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# **THE ROLE OF HISTORY IN INTERNATIONAL BUSINESS: EVIDENCE, RESEARCH PRACTICES, METHODS AND THEORY**

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## Biography

Peter J. Buckley is Professor of International Business and Founder Director of the Centre for International Business, University of Leeds (CIBUL), Professor of International Business at the University of Queensland Business School, Visiting Professor at the Open University of Hong Kong and President of the Academy of International Business 2002–04.

## **The Role of History in International Business: Evidence, Research Practices, Methods, And Theory**

There have been many calls to incorporate history into international business research including both “history as evidence” (Jones & Khanna, 2006) and “History as a proving ground for international business research” (Buckley, 2009). Examining the long run in international business is increasingly at the forefront of current research (Fitzgerald, 2015). It is notable that not only is international business increasingly turning to history as a source of evidence (“process” research is increasingly salient (Welch & Paavilainen-Montymaki, 2014)), but also other areas of business research are becoming more historicized (key examples are organization theory (Clark & Rowlinson, 2004; Decker, 2013), and entrepreneurial history (Wadhvani and Lubinski 2017)). Suddaby and Foster (2017) provide an overview of history and organization change, suggesting that change (as in “change management”) is an undefined construct whose epistemological status is uncertain in the literature. This arises because “change” is conceptualized within differing categories of assumptions – History-as-Fact, History-as-Power, History-as-Sense making and History-as-Rhetoric. Articulating these implicit assumptions helps to influence the capacity to manage organizational change. For our purposes, it is important that analysts are consistent and explicit in their utilization of historical conceptualization, and in their interpretation of its influence on their strategic recommendations.

This paper examines four aspects of the increasing role of history in international business - history as an underpinning for international business theory (Buckley & Fernandez Perez, 2016), history as evidence, history as a source of research practices, and history as a source of research methods. A final section examines the challenge of global (versus national) history. The conclusion delineates the contribution of history to international business theory.

*History as an Underpinning for International Business Theory: Context and the Role of Time*

Historians have long faced the challenges of understanding, comprehending and interpreting the mental structures of past societies. This parallels the contextual difficulties of IB scholars in interpreting the cognitive matrices of “other” cultures. As Solzhenitsyn said: “How can you expect a man who’s warm to understand a man who’s cold?” (Solzhenitsyn, 1962). Two particularly relevant approaches to this problem in history are the Annales School and “Subaltern studies”. The Annales School emphasize the mental structures or mentalités of past societies. The Historian’s Craft (Bloch, 1954) is subject to revision over time. Historians from different periods, or from different countries, religions and cultures, will ask different questions of the archive and will read its sources in different ways. There is, however, an issue about the ultimate purpose of history – is it to unveil “the truth” or to understand the different perspectives (truths) of the various participants? Subaltern studies (Ludden 2001) attempt to re-interpret the experience of colonialism by seeking to replicate the history of those excluded from conventional sources on which standard narratives are based. Historians are familiar with the pitfalls that arise from taking archive material at face value. The creation of an archive inevitably involves a selection process and the selectors may be subject to bias towards, or away from, particular genders, creeds, political groups, nations, regions, races, classes or belief systems. Archive records may not cover particular issues or questions (Moss, 1997; Belich, 2009; Decker, 2013; Schwarzkopf, 2012).

### *The Interpretation of Time*

In international business, temporal factors at macro (environment) level and micro level (the firm) may not be aligned, The firm and its environment can be misaligned in terms of time. **1**

One obvious example of this misalignment is the macro market for agricultural products that depends on the timing of consumer demand, and the agricultural firms (farms) that depend on the seasons for their output. Religious and secular chronological time may conflict –and may conflict across cultures. Macro time, time at the level of the firm’s environment, depends on long cycles of technology (creation, refinement, commercialization, standardization), on product cycles (Vernon 1966), and on

market cycles (business cycles, fashion, secular trends, demography). Micro time, at the level of the firm, depends on the length of key contracts (Buckley, Craig and Mudambi 2019), on management decision making (team building, recruitment (cycles)), on investment and inventory decisions (including R&D). Managing asynchronicity in time is an intriguing and under-explored research issue in management studies. Different conceptions of time across national cultures need to be managed or reconciled in contemporary international corporations. An example is the differing notion of “punctuality” across national groups within a single firm (Chapman, Gajewska-De Mattos, Clegg and Buckley 2008).

Historians have grappled with the notion of time and its interpretation. Their stock in trade is the role of time and “change”. This article reviews evidence, research practices, methods and theory from the point of view of historical research.

### *History as Evidence*

International business researchers often take “texts” at face value. “Texts” to international business researchers include secondary statistics, company financial statements, interviews with executives and policy makers, minutes of meeting and speeches. Trustworthiness is often taken for granted. All sources including oral history, artefacts and documents must be tested for authenticity and their authority, provenance and internal reliability and be subject to criticism – preferably from multiple sources. In international business, there is often the question of language to be factored in to analysis - has the document been back – translated and are all the nuances understood? Often it is possible to shed illumination on texts by a dyadic approach – interviewing both parent and subsidiary, licensor and licensee, principal and agent, management and unions, in order to get multiple viewpoints 2 .

There is also the question of what the extant archive omits. Jones (1998) makes this point in respect of company archives and excluded material may be important in achieving a rounded analysis. This is the

basis for “subaltern studies”, highlighting the excluded voices from (mainly) colonial narratives (Ludden, 2001). There is always bias towards success or achievement in retained archives. Using arguments from social anthropology (particularly Ardener 1989) and analogues from linguistics and national identity, Buckley and Chapman (1996) suggest that companies can, and do, rewrite and reinterpret their histories “in such a way that success in the present can be attributed to prescience in the past” (p95). Heller and Rowlinson (2019) conceptualize corporations as ‘imagined communities’ following Anderson (2006). Corporate discourses, over time, build a corporate esprit de corps imagining the corporate as an extended family or military unit utilizing roles as brand ambassadors or citizens of a democratic polity. The interpretation of history by corporate entities is an important role of archives, archivists and internal company historians.

Key sources include relics (“material culture” [Fridenson, 2007: 11]), such as an artefact, or narratives, such as a letter, administrative records, or a company statement. Archives also include “natural archives” – records of climate, for instance, such as dendrochronology (Parker, 2013). Artefacts are sometimes more credible than narratives.<sup>3</sup> A good example is the Bayeux tapestry, created in England in the 1070s, which presents a different primary version of the events of the Norman Conquest of England in 1066 than do written records (Wilson, 1985; Hicks, 2006; Bridgeford, 2004). Company archives are a key source in business history research. They can be particularly useful when combined with other sources of evidence such as experiments (see Audia, Locke & Smith, 2000). Any source can be corrupted (or forged). Even “eyewitness” sources should be treated with extreme scepticism. Accounts are often written years after the events they describe and they often rationalize and tidy up events. As Muir (2001: 141 quoted in Black, 2004: 30) says (of the battle of Salamanca 1812):

“How can an account written more than twenty years after the event be so clear, comprehensible and detailed, when letters written within days are generally confused and fragmentary?”

Himmelfarb (1984: 9) makes the point powerfully “History is full of discrepancies between what historians believe to be fact and what contemporaries thought to be such”. Partly this is due to the boundedness of human powers of recall and the possible slanting of material towards a particular audience. As Thacker (2014:7) says “...any diary, letter or artistic representation is not an unmediated reflection of the experience. Even if produced only hours after an event, there is a distance and, therefore, necessarily a reconstruction of that experience, one which is normally fashioned in anticipation of a particular audience”.

Historians do not have a set of tools available to them that social scientists (at least potentially) do – the ability to interact with their subjects via questionnaires, interviews and participant observation. As Bates (2016: 164) says:

“As always the unpredictability of events and the invisible history of many people’s thoughts remain a central factor in the construction of a narrative”.

The great strides made in the understanding of human cognition (Kahneman, 2011) enables social scientists to understand decision processes by constructing near-experimental conditions. These insights are only available to historians through the glass of the past - darkly.

This had led historians to develop research practices that complement social science techniques.

### *Research Practices*

Interpretation is often required when there is a plentiful set of sources, as they may be mutually contradictory. Muir (2001, quoted by Black, 2004: 30) “while the sources are plentiful, they do not always fit neatly together; indeed, they are riddled with contradictions, inconsistencies, gaps and uncertainty...” It is helpful to begin analysis by consulting primary sources (including those produced

at the time) rather than going directly to secondary sources. As Fleck (2011: 5) points out “archival data..... has a number of advantages as compared to the sources sociologists usually draw on.....namely, what can be found in the archives was written at that time and for that particular archive, and the authors were not biased by the questions pursued by sociologists today”. (Perhaps one should add that they were biased by the question relevant to them at the time.) The credibility of a message increases by the number of independent sources that give the same message. Sources should be examined for motivation for giving some kind of bias. These tendencies are minimized by use of sources with opposite motivations. This is a good argument for careful triangulation in business research. If it can be demonstrated that the source (or witness) has no direct interest in creating bias then the credibility of the message increases. This is a frequent, and often undeclared, problem in business research because of power and self-aggrandizement issues amongst sources. It is often the case that changes (changes noted by the recorders) are over-emphasized relative to continuities. (Beard et al, 1998: 10).

Techniques used in business research to counter criticism of sources include theoretical sampling (selecting objects to investigate based on theory), triangulation, pattern-matching logic and analytical generalizations. The iterative method and juxtapositioning are also used for validation (Pauwels & Matthyssens, 2004: 128-132). Kipping, Wadhvani and Bucheli (2014) suggest that source criticism, triangulation and hermeneutic interpretation are the key elements of historical methodology. This is very much in keeping with the tenor of this article.

Qualitative researchers in business research have much in common with practitioners of oral history. Oral history “is both the act of recording and the record that is produced”. It has had to wrestle with the issues of orality, narrative, performance, subjectivity, memory, mutability and collaboration between interviewee and interviewer/analyst. It has developed conventions and methodologies suited to the linguistic and narrative genres that are its core material. Much of its theory and practice would cross-fertilize the body of qualitative techniques in international business that are still contested.



*Source Criticism – external: authority and provenance.* The use of sources is as prevalent in international business as in history but they should not be accepted uncritically. Garraghan (1946: 168) provides six enquiries necessary to establish the authority of a source.

When was the source, written or unwritten produced? (date)

Where was it produced? (localization)

By whom was it produced? (authorship)

From what pre-existing material was it produced? (analysis)

In what original form was it produced? (integrity)

What is the evidential value of its contents? (credibility)

This is a useful checklist for authors (and reviewers and editors) against which to judge evidence. R. J. Shafer (1974: 118) says of external criticism, “It sometimes is said that its function is negative, merely saving us from using false evidence; whereas external criticism has the positive function of telling us how to use authenticated evidence”.

*Source criticism – internal reliability.* Gottschalk (1950), noting that few source documents are completely reliable, suggests that, “for each particular of a document the process of establishing credibility should be separately undertaken regardless of the general credibility of the author”.

The trustworthiness of an author may establish a basic level of credibility for each statement, but each element must be separately evaluated. This leads to the important checks from triangulating the evidence. Triangulation requires the use of at least two independent sources. This principle is utilized in international business journals by the requirement that both elements of a dyadic relationship are needed to cross-check each other. Examples include licensor and licensee, both partners in a joint venture, parent and subsidiary in a multinational enterprise. The question of how far these are independent sources also needs careful investigation.

*Critical text analysis.* Key issues in analyzing texts (or interviews) arise from the author, the addressee and the purpose. Authors, interviewees or questionnaire answerers are often treated as eyewitnesses and history has a long tradition of evaluating eyewitness reports.

These include (Shafer, 1974: 157-8): assessment of meaning – is the real meaning different from the literal meaning? Are the words used in senses not employed today or in a different cultural context? Is the statement meant to be ironic? How well could the author observe the thing he reports? This is a particular problem when a manager is interviewed with regard to company policy – possibly a policy that was implemented several months or years ago. This includes command of the relevant language and technical expertise (legal, economic, political, and administrative). Is the author simply giving the corporate line or politically correct view? The intention of reporting must be considered – is the author simply showing himself (his company, his country, his family) in a good light?

Documents or statements addressed to different individuals and institutions may serve a variety of purposes. Those addressed to powerful individuals, groups or institutions may be intended for gain by the sender. Interviews may be designed to impress the interlocutor. The purpose of the document needs to be explicated. Documents may be designed for prestige, tax minimization, satisfaction of guarantees (by government, sponsors or creditors) or to cover deficiencies in performance. The historian's craft is, in part at least, to expose fraud and error (Bloch, 1954).

*Criticism of "the Archive"* Historians are familiar with the pitfalls that rise from taking archive material at face value. Many documents do not survive, or never existed (Jones, 1998). It should, however, be noted that the absence of "native" sources is by no means absolute. Dalrymple (2006) notes the abundance of Indian sources on the "Uprising" (Indian Mutiny, First War of Independence) in the National Archives in Delhi – The Mutiny Papers are a rich source of real life glimpses of many otherwise undocumented individuals in Delhi and elsewhere in the whole period of troubles. Also in existence are nearly full runs of Delhi's two principal Urdu newspapers. Local sources are rich (see

Dalrymple, 2006: 11-16). Language, script and interpretation problems remain but are clearly not insuperable.. This makes the point that, in history as well as international business strategy, diligence in seeking out extant information is crucial.

The analysis in this section comes very close to the “Code of Conduct” suggested by Lipscomb<sup>i</sup> (2014) who sees it not so much as methodological necessity but more as “professional integrity” (2014: 38). It closely echoes recent calls “responsible research” in management and international business studies (Management and Organization Review (MOR) “Research and Publishing Ethics 2011).

### *History as a Source of Research Methods*

Buckley (2016) suggested that three key research methods could be more intensively used in international business research. These are (1) time series analysis (2) comparative (historical) methods and (3) counterfactual analysis. In addition, history has much to add on (4) the key methodological question of “the unit of analysis”.

### *Time Series Analyses, Process Research and Causality: Narrative and Truth in History*

The long run (and long-standing) effects in international business are well documented (Chitu, Eichengreen & Mehl, 2013). Process research is also an attempt to focus on the importance of sequencing in establishing causality (Pettigrew, 1997). This contrasts with “variance approaches” that exclude a time dimension (Easterlin, 2013). Many cross-sectional approaches cannot capture causality.

### *Time Series Analysis*

Because of its focus on international differences, the academic study of international business has predominantly focused on cross-spatial comparisons, and therefore has privileged cross-sectional analyses over time-series methods. Easterlin (2013) notes that although cross-sectional relationships are often taken to indicate causation, especially the impact of economic growth on many social

phenomena, they may, in fact, merely reflect historical experience. This arises because similar leader-follower country patterns occur for variables that are actually causally unrelated. Thus, “significant cross-country relationships of many variables to economic growth may merely demonstrate that one set of countries got an early start in virtually every “revolution”, and another set, a late start” (Easterlin 2013, p302) .The inclusion of longitudinal methods alongside cross sectional work is likely to enhance credibility and to correct serious errors of interpretation.

International business theories with a time dimension include Vernon’s Product Cycle Hypothesis, (Vernon 1966, 1979), the Uppsala approach (Johanson and Vahlne 1977) and derivatives of the evolutionary theory of the firm (Nelson and Winter 1984). In all of these cases, the role of time is imprecise. The product cycle hypothesis is programmatic, not dynamic, because it does not specify the timing of the changes between stages (Buckley and Casson 1976, p77). The Uppsala model is a descriptive sequence, without specifying exact temporal causality. Buckley and Casson (1981) examine the optimal modes of servicing a foreign market by specifying a relationship between elapsed time and cost to provide precision in the switching of modes. Clearly, there is room for progress in the conception and specification of the role of time in International business research.

The primary long run history foci in international business have been business cycles (Revyakin 2017) and financial time series (Caporole, Cunado and Gil-Alona 2013). There is scope for long run dynamics in International Business and potential for the application of non-linear dynamic analysis. The performance over time of MNEs is also ripe for research innovation, as most findings rely on cross-sectional comparative analysis (for a recent example see Shin, Mendoza, Hawkins and Choi 2017).

### *Narratives*

A narrative is an account that presents connected events. A chronological narrative follows time as the key driver and anchors events at particular points of time. Chronology is often opposed to organizing

events by theme. The presumed “narrative fallacy” arises from excessive simplification – reading causality into data and the post hoc, propter hoc fallacy. “Sources” provide historians with their evidence base – inputs to the process – whereas narratives are the outputs, the version (or versions) of events that historians construct on the basis of diverse source material. Historians do not create facts, they create narratives. Their narratives are knowingly shaped by the concerns of the present in which they write. The aim of the historian is not to produce the definitive version of events, which is impossible, but to provide a version of the past (a societal memory) that reflects the concerns, anxieties and precludes and technology of the society from which they are drawn. Historians are the gatekeepers of the collective memory of the society in which they live. They must always strive to be objective, but they do so in the knowledge that true objectivity is an illusion <sup>5</sup>.

It is not possible to know what questions future generations will ask of the past that do not occur to us today (or do not seem important). Historians from different periods, or from different countries, religions and cultures will ask different questions of the archive and will read its sources in different ways. Good examples of these fundamental questions arise from the examination of medieval chroniclers whose purposes were truth, usefulness and memory (Given-Wilson, 2004). Truth, as understood by the chroniclers was accuracy, trustworthiness but also revealed by faith. Accuracy was defined (as is the case today) by conformity to fact (exactitude, precision, authenticity actuality in names and places), by its didactic significance (“universal truth”) and according to the degree to which it was perceived to be plausible especially the extent to which it corresponded to other comparable truths (Given-Wilson 2004 p 3). Truth as trustworthiness was confirmed by the reliability of the evidence (eyewitness accounts, reliable witnesses) the qualifications (status) of the chroniclers, the quality of the witnesses and the quality of the transmission of the evidence – “the weaving of the text”. Given-Wilson (2004: 15) points out that the word text comes from the Latin *texere* (to weave, as in textiles). To this is added truth as revealed by faith and the weight put on preternatural signs such as miracles, dreams, portents, and divinely inspired authoritative prophecies.

In addition to truth, medieval chroniclers also had the purpose of memory, and usefulness. Memory served a purpose against the corrosive force of forgetfulness, to immortalize events by writing them down. This role of preserving memories often (to modern eyes) involved plagiarism of earlier sources but a higher purpose was served. Its utility arose from the recording of evidence and precedent so institutional histories were created and preserved. As Given-Wilson (2004: 113) says, “accurate chronology was one of the greatest triumphs of European historical writing during the Middle Ages”.

### *Process Research*

Building on accurate chronology, process research pays particular attention to the sequencing of events (Welch & Paavilainen-Mantymaki, 2014) which are contrasted to “variance paradigms”. Events, not variables are the crucial writ of analysis and capturing multiple time points builds narrative, event studies and panel data analyses. Process analysis holds out the possibility of integrating the time dimension into the internationalization of firms. The critical question is not data access, but in careful theorizing. In combination with variance approaches, process analysis has the potential to explain the effects of context (place) and time in internationalization. Criticism of the “variance approach” is echoed by Easterlin (2013) (see above), who argues that cross section relationships are often taken to indicate causation when they may merely reflect historical experience, This is particularly the case when similar geographic patterns of diffusion are captured by the data – as may well be the case when studying the internationalization of firms. This may reflect the fact that one set of (national) firms get an early start whilst others play catch-up.

Social scientists and historians differ in the extent to which each group wishes to emphasise the singularity of events or their generalizability. Indeed, this is a spectrum rather than a dichotomy. Useful in both arenas in the division between “necessary” conditions (without which the event would not happen) and “sufficient” conditions (in the presence of which the event will happen).

### *Comparative Methods*

Three classic comparative methods are across space (geographic comparison), across time (historical comparison) and against a carefully specified alternative state of the world (counterfactual comparison) (Buckley, Pass & Prescott, 1988). International business, almost by definition, concentrates on across space (across nations), in most analyses. The multinational enterprise is a perfect vehicle for this because “the firm” is constant whilst space varies when comparing units of an international firm. This helps to highlight the impact of locational and cultural variations in the strategy of the firm. Historical research therefore adds another dimension of variation. The doyen of business historians, Alfred Chandler, described his use of detailed historical case studies as generating “non-historically specific generalizations” (Chandler, 1984). These were, ironically, highly location specific, drawn exclusively from the USA. Comparative geographical and historical methods give rich variation, essential for fine-grained analysis, which is exactly what its advocates’ claim. Historical research is specialized in comparisons across time but spatial and counterfactual comparisons are also employed. History is diachronic – concerned with relations between actors over time, whilst social science is synchronic – examining relations between (aggregations of) individuals at a single point in time.

Comparisons across time, holding place constant, are the essence of “history”. They give rise to notions of “growth”, “progress”, “and decline” or “loss”. As noted elsewhere in this piece, such comparisons are fraught with danger unless carefully specified and conducted. Meanings of documents, words, artefacts and statements vary according to different point of time usage and need to be carefully evaluated, as best practice history research dictates. There are important interactions between history and geography. Spatial context is often crucial.

### *Comparative Sequential Methods in History*

The comparative historical method involves the systematic comparison of sequences (Falleti & Mahoney, 2015). A sequence is a temporally ordered set of events that takes place in a given context (Falleti & Mahoney, 2015: 213). Events are spatially and temporally bounded happenings that can be compared across cases whereas occurrences are on comparable happenings that, by definition, are distinctive to a single case. Both events and occurrences take place with given temporal and spatial contexts (Falleti & Mahoney, 2015: 212-213). A process is a particular type of sequence in which the temporally ordered events belong to a single coherent mode of activity – the growth of a particular firm is an example.

Processes can be analyzed in terms of temporal order, duration and pace. In seeking causality we can ask whether any or all of these elements affect outcome. In the case of internationalization strategies of firms for instance does the sequence of entry matter? Does the length of time that an investment has existed before the next country is entered affect successful internationalization? Is the speed of entry a determinant of success? In international business research, all these issues have been at the forefront of enquiry since the creation of the “Uppsala model” of foreign market entry (Johanson & Vahlne (1977)). Temporal sequencing does not necessarily imply causality, so evidence beyond establishment dates is necessary to establish causal linkages. Much of the debate around the Uppsala sequence has focused on the generalizability of the model and its temporal specification.

### *Counterfactual Analysis*

The third key comparator is controversial – this is to construct a theoretically plausible alternative state of the world (alternative scenario) with which to compare observations of the existing state of affairs in order to evaluate decisions against “what might have been”. This type of analysis has a long provenance in international business as “the alternative position” in the analysis of foreign direct investment, asking the question “what would have happened if the FDI had not taken place”.



The key problem is to specify the alternative. In the evaluation of foreign direct investment (FDI), there are three alternatives – no investment, investment by a domestic (home) firm or investment by a different foreign investor. Usually, the question of a different foreign investor is not considered, although it can have interest – does it matter if a foreign investment is Chinese owned rather than Spanish owned (in the case of UK as host country, for instance)? This is a subtly different question from comparing an FDI with a domestic investment because it focuses on the strategic and cultural differences between nationalities of foreign investor.

Normally, the “alternative position” or the counterfactual analysis of a foreign investment compares it to “no investment” or to a domestic investment (Reddaway, 1968; Steuer, 1973; Cairncross, 1953). This fits with a tradition in economics where true cost is “opportunity cost” – the real cost of the best alternative foregone, so this does not stretch the bounds of conventional economic thinking. Where the alternative is less easy to specify, then arguments can be made on this designation and counterfactual analysis is not so straightforward – although it can be rewarding as a “thought experiment” (Fogel, 1964; Casson, 2009).

As Appleby, Hunt & Jacob (1994: 159) say “human agency, contingency, roads not taken... have returned to intrigue the historian”. The counterfactual question – “What If?” is a particular type of thought experiment designed to elucidate causality. Many variously sophisticated attempts have been made to try to answer the question of what would (might) have happened if some of the alleged turning points of history had turned out differently (Beatty, 2011; Ferguson, 1997; Cowley, 1999). Lebow (2012) makes the point that counterfactuals are frequently used in physical and biological sciences to develop and evaluate sophisticated, non-linear models. The counter-factual must be well defined, requiring a thorough presentation of the context of the alternative position. These “thought experiments” are perhaps history’s closest comparator to a laboratory experiment (Gaddis, 2002: 100). The counterfactual can counteract the static nature of historical analysis by focusing on dynamics and processes. The key, as Leunig (2010) points out, is to be explicit in specifying the counterfactual

position to provide more evidence than a simple judgement on the impact of (for example) a critical innovation. In finding that agricultural land opened up by the railroads might otherwise have been undeveloped Fogel (1964), examined the possibility of an alternative network of canals. He did this not by simple perusal of a map but by examining detailed topographical maps, as a canal builder would do. A limitation of counterfactual analysis is the ability to go on to use comparative analysis because the carefully constructed counterfactual is often locationally or temporarily specific. An excellent example of a carefully constructed counterfactual is Casson's creation of an optimal counterfactual UK railway network (complete with timetable) taking account of network performance, the physical geography of the UK, Victorian urbanization and traffic, engineering constraints, regulation, institutional and political constraints (Casson, 2009).

As Black (2016: 7) says "... Counterfactual studies make explicit the role of the scholar as interpreter. Historians, by simply identifying an episode, a development or an approach as important, imply that others are less significant" By focusing attention on selectivity, counterfactual work can expose bias.

An excellent example of the combined use of triangulation in both space and time, together with the use of counterfactual analyses is Schiedel's (2019) analysis of the uniqueness of the Roman Empire in the European geographical space. Scheidel's thesis is that the Roman Empire was exceptional in European political history as a long-lasting, land based Empire. To do this, he has to show that Rome was unique in Europe (longitudinal analysis of one geographical area over a long time- period), but that the non-Roman European polity contrasted with "the rest of the world" in not being dominated by Empires (longitudinal comparison between Europe and the rest of the world over a long time- period). The degree of contingency of Rome's dominance is examined by considering counterfactuals. Thus comparative analyses across time and space, together with well-constructed counterfactuals combine in support of the thesis that the Roman Empire served Europe by disappearing and allowing a more dynamic, competitive "small states" polity to appear in Europe, providing the context for the industrial revolution and eventual European transformation of the world.

Counterfactual analysis therefore is potentially rewarding for comparative purposes if used with precision and for circumscribed ends. Its parallels with opportunity cost have made it an acceptable means of analysis in macro studies of FDI. Its use at the micro (firm) level is much more restricted. Its use is greatest when combined with either, or both, of longitudinal and spatial comparative analyses.

### *The Unit of Analysis*

International business has a challenging issue for researchers in the choice of unit of analysis (Buckley & Lessard (2005)). Investigations can be at the level of the individual manager, the decision making body (the Board), the firm, the national economy, the region (EU), or the world economy. In today's world of networked multinationals (Buckley, 2011; Buckley & Ghauri, 2004) it can also be at the level of the network (the global factory) or the value chain.

History has similar issues. Proponents of microhistory suggest that historical analysis at the smallest level (person, small group, local community, village) is the only way to detect key phenomena – and to do “total history” (Zeitlin, 2007: 28). This move away from larger scale national or political history has to account – like all choices of units of analysis – with interactions from all the other levels. Are not individual managers subject to company strategies, national policies, workplace, national and company cultures?

“Delbruck argued that Frederick the Great in the Seven Years' War (1756-63) had adopted a strategy of attrition, designed to wear out the coalition of France, Austria and Russia by manoeuvre; whereas the staff historians said that Frederick's strategy was one of annihilation, using manoeuvre to seek battle. Both were right, because each was focusing on a different level of war. Delbruck was concerned to place war in its political context, the staff historians were considering the operational

aspects, the relationship between strategy and tactics” (Strachan, 2013: xviii). This illustrates the vital importance of the unit (or level) of analysis in military history, history of any kind, and social science.

The unit of analysis is the key entity under investigation and, in a research study, as such, it must be theoretically determined. This unit may be an individual, a group, an artefact (book, document), a geographical unit (city, province, state, global economy) or a social interaction (a dyadic relationship such as a joint venture, a merger or acquisition, bankruptcies). All too frequently, data sources (even primary ones) do not match with the required unit of analysis. As Wrightson (2011: xi) says, “Microhistory is not so much a school of history as a distinctive approach to history”. Wrightson suggests three important characteristics of microhistory. First, the reduction of scale (to a family, a village community, an individual) allows a closer scrutiny of the sources and attention to detail. Second, the intensity of focus allows the observation of new phenomena and new meanings. Thus, microhistory is undertaken not to illustrate a preconceived argument but to explore the otherwise inaccessible. It is thus a way of observing and trying to comprehend the networks of relationships and webs of meaning around the focal unit. Third, its concern is not only with the specifics but with context. Knowledge of the wider context – institutional, social, political, economic, ideological – enables an understanding of the evidence and its meaning (Wrightson 2011: xi-xii). This provides an excellent analogue to a focus on individual firms, managers and decisions in international business research wherein specificity can illuminate wider issues. The parallels with ethnographic studies in IB are clear. (Davis, 1992, Martin, 1996, Buckley and Chapman 1997a, 1997b)

As mentioned above, plausible units of analysis in international business are: individual (manager), group (firm, industry), artefact (company documents, business histories), geographical units (country, trading block [EU], global economy, city), social interaction (joint venture, merger, trade union, company-state negotiation or lobbying). This profusion of potential units of analysis often causes difficulties. These include: conflation or elision of categories of analysis, conflicts between different

'levels" of analysis and separating out effects that cross units of analysis (this last one requiring theoretical reformulation).

In electronics or cybernetics, a "black box" is a device that can be described in terms of its output, input and transfer characteristics without the necessity of analyzing its internal workings, components or logic. This imaginary, rational entity aids analysis at the cost of introducing several powerful but limiting assumptions such as perfect information and assuming away several key issues such as principal-agent conflict (Jensen & Meckling, 1976) and the associated incentive problems. This sweeping behavioral assumption is justified by its use as an acceptable approximation in collapsing large numbers of decisions into one single decision-making entity – the firm.

However, it can be argued that this analytically convenient device comes at the cost of over-generalization and worse, can obscure causality because of excessive aggregation. Microhistory is a corrective to this over aggregation. Misleading causality can result because the real decision makers (managers, bureaucrats, politicians, entrepreneurs, generals, governors) are subsumed in "the firm" or "the official mind" (Robinson & Gallagher, 1961). The decisions of individuals are made at the individual level and can be the crucial factor in determining outcomes. Forensic skills may be needed to identify individual decision-making – qualitative studies, including interviews in the firm, interrogation of archives or documents in diplomatic history. The combination of these skills with more aggregate analyses of the strategy of firm or the outcome of the decisions of the official mind is a further philosophical and analytical dilemma.

One crucial issue common to microhistory and international business research (at least in its focus on the manager and managerial action) is the extent and limit on individual agency. How far are individuals (e.g. managers in multinational firms) able to make meaningful choices and affect outcomes? How far are those individuals who can be shown to affect outcomes (entrepreneurs, CEOs for example) unusual outliers? These are the questions that require microhistories (individual case

studies) to be put in a wider (societal, corporate) context. Microhistory is set up to be non-generalizable by its focus on the unusual, often socially marginal, individual or group, so how far is it possible to deduce anything beyond the immediate context of the study?

Thus, individuals and individual action are an “agent within a process, not a deus ex machina” (Bates, 2016: 14). Prosopographical analysis is an investigation of an historical group whose individual biographies may be largely untraceable by means of a collective study of their lives in a multiple career-line analysis (Verboven, Carlier & Dumolyn, 2016). This is a useful method of understanding actions and motives in the absence of hard evidence at the individual level. These techniques may parallel a research approach to groups of managers, entrepreneurs or bureaucrats where identifying individual action is difficult.

As Brewer (2010: 5) says, the choice of microhistory is a matter of “scale and point of view”. Critically, microhistorians raise the question of human agency (“how much scope was there for conscious human choice and action or were historical actors imprisoned in an iron cage?” (Brewer, 2010: 7)). Microhistory can be seen as a corrective to linear models of “progress” or “development”. More profoundly, microhistory can be seen as representing a challenge to smooth, evolutionary processes and homogenous development by the insertion of abrupt change, interruption and discontinuities, in particular those represented by human agency, choice and “free will” as opposed to destiny and uniformity (Brewer, 2010). Microhistory thus is in opposition to the exclusion of voices that do not fit the uniform model change embedded in grand narratives, and the insertion of contradictions and conflicts (within or outside the prevailing model). The opposition of “structure” and “agency” is important throughout history and social science and microhistory allows attention to be paid to conflicts, negotiations and alternative futures.

One persistent research issue in social science research is micro-macro links. Microhistory has confronted this problem by developing the notion of ‘exceptionally typical’ (Peltonen, 2001).

Microhistorians abandoned the nation state as a unit of analysis - a direction that economic geographers of the multinational enterprise have been much more inclined to follow than international business theorists (Yeung, 2009). For microhistorians “a distinguishing feature of historical study lies in its concrete nature, its attention to specific or singular phenomena” (Peltonen, 2001: 349). The contrast between the philosophy underlying history and that of social science is put by Isaiah Berlin:- “History details the differences among events, whereas the sciences focus on similarities. History lacks the sciences’ ideal models, whose usefulness varies inversely with the number of characteristics to which they apply. As an external observer the scientist willingly distorts the individual to make it an instance of the general, but the historian, himself an actor, renounces interest in the general in order to understand the past through the projection of his own experience upon it. It is the scientists’ business to fit the facts to the theory, the historian’s responsibility to place his confidence in facts over themselves” (Berlin, 1960:1 (Abstract)). Beginning the investigation with something unusual, odd, that “does not quite fit” enables previously unobserved phenomena to enter the analysis.

### *Globalization and the Challenge of Global History*

As Hunt (2014) points out, whilst modernization represents a one-way process (absorption of “Western” values), globalization represents a two-way interdependence – a relationship, if often, an unequal relationship. Globalization alters both participants’ and analysts’ experience of space and time and therefore challenges the earlier analysis of comparative research across space and time.

Two-way interactions are analytically much more problematic than one-way causality. In the context of global history, this challenges the independence of individual nation states as units of analysis. Holding “globalization effects” constant is high on impossible. One response is to write “global history” with individual nation states, even regional institutions as minor players, but this is unsatisfactory because many so called global factors have national roots (e.g. so called global firms are very much the creatures of one national ownership – which usually controls finance, management

and strategy). An interaction of systems – national, regional, global and sub-national are at work here and teasing out the important strands of causality is a challenge for both social scientists and historians.

The study of global, or world, history is an attempt by historians to escape from the methodological nationalism that is the default position of history. The “area studies” paradigm is perhaps a half-way house and cross cutting aggregations of countries (Commonwealth Studies, East Asian Studies, British Empire History) enable “compare and contrast” research whilst holding some external influences constant. Parker (2013 pxxviii, following Hugon, 2010) refers to “synchronicity, interdependence and interactions” across world events. One such element determining all three is climate and the role of climatic change inducing events that exhibit these characteristics is the essence of Parker’s thesis of “global crisis”. The attempt to discern common patterns across nations and cultures produces pressures to standardize findings and to seek data to suggest conformity. On the other hand, seeking fundamental causes across a wider range of phenomenon produces powerful theories. Climate changes are perhaps the only candidate for global phenomenon that currently has plausibility – although it is a contested approach. The balance of similarity/integration with difference/diversity is a key theme in historical research that global history can illuminate.

Table 1 around here

Table 1 summarizes the complementary approaches of the research methods of history and international business. Table 2 gives examples of research questions that would benefit from an integration of approaches.

Table 2 around here

*The Contribution of History to International Business Theory*



The contribution of history to international business theorizing has several components.

First, historical research focuses attention on long run versus short run theorizing. Internalization theory is the basis of a long-run theory of the multinational enterprise, comparing the net advantages of the firm versus the market as methods of organizing economic activities (Buckley & Casson, 1976). In contrast, John Dunning's (2000, 2001) eclectic theory includes an ownership (O) component in the OLI (ownership, location, internalization) explanation of the activities of MNEs that has to be defined in the short (or at least the medium) run (Casson, 1987). This distinction aligns to some extent with the contrast between "strategy" and tactics (Freedman, 2013).

Second, historical research reminds us that theories are often time-bound in their relevance and applicability. A good example is Vernon's (1966) "Product Cycle Hypothesis" which was an excellent predictor of 1960s, 1970s and possibly 1980s outward foreign direct investment by US multinationals - to Europe in search of markets and to resource rich countries in search of primary inputs. The causality of this model was undermined by the growth of MNEs from Japan, Europe and later from emerging markets. Vernon's attempt to recast the theory in a less time-bound mode, focusing on oligopolistic market structures was considerably less satisfying as a coherent theory than as an excellent analysis of a period of global history (Vernon, 1979). It is possible that today's theories specifically aimed at explaining outward foreign direct investment from emerging markets may prove to be similarly timebound (e.g. Mathews, 2002).

Similarly, the time horizon of theorizing into the future has to be borne in mind. How long are theoretical predictions expected to hold? This of course relates to the structure of the theory, the exogenous variables and those factors held constant in the model. Sadly, there is often a disregard for the historical context in which theories operate, or are expected to operate.

Fourth, the role of expectations is often not explicit in international business theory. Expectations and speculation on the formation of expectations can be a major element in decision-making – including the strategic decisions of firms. History is an important determinant of expectation – the future is often held to resemble the past. Modelling of international business decision making and theories of the determinants of corporate policy could be underpinned by a greater awareness of historical reality.

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Table 1 - Research Methods Compared

(Business) History	International Business	Cross-fertilization
Source Criticism – External Reliability	Theoretical Sampling Triangulation Pattern Matching Logic Analytical Generalization	Increased Attention to Fallibility of Sources
Source Criticism – Internal Reliability	Triangulation Dyadic Relationships Intentionality	Use of multiple independent sources
Critical Text Analysis	Investigation of purpose and targets of all “texts”	Increased critical awareness of all sources of data
Criticism of “The Archive”	Missing variables Un-researched populations (or underrepresented)	Wider range of global and local sources and viewpoints
Oral History Techniques	Qualitative methods	Improved Technique of Primary Data Gathering
Narratives	Time series Event studies	Increased attention to the role of time – increased meaning
Historical (Temporal) Comparison	Spatial comparisons	Impact of Time and Space – ‘CONTEXT’
Process	Variance	Complex analysis
Longitudinal Studies	Case studies	Longitudinal cases
Chronology	Sequence/programme	Temporal ordering
Unit of Analysis – Microhistory, National and	Manager, firm, National Global Economy	Reconciliation Techniques Ceteris Paribus assumptions

Global History		
Role of individual historical agent	Agency Theory	Integration of agency inter-theories
Memory	Recall	Cognition Sense making

Table 2: Examples of Research Questions

Research Question	(Business) History	International Business
1. What is the impact of the 'fracture' of the world economy between US and China?	Role of Time National History Global History	Role of 'place' Varieties of capitalism
2. What is the reality of the 'left behind' by globalization?	Historical analysis of the rise and fall of groups, classes, industries, nations, regions	Impacts and consequences of globalization
3. How to assess the performance of the MNE in the long run?	Time series Narratives	Comparative measurement and mapping of performance. Event studies
4. What is the role of the manager (managerial agency) in the MNE?	Archive research	Questionnaire Interview Studies Quantitative comparisons
5. How to understand entry strategies and sequences?	Sequence Business Growth Theories	Causality Uppsala Approach Managerial cognition



## Footnotes

2 This approach has become mandatory for publication in the top journals in international business.

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4 Lipscomb's list is as follows:

Use evidence to support your interpretation and seek to understand that evidence correctly.

Do not willfully present evidence out of context, especially not in such a way that the lack of context will render the meaning of the evidence different, unclear or manipulable.

Do not cite evidence from sources that you elsewhere discount.

At best, do not waste a reader's time on unsubstantiated sources.

At least flag up evidence that is drawn from such sources; do not use it silently.

Triangulate; search ardently for evidence that might undermine, as well as corroborate, your hypothesis.

Avoid assumption creep: do not allow assertions to move from 'possibly' to 'probably' to 'definitely'; do not build more elaborate layers of interpretation on a foundation that is rocky.

Do not rely on the secondary assertions of other historians; *ad fontes!* Go back to the original sources.

Guard against confirmation bias; interrogate the 'facts' anew and bring a fresh analysis to them; do not mould the facts to your interpretation.

Root out and resolve any internal inconsistencies in your argument.

Cite sources so that they can be traced, with page numbers, archival call numbers and publication details.

5. I owe much of this paragraph to an exchange with Peter Miskell, to whom I am grateful for comments.

3. Although there has always been a good trade in the creation of religious relics.

1. One empirical example of the different interpretations of time is liturgical (sacred) time versus mechanical, "clock", time. These systems of time are illustrated by the opening of the English Parliament in 1386, "by tradition the Parliament of 1386 would have convened on the first Monday after the feast of St. Jerome, but now it was announced for October 1, 1386" (Strohm, 2014: 155). This also applied to the computation of the year.

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"For most people in England it was the ninth year of King Richard, second of that name - an effect of computing the years by regnal time, or the space of a King's reign - but for purposes of parliamentary record keeping, it was now 1386" (Strohm, 2014: 155). Until 1376 Parliament moved by "the stately measures of liturgical time, convening at half Prime, as somewhere between eight and nine o'clock. But for the previous decade it had convened by mechanical or clock time, at 8:00 in the morning" (Strohm, 2014: 155). Liturgical time is cyclical - it marks time in relation to a holy festival and repeats annually. Regnal time, marking the location of the year in a given monarch's name, presumes continuity, tradition, inevitability, even divine sanction, of the status quo. With clock time come notions of linearity, progress, change and uncertainty in contrast to the certainty of repetition in liturgical time. "The new, mechanical systems of temporal measurement bespoke a commitment not just to accurate measurement but also to pragmatic assessment and an empirical view of political and social issues" (Strohm, 2014: 156)