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Link to published version: http://dx.doi.org/10.1177/0309132516680756

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Geographies of Production III:
Economic Geographies of Management and International
Business

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Abstract

Within economic geography there has been a growing body of work that straddles the disciplinary boundaries of management studies and international business (IB) scholarship. Whilst this growing cross-disciplinary proximity may be related to increasing numbers of economic geographers being located in business and management schools, this report argues that it also corresponds to a growing fruitful and productive cross-disciplinary interest from both management studies and international business. It contends that there is growing epistemological and theoretical common ground between both these disciplines and economic geography which reflects a shift towards spatial thinking being increasingly evident in the empirical and conceptual concerns of management and IB scholars. The report reviews two major elements to this intersection within the recent economic geographical literature – what might be loosely be termed the ‘new management geography’ and a broad set work that brings together the thinking of economic geographers and IB scholarship concerned within firm internationalization.

Keywords: economic geography, management geography, management studies, international business; internationalization, transnational firms; global managers
1) Introduction

Whilst debates about interdisciplinarity are a perennial feature of economic geography (and indeed human geography more generally) (c.f. Wharf & Arias 2008), there has in recent years been a growing body of work in the sub-discipline that has self-identified as having shared theoretical or empirical concerns with management studies and international business (IB) scholarship. Economic geographers with diverse interests including global production networks (GPNs), service sector studies and evolutionary economic geography have all referenced commonalities with these ‘near neighbour’ disciplines (Murphy 2016). This increasing disciplinary proximity may reflect the growing number of economic geographers located within departments of business and management - a trend that is certainly evident in European and Australasian economic geography. However, it is also likely that it reflects increasingly common conceptual concerns around the nature of the changing global economy and transnational firms. Debates about the location of economic geography within higher education institutions notwithstanding (c.f. Howells & Bassant 2012) - and whether or not this poses a problem for the future of the sub-discipline - the purpose of this report is to assess the nature and scope of this recent and flourishing body of economic geographical work that has certainly more explicitly engaged with literatures in both management studies and international business than in previous decades.

In this respect, the report argues that there is an extremely fruitful and highly productive cross-disciplinary engagement developing that opens up significant new avenues for economic geographers to engage scholars from beyond human geography, and also makes an important contribution to theoretical and empirical debates that are well-established (and in fact are raging) in both management studies and international business. The key contention is that economic geographical work has long grappled with conceptual and theoretical issues around the spatiality of management and the nature of transnational organizations that are becoming the focus of emerging debates in both these disciplines. This is not to argue that the interaction is one-sided, however, since economic geographers are also actively benefiting from the insights of disciplines that have adopted a different epistemological lens in analysing the nature of, for example, firm internationalization or the role of international managers.

What follows is therefore organized into sections that examine different recent dimensions to these intersections with management studies and international business. The next section begins by considering two major strands to economic geographical work that has
engaged with key concerns in management studies. The first of these has sometimes attracted a loose label of the ‘new management geography’ (c.f. Schlunze et al 2012) and explicitly seeks to develop an interdisciplinary sub-field that straddles both disciplines. There is, however, a further identifiable strand to the interaction with management studies by economic geographers that is less clearly self-identifying, but which is no less important in its shared common objects of theory and empirical research with well-established bodies of work in management studies. This work has examined organizational change, ex-patriate and international managers and management practice, as well as managerial innovation and leadership from a geographical perspective in a variety of ways. The third part of the report then moves to consider how economic geography has begun to develop considerable common ground with the discipline of international business, where concerns about firm and industry internationalization dominate, but where longstanding differences in data and methodologies have begun to diminish as international business scholars and economic geographers find common conceptual and empirical interests. Finally, the report ends with some concluding thoughts as to how these developments may impact positively on the future of economic geography.

2) A New Management Geography?
Interest in the management studies literature within economic geography is far from new, with periodic forays into the territory of management studies identifiable in economic geography back to the literature of the 1980s. Perhaps most clearly, the development of the ‘Manchester school’ initiated by Peter Dicken’s mid-1980s first edition of Global Shift (1986) has always occupied common ground with the concerns of management theorists around how firms structure themselves internationally, how production is organized and the relationship between parent companies and subsidiaries. Whilst the legacy of this approach has, in some respects, been dominated by the global production network (GPN) approach discussed in past reports (Coe 2012; Jones 2016), other dimensions to economic geography have also flourished. In particular, through the 1990s and 2000s economic geographers have adopted a firm-level approach to understand the significance of a variety of core interests within management studies. These include, for example, the role of senior managers (Taylor & Oinas 2006), the nature of corporate culture (Schoenberger 1997) and the management of innovation (Gertler 2004).
However, these areas of intersection and overlap have become more explicit over the last five to ten years or so, with economic geographers engaging more explicitly and directly with the management studies literature and its key debates. If earlier antecedents focused less on what economic geographical thinking could contribute to this neighbouring discipline, then this has shifted towards an increasing prevalence of work that argues it has something important to contribute to debates on, for example, varieties of capitalism, communities of practice and corporate leadership (c.f Rodrik 2013; Bathelt & Cohendet 2014). Furthermore, a growing number of contributions have sought to frame themselves (albeit loosely) as part of a ‘new management geography’ developing firmly at the overlap of these debates between economic geography and management studies. Whilst not all this work would identify around this label, the engagement with management studies work across a range of topics, industry studies and theoretical contributions is evident. Here I suggest there are at least two distinct fields to this work.

2.1 Management Geographies of the Firm

The first field of work engaging more explicitly with management studies in economic geography focuses on the firm and the firm-level, although this itself has a range of different concerns reflecting the diverse interests of economic geographers. Building on broader work over the last decades on theories of the firm (Taylor & Oinas 2006), recent work around the nature of corporate decision making and strategy is very much apparent. Indeed, Suwala and Oinas (2012) go so far as to propose a fairly narrow definition of the new management geography as being specifically focused in this area. They suggest that the ‘new management geography’ can be understood as a subfield of corporate/business/enterprise geography which focuses on the nexus of decision making in the corporate world in a geographical perspective.’ (ibid.: 6) This is grounded in an argument for a geographical inflection to classical management theories of manager roles and function, and concerned with management decision-making. An economic geographical perspective might, they suggest, focus on the significance of roles such as location or expansion managers, interactive managers engaged in relational spaces or informational roles related to (globalised) cognitive spaces (ibid). This approach is certainly evident elsewhere in the literature. For example, Ianmarino and McGann (2013) reflect a move towards a view of firm-level locational decision making more closely aligned with the management studies’ approaches towards the multinational enterprise. Grounded in Casson’s (1987) work on MNE theory, Ianmarino and McGann (2013) develop a detailed engaged with how the geographical configuration of MNE
form and function is shifting in the context of ongoing contemporary globalization. Similarly, Strom and Schweizer (2011) seek to develop an understanding of spatial decision-making in firm internationalization, engaging critically with existing models (such as the Uppsala model) of firm expansion decisions within management studies and international business. Such an approach is further developed by Strom (2016) in considering several cases of firm expansion into East Asian emerging economies.

If firm-level decision making definitely represents a distinctive contribution at the interface of economic geography and management studies, in contrast to the argument of Suwala and Oinas, I would suggest it represents only one of several areas within the new management geography. A second that emerges from a substantial cross-disciplinary literature is innovation. The particular overlap here for economic geographers has occurred as work on regional and firm-level innovation has engaged with debates within management studies. Fitjar et al (2013), for example, seek to utilise both management theorists’ resource based view (RBV) towards innovation with the economic geographical literature’s concern for ‘local buzz’ and ‘global pipelines’ in the context of theories of regional innovation (see also Fitjar & Huber 2015). Using a Norwegian large firm survey, the contribution seeks to combine these approaches in a more specific cross-disciplinary fashion than much previous work in economic geography that refers to RBV theories. What emerges is a theorization of firm level innovation based on both on managerial attitudes and firm-level capabilities (ibid.: 515) which Fitjar et al argue ‘fills the gap’ between the respective literatures and disciplines. Such work is echoed elsewhere on global pipelines and local buzz, and has been evident in the trajectory of work within economic geography and innovation (Howells & Bassant 2012).

Other examples include Bathelt and Turi’s (2013) work which seeks to combine economic geographical debates around computer-mediated-communication (CMC) and face-to-face interaction with the broader innovation literature that overlaps extensively with management studies (as well as social psychology). In a related vein, Letaif and Rabeau (2013) provide an example of researchers working more within management and business studies but focusing on economic geographical concerns such as the effect of proximity on entrepreneurship.

A third identifiable thread within recent economic geographical work is that examining corporate culture and thinking which has engaged with the ‘varieties of capitalism’ literature as applied within management studies. Here I take the concept of this representing a new management (economic) geography more broadly since it overlaps with work focusing on relationality and practice discussed in my first report (Jones 2014). However, much firm-level work is increasingly engaging with mainstream management
studies debates on institutional context, corporate culture, internationalization, capitalist varieties and even cultural leadership (Bathelt & Gluckler 2014; Molina-Morales et al 2013). A good example is the work on professional service firms, with recent contributions on legal services seeking to engage in a conceptual dialogue with work within both IB and management studies on firm strategies for dealing with institutional complexity (Faulconbridge & Muzio 2015; 2016). Another is Hassink and Klaerding’s (2012) application of firm-level cultural attributes to debates about innovation and the learning region, arguing that rather than seeing regions as learning there is a need to look at the individual and organizational ‘learning spaces’ that underpin regional economic innovation. Such work merges arguments from relational economic geography with a range of literatures within management studies on innovation and learning. A final example would be other work on knowledge-intensive service industries which has similarly has sought to engage with debates beyond economic geography, linking sociological and management approaches to elite networks and their role in firm internationalization (Faulconbridge & Hall 2014; Hall 2015).

2.2 Geographies of the Global Manager

The second field of work I identify is more concerned with the level of the individual manager as an actor in the global economy. Within management studies, there is substantial literature that considers what qualities or behaviours make a good manager, the nature of managerial leadership and managerial practice (e.g. Helfat & Peteraf 2015; Storey 2016). Economic geographers have increasingly been posing spatially-informed theoretical and empirical questions to the ideas of these literatures, as well as developing in some cases distinctive geographical arguments that arguably address absences in the management studies literature. A first significant thread is work that has developed the concept of the ‘global’ or ‘hybrid’ manager as a key actor within transnational corporations (Schlunze 2012). Schlunze et al (2012)’s collection in this respect is a key anchoring intervention insofar as it includes several contributions exploring in a variety of ways how a spatially-informed theorization of managers within transnational firms are playing a central role in the nature of firm and industry internationalization (c.f. Alvstam 2012). Schlunze in particular develops here a theoretical basis for the global manager as a concept which parallels similar discussions in management studies (c.f. Javidan & Bowen 2013, Henson 2016; Lappe & Dorenbacher 2017). Foremost is the role that such key senior individuals have played and continue to play in both the strategy of TNCs and their capacity to successfully operate in new markets or national economies. Global managers are defined as senior individuals who have both an
international career (both in education and previous employment), and a role in transnationalization of corporate activity (c.f. Jones 2013). Schlunze (2012) tentatively proposed that some of these managers might be understood as hybrid managers, drawing on the intercultural communication literature within management studies (c.f. Samovar et al 2014). The concept identifies the way that certain key managers within TNCs are able to translate and mediate between the different cultural contexts that transnational firms have to negotiate in internationalizing operations or acquiring subsidiaries within new markets. However, the concept is relatively undeveloped in drawing on existing concepts of the hybrid firm and hybrid organizations (c.f. Miyamoto 2015; Schuette 2016) and economic geographical work is likely to be relatively sceptical towards simplistic ideas of hybridity which are fraught with challenges when applied to corporate cultures as much as national ones (not least in what ‘pure’ cultural attributes are being combined in a binary fashion).

The second focus of work on global managers relates to the way in which economic geographers have also engaged increasingly with the well–established literature within management studies (but drawing on anthropology) around communities of practice (Hughes et al 2013). Management theorists and the business practitioner literature make considerable use of Etienne Wenger’s concept (c.f. Wenger 1998) in relation to firms and corporate organisation, and this has led to various fruitful engagements and well-developed avenues of research on issues such as the development of knowledge communities within firms, professional communities of practices within certain industries and the nature of innovation within firms (e.g. Saint-Onge & Wallace 2012; Hislop 2013). Geographers however have for some time intersected with these debates as they develop spatial concepts and understanding of practice communities (Amin & Cohendet 2004), or how the ‘communities of practice’ concept might assist in understandings of firm internationalization (Bathelt & Cohendet 2014). This engagement has not been an uncritical one, resonating with critical interventions within management studies concerned with the nature of the concept of a community of practice and facilitated by the distinctive spatial imagination that geographical thinking can apply to practice communities in the firm, region or city context (Grabher & Ibert 2014; Liu et al 2013; Cole & Barbera-Tomas 2014).

Finally, there has also been growing interest within economic geographical work on managers with issues of leadership. There is a very substantial body of work within management studies concerned with this topic, and again it is not just within recent years that economic geographers have engaged with such work, but it is arguable there has been a more focused concern in recent work which has begun to think through questions of how spatiality
constitutes or impacts on leadership within transnationalising firms (Wood et al. 2016), and also presents significant challenges to some of the core concerns of the management literature. Examples include work that has considered how leadership capacities and practices are limited by the realities of large complex transnational corporate organizations (Alstam et al. 2014), how leadership interacts with urban and regional institutional contexts (Bathelt & Gluckler 2014) and also how the nature and form of mobilities of senior leaders is developing in the contemporary global economy (e.g. Plattner 2012; Ghani et al. 2013).

3) The Intersections of Economic Geography and International Business
My purpose in this report is not to argue that there is a clear distinction between work that might be described within a loose management (economic) geography and that which has engaged with international business (IB) scholarship since much of the work discussed already refers at least in part to that within IB as well as management studies. However, there are some clear differentiations in both the objects of study within IB that economic geographers have become increasingly interested in, and also the distinctive theoretical frameworks that IB scholarship contains. Until the last decade or so, there was also very little interaction or cross-fertilization between IB and economic geography reflecting clear epistemological and, to some extent, methodological differences (c.f. Johns et al. 2015; Johns 2016). IB has long been based on primarily quantitative approaches to larger firm and industry datasets making use of a positivist and hypothesis-testing approach to social scientific enquiry. It has also been more concerned with developing theoretical models and has had (at least until recently) less diversity in terms of the objects of both theoretical and empirical inquiry. In this respect, whilst it has long been evident that the disciplines share a common interest in the study of firms that transcend geographic space and have considerable scope for productive cross-fertilization, the disciplinary perspectives have differences in emphasis and contrasting strengths. IB scholars have developed a sophisticated understanding of the economic organization of a geographically dispersed enterprise across national economies (Cantwell 2009). In contrast, economic geographers have been less concerned to foreground the national (or multinational) as a key unit of analysis. However, at least two key threads of increasing proximity between these approaches are discernible in the recent literature.

Firstly, there has been an increasing dialogue and engagement between economic geographical work concerned with firm internationalization and global production networks,
and IB work that has been heavily influenced by the school of thinking around John Dunning (c.f. 2012; 2014). In particular there has been a growing use and geographically-informed debate with the legacy of Dunning’s widely used Ownership Location Internationalization (OLI) eclectic paradigm. For example, McCann (2011) seeks to merge economic geographical theories of knowledge and agglomeration to understand the significant of the knowledge content which is embedded in the transactions of (internationalizing) firms in a given regional or local environment. Such work brings together the considerable work on knowledge and proximity within economic geography and applies it to the OLI paradigm within IB in new and productive ways.

The need for this fertile cross-over is certainly recognised within the IB literature, which in part explains the growing degree of focused cross-disciplinary engagement. Various IB scholars (some working with economic geographers) have argued that both place and space remains relatively underdeveloped, (c.f. McCann & Mudambi, 2005; Beugelsdijk, Mudambi, & McCann, 2010). The key issue is that location (L) in IB is almost always conceptualized and operationalized at the country level given the dominant approach in the discipline to invoke the nation-state as the primary unit of analysis. Beugelsdijk and Mudambi (2014) thus argue that the main interest of economic geographers is the L (location) dimension of the eclectic paradigm that may be unpackaged into “place” and “space” This has led to the argument that the L of OLI can be better theorised by drawing on the work of geographers who ‘study the symbiotic relationship between firms and their regional environment’ (ibid.: 10). Part of this development is seen as attributable by Beugelsdijk and Mudambi (2014) as the contribution of the “relational turn” (see Jones 2014), although in fact it can be argued economic geographical work beyond this identifiable field has also contributed to such debates using regional systems theory (Massini & Miozzo 2012) or institutional theory (Bathelt & Gluckler 2014). The argument however is clear from an IB perspective: that approaching firm organization from both disciplines leads to ‘a fertile arena within which both IB and economic geography can jointly develop a more holistic understanding of economic activity dispersed across space’ (cf. Cantwell 2009; Iammarino & McCann, 2013).

However, and second, there is an emerging argument that an integration of theories from economic geography can lead to a more effective engagement with one an overarching ambition in IB: to develop ‘what Casson (1987: 1) once described as “a general theory of the enterprise in space.”’ (ibid.). Mudambi and McCann (2010) argue that in order to achieve this kind of generalised theory there is a need by IB scholars to recognise ‘the distinction
between spatial heterogeneity that arises in the subnational context and spatial discontinuities that arise at national borders’ (ibid.). There clear view, and that echoed by critiques by economic geographers of the IB approach (c.f. Strom 2016), is that IB scholarship does not currently effectively deal with this. They therefore argue for two developments in IB analysis which draw clearly on concepts and ideas in circulation within economic geography. The first is that ‘subnational spatial variation should be added to the analysis’ in a way that does not ‘ignore or downplay’ international spatial variation; the second is that borders should be conceptualised in a much more sophisticated spatial epistemology inasmuch as they ‘should be viewed as (discrete) discontinuities in space, so that they can be analysed in the same models with (continuous) subnational spatial heterogeneity’ (ibid.: 486). Such an approach would hardly appear unusual to economic geographers given the way that the spatialities of cross borders relations has been conceptualised (c.f. Berndt 2013), but for IB scholars this means moving away from the hegemonic “step function” approach used in the vast majority of IB studies, whereby subnational spatial heterogeneity is not considered as existing. Within economic geography, it is evident that this intersection is already emerging. Phelps & Fuller (2016), for example, seek to apply the ideas of evolutionary economic geography to existing IB theories of firm subsidiary development, addressing questions of firm inertia in national and sub-national spaces. Another good example is the work of Buckley et al (2015) on the use of offshore centres by emerging market MNEs in relation to FDI flows. Overall, it would appear that dialogue between IB and economic geography over what ‘a more generalised theory of enterprises in space’ might look like will develop further as interest grows in both disciplines in developing more sophisticated theories of corporate spatial heterogeneity (c. f Oliver 2015).

4) Conclusion
The aim of the report has been to map out the increasing overlap and interactions between management studies, international business and economic geography over the last few years. Whilst it is obviously true that economic geographers have drawn on theories within both disciplines for a several decades (although less so in the case of International Business), there has undoubtedly been a much more detailed and closer engagement in the recent literature. As suggested at the beginning of this report, this may in part be attributed to the growing numbers of economic geographers who are now located in business schools in the UK and
other European countries. However, whilst such a trend may well promote the desire (or even institutional ‘need’) for economic geographers to look to these disciplines, I would argue in concluding that this interaction is being driven by more than expediency or necessity. To a large extent, my contention is that the more fundamental motivation is conceptual and theoretical as both disciplines have become increasingly concerned with spatiality and the kinds of questions that have naturally interested economic geographers for longer. Equally, as also stated previously, this interaction is by no means one-way and economic geographers are making greater use of theoretical approaches developed in these other disciplines. Whilst economic geography’s interaction manifests itself differently for each discipline, it presents an enormous opportunity for fertile theoretical and empirical work to be undertaken across disciplinary boundaries. Some of the literature cited in this report bears witness to the fact that such collaboration is already happening, but it is clear there is considerably more scope.

Finally, therefore, I want to end with some reflection on what future directions in this cross-disciplinary field might look like and the key issues geographers and others should consider. Central, with respect to the engagement with management studies, is whether or not the loosely-defined ‘new management geography’ can develop into a more coherent and distinctive field that gains traction in both economic geography and management studies. In the case of the latter, the most productive area of work appears to be centred around the role of managers as key actors within and between transnational corporations and the nature of corporate globalization. In some respects, these topics appear relatively easy for scholars to pursue through an interdisciplinary approach insofar as work in both economic geography and management studies often makes use of similar research designs and methodologies, with differences being more related to the kind of research questions asked. This still contrasts a little with the relationship between economic geography and international business where the latter has been more reliant on specific methodological stances and theoretical paradigms that have historically had limited traction in economic geography. It is however through the mutual engagement of scholars in both disciplines that the work discussed in this report has begun move beyond these differences to develop a critically-engaged and productive contribution to the key debates around the nature of firm internationalisation. In this respect, this report has hopefully provided insight into an engagement by economic geographers with two other closely-related disciplines that in many respects would appear to be long overdue.

5) References


