Rethinking international manufacturing in times of global turbulence: convergent perspectives of international business and international operations management

1. Rethinking international manufacturing in times of global turbulence

Indisputably, business today has become international. During the past decades, both international trade and foreign direct investment (FDI) have increased explosively, resulting in the globalisation of markets. The role of companies has accordingly changed from supplying international markets through export, to supplying international markets through local manufacturing (Cheng et al., 2011). In the late 1980s and the early 1990s, the advent of financial and commercial internationalisation also led firms to “export” manufacturing through “offshoring agreements”. Then, internationalisation could be reached without relocation since a foreign firm was assuming the manufacturing task according to the buyers’ instructions. This development pushed industrial companies further into new relationships of international inter-firm collaborations (Cheng and Johansen, 2014; Aabo and Fredriksson, 2016). However, in recent years, due to the global turbulence within politics, economic power, technological trends and environmental changes, the factors influencing international operations management are profoundly changing and new issues to be studied are emerging.

First, firms’ strategies towards internationalisation are being reconsidered due to shifts in global economic development. Not only emerging markets are becoming important, but new competitors that are able to challenge foreign multinationals are also developing (especially in the case of China). There is a growing move for products towards an “end-to-end” approach (Brennan et al., 2015). The pressure from various stakeholders in both developed and developing economies to adopt sustainable practices is also increasing (Waddock et al., 2002). The wage-level in less developed countries, like China, is increasing rapidly (Demeter, 2017). Under such circumstances, the motto for multinationals seems to be changing from “integrate globally and adapt locally” to “integrate locally and adapt globally” (Santos and Williamson, 2015).

Second, conservative winds and national protectionism within politics change the rationale of international operations. Offshoring has in the past decade been a serious concern in developed economies (Harrison and McMillan, 2011). A growing support for policy interventions to reverse internationalisation, especially after the financial crisis in 2008, led to initiatives, e.g. the Advanced Manufacturing National Program Office (AMPSC, 2012) in the US and the UK’s 2010-2015 “industrial strategy” to help rebalance the economy (Spring et al., 2017). Donald Trump’s election and the UK’s referendum on membership of the European Union in 2016 were further believed to have significant impacts on the propensity of firms to engage in international operations.

Third, the introduction of new vibrant technologies started to change the traditional production methods for many products with profound implications for manufacturing location and supply chain design (Brennan et al., 2015). In 2012, Industry 4.0 was proposed as a project in the high-tech strategy of the German government. Since then, other countries including US, China, Denmark and Sweden have followed. The wave of Industry 4.0 stimulates the introduction of new manufacturing technologies, including additive manufacturing (AM), nanomaterials, new generation of robotics, and Internet of things.

With such a variety of developments presently influencing international operations, a discussion of its likely future trajectories is both timely and necessary (Brennan et al., 2015). Thus, this Call-For-Papers aims at rethinking international manufacturing in times of global turbulence and highlighting whether and how firms’ internationalisation decisions especially in what concerns the manufacturing function are influenced by these economic, political, and technological trends.

2. Convergent perspectives of international business and international operations management

In 2000, Prasad and Babbar (2000) identified that the management of international operations was addressed by relatively few papers appearing in leading OM and general management journals. Cheng
et al. (2015a) reviewed publications in 21 journals, including all leading OM journals, and they too found that, between 1979 and 2014, only a small percentage of the articles focused on issues related to the management of international manufacturing networks. In 2018, Ferdows (2018) observed that the same still holds true for papers recently published (2013-16) in the major OM journal outlets. According to Ferdows, OM scholars ought to have a more expressive voice in the discussion of firms’ cross-border operations, which is currently a domain of researchers in “strategy, international business, and even economics, trade, or public policy, among others”. Demeter (2017) put forwards a similar argument, acknowledging that “international business research rarely goes into the black box of OM” (p.325).

The International Operations Management discipline has studied the subsidiaries of multinationals essentially as manufacturing plants. This line can be traced from the classic works such as Ferdows (1997) to more recent studies such as Miltenburg (2015), where the manufacturing function and the international manufacturing network are treated as isolated islands from other elements of international operations (Cheng et al., 2015b). Internationalisation of manufacturing has in many cases been a starting point and thereafter accompanied by other value chain activities, e.g. sourcing, engineering and R&D, thus creating a snowball effect (Cheng and Johansen, 2014). Actually, multinationals create competitive advantages through dealing with the complexity of geographically dispersion of manufacturing, sales, service, engineering, and R&D located in different places (Cheng et al., 2015a,b; Aaboen and Fredriksson, 2016). But the internationalisation of these areas is normally discussed separately. There is a need to take an extended view on the manufacturing network and incorporate markets, R&D centres, and important suppliers (Cheng et al., 2015a,b) as well as host country factors into the studies. In addition, when operating as parts of Global Value Chains, specific inter-firm relationships influences the way in which each function, Manufacturing included, is organised internationally (Fleury et al, 2015).

On the other hand, since the late 1990s, prestigious journals in the field of international businesses, focused on the internationalisation issue, such as the Journal for International Business Studies (since 1996), the Journal of International Marketing (1996), the International Small Business Journal (2004), and the Journal of International Management (1998) (Demeter, 2017). In other words, international business scholars have, for a long time, studied internationalisation and, as Ferdows (2018) stressed, they are addressing issues critical for international operations management. Inexplicably, manufacturing/operations has been distant from their focus of interest. Marketing, sales, and R&D functions are well studied issues in the internationalisation processes of firms within the International Business and International Management disciplines, but Manufacturing/Operations is not. It all goes as if Manufacturing/Operations is ancillary, not strategic at firm level, thus lacking relevance to explain internationalisation strategies.

Therefore, topics that have been long addressed in the domain of international business, such as power distribution in the network, network structure and government, and the relationship between headquarters and subsidiaries, might need to be replicated in the context of international operations/manufacturing. We encourage the submissions to adopt those theories widely used in the studies of international business to address international operations. We also encourage the submission for this special issue to address the interaction between different functions in their internationalisation.

In summary, research topics include, but are not limited to the following:

- Relationship between the firm’s business strategy in the times of global turbulence and the footprint of its global production network
- Choice of sites around the world for production of different parts of the firm’s value chain in the context of recent economic, political, and technological trends
- Choice and consequences of how the site is set up (green field, outsourced, licensed alliance, joint venture, or acquisition) in the context of recent economic, political, and technological trends
The optimisation of the allocation of the firm’s critical resources in its global production and supply chain networks in the times of global turbulence
Impact of new technologies (e.g., IoT, Industry 4.0, Blockchain, and 3-D printing) on the design and management of the firm’s global production networks
Consolidation of global production and supply chain networks after merger and acquisition
Tracking and auditing the evolution of the firm’s global production and supply chain network and understanding their interaction
Tracking and auditing the evolution of the firm’s global production and other functional networks and understanding their interaction
Exploring power distribution in global production network
Understanding the government structure of global value chains and its impacts on multinationals’ international configuration
Exploring the relationship between headquarters and plants and understanding the impacts of host and home country contexts on this relationship

3. Submission instructions
Papers should be submitted by 15 September 2019. Selected papers will go through a rigorous double-blind reviewing process. For further information and enquiries, please contact Guest Editors.

4. Editorial information
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5. References
AMPSC (2012). Report to the President on Capturing Domestic Comparative Advantage in Advanced Manufacturing. President's Council of Advisors on Science and Technology, Executive Office of the President of the United States July.


