives can be integrated or reconciled with an institution-based view. This may limit its usefulness for practitioners who need practical guidance on how to navigate complex institutional environments.

In conclusion, while the article provides valuable insights into the importance of institutions in shaping firm strategy and performance in emerging economies, there are some potential biases and limitations to consider. Future research should aim to address these limitations by providing clearer definitions of institutions, exploring dynamic relationships between firms and institutions, addressing potential counterarguments or alternative explanations for phenomena observed in empirical studies, and integrating different perspectives on IB strategy into a coherent framework for practice.

# Topics for further research:

* Dynamic relationship between firms and institutions in international business
* Alternative explanations for phenomena observed in emerging economies
* Integrating industry- and resource-based views with institution-based view in IB strategy
* Measuring formal and informal elements of institutions in empirical studies
* Agency of firms in shaping institutional environments in emerging economies
* Impact of institutions on firm strategy and performance in developed economies

# Report location:

<https://www.fullpicture.app/item/b2feae9bb68f69dcea12b83f4c85478d>