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SPECIAL ISSUE

STRATEGY-GOVERNANCE RELATIONSHIP IN INTERNATIONAL BUSINESS NETWORKS (IBN)

Deadline for submission: March 31, 2022

Description

International business networks have increasingly gained importance in the past decades as a multi-organizational governance form to efficiently coordinate complex goods or services in uncertain and competitive environments, and to create new knowledge to gain sustainable competitive advantage (Jones, Hesterly, & Borgatti, 1997; Provan & Kenis, 2008; Kano, 2018; Kano, Tsang, & Yeung, 2020). Governance structure, in terms of ownership rights, decision rights, and income rights, is the outcome of a complex interaction between each stakeholder's interests and the (changing) environment. Business environments are changing globally due to vast technological developments (e.g., ICT, robotics, blockchain), climate change, and (geo)political forces, to name a few. However, despite much advancement by scholars studying networks over the past three decades, there is a dearth of research on how networks function through strategizing and/or (re)configuring their relationships with for-profit firms, non-profit organizations, and a wider network of stakeholders (Dyer & Singh, 1998; Parkhe, 2011; Castañer & Oliveira, 2020; Yaqub, Sreckovic, Cliquet, Hendrikse, & Windsperger, 2020) in physical as well as digital ecosystems. Therefore, successful internationalization requires a dynamic strategy-governance alignment in intra- and interfirm networks (Henderson & Venkatraman, 1993; Milgrom & Roberts, 1995; Wolf & Egelhoff, 2001; Madhok, 2002).

Starting from the "structure follows strategy" point of view applied to international firms (e.g., Chandler, 1962; Egelhoff & Wolf, 2017), the main research focus of this Special Issue is to address the relationship between strategy and governance in international business networks (IBN). We welcome theoretical, conceptual, empirical, and case study papers from all areas in economics, management, and strategy that develop and apply leading theoretical perspectives and shed new insights on strategy-governance issues of various forms of IBN, such as international franchising networks, retail and service chains, cooperatives, joint ventures, strategic alliances, consortia, licensing, clusters, public-private partnerships, and digital networks.

Subject Coverage

Without imposing restrictions on the range of topics suitable for this Special Issue, we would encourage submissions that address but are not limited to the following topics:

- *International strategy-governance fit.* Alignment between strategy and governance is not only a requirement for the efficiency of internal networks of the multinational firm (Egelhoff & Wolf, 2017). International joint ventures, international cooperatives, international strategic alliances, and other forms of interfirm networks have to find the right strategy-governance fit to realize sustainable competitive advantage. For instance, firms pursuing a multinational strategy have to assign more decision and ownership rights to the foreign network partners to capture the local profit opportunities. Similarly, international franchise networks pursuing an adaptation/localization strategy have to align their strategy with the governance structure by using more decentralized decision-making and a higher percentage of franchised outlets.
- *Strategy-governance dynamics.* In a dynamic context, the relationship between strategy and governance of IBN is path-dependent (Teece, Rumelt, Dosi, & Winter, 1994). During the life cycle, IBN governance influences strategy by creating new organizational capabilities that lead to adjustments of the firm strategy (Helfat & Peteraf, 2003). For instance, the use of international master franchising results in upgrading of local market capabilities of the international franchise network and consequently increases the advantages of adaptation strategy, which in turn increases the tendency towards master franchising.
- *Knowledge transfer strategy and IBN governance.* A further dimension of an efficient governance structure of IBN is the alignment between knowledge attributes (tacit versus explicit knowledge), knowledge transfer strategy, and allocation of decision rights in IBN (Robinson & Stocken, 2013). For instance, decentralization of decision rights in international joint ventures and franchise networks requires high information-rich knowledge transfer mechanisms that enable the transfer of tacit knowledge from the headquarters to the foreign partners (Windsperger & Gorovaia, 2011), to efficiently use this knowledge in local decision making.
- *International location strategy and IBN governance.* In global value chains, IBN governance structure decisions (equity versus non-equity foreign operation modes) and location decisions are closely intertwined (Naruala, 2017). Efficient organization of the global value chain in different countries requires complementarity between location strategy and governance structure. For example, the use of joint ventures to exploit a location-specific advantage in a specific country may be more than compensated by its control cost disadvantages (Teece & Petricevic, 2018). Hence, the international location strategy and governance decision must be closely aligned and simultaneously determined (Kano, Tsang & Yeung, 2020).
- *De-internationalization strategy and IBN governance structure.* Voluntary or forced actions can reduce multinational companies' engagement in current cross-border operations (Benito & Welch, 1997). The question is which governance form should be chosen by the multinational company to support the de-internationalization strategy. For instance, the multinational company can switch to governance modes with lower ownership and decision control (e.g., from wholly-owned subsidiary to joint venture), switch from equity to non-equity control modes (e.g., from company-owned chain to franchising), or switch to a lower level of decision control within non-equity modes (e.g., from franchising to licensing).

We would encourage submissions that focus on the antecedents, dynamism, and/or consequences of such strategy-governance (mis)alignments in IBN by developing new theoretical perspectives and shedding new empirical insights. Studies that would focus on the strategy-governance permutations in de-internationalization contexts would grab even more attention than the international expansion (vertical as well as horizontal growth) contexts.

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