CHAPTER

10 Unbundling the Institution-Based View of International Business Strategy Get access >

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Abstract

Critics suggest that the industry-based view has the five forces framework and the resource-based view converges on the VRIO framework, yet what specific propositions or frameworks does the institution-based view of IB strategy have? This article addresses this important and legitimate question, by identifying and articulating the two core propositions underpinning the institution-based view: (1) individuals and firms act rationally according to formal and informal institutional structures; (2) when formal institutions fail, informal institutions regulate exchange relationships. In other words, this article endeavours to advance the institution-based view of IB strategy by unbundling the broad proposition that 'institutions matter'. It leverages and extends contemporary research to illustrate the explanatory and predictive power of the two propositions underpinning the institutionbased view of IB strategy.

Keywords: international business strategy, industry-based view, resource-based view, five forces framework, institutional structures, exchange relationships

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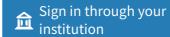
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