University of Reading

Rethinking intrapreneurship in the established MNE

Article

Published Version

Creative Commons: Attribution-Noncommercial-No Derivative Works 4.0

Open Access

Verbeke, A. and Yuan, W. ORCID: https://orcid.org/0000-0001-6732-6089 (2022) Rethinking intrapreneurship in the established MNE. Global Strategy Journal, 12 (4). pp. 738-758. ISSN 2042-5805 doi: 10.1002/gsj.1461 Available at https://centaur.reading.ac.uk/107235/

It is advisable to refer to the publisher's version if you intend to cite from the work. See Guidance on citing.

To link to this article DOI: http://dx.doi.org/10.1002/gsj.1461

Publisher: Wiley for the Strategic Management Society

All outputs in CentAUR are protected by Intellectual Property Rights law, including copyright law. Copyright and IPR is retained by the creators or other copyright holders. Terms and conditions for use of this material are defined in the End User Agreement.

www.reading.ac.uk/centaur

CentAUR

Central Archive at the University of Reading

University of Reading

Reading's research outputs online

Check for updates

Received: 21 February 2022 | Revised: 1 August 2022 | Accepted: 2 August 2022

DOI: 10.1002/gsj.1461

SPECIAL ISSUE ARTICLE

GLOBAL STRATEGY JOURNAL WILEY

Rethinking intrapreneurship in the established MNE

Alain Verbeke[1,2,3] | **Wenlong Yuan**[4]

[1]University of Calgary, Calgary, Alberta, Canada

[2]Henley Business School, University of Reading, Reading, UK

[3]Solvay Business School, Vrije Universiteit Brussel, Brussels, Belgium

[4]Stu Clark Chair in Entrepreneurship and Innovation, Asper School of Business, University of Manitoba, Winnipeg, Manitoba, Canada

Correspondence
Alain Verbeke, University of Calgary, Calgary, Alberta, T2N 1N4, Canada.
Email: alain.verbeke@haskayne.ucalgary.ca

Abstract

Research Summary: We show significant variation in the ways mainstream international business strategy (IBS) theories have addressed the discovery and pursuit of entrepreneurial opportunities in the established multinational enterprise (MNE). We adopt an extended "individual—opportunity nexus" perspective and suggest a fourfold repositioning of IBS research on MNE intrapreneurship. First, by acknowledging opportunities in activity types not historically considered as the subject of intrapreneurship, such as imposed resource reconfigurations as well as acquisitions and divestitures. Second, by paying more attention to how bundles of opportunities emerge over time, and to their sequence. Third, by recognizing more systematically different opportunity types, ranging from incremental to radical. Fourth, by analyzing more thoroughly the origins of opportunities, including those that arise from MNE weaknesses.

Managerial Summary: International business strategy (IBS) theories can help managers in multinational enterprises (MNEs) to better understand the unfolding of intrapreneurship. First, business decisions typically considered as merely cost-driven, including resource reconfigurations, acquisitions, and divestitures, can involve major intrapreneurial opportunities. Second, opportunities do not just appear randomly and in

This is an open access article under the terms of the Creative Commons Attribution-NonCommercial-NoDerivs License, which permits use and distribution in any medium, provided the original work is properly cited, the use is non-commercial and no modifications or adaptations are made.
© 2022 The Authors. *Global Strategy Journal* published by John Wiley & Sons Ltd on behalf of Strategic Management Society.

20425805, 0, Downloaded from https://onlinelibrary.wiley.com/doi/10.1002/gsj.1461 by University of Reading, Wiley Online Library on [26/10/2022]. See the Terms and Conditions (https://onlinelibrary.wiley.com/terms-and-conditions) on Wiley Online Library for rules of use; OA articles are governed by the applicable Creative Commons License

isolation: it is typically bundles of opportunities that emerge over time and in a particular sequence, and these bundles are closely intertwined with the MNE's own strategy that may unearth these opportunities. Third, MNE executives need to recognize more systematically different opportunity types, ranging from incremental to radical because each will require different managerial practices. Fourth, it is not only an MNE's strengths but also its weaknesses that can drive intrapreneurial action.

KEYWORDS

entrepreneurship, individual—opportunity nexus, international business strategy, intrapreneurship, opportunity discovery

1 | INTRODUCTION

The established multinational enterprise (MNE) relies on processes of creative resource bundling to grow its international activities and to achieve competitive advantage across borders. Assuming efficient governance, creative resource bundling reflects intrapreneurship in the established firm. It is at the heart of contemporary, practice-oriented scholarship in international business strategy (IBS) (Verbeke & Lee, 2021). Intrapreneurship describes entrepreneurial behaviors in and around established companies, especially in the realm of changing the MNE's strategy domain and the related resource configurations. In this article, we use the concepts intrapreneurship and entrepreneurship interchangeably, except when outside actors are referred to, and when the concept of intrapreneurship does not cover fully the behaviors analyzed.

Scholarly work from the international entrepreneurship literature (e.g., Keupp & Gassmann, 2009; Oviatt & McDougall, 2005; Reuber, Knight, Liesch, & Zhou, 2018; Verbeke & Ciravegna, 2018) has suggested that mainstream IBS theories in their seminal formulation, may not have devoted sufficient attention to the entrepreneurial dimension. The mainstream IBS theories that emerged in the 1960s and were further developed in the decades following, are sometimes viewed as appropriate mainly for analysis of traditional (resource-exploiting) cross-border activities and not fully equipped to describe and explain behavior of the internationally operating firm in the 21st century (e.g., Keupp & Gassmann, 2009; Mathews & Zander, 2007; Oviatt & McDougall, 2005). To quote one classic example of this criticism, Oviatt and McDougall (2005, p. 540) argued that: "the Uppsala Model is focused on traditional cross-border behavior, not on accelerated internationalization or on entrepreneurial behavior." We will assess this type of judgment in the present article and across a spectrum of IBS theories.

IBS theories have evolved from being discipline-based to incorporate a wide variety of entrepreneurial behaviors, as identified by mainstream strategy scholars, such as local responsiveness (Prahalad & Doz, 1981), worldwide learning (Bartlett & Ghoshal, 1989), and the mobilizing of resources to address market opportunities (Teece, 2014). A few scholars have discussed IBS theories in the context of international new ventures (e.g., Mudambi & Zahra, 2007), but there has

20425805, 0, Downloaded from https://onlinelibrary.wiley.com/doi/10.1002/gsj.1461 by University of Reading, Wiley Online Library on [26/10/2022]. See the Terms and Conditions (https://onlinelibrary.wiley.com/terms-and-conditions) on Wiley Online Library for rules of use; OA articles are governed by the applicable Creative Commons License

20425805, 0, Downloaded from https://onlinelibrary.wiley.com/doi/10.1002/gsj.1461 by University of Reading, Wiley Online Library on [26/10/2022]. See the Terms and Conditions (https://onlinelibrary.wiley.com/terms-and-conditions) on Wiley Online Library for rules of use; OA articles are governed by the applicable Creative Commons License

not been a systematic assessment of these theories' capacity to describe and explain entrepreneurial behavior in the established MNE. One way to conduct such a systematic assessment is to analyze whether IBS theories address the same key dimensions of entrepreneurship as recognized in general entrepreneurship research.

In this article, we perform such a systematic assessment, relying on the "individual—opportunity nexus" perspective (Shane & Venkataraman, 2000), which has been particularly influential in the entrepreneurship literature. The IBS theories and concepts we discuss include MNE monopolistic advantage theory (Hymer, 1960, published in 1976); the liability of foreignness concept (Zaheer, 1995); the Uppsala model (Johanson & Vahlne, 1977, 2009); internalization theory (Benito, Petersen, & Welch, 2009; Buckley & Casson, 1976; Hennart, 1982; Narula, Asmussen, Chi, & Kundu, 2019; Narula & Verbeke, 2015; Rugman, 1981; Rugman & Verbeke, 1992, 2003, 2004); the eclectic paradigm (Dunning, 1980, 1988, 1995); and IBS theories derived from mainstream strategy thinking (e.g., Bartlett & Ghoshal, 1989; Prahalad & Doz, 1981; Teece, 2014). Our assessment suggests that mainstream IBS theories and concepts do capture intrapreneurial behavior in the MNE and exhibit significant overlap with the "individual—opportunity nexus" perspective but could be made even more relevant through redefining at the margin the scope of MNE intrapreneurship. There is much more to MNE intrapreneurship than just selecting a foreign entry or operating mode, and later on pursuing initiatives in subsidiaries. For instance, the distinct interdependences with several parties supporting or hindering opportunity discovery and pursuit in foreign markets must be considered, including entry mode partners, customers and incumbent lead firms. In this context, we review insightful work published in *Global Strategy Journal* (*GSJ*) on MNE intrapreneurship. Our review highlights areas of promising repositioning to guide future IBS research.

2 | THE "INDIVIDUAL—OPPORTUNITY NEXUS" AND ITS EXTENSION TO MNE INTRAPRENEURSHIP

An influential stream of research on opportunities in entrepreneurship defines the field as "the nexus of two phenomena: the presence of lucrative opportunities and the presence of enterprising individuals" (Shane & Venkataraman, 2000, p. 218), with these opportunities defined as: "those situations in which new goods, services, raw materials, and organizing methods can be introduced and sold at greater than their cost of production" (Shane & Venkataraman, 2000, p. 220). Entrepreneurship demands identifying (or discovering) and then pursuing new means–ends relationships (Shane, 2012; Shane & Venkataraman, 2000).

The international entrepreneurship stream associated with IBS research has embraced explicitly this "individual—opportunity nexus" perspective (e.g., Oviatt & McDougall, 2005). But the unique context of IBS has often led to a field-specific approach in addressing the nexus. First, opportunity in the entrepreneurship literature tends to focus on introducing new products, services, ways of organizing (managerial practices), and inputs through creative resource combination (e.g., Shane, 2012). The IBS literature, in contrast, focuses first and foremost on cross-border market opportunities and international market entries, while devoting comparatively less attention to other types of opportunities such as those involving new managerial practices (Reuber et al., 2018). Perhaps more importantly, the MNE context wherein differences among locations are critical to strategy, suggests ways of managing opportunities not explicitly considered in the entrepreneurship literature. For instance, international opportunities can be discovered in a host environment but may then first need to be pursued across borders in

another locus (that of the regional or global head office). IBS research may thus indeed focus mainly on answering the question: "*where* are the market opportunities located?," but this "where" question is multilayered in the MNE context and can yield different answers for cross-border discovery versus pursuit.

Second, the "individual" component in the "individual—opportunity nexus" can involve analysis mainly of microlevel actors functioning within the MNE (meaning that the entrepreneurial process is internalized), but it may also include actors residing outside of the MNE (meaning that the process is partially externalized), thereby reflecting active opportunity co-discovery and co-engagement by the MNE and a variety of other partners. In the MNE context, the roles of internal and external actors in discovering and pursuing opportunities can be strongly affected by the non-location boundedness of the firm's own intrapreneurial capacity and by the national economic and institutional contexts where it operates. Both elements will affect the level of complementary resources needed from outside actors in the entrepreneurial process. The specific "individuals" discovering and pursuing opportunities can thus vary substantially across the MNE's operations and the types of strategic decisions involved.

Furthermore, the "individual" component associated with international opportunities can focus on the role of individuals, but sometimes it is geographically dispersed organizational units, or the firm in its entirety, or even broader institutional fields that matter most. Multiple players are typically involved in MNE intrapreneurship with their roles depending upon several factors, such as their autonomy, intrinsic motivation, and network relationships (Mudambi, Mudambi, & Navarra, 2007; Reuber et al., 2018). Much of the scholarly presentation of intrapreneurial elements involving MNEs has out of necessity (given the scale and spatial footprint of the organizations involved), focused on the firm- or unit-level, even though IBS-scholars, especially those using qualitative data and survey data, can often retrace the intrapreneurial decisions made and actions undertaken, to the key individuals involved such as the firm's owners, the chief executive officer (CEO), or subsidiary initiative champions. Here, the convenience of simplified pedagogical exposition in scholarly outlets should not be confused with absence of knowledge or insight about individuals' behavior.

When outside parties are actively involved, this suggests that novel resource combinations can materialize through entrepreneurial actions coordinated with, for instance, joint venture or alliance partners (e.g., Sun, Deng, & Wright, 2021) or global platform contributors (e.g., Nambisan, Zahra, & Luo, 2019). The IBS literature has long recognized the contribution of local firms and a variety of other network partners in identifying and facilitating the pursuit of new entry and growth opportunities. These local partners have traditionally included suppliers, distributors, customers, research institutions and actors with host country institutional knowledge and relationships, but recent research has also emphasized the importance of local start-ups as instrumental to experimenting, and to identifying new businesses (Cano-Kollmann, Hannigan, & Mudambi, 2018; Hill & Mudambi, 2010). Employees not only orchestrate the activities of individuals working in other firms within the MNE's production network to achieve higher overall value creation and value capture by the MNE, but they can also co-create new opportunities through crafting market contracts that include a substantial relational and entrepreneurial-expectation component (Verbeke, Hutzschenreuter, & Pyasi, 2021). Established MNEs entering into contracts should therefore not be considered as divorcing themselves from entrepreneurial behavior or even as possibly stymieing such behavior. Contracts can operate as instruments to create and govern entrepreneurial space. Contracting can be entrepreneurship!

In addition to the IBS field having the capacity to provide extensions to the two critical components of entrepreneurship, as described above, there is a third potential contribution to

20425805, 0, Downloaded from https://onlinelibrary.wiley.com/doi/10.1002/gsj.1461 by University of Reading, Wiley Online Library on [26/10/2022]. See the Terms and Conditions (https://onlinelibrary.wiley.com/terms-and-conditions) on Wiley Online Library for rules of use; OA articles are governed by the applicable Creative Commons License

the "individual—opportunity nexus" perspective, namely in the realm of new means–ends relationships. Shane (2012, p. 18) explains that resource bundling, whether in the realm of new markets, products, processes, ways of organizing, and sources of supply: "can represent a fundamentally new means–ends relationship or a slight modification of an existing one." Opportunities thus vary, ranging from those that entail incremental innovation to those involving Schumpeterian change. This variation implies differences in scale and complexity as regards the requisite resource combinations that entrepreneurs must achieve as they discover and pursue these opportunities. All else being equal, the IBS-context makes the variety in possible changes in means–ends relationships much greater than found in domestic contexts.

We have suggested above that the "individual—opportunity nexus" has some specificities when applied to the IBS field, see Figure 1. The horizontal axis in Figure 1 refers to the status of entrepreneurial actors (ranging from a single individual to more aggregate levels such as the firm-level) in IBS-theorizing. On the left-hand side, only inside actors are relevant. On the right-hand side, we use the notion "outside of MNE" as a distinct category of entrepreneurial actors recognized in IBS-theorizing, while acknowledging that this category always implicitly assumes the simultaneous contribution of actors inside the MNE.

The vertical axis of Figure 1 describes the nature of the involvement of entrepreneurial actors with international opportunities in IBS theorizing. This involvement can be reduced to engagement only (bottom of Figure 1) or cover both discovery and engagement (top of Figure 1). Discovery is mainly about how actors recognize and interpret the presence of opportunities, whereas engagement (or pursuit) refers to the traditional IBS approach which focuses mainly on evaluating and exploiting international opportunities. IBS theories were often designed to explain MNEs' initial international expansion behaviors, at the bottom of Figure 1, but have in some cases been extended during the past 20 years to include opportunity discovery. We use the notion of "discovery and engagement" on the vertical axis of Figure 1 to reflect this evolution.

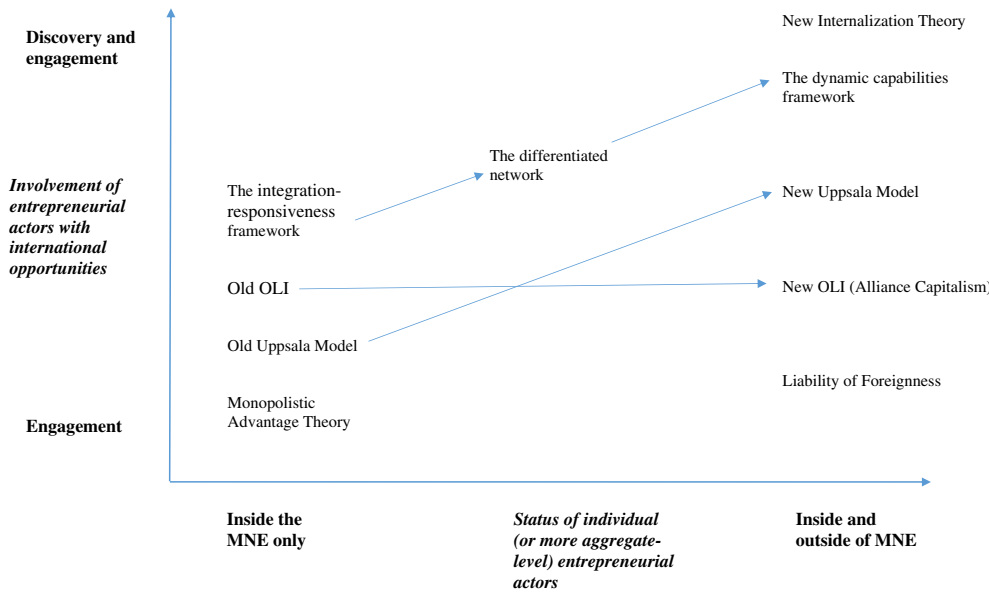

FIGURE 1 The extended "individual—opportunity nexus" perspective in mainstream IBS theories on the established MNE

20425805, 0, Downloaded from https://onlinelibrary.wiley.com/doi/10.1002/gsj.1461 by University of Reading, Wiley Online Library on [26/10/2022]. See the Terms and Conditions (https://onlinelibrary.wiley.com/terms-and-conditions) on Wiley Online Library for rules of use; OA articles are governed by the applicable Creative Commons License

We now turn to using this framework in Figure 1 to position mainstream IBS theories. What constitutes mainstream IBS theories has been discussed, inter alia, in Forsgren's (2013) book and in an analysis by Luo (2015) that includes an uncommonly large number of theories. Forsgren presents six core theoretical perspectives in IBS, including Hymer's theory of FDI, internalization theory, the organizational capabilities perspective, contingency theory, network theory, and institutionalization theory. In contrast, Luo (2015) includes 25 theories and perspectives, but some of the supposed theoretical perspectives represent research streams (e.g., MNEs in emerging markets and emerging market MNEs) rather than well-defined conceptual frameworks. Based on these two lists, we selected IBS theories/concepts that do pay at least some attention to entrepreneurial elements, and we excluded those that largely neglect creative resource recombination across borders and the actors involved in these processes. Examples of the theories excluded from the assessment are the product life cycle theory (Vernon, 1966) and the knowledge-based perspective (Kogut & Zander, 1993).

3 | ASSESSMENT OF MAINSTREAM IBS APPROACHES FROM THE EXTENDED "INDIVIDUAL—OPPORTUNITY NEXUS" PERSPECTIVE

We apply the extended "individual—opportunity nexus" framework to assess the extent to which entrepreneurship components are included in the logic of each conceptual approach. Figure 1 provides a summary of the analysis. In the following, we first provide a brief overview of each theory, followed by our interpretation of the presence or absence of specific entrepreneurial dimensions. We start with the economics-based theory of MNE monopolistic advantage, which was written in 1960 and is therefore the oldest of the mainstream theories considered.

3.1 | Engaging with opportunities: Discipline-based theories of the established MNE

IBS theories have been strongly influenced by theoretical developments in economics and sociology. *MNE monopolistic advantage theory* developed by Stephen Hymer (1960, published in 1976) replaced the prevailing portfolio investment theory perspective in IBS from the 1950s. The latter tried to explain FDI with parameters at the macro-level, such as taking advantage of differences in interest rates. Portfolio investment theory assumes competitive markets, efficient information diffusion, and costless transactions. However, Hymer argued that if every firm had access to similar resources in the host country in a competitive market as suggested by portfolio investment theory, foreign firms would bear significant disadvantages because of their lack of local knowledge, and FDI would therefore be limited, a prediction which flew in the face of trends showing growth in FDI. For Hymer, the question was why FDI would still occur, given the additional costs of doing business abroad.

Hymer reasoned that firms expanding internationally must possess some special abilities, in the form of patented technology, managerial skills, economies of scale, and market power, to overcome the disadvantages of operating in a foreign market and counteract local firms' advantages. These special advantages would be developed in the home country and would be transferred to foreign affiliates.

Hymers's monopolistic advantage theory is therefore positioned in the bottom-left corner of Figure 1. Hymer emphasized engagement with opportunities abroad, and especially

20425805, 0, Downloaded from https://onlinelibrary.wiley.com/doi/10.1002/gsj.1461 by University of Reading, Wiley Online Library on [26/10/2022]. See the Terms and Conditions (https://onlinelibrary.wiley.com/terms-and-conditions) on Wiley Online Library for rules of use; OA articles are governed by the applicable Creative Commons License

firm-specific-advantages' (FSAs) exploitation by the MNE. He did not articulate in any detail how FSAs would be combined with other resources in foreign markets, even though a new market entry with existing FSAs almost de facto requires a new resource combination. In Hymer's work, international market opportunities were assumed either to exist or to have been discovered already, so the strategy challenge was to look for approaches and resources to overcome barriers to engagement with these opportunities. Hymer's perspective largely neglected opportunity discovery. As a pioneer of systematic analysis of FDI at the firm level, Hymer's MNE monopolistic advantage theory adopted the MNE as the unit of analysis, with the MNE presumably standing in for a number of intrapreneurs working inside the company.

3.1.1 | The liability of foreignness concept

A second influential perspective on the pursuit of opportunities is the liability of foreignness concept, informed by sociological theory. Ever since Hymer (1960, published in 1976) proposed that foreign firms face additional costs of doing business abroad because of their unfamiliarity with the host country as compared with local firms, the presence of such liability has been a key assumption in MNE theories (Buckley & Casson, 1976). These additional costs can arise from spatial distance (e.g., transportation costs and coordination costs), unfamiliarity with the local environment, the lack of legitimacy in the host country, and features of the home country's institutional environment (Zaheer, 1995). Subsequent extensions noted other sources of additional costs (e.g., the host country regulatory environment, Mezias, 2002), as well as other "locational scales" than the country level (Sofka & Zimmermann, 2008).

To overcome the liability of foreignness, IBS scholars have proposed various mechanisms, including transferring FSAs to foreign affiliates, mimicking local firms' advantages (Zaheer, 1995), and using an arsenal of both defensive and proactive governance mechanisms (Luo, Shenkar, & Nyaw, 2002). Early discussions of such mechanisms were limited to parameters within the MNE boundaries, but Luo et al. (2002) paid special attention to contracts and local networking (e.g., Guanxi). Contracts with buyers, suppliers, distributors, alliance partners, and other business stakeholders can safeguard foreign affiliates against local disturbances, and local networking can shorten the distance to local customers, reduce institutional uncertainty, and enhance the MNE's adaptation to social norms. The liability of foreignness concept has acknowledged a broad range of actors instrumental to MNEs' entrepreneurial behaviors and various forms of resource recombination.

We can position the liability of foreignness in the bottom-right corner of Figure 1. This concept emphasizes resource recombination inside the MNE and between the MNE and other actors, to overcome barriers to pursuing opportunities. Opportunities and barriers to doing business internationally "co-exist" in the liability of foreignness approach. A pre-requisite for FDI is that FSAs need at minimum to compensate for the liability of foreignness. There is, however, only scant discussion about how particular opportunities in international markets were "discovered" and how particular markets were selected as desirable locations.

3.1.2 | The Uppsala internationalization process model

The "old" Uppsala internationalization process model developed by Johanson and Vahlne (1977), extended thinking in marketing and observed two expansion patterns of Swedish firms. First, these companies often started with exporting, then contracted with intermediaries,

20425805, 0, Downloaded from https://onlinelibrary.wiley.com/doi/10.1002/gsj.1461 by University of Reading, Wiley Online Library on [26/10/2022]. See the Terms and Conditions (https://onlinelibrary.wiley.com/terms-and-conditions) on Wiley Online Library for rules of use; OA articles are governed by the applicable Creative Commons License

subsequently set up their own sales affiliates, and finally established manufacturing plants as sales grew. This gradual internationalization pattern was labeled as the establishment chain. Second, these companies often targeted foreign markets with low psychic distance at the early internationalization stage and entered markets with higher psychic distance at later stages.

To explain these observations, Johanson and Vahlne assumed that the absence of knowledge about foreign markets was the major barrier to internationalization. Local experience builds knowledge about foreign markets, and new knowledge influences firms' commitment, which in turn stimulates more learning. The role of new knowledge creation and resource recombination in the internationalization pattern of the MNE largely mirrors the contemporary entrepreneurship perspective.

Focusing on the MNE as the main decision-maker, the "old" Uppsala internationalization process model has a strong orientation toward risk reduction and risk management in new and unknown markets. Johanson and Vahlne (1977) did refer to "opportunity" at the time, with statements such as: "An important aspect of experiential knowledge is that it provides the framework for perceiving and formulating opportunities. On the basis of objective knowledge, it is possible to formulate only theoretical opportunities, experiential knowledge makes it possible to perceive 'concrete' opportunities—to have a 'feeling' about how they fit into present and future activities" (Johanson and Vahlne, 1977, p. 27).

The authors thus linked experiential knowledge with discovering opportunities, but the key focus remained on engaging with opportunities through incremental internationalization, thereby permitting the reduction of the liability of foreignness. We therefore also positioned the "old" Uppsala model towards the bottom-left of Figure 1 but placed it higher than monopolistic advantage theory.

Subsequently, Johanson and Vahlne developed a "*new*" *Uppsala model* to incorporate theoretical advances and new business practices (Johanson & Vahlne, 2009). They introduced the "liability of outsidership" concept as well as the "relationship development process." The absence of foreign market knowledge was viewed as a consequence of not occupying an established position in a host country business network (i.e., outsidership). The higher the distance between a firm's current business network and the corresponding foreign network, the more the firm will experience liabilities of outsidership. Therefore, internationalization is the process of transforming outsidership into insidership in the foreign business network. The attention in the "new" Uppsala model also shifted from processes and decision-making inside the MNE to building relationships with suppliers, customers, and other actors in the business network. The scope of relevant actors was expanded to include partners outside of the MNE, along the horizontal axis in Figure 1.

The entrepreneurship and opportunity elements feature prominently in the "new" Uppsala model. For Johanson and Vahlne, experience and new knowledge accumulate thanks to ongoing business activities, but these same activities also facilitate opportunity recognition. Moreover, a distinctive feature of the model is Johanson and Vahlne's belief that small steps and successive commitments can reduce the risks associated with new (explorative) activities. Here, ongoing business activities in the market may breed new activities, with the discovery and engagement with opportunities strongly interconnected (Johanson & Vahlne, 2009, p. 1420).

We positioned the "new" Uppsala model on the right-hand side in Figure 1, because the relevant actors exhibiting entrepreneurial behavior were expanded significantly as compared with the initial model, to include alliance partners and other network participants in the host market. These actors are instrumental to the MNE becoming an "insider." We also placed the model much higher on the vertical axis of Figure 1, because of the now more balanced focus on discovery and pursuit of opportunities.

20425805, 0, Downloaded from https://onlinelibrary.wiley.com/doi/10.1002/gsj.1461 by University of Reading, Wiley Online Library on [26/10/2022]. See the Terms and Conditions (https://onlinelibrary.wiley.com/terms-and-conditions) on Wiley Online Library for rules of use; OA articles are governed by the applicable Creative Commons License

3.1.3 | Internalization theory

Classic internalization theory, including the work of scholars such as Buckley and Casson (1976), Hennart (1982), and Rugman (1981), views the existence of the MNE as a response to the relative inefficiency of market contracts for cross-border value-added activities. If imperfect information and bounded rationality create significant transaction costs for both buyers and sellers in international markets, firms will seek to internalize economic activities. For intermediate products such as technological knowledge, the transaction costs associated with external markets can be very high for both sellers and buyers because of difficulties associated with drafting, monitoring and enforcing contracts. In contrast, internalization—with the MNE operating as an internal market to develop and transfer knowledge—offers benefits relative to external markets, such as the capacity to: (a) avoid undesirable knowledge transfers of difficult-to-protect knowledge; (b) overcome uncertainties as to the timing of new technology development (and related delays and costs); (c) achieve internal economies of scale and scope; (d) engage in unified co-ordination and control of all foreign operations; (e) secure reliable sourcing of primary and intermediate inputs. For MNEs to arise, the net value of internalization must be higher than what can be achieved via markets.

Some classic internalization theory work does discuss subject matter such as the bundling of complementary assets (Hennart, 1988, 2009), but the core theme remains efficient governance design and explaining why the MNE might choose to organize cross-border transactions internally rather than via the external market (or vice versa), with relatively little attention paid to the micro-level detail of processes of entrepreneurial resource recombination. Because of the relative absence of a focus on opportunity recognition and engagement, we did not position classic internalization theory in Figure 1.

However, *new internalization theory*, although building upon the foundations of the early transaction economics approach of Rugman (1981), was expanded to explicitly address strategic management issues in MNE functioning (see Benito et al., 2009; Narula et al., 2019; Narula & Verbeke, 2015; Rugman & Verbeke, 1992, 2003, 2004). New internalization theory integrates both transaction cost and resource-based view components, and highlights how FSAs, country specific advantages (CSAs), and internalization advantages together determine what constitutes efficient MNE governance. The MNE is assumed to prefer comparatively more efficient governance mechanisms to develop, exploit, and enhance FSAs across borders.

An additional core theme in new internalization theory is the dynamics of resource combination, whereby entrepreneurial judgment features prominently. The theory considers both macro-level institutional characteristics of home and host countries, and micro-level elements such as the MNE's FSA reservoir, including FSAs arising from prior investments and from accumulated managerial experience. Narula and Verbeke (2015, p. 1615) propose:

> "bundles of CSAs and FSAs as a starting point for the analysis, but with [the] combination of international business opportunities and the MNE's resources reservoir, subjected to a dual Coasean and Penrosean assessment, leading ultimately to an appropriate level of entrepreneurial resource orchestration that will in turn affect both business opportunities and the firm's resource reservoir in the next period."

In addition, for new resource combinations to be successful, this may require complementary resources of external actors, such as joint venture partners, technology providers, and licensees. The resource base from these external actors then becomes a critical ingredient for the MNE, to be bundled with its extant knowledge to produce goods and services (Verbeke & Yuan, 2010).

20425805, 0, Downloaded from https://onlinelibrary.wiley.com/doi/10.1002/gsj.1461 by University of Reading, Wiley Online Library on [26/10/2022]. See the Terms and Conditions (https://onlinelibrary.wiley.com/terms-and-conditions) on Wiley Online Library for rules of use; OA articles are governed by the applicable Creative Commons License

Internalization theory has thus evolved from having a rather narrow focus—at least as far as empirical applications were concerned—on protecting and exploiting FSAs in international expansion through efficient governance (classic version), to FSA rejuvenation. The latter occurs through creative resource recombination involving extant non-location-bound FSAs (i.e., FSAs which can be transferred abroad and exploited in foreign operations at low marginal costs, see Rugman & Verbeke, 2001), location advantages of home and host environments, and resources held by foreign partners.

The pursuit of opportunities clearly has a prominent place in new internalization theory. The main goal of MNE governance mechanisms is argued to: "protect, extend, geographically deploy and profitably exploit the firm's reservoir of value creating FSAs in the face of international growth opportunities" (Narula & Verbeke, 2015, p. 616). The high position on the vertical axis, however, suggests that the theory has also evolved towards having a balanced focus on discovery and engagement with entrepreneurial opportunities. It is the mainstream IBS theory with the broadest attention devoted to the joint opportunity discovery and engagement dimensions of entrepreneurship for a wide range of empirical phenomena (see Verbeke & Lee, 2021). We position new internalization theory on the right-hand side of the horizontal axis of Figure 1, suggesting that actors outside of the MNE feature prominently in the theory.

3.1.4 | The eclectic paradigm (also referred to as the OLI paradigm)

The "old" eclectic paradigm, originally developed by Dunning (1980, 1988), represents an integration and synthesis of different economics approaches to explain internationalization and MNE activity. The paradigm identifies three clusters of variables to explain why, where, and how firms internationalize their production activities: ownership advantages, location advantages, and internalization advantages. Ownership advantages can include technology, organizational skills, entrepreneurial capacity, patents, and trademarks, which generate competitive advantages for the firm. Location advantages refer to factors specific to particular locations, but supposedly available to all firms operating in those locations, such as natural resources, market proximity, most kinds of labor, and the legal and commercial environment. Internalization advantages refer to the relative advantages from internalizing transactions rather than selling intermediate goods such as technology to a foreign maker of the final product.

Resource combination is a core ingredient in the paradigm. The essence of the eclectic paradigm is the juxtaposition of ownership, location, and internalization advantages. According to Dunning: "enterprises will engage in foreign production whenever they perceive it is in their best interests to combine spatially transferable intermediate products produced in the home country, with at least some immobile factor endowments or other intermediate products in another country" (Dunning, 1988, p. 2).

Dunning's analysis of why subsidiaries are established in particular locations highlights the eclectic paradigm's distinct attention to identifying or discovering market opportunities. Different from classic internalization theory, the eclectic paradigm builds not only upon transaction cost considerations but also upon the neoclassical theory of factor endowments (Dunning, 1988). This theory allows for the uneven distribution of factor endowments across locations and ensuing opportunities for international production. Dunning (1988) links factor endowments and transaction cost considerations with key motivations for international production—market seeking, resource seeking, efficiency seeking, and strategic asset seeking. Here, location advantages aligned

20425805, 0, Downloaded from https://onlinelibrary.wiley.com/doi/10.1002/gsj.1461 by University of Reading, Wiley Online Library on [26/10/2022]. See the Terms and Conditions (https://onlinelibrary.wiley.com/terms-and-conditions) on Wiley Online Library for rules of use; OA articles are governed by the applicable Creative Commons License

with a specific motivation represent a pathway to opportunities that can be enacted in a particular location, whereas location disadvantages represent barriers to accessing opportunities.

We position the "old" eclectic paradigm in the middle of the vertical axis of Figure 1, because location advantages and the opportunities they offer to the firm are largely exogenous to the MNE and can, supposedly, easily be acted upon by any firm. This early version is also positioned on the left-hand side of the horizontal axis of Figure 1, suggesting that the main actors involved in the entrepreneurial process operate inside the MNE.

The paradigm further evolved into *the "new" eclectic paradigm* to include competitive advantages arising from inter-firm transactions (Dunning, 1995). Dunning observed that the world economy had been transitioning to alliance capitalism. Such alliances can include equity joint ventures, non-equity alliances and various other types of networks, with the MNE functioning as the coordinator of a complex web of alliance partners across borders. Alliance capitalism expands the actors relevant to MNE intrapreneurship from individuals working inside the MNE to a much broader range of contributors, thereby shifting the "new" eclectic paradigm to the right-hand side in Figure 1.

3.2 | Mainstream strategy theories of the established MNE

Different from IBS theories that build upon a strong discipline-based tradition (such as classic internalization theory), mainstream strategy research applied to the MNE has focused, in managerial-practice oriented terms, on how the firm addresses the diversity in its businesses and overseas markets (e.g., Bartlett & Ghoshal, 1989; Prahalad & Doz, 1981; Teece, 2014). A recurring strategy issue in MNEs is that such diversity across industries and nations tends to result in fragmentation, whereas a cohesive strategy demands cross-border coordination and integration of activities. Earlier IBS strategy theories generally emphasized how industry and market differences drive business strategy, whereas more recent iterations highlight the processes required to manage the MNE's unique knowledge, resources, and capabilities.

In the integration-responsiveness framework, one of the first widely used frameworks to examine IBS strategy, Prahalad and Doz (1981) argued that MNE strategy would depend on the pressures for global integration versus those for local responsiveness. Bartlett and Ghoshal (1989) expanded the integration-responsiveness framework and developed the differentiated network view of the MNE, thereby including worldwide learning as an MNE strategy goal. They also argued that the diversity in operating environments can be beneficial to the MNE as it exposes the firm to multiple stimuli not found in a single location and offers valuable learning opportunities. The early analysis of local responsiveness to, for instance different customer needs, distribution channels, and pricing ultimately involved only limited entrepreneurial elements, but the differentiated network analysis explicitly encompasses opportunities and learning. This research stream led to studies of subsidiary initiatives (Birkinshaw, 2000) and competence-creating subsidiaries (e.g., Cantwell & Mudambi, 2005), focused largely on the pursuit of opportunities.

The IBS strategy theory that does fully embrace entrepreneurial discovery is the dynamic capabilities view of the MNE (Teece, 2014). The dynamic capabilities view highlights the processes of "sensing, seizing, and transforming" as instrumental to gaining competitive advantage. Both the identifying of opportunities (sensing) and the mobilizing of resources (seizing) to pursue opportunities are critical elements in this framework. Moreover, Teece points to the importance of external linkages and alliances for the MNE, though these are relatively peripheral to the main conceptual framework.

20425805, 0, Downloaded from https://onlinelibrary.wiley.com/doi/10.1002/gsj.1461 by University of Reading, Wiley Online Library on [26/10/2022]. See the Terms and Conditions (https://onlinelibrary.wiley.com/terms-and-conditions) on Wiley Online Library for rules of use; OA articles are governed by the applicable Creative Commons License

The IBS strategy theories on the MNE have thus gradually incorporated more entrepreneurial elements in their conceptualization, from an initial focus on local responsiveness in the integration-responsiveness framework, to worldwide learning in the differentiated network, and finally entrepreneurial sensing and seizing in the dynamic capabilities theory. We therefore positioned the differentiated network and dynamic capabilities-based approaches towards the top-right corner in Figure 1.

4 | REVISITING INSIGHTFUL *GSJ* PERSPECTIVES ON MNE INTRAPRENEURSHIP

In this section, we review six insightful *GSJ* articles on MNE intrapreneurship. These articles suggest how research in IBS could be further repositioned at the margin, to better cover increasingly dominant forms of entrepreneurial behavior in established MNEs. We focus our analysis on substantive and sometimes complex factors that could improve future IBS-theorizing in the realm of opportunity discovery and engagement.

4.1 | Asset reconfiguration

Chakrabarti, Vidal, and Mitchell (2011) examined how a firm's strengths and the stage of market development can affect asset reconfiguring in the MNE. They propose that institutions critical to market functioning in a nation can shape the MNE's motivation and ability to undertake reconfiguring activities. Less-developed market environments are often characterized by lower levels of competition, higher protectionism, and stronger reliance on political connections for corporate success, which can make it more difficult for MNEs to mitigate opportunistic behavior and which can constrain available options open to them when trying to acquire or sell assets. In addition, firm-level strengths, such as an MNE's human resources, financial capacity, and network resources, will also influence asset reconfiguring. Stronger firms can focus on reconfiguring for growth: they command more or better resources and are more capable of managing uncertainties and costs when developing or purchasing new resources. In contrast, reconfiguring for retrenchment is relevant to weaker firms when they try to adapt to environmental changes, for example, when responding to their own poor financial performance.

Chakrabarti et al.'s (2011) focus is not on how MNEs identify or discover growth opportunities, but they do augment IBS research that acknowledges the importance of external acquisitions and alliance activities in the pursuit of entrepreneurial opportunities (Verbeke & Lee, 2021), with both internal and external partners viewed as essential contributors to asset reconfiguration. This perspective could be positioned mainly in the bottom-right corner of Figure 1.

Furthermore, Chakrabarti et al. (2011) raise a broader question about the meaning of opportunities for the MNE in the realm of divesting. In their seminal article, Benito and Welch (1997) identified different types of de-internationalizing, each with its own drivers. Extending this perspective, Chakrabarti et al. (2011, p. 10) refer to "opportunities to add and divest assets." They argue that divesting can reduce excess capacity, increase efficiency, and release resources for reinvestment. As noted earlier, entrepreneurial opportunities have historically been viewed as requiring new means–ends relationships, but with divestments both efficiency enhancement (not fitting the "new means–ends" test) and new resource deployments can occur simultaneously.

20425805, 0, Downloaded from https://onlinelibrary.wiley.com/doi/10.1002/gsj.1461 by University of Reading, Wiley Online Library on [26/10/2022]. See the Terms and Conditions (https://onlinelibrary.wiley.com/terms-and-conditions) on Wiley Online Library for rules of use; OA articles are governed by the applicable Creative Commons License

Even a forced divestiture can be instrumental in crafting more desirable resource bundles (Benito & Welch, 1997). De-internationalizing can thus be conceptualized as an entrepreneurial activity and as a change in business model (Turcan, 2006), as well as an opportunity to plan for future asset configurations to serve business growth and cross-border flexibility. Relatedly, Brauer (2006, p. 780) has pointed out that: "entrepreneurial thinking seems to underlie some corporate parents' divestiture behavior."

4.2 | Acquisition as entrepreneurship

Madhok and Keyhani (2012), in their highly influential *GSJ* article focused on what drives MNEs from emerging economies (EMNEs) to internationalize through acquisition into advanced economies. They propose that EMNEs face unique challenges, particularly in developed economies, simply because of their country of origin. This liability of emergingness occurs for three main reasons. First, the national environments of emerging economies are often characterized by underdeveloped soft infrastructures, unsophisticated customers, and weak suppliers. EMNEs' competitiveness tends to suffer from these home–country institutional deficits. Second, limited exposure to international competitors in previously protected economies may have impeded developing technological and managerial capabilities, leading to a managerial deficit when entering more sophisticated business environments. Third, host country stakeholders may have only limited knowledge about EMNEs. The resulting lack of legitimacy and credibility may make it difficult for EMNEs to enlist high-quality personnel, sophisticated users, high-quality suppliers, and so on.

Adopting an MNE-centric perspective, the liability of emergingness requires EMNEs to find ways to compensate for the disadvantages they face. Madhok and Keyhani (2012) suggest that the systemic weaknesses of EMNEs motivate them to internationalize through acquisitions in advanced economies. They argue that an acquisition in a developed economy not only helps the EMNE to overcome the liability of emergingness and to augment its resources, but also that it:

> "both presents certain current opportunities as well as places the firm within a process that engenders future opportunities that are as yet unknown. In a sense, the acquisition serves as both a resource and an opportunity where the availability of the target firm defines the opportunities and the opportunities define the acquisition as a resource as well" (Madhok & Keyhani, 2012, p. 31).

The authors thus shift the analytical focus on EMNEs' international acquisitions in advanced economies from merely pursuing these opportunities and the financial outcomes thereof, to the discovery and creation of opportunities. In Madhok and Keyhani's (2012) narrative, the process of opportunity discovery, initially positioned on the top-right of Figure 1, given the importance of the (external) acquisition target itself, shifts to the left hand-side once the acquisition (i.e., internalization) has been completed.

Madhok and Keyhani's process perspective considers two important elements, especially post-completion. First, the discovery process becomes possible through access to informal networks in the host country, such as the employee networks of the acquired firm, its customers, and its supplier base. This is similar to Johanson and Vahlne's (2009) perspective that internationalization entails a multilateral network-development process, through which the focal MNE gradually evolves from being an outsider to becoming an insider in the relevant networks.

20425805, 0, Downloaded from https://onlinelibrary.wiley.com/doi/10.1002/gsj.1461 by University of Reading, Wiley Online Library on [26/10/2022]. See the Terms and Conditions (https://onlinelibrary.wiley.com/terms-and-conditions) on Wiley Online Library for rules of use; OA articles are governed by the applicable Creative Commons License

Second, Madhok and Keyhani (2012, p. 34) emphasize the importance of social interactions and ongoing business activities, when: "new resource and opportunity combinations are both created and discovered through the social and interactive process." Different from much of the entrepreneurship literature, which suggests separating the discovery of opportunities from ongoing business activities, Madhok and Keyhani (2012) view the business operations of acquired firms as instrumental to further opportunity identification. Johanson and Vahlne (2009, p. 1419) similarly viewed opportunity identification as: "a side effect of an ongoing business relationship," whereby: "opportunity recognition is associated with ongoing business activities rather than with specific opportunity-seeking activities."

4.3 | The micro-foundations of subsidiary initiatives

Most studies of subsidiary entrepreneurship in MNEs largely focus on the aggregate organizational level, especially in terms of "subsidiary versus head office" dynamics (Verbeke & Yuan, 2020), with modest attention devoted to the often-pivotal role of subsidiary CEOs and top management teams (TMTs) (e.g., Birkinshaw, 2000). In contrast, O'Brien, Scott, Andersson, Ambos, and Fu (2019) adopted the "individual—opportunity nexus" approach that we have used in our analysis, and highlight the individual-level explanation for subsidiary initiatives to come to fruition.

O'Brien et al.'s (2019) unique contribution is their attention to the micro-level and day-to-day activities, through which intrapreneurial subsidiary managers interact with various stakeholders within the MNE and in the broader environment. First, through downward cascading activities, subsidiary managers mobilize employees, build entrepreneurial space, and shield these activities from corporate interference to foster adaptability. Second, through upward cascading activities, subsidiary managers champion courses of action to enhance initiative realization by communicating their ideas to head office managers, gaining their attention, and shaping their agendas. Third, through horizontally cascading activities, subsidiary managers become embedded in external networks: they connect with key individuals such as customers and suppliers, sense ideas in the local market, monitor future market trends, and act on ideas.

O'Brien et al. (2019) were not concerned with opportunity discovery, but mainly with how to enact opportunities. In addition, their focus was mainly on subsidiary managers inside the MNE, though recognizing the need of interactions with many others. As O'Brien et al. (2019) did not discuss in depth the interactions with such actors outside of the MNE, we can position this framework on the bottom-left of Figure 1. And similar to Johanson and Vahlne's (2009) perspective, the analysis mainly considers engaging with entrepreneurial opportunities within the framework of existing business activities, in this instance those activities that the subsidiary managers are involved in.

4.4 | "Physical attraction" and the geography of knowledge sourcing

Cantwell and Mudambi (2011) examined the sources of new knowledge required for subsidiary competence-creating activities to materialize (as opposed to subsidiary knowledge-exploiting activities). Prior research had suggested that to access local knowledge and attract unattached actors in the host market, subsidiaries would need to become embedded in the local innovation system. However, Cantwell and Mudambi (2011) propose that industry structure in the host

20425805, 0, Downloaded from https://onlinelibrary.wiley.com/doi/10.1002/gsj.1461 by University of Reading, Wiley Online Library on [26/10/2022]. See the Terms and Conditions (https://onlinelibrary.wiley.com/terms-and-conditions) on Wiley Online Library for rules of use; OA articles are governed by the applicable Creative Commons License

country can constrain the capacity of MNE subsidiaries to build favorable linkages, become insiders, and develop into competence-creating subsidiaries.

The authors built their analysis on the notion of "physical attraction" (PA) of local dominant actors, as perceived by other local firms. Leading firms often have close ties with many knowledge-creating parties in the host country and tend to benefit from their PA in their linkages with other host–country companies. When the PA of leading firms is strong, mutual ties among local firms also tend to be strong and "exclusive." Local firms are then more likely to undertake joint projects among themselves, thereby leaving fewer uncommitted resources available that can be accessed by foreign MNE subsidiaries when they search for partners for cooperative projects. As a result, in more concentrated host country industries, opportunities to form external network linkages permitting knowledge search and discovery tend to be limited, thereby reducing a foreign subsidiary's potential for creativity and the likelihood of achieving a competence-creating mandate in the MNE. Given this problem of access to external resources, subsidiaries may then switch their attention towards cooperating with actors in the home country or those located elsewhere in the MNE network.

Cantwell and Mudambi's (2011) article can be positioned on the top-right of Figure 1. Their perspective highlights the constraints imposed by external networks on subsidiaries' creative capacity. The authors did not explicitly include the notion of "opportunities" as a construct in their empirical modeling, but different from O'Brien et al. (2019), the presence of potential opportunities is critical to their rich theoretical arguments, whereby they focus on discovering opportunities rather than only on pursuing previously identified opportunities.

4.5 | Hierarchy, coordination, and innovation in the MNE

Mudambi (2011) analyzed the challenges facing MNEs after these firms gradually moved from the archetypical hub-and-spoke structure prevailing in the late-twentieth century to a multi-hub and less top-down system in the early twenty-first century. With the rise of emerging markets as loci of innovation, MNEs often delegate control rights in this realm to subsidiaries, in order to encourage intrapreneurship, but this has created a new challenge, namely that of integrating creative activities performed in advanced and emerging economy markets.

In the new context of many MNEs commanding a resource-base that is more geographically dispersed across these two types of economies, Mudambi points out the innovation–integration dilemma for the firm and the difficulty of balancing innovation and integration as equally important organizational goals. Greater subsidiary integration into the MNE's existing portfolio of activities and innovation system will typically be associated with lower subsidiary-level innovation. In contrast, a higher level of subsidiary innovation in the realm of products, services and processes, will make it more difficult to leverage these across the MNE. When using control mechanisms to achieve simultaneously high levels of integration and innovation in the MNE, senior managers must therefore consider the linkages among control, integration, and innovation. For instance, if the head office exercises more control to monitor the subsidiary, the latter will tend to interpret this as a loss of autonomy, and subsidiary intrapreneurship will be reduced. One solution is to strengthen boundary spanning functions, with processes and individuals supporting the requisite dual focus on innovation and integration.

By highlighting the innovation–integration dilemma inside the MNE, Mudambi (2011) follows the long tradition of IBS theories that have analyzed the conflicting demands and tensions associated with operating in varied international environments (e.g., Bartlett & Ghoshal, 1989;

20425805, 0, Downloaded from https://onlinelibrary.wiley.com/doi/10.1002/gsj.1461 by University of Reading, Wiley Online Library on [26/10/2022]. See the Terms and Conditions (https://onlinelibrary.wiley.com/terms-and-conditions) on Wiley Online Library for rules of use; OA articles are governed by the applicable Creative Commons License

Prahalad & Doz, 1981). The distinct contribution of his work is to raise awareness of the difficulty to achieve intrapreneurial collaboration among innovation hubs in the MNE that are geographically dispersed across advanced market economies and emerging economies, and typically have different capabilities and strategic motivations. We can position Mudambi's (2011) analysis on the bottom-left of Figure 1, given his emphasis on how to engage with opportunities inside the MNE, when it attempts to innovate across a variety of host environments.

4.6 | The challenge of global scaling

Similar to Mudambi's research (Mudambi, 2011) on the tensions between innovation and integration in established MNEs, Tippmann, Monaghan, and Reuber (2022) explore another dilemma facing these firms, namely the contradictory demands of international replication and intrapreneurship. More specifically, they investigate how digital MNEs navigate this tension in the context of "global scaling." Global scaling refers to replicating an established business model to achieve high growth across foreign markets.

To achieve rapid growth, digital MNEs try to avoid or minimize adaptation in order to protect the coherence of their business model. They do this by enforcing generalized replication mechanisms such as hiring senior executives with global scaling experience, using standardized formal processes, and promoting a uniform organizational culture. In parallel, digital MNEs attempt to maintain a strong capability in identifying and exploiting new opportunities, for instance by hiring motivated young employees and providing job autonomy. The dual needs for replication and intrapreneurship create an ongoing conflict, as replication relies on respecting the dominant business model, while intrapreneurship requires its adaptation.

Tippmann et al. (2022) find that digital MNEs have developed the "replicable innovation generation" approach as a tool to navigate this tension. Mechanisms such as formalized idea generation, fast feedback, and an assessment of replicability, enable the generation of replicable innovations. The authors also find that navigating the replication versus intrapreneurship tension involves minimizing local responsiveness and adaptation, despite the relative ease in many cases of modifying digital products.

Tippmann et al. (2022) were not concerned with opportunity discovery per se. Similar to Mudambi (2011), they focused their analysis on the presence of conflicting objectives when the MNE engages in dispersed intrapreneurship. They assessed the impact of such conflict on internal organizational practices. We can position this research on the bottom-left of Figure 1.

5 | REPOSITIONING "OPPORTUNITIES" FOR MNE INTRAPRENEURSHIP

Our earlier analysis of extant IBS theories and the brief review of six, highly insightful *GSJ* articles on MNE intrapreneurship leads to the following recommendations for future IBS research in the intrapreneurship sphere.

First, the domain of what constitutes an "opportunity" in IBS should systematically be broadened. Entrepreneurial opportunity, according to Shane and Venkataraman (2000), is about discovering novel means–ends linkages when introducing new materials, products, services, and organizing methods. As noted earlier, traditional IBS research has tended to conceptualize this in the context of new geographic market opportunities and related new market

20425805, 0, Downloaded from https://onlinelibrary.wiley.com/doi/10.1002/gsj.1461 by University of Reading, Wiley Online Library on [26/10/2022]. See the Terms and Conditions (https://onlinelibrary.wiley.com/terms-and-conditions) on Wiley Online Library for rules of use; OA articles are governed by the applicable Creative Commons License

entries. However, in this era replete with momentum towards deglobalization, restructuring requirements, and extraordinary risks, a repositioning of research may be warranted in favor of discovery and pursuit of opportunities that involve forced asset reconfiguring, divestitures, and acquisitions (Chakrabarti et al., 2011; Madhok & Keyhani, 2012; Turcan, 2006). MNEs now massively deploy these strategies, not just to serve efficiency purposes, but as entrepreneurial approaches. We see no good reason—except expediency and data limitations—to divorce new market entries from these other MNE entrepreneurial foci. One of the first steps to be undertaken in future research on MNE intrapreneurship is thus to broaden the scope of research to encompass phenomena studied extensively in the field of entrepreneurship, while incorporating the unique features of MNEs and theory-related insight of IBS scholarship.

Second, IBS scholars have paid much attention to the pursuit of discrete opportunities across geographic markets (Reuber et al., 2018) and to opportunities emerging gradually after an MNE's initial entry (e.g., Johanson & Vahlne, 2009; Madhok & Keyhani, 2012). But both initial resource commitments and ongoing business activities jointly expose the MNE to a wider array of opportunities that only become discoverable and actionable over time and in a particular sequence. The presence of bundles and sequences of opportunities thereby opens the window for a more dynamic perspective on the interactions between opportunity discovery, resource commitments, and organizational learning. One could argue that an extensive literature already exists on real options in IBS research, but much of this is rather "mechanical," and does not truly capture the managerial implications of sequences of discovery and engagement with opportunities as these unfold over time. These sequences are far from linear, because of several tensions inside the MNE, whereby intrapreneurship can conflict with evolving needs for integration or needs for global scaling through replication. In addition, several downward, upward, and horizontal cascading processes, including interactions with external parties, can play a facilitating or hindering role in intrapreneurship.

Third, IBS scholars have tended to consider how to extend and adapt ongoing business activities across borders (e.g., Johanson & Vahlne, 2009). However, past MNE success can lead to path dependencies in the form of resistance to move into new directions, thereby leading to incremental innovation on an existing trajectory, instead of more radical innovation. Even asset-seeking entrepreneurship has typically been analyzed as a means to strengthen an existing asset portfolio and to make existing assets more productive (e.g., the classic analysis of home-base-augmenting R&D vs. home-base-exploiting R&D by Kuemmerle, 1997). Our analysis suggests that IBS scholars generally do not distinguish between incremental and disruptive innovation. And there has been only limited attention to how MNE intrapreneurship, once foreign operations have been set up with assigned mandates, can best be governed in terms of "optimally" discovering and pursuing entrepreneurial opportunities across geographic and organizational space, and in collaboration with contracting parties, including customers.

Fourth, the traditional perspective on MNE intrapreneurship considers FSAs as arising from the firm's extant resource reservoir. But given the numerous instances of strategic asset seeking foreign direct investments, it has become clear that extant resource reservoirs can at the same time be interpreted as representing a relative absence of FSAs in areas not or insufficiently covered by these reservoirs (though a threshold level of non-location-bound FSAs does remain a generally accepted precondition for international expansion to occur in the first place). Such absence then drives MNEs to pursue international expansion by searching for and accessing new knowledge resources (Madhok & Keyhani, 2012). Easy access to external knowledge resources abroad is, however, far from guaranteed and can strongly depend upon the motivation of local parties to collaborate with the foreign MNE. We should also note that such search,

20425805, 0, Downloaded from https://onlinelibrary.wiley.com/doi/10.1002/gsj.1461 by University of Reading, Wiley Online Library on [26/10/2022]. See the Terms and Conditions (https://onlinelibrary.wiley.com/terms-and-conditions) on Wiley Online Library for rules of use; OA articles are governed by the applicable Creative Commons License

not based on resources and means that MNEs control *ex ante*, contrasts sharply with the effectuation logic in entrepreneurship research (e.g., Sarasvathy, 2001). Effectuation implies utilizing existing means to create possible futures, while the intent of strategic asset-seeking in host countries is to compensate for the absence of requisite means to success and to access complementary resources. Here, one approach to the MNE's opportunity discovery can be through a directed search based on recognized weaknesses, rather than on the firm's strengths.

6 | CONCLUSION

We have reassessed mainstream IBS theories on established MNEs using an extended "individual—opportunity nexus" lens. We have shown that IBS-theorizing unambiguously does include opportunities in its conceptualization, but also that there is significant variation in how different theories have addressed the discovery and engagement with opportunities. Our review of notable *GSJ* publications focused explicitly on MNE intrapreneurship. We reassessed these scholarly studies using the "individual—opportunity nexus" lens and suggested several areas for repositioning at the margin, IBS research on MNE intrapreneurship. This would include: (1) acknowledging intrapreneurship in the sphere of activities not historically considered in this way, for instance resource reconfigurations as a response to poor performance, as well as acquisitions and divestitures; (2) paying more attention to the non-linear emergence and enactment over time of bundles of opportunities; (3) differentiating opportunity types, from incremental to radical; and finally (4) identifying more thoroughly the origins of opportunities, including those that arise from MNE weaknesses. The unique contribution of IBS, is analysis of how these intrapreneurial processes unfold across different locations, thereby addressing their spatial distribution and the subsequent need for integration.

IBS theorizing has over time become more attentive to opportunity discovery in foreign locations, which often offer unique contexts that go far beyond the typical scope of the entrepreneurship literature. For instance, the new Uppsala model views both the discovery and pursuit of opportunities as critical to the opportunity development process, and it tries to model the interactions between these two dimensions in multiple contexts as the firm expands internationally. Here, the relative importance of discovery and pursuit can strongly differ in relative importance across geographic space and over time. Explicitly adopting the "individual-opportunity nexus" lens within mainstream IBS theorizing should lead to a stronger focus on opportunity discovery than observed in the past, as described by the top-half of Figure 1.

The areas of IB research where we think repositioning is desirable, as far as attention to opportunities is concerned, will hopefully push IB scholars to extend and test mainstream IBS theories in these new domains. For example, paying more attention to imposed reconfiguring and divestment activities, and to the ways in which bundles of opportunities emerge over time, may uncover new patterns of resource (re)combination not considered previously (Lee, Narula, & Hillemann, 2021). Examining more closely how MNEs discover international opportunities will not only provide a test for the validity of old claims, but it will also help identify missing variables in traditional research, focused mainly on the later-stages engagement with opportunities (Hennart, Majocchi, & Hagen, 2021).

ORCID

Wenlong Yuan https://orcid.org/0000-0001-6732-6089

20425805, 0, Downloaded from https://onlinelibrary.wiley.com/doi/10.1002/gsj.1461 by University of Reading, Wiley Online Library on [26/10/2022]. See the Terms and Conditions (https://onlinelibrary.wiley.com/terms-and-conditions) on Wiley Online Library for rules of use; OA articles are governed by the applicable Creative Commons License

REFERENCES

Bartlett, C. A., & Ghoshal, S. (1989). *Managing across borders: The transnational solution*. Boston, MA: Harvard Business Press.

Benito, G. R., Petersen, B., & Welch, L. S. (2009). Towards more realistic conceptualisations of foreign operation modes. *Journal of International Business Studies*, *40*, 1455–1470. https://doi.org/10.1057/jibs.2009.54

Benito, G. R., & Welch, L. S. (1997). De-internationalization. *Management International Review*, *2*, 7–25.

Birkinshaw, J. (2000). *Entrepreneurship in the global firm: Enterprise and renewal*. Thousand Oaks, CA: SAGE Publications Ltd.

Brauer, M. (2006). What have we acquired and what should we acquire in divestiture research? A review and research agenda. *Journal of Management*, *32*, 751–785. https://doi.org/10.1177/0149206306292879

Buckley, P. J., & Casson, M. (1976). *The future of the multinational enterprise*. Basingstoke and London, England: Macmillan.

Cano-Kollmann, M., Hannigan, T. J., & Mudambi, R. (2018). Global innovation networks–organizations and people. *Journal of International Management*, *24*, 87–92. https://doi.org/10.1016/j.intman.2017.09.008

Cantwell, J., & Mudambi, R. (2005). MNE competence-creating subsidiary mandates. *Strategic Management Journal*, *26*, 1109–1128. https://doi.org/10.1002/smj.497

Cantwell, J. A., & Mudambi, R. (2011). Physical attraction and the geography of knowledge sourcing in multinational enterprises. *Global Strategy Journal*, *1*, 206–232. https://doi.org/10.1002/gsj.24

Chakrabarti, A., Vidal, E., & Mitchell, W. (2011). Business transformation in heterogeneous environments: The impact of market development and firm strength on retrenchment and growth reconfiguration. *Global Strategy Journal*, *1*, 6–26. https://doi.org/10.1002/gsj.3

Dunning, J. H. (1980). Toward an eclectic theory of international production: Some empirical tests. *Journal of International Business Studies*, *11*, 9–31. https://doi.org/10.1057/palgrave.jibs.8490593

Dunning, J. H. (1988). The eclectic paradigm of international production: A restatement and some possible extensions. *Journal of International Business Studies*, *19*, 1–31. https://doi.org/10.1057/palgrave.jibs.8490372

Dunning, J. H. (1995). Reappraising the eclectic paradigm in an age of alliance capitalism. *Journal of International Business Studies*, *26*, 461–491. https://doi.org/10.1057/palgrave.jibs.8490183

Forsgren, M. (2013). *Theories of the multinational firm: A multidimensional creature in the global economy*. Cheltenham, England: Edward Elgar.

Hennart, J.-F. (1988). A transaction costs theory of equity joint ventures. *Strategic Management Journal*, *9*, 361–374. https://doi.org/10.1002/smj.4250090406

Hennart, J.-F. (2009). Down with MNE-centric theories! Market entry and expansion as the bundling of MNE and local assets. *Journal of International Business Studies*, *40*, 1432–1454. https://doi.org/10.1057/jibs.2009.42

Hennart, J. F., Majocchi, A., & Hagen, B. (2021). What's so special about born globals, their entrepreneurs or their business model? *Journal of International Business Studies*, *52*, 1665–1694. https://doi.org/10.1057/s41267-021-00427-0

Hennart, J. F. M. A. (1982). *A theory of multinational enterprise*. Ann Arbor, MI: The University of Michigan Press.

Hill, T. L., & Mudambi, R. (2010). Far from Silicon Valley: How emerging economies are re-shaping our understanding of global entrepreneurship. *Journal of International Management*, *16*, 321–327. https://doi.org/10.1016/j.intman.2010.09.003

Hymer, S. (1960). *The international operations of national firms: A study of direct foreign investment*. Cambridge, MA: The MIT Press published in 1976.

Johanson, J., & Vahlne, J.-E. (1977). The internationalization process of the firm—A model of knowledge development and increasing foreign market commitments. *Journal of International Business Studies*, *8*, 23–32. https://doi.org/10.1057/palgrave.jibs.8490676

Johanson, J., & Vahlne, J.-E. (2009). The Uppsala internationalization process model revisited: From liability of foreignness to liability of outsidership. *Journal of International Business Studies*, *40*, 1411–1431. https://doi.org/10.1057/jibs.2009.24

Keupp, M. M., & Gassmann, O. (2009). The past and the future of international entrepreneurship: A review and suggestions for developing the field. *Journal of Management*, *35*, 600–633. https://doi.org/10.1177/0149206308330558

20425805, 0, Downloaded from https://onlinelibrary.wiley.com/doi/10.1002/gsj.1461 by University of Reading, Wiley Online Library on [26/10/2022]. See the Terms and Conditions (https://onlinelibrary.wiley.com/terms-and-conditions) on Wiley Online Library for rules of use; OA articles are governed by the applicable Creative Commons License

Kogut, B., & Zander, U. (1993). Knowledge of the firm and the evolutionary theory of the multinational corporation. *Journal of International Business Studies*, *24*, 625–645. https://doi.org/10.1057/palgrave.jibs.8490248

Kuemmerle, W. (1997). Building effective R&D capabilities abroad. *Harvard Business Review*, *75*, 61–72.

Lee, J. M., Narula, R., & Hillemann, J. (2021). Unraveling asset recombination through the lens of firm-specific advantages: A dynamic capabilities perspective. *Journal of World Business*, *56*, 101193. https://doi.org/10.1016/j.jwb.2021.101193

Luo, Y. (2015). Career and theory advancement in international business/global strategy. Presented at the junior faculty consortium, the annual meeting of the academy of management. Vancouver, BC, Canada.

Luo, Y., Shenkar, O., & Nyaw, M.-K. (2002). Mitigating liabilities of foreignness: Defensive versus offensive approaches. *Journal of International Management*, *8*, 283–300. https://doi.org/10.1016/S1075-4253(02)00073-X

Madhok, A., & Keyhani, M. (2012). Acquisitions as entrepreneurship: Asymmetries, opportunities, and the internationalization of multinationals from emerging economies. *Global Strategy Journal*, *2*, 26–40. https://doi.org/10.1002/gsj.1023

Mathews, J. A., & Zander, I. (2007). The international entrepreneurial dynamics of accelerated internationalisation. *Journal of International Business Studies*, *38*, 387–403. https://doi.org/10.1057/palgrave.jibs.8400271

Mezias, J. M. (2002). Identifying liabilities of foreignness and strategies to minimize their effects: The case of labor lawsuit judgments in the United States. *Strategic Management Journal*, *23*, 229–244. https://doi.org/10.1002/smj.220

Mudambi, R. (2011). Hierarchy, coordination, and innovation in the multinational enterprise. *Global Strategy Journal*, *1*, 317–323. https://doi.org/10.1002/gsj.32

Mudambi, R., Mudambi, S. M., & Navarra, P. (2007). Global innovation in MNCs: The effects of subsidiary self-determination and teamwork. *Journal of Product Innovation Management*, *24*, 442–455. https://doi.org/10.1111/j.1540-5885.2007.00262.x

Mudambi, R., & Zahra, S. A. (2007). The survival of international new ventures. *Journal of International Business Studies*, *38*, 333–352. https://doi.org/10.1057/palgrave.jibs.8400264

Nambisan, S., Zahra, S. A., & Luo, Y. (2019). Global platforms and ecosystems: Implications for international business theories. *Journal of International Business Studies*, *50*, 1464–1486. https://doi.org/10.1057/s41267-019-00262-4

Narula, R., Asmussen, C. G., Chi, T., & Kundu, S. K. (2019). Applying and advancing internalization theory: The multinational enterprise in the twenty-first century. *Journal of International Business Studies*, *50*, 1231–1252. https://doi.org/10.1057/s41267-019-00260-6

Narula, R., & Verbeke, A. (2015). Making internalization theory good for practice: The essence of Alan Rugman's contributions to international business. *Journal of World Business*, *50*, 612–622. https://doi.org/10.1016/j.jwb.2015.08.007

O'Brien, D., Scott, P. S., Andersson, U., Ambos, T., & Fu, N. (2019). The microfoundations of subsidiary initiatives: How subsidiary manager activities unlock entrepreneurship. *Global Strategy Journal*, *9*, 66–91. https://doi.org/10.1002/gsj.1200

Oviatt, B. M., & McDougall, P. P. (2005). Defining international entrepreneurship and modeling the speed of internationalization. *Entrepreneurship Theory and Practice*, *29*, 537–553. https://doi.org/10.1111/j.1540-6520.2005.00097.x

Prahalad, C. K., & Doz, Y. (1981). An approach to strategic control in MNCs. *Sloan Management Review*, *22*, 5–13.

Reuber, A. R., Knight, G. A., Liesch, P. W., & Zhou, L. (2018). International entrepreneurship: The pursuit of entrepreneurial opportunities across national borders. *Journal of International Business Studies*, *49*, 395–406. https://doi.org/10.1057/s41267-018-0149-5

Rugman, A. M. (1981). *Inside the multinationals: The economics of internal markets*. New York, NY: Columbia University Press.

Rugman, A. M., & Verbeke, A. (1992). A note on the transnational solution and the transaction cost theory of multinational strategic management. *Journal of International Business Studies*, *23*, 761–771. https://doi.org/10.1057/palgrave.jibs.8490287

Rugman, A. M., & Verbeke, A. (2001). Subsidiary-specific advantages in multinational enterprises. *Strategic Management Journal*, *22*, 237–250. https://doi.org/10.1002/smj.153

20425805, 0, Downloaded from https://onlinelibrary.wiley.com/doi/10.1002/gsj.1461 by University of Reading, Wiley Online Library on [26/10/2022]. See the Terms and Conditions (https://onlinelibrary.wiley.com/terms-and-conditions) on Wiley Online Library for rules of use; OA articles are governed by the applicable Creative Commons License

Rugman, A. M., & Verbeke, A. (2003). Extending the theory of the multinational enterprise: Internalization and strategic management perspectives. *Journal of International Business Studies*, *34*, 125–137. https://doi.org/10.1057/palgrave.jibs.8400012

Rugman, A. M., & Verbeke, A. (2004). A perspective on regional and global strategies of multinational enterprises. *Journal of International Business Studies*, *35*, 3–18. https://doi.org/10.1057/palgrave.jibs.8400073

Sarasvathy, S. D. (2001). Causation and effectuation: Toward a theoretical shift from economic inevitability to entrepreneurial contingency. *Academy of Management Review*, *26*, 243–263. https://doi.org/10.5465/amr.2001.4378020

Shane, S. (2012). Reflections on the 2010 "AMR" decade award: Delivering on the promise of entrepreneurship as a field of research. *Academy of Management Review*, *37*, 10–20. https://doi.org/10.5465/amr.2011.0078

Shane, S., & Venkataraman, S. (2000). The promise of entrepreneurship as a field of research. *Academy of Management Review*, *25*, 217–226. https://doi.org/10.5465/amr.2000.2791611

Sofka, W., & Zimmermann, J. (2008). Regional economic stress as moderator of liability of foreignness. *Journal of International Management*, *14*, 155–172. https://doi.org/10.1016/j.intman.2008.01.002

Sun, P., Deng, Z., & Wright, M. (2021). Partnering with Leviathan: The politics of innovation in foreign-host-state joint ventures. *Journal of International Business Studies*, *52*, 595–620. https://doi.org/10.1057/s41267-020-00340-y

Teece, D. J. (2014). A dynamic capabilities-based entrepreneurial theory of the multinational enterprise. *Journal of International Business Studies*, *45*, 8–37. https://doi.org/10.1057/jibs.2013.54

Tippmann, E., Monaghan, S., & Reuber, R. A. (2022). Navigating the paradox of global scaling. *Global Strategy Journal*, *1-39*. https://doi.org/10.1002/gsj.1435

Turcan, R. V. (2006). De-internationalization of small high technology firms: An international entrepreneurship perspective. https://vbn.aau.dk/en/publications/de-internationalization-of-small-high-technology-firms-an-interna

Verbeke, A., & Ciravegna, L. (2018). International entrepreneurship research versus international business research: A false dichotomy? *Journal of International Business Studies*, *49*, 387–394. https://doi.org/10.1057/s41267-018-0154-8

Verbeke, A., Hutzschenreuter, T., & Pyasi, N. (2021). The dark side of B2B relationships in GVCs–micro-foundational influences and strategic governance tools. *Journal of Business Research*, *135*, 816–828. https://doi.org/10.1016/j.jbusres.2021.07.006

Verbeke, A., & Lee, I. H. (2021). *International business strategy*. Cambridge, UK: Cambridge University Press.

Verbeke, A., & Yuan, W. (2010). A strategic management analysis of ownership advantages in the eclectic paradigm. *Multinational Business Review*, *18*, 89–108. https://doi.org/10.1108/1525383X201000012

Verbeke, A., & Yuan, W. (2020). The tyranny of the head office? Revisiting corporate headquarters' (CHQs) role in MNE subsidiary initiatives. *Journal of Organization Design*, *9*, 1–11. https://doi.org/10.1186/s41469-020-0065-6

Vernon, R. (1966). International investment and international trade in the product cycle. *The Quarterly Journal of Economics*, *80*, 190–207. https://doi.org/10.2307/1880689

Zaheer, S. (1995). Overcoming the liability of foreignness. *Academy of Management Journal*, *38*, 341–363. https://doi.org/10.5465/256683

How to cite this article: Verbeke, A., & Yuan, W. (2022). Rethinking intrapreneurship in the established MNE. *Global Strategy Journal*, 1–21. https://doi.org/10.1002/gsj.1461

20425805, 0, Downloaded from https://onlinelibrary.wiley.com/doi/10.1002/gsj.1461 by University of Reading, Wiley Online Library on [26/10/2022]. See the Terms and Conditions (https://onlinelibrary.wiley.com/terms-and-conditions) on Wiley Online Library for rules of use; OA articles are governed by the applicable Creative Commons License