The Regional Perspective of Studying International Firms:

A Review, Synthesis, and Research Agenda

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Abstract

After two decades of research of international companies from the regional perspective, this stream of literature is established but many issues remain insufficiently discussed. This article reviews and synthesizes the rich but fragmented studies from the regional perspective and organizes our existing knowledge in a framework with three key themes in the center: inter-regional diversification, intra-regional internationalization, and regional management. The synthesis shows that most of the existing studies tend to address these three aspects in an isolated manner and theorize at the firm- or institutional-level. Basing on the result of the review, I put forward a research agenda that calls for more research about the interface between inter- and intra-regional internationalization, the managers' role in companies' regional strategy, the institutional complexity as well as contextual contingencies, and the theorization of activities across the value chain. Studies focusing on these topics will contribute to our understanding regarding region as a crucial level of geography for international business activities and will complement the existing theories about firm internationalization that view countries as the major unit of geography.

1 Introduction

In the last two decades, a renewed reflection on the locus of international companies' strategy was triggered by a cluster of works that challenged the premise that international firms can continuously internationalize until reaching a global footprint (Ghemawat, 2003, 2005; Rugman & Verbeke, 2004, 2005). Instead, scholars argue that the border of supranational regions (regions, hereafter) is a significant hurdle for internationalization. To internationalize inter-regionally, a company needs to possess rare firm-specific advantages (FSAs) that are applicable across regions (Collinson & Rugman, 2008; Oh, Sohl, & Rugman, 2015), bear significantly higher transaction costs (Rugman & Verbeke, 2005), and manage the escalated operative complexity (Banalieva & Eddleston, 2011; Mohr, Batsakis, & Stone, 2018). Almost at the same time, studies about multinational enterprises' (MNEs) regional management centers, such as regional headquarters, started to gain substantial scholarly attention and formed a growing stream of literature (Asakawa & Lehrer, 2003; Enright, 2005a, b).

Both of the two groups of studies enrich our understanding about international business (IB) by adding the region as a relevant level of geography beyond the local – global dichotomy in which country is the most important unit in analyzing the differences and MNE activities (Hoenen, Nell, & Ambos, 2014; Verbeke & Asmussen, 2016). For instance, viewing country as the dominant geographic unit in IB, scholars asked what enables companies to internationalize across countries with different institutions, and how does the MNE headquarter ensure strategy execution at national subsidiaries. While from the regional perspective, scholars asked why only a small fraction of international firms reached a footprint across all regions in the world, and how does the regional headquarters adjust the MNE strategy from the headquarter according to the regional reality. However, as a young area in IB studies which picked up momentum around 2010, contributions from the regional perspective of IB are loosely connected from each other. Most of these studies emphasize how the regional perspective challenge or complement our existing theories about international companies, but the effort to synthesize the knowledge within this stream of literature has been limited. The missing links across the studies are significant because they are crucial for us to gain a clearer view about how the regional perspective has advanced our understanding about international companies and what remain debated or unclear.

Acknowledging the missing synthesis and the potential in the IB literature from the regional perspective, this study has two major goals. First, I review and synthesize research results about international companies from the regional perspective. This review includes an introduction of the emergence of the regional perspective that explains why the regional level of analysis is relevant for IB, and a synthesis of the current state of the literature led by a comprehensive framework substantiated with quantitative analysis. The framework has the three key topics of the regional perspective in the center: inter-regional internationalization, intra-regional internationalization, and regional management (Verbeke & Asmussen, 2016). Further, the systematic analyses of macro-, meso- (firm-), and micro-level antecedents and the outcomes of the three regional variables reveals the divers of distinct regional strategic choices and how they make a difference in international companies. In this way, this review article contributes to the regional perspective of IB research by structuring the existing theoretical and empirical analyses and clarifying the strengths, weaknesses, and contradictions in the literature.

Second, basing on the synthesis of the existing studies, I identified four major opportunities for future research to further realize the potential of examining international companies from a regional perspective, namely (1) the interface between inter- and intra-regional internationalization, (2) the managers' role in regional strategic choices, (3) the institutional complexity and contextual contingencies of regional strategy and management, and (4) the theorization of different activities along the value chain and beyond the firm boundary. Works addressing these topics will help to extend the depth and the breadth of the regional perspective of IB research, contributing to a better understanding of the multilevel nature of locations. Furthermore, these future research topics will bring novel insights to some crucial questions that have not received a satisfactory answer, such as the strategy under the pressure of global integration – local responsiveness (Mees-Buss, Welch, & Westney, 2019; Meyer & Su, 2015) and the relationship between firm multinationality and performance (Verbeke & Brugman, 2009).

2 The Emergence of Regional Perspective Research: The Relevance of the Regional Level of Analysis

In early 2000s, several publications from IB scholars challenged the traditional local – global dichotomy in examining MNE activities and urged more attention to be paid to the role of regions in international companies' resource, structure, competitiveness, and diversification. In his book *The End of Globalization*, Alan Rugman (2000: 1) stated "the vast majority of manufacturing and service activity is organized regionally, not globally. Multinational enterprises (MNEs) […] think regional and act local." This argument of MNE regionally (instead of globally) organized activities was complemented by the observation that most of the biggest MNEs generate their revenues in one or two continents, instead of worldwide (Rugman & Verbeke, 2004). Independent from the works led by Alan Rugman, Pankaj Ghemawat (2003) pointed out that the world is in a state of semiglobalization where cross-border integration is significant but incomplete. Consequently, regional strategy that appreciate the fundamental difference between geographic regions is crucial for the success of MNEs (Ghemawat, 2005). Meanwhile, from the perspective of management structures, Michael Enright (2005a, b) published descriptive but novel works that surveyed the roles played by regional management centers. These publications from different perspectives of IB marked the emergence of more than two decades of research that examines region as a crucial and unique level of geography in the research of international companies (Alfoldi, McGaughey, & Clegg, 2017; Arregle, Beamish, & Hébert, 2009; Banalieva, Santoro, & Jiang, 2012; Rosa, Gugler, & Verbeke, 2020; Verbeke & Asmussen, 2016).

The importance of region as an international strategy locus is based on the geographic attributes. Since continental regions are usually separated by oceans or massive unpopulated land, the development of societies and nations in different regions tends to be separated from each other and results in significant psychic distances that are unlikely to converge (Duysters & Hagedoorn, 2001; Hakanson & Ambos, 2010; Krugman, 1993). Because of inter-relatedness of different dimensions of contextual distance between countries (Berry, Guillén, & Zhou, 2010; Rugman, Verbeke, & Nguyen, 2011; Zaheer, Schomaker, & Nachum, 2012), the compounded distance between countries spikes at the regional boarder (Verbeke & Asmussen, 2016), leading to challenges in internationalization. Consequently, many IB theories with constructs based on the local – global dichotomy such as liability of foreignness, location-boundedness of FSAs, and headquarter-subsidiary relationship omitted a crucial level of analysis (Chakravarty, Hsieh, Schotter, & Beamish, 2017; Qian, Li, & Rugman, 2013; Rugman & Verbeke, 2005).

Since early on, IB scholars documented that companies incur additional cost when doing business out of home country (Hymer, 1976) and suffer from liability of foreignness, defined as "the costs of doing business abroad that result in a competitive disadvantage for an MNE subunit" (Zaheer, 1995: 342). The concept of foreignness is central in the IB studies because it is "inherent to multinational enterprises" (Lu, Ma, & Xie, 2022: 449). From a regional perspective, because of the spike of compounded distance at the regional boarder, liability of regional foreignness is fundamentally different from liability of foreignness between country dyads. While liability of foreignness focus on relational and institutional costs, liability of regional foreignness has multiple dimensions that strengthen each other: the escalated complexity of inter-regional operation, the difficulties of applying FSAs across regional boarders, and the more fundamental institutional discrimination (Asmussen & Goerzen, 2013; Qian et al., 2013).

To offset liability of regional foreignness and to benefit from economies of scale as well as resource heterogeneity (Rugman & Verbeke, 1992), companies exploit non-location-bound FSAs abroad. However, because of the spike of compounded distance at the regional boarder, a large proportion of non-location-bound FSAs are region-bound in reality (Collinson & Rugman, 2008; Oh et al., 2015), leading to a limited degree of inter-regional diversification which is difficult to explain in the local – global dichotomy.

Regarding MNE structure, studies from the regional perspective have also demonstrated that MNE management is beyond the headquarter – subsidiary dyad (Alfoldi et al., 2017; Chakravarty et al., 2017; Enright, 2005b). Instead, regional management centers such as regional headquarters function as "strategic mid-way house" (Yeung, Poon, & Perry, 2001: 165). Being closer to the subsidiaries within the region and being embedded in the regional context, these regional management centers play a crucial role in alleviating the challenges caused by inter-regional distance, complexity, and foreignness: they adapt corporate strategies to formulate local strategies, coordinate activities of subsidiaries within a region (Enright, 2005b), facilitates communication by streamlining information flow, and guides knowledge transfer both bottom-up and top-down (Asakawa & Lehrer, 2003; Lunnan & Zhao, 2013; Mahnke, Ambos, Nell, & Hobdari, 2012).

3 Review of Research from the Regional Perspective

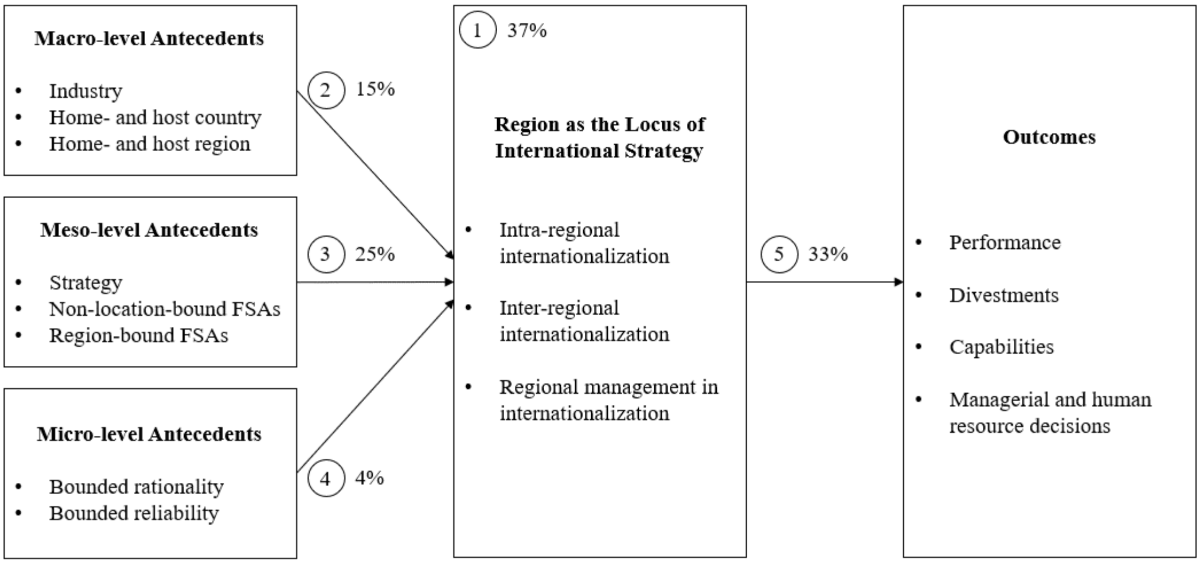
Method and Framework

The present review covers conceptual and empirical research about international companies from a regional perspective since 2000. In early 2000s, several landmark works about region as the locus of MNE strategy were published, including Alan Rugman's (2000) book *The End of Globalization* as well as two articles in *Journal of International Business Studies* from Pankaj Ghemawat (2003) and Alan Rugman and Alain Verbeke (2004). These works inspired continuous discussions regarding region as the locus of international strategy (Banalieva & Dhanaraj, 2013; Rosa et al., 2020; Verbeke & Asmussen, 2016), so I chose 2000 as the starting year of my survey of the literature. The last year covered is 2022. Although early research focused on MNEs, following studies also covered international new ventures and small and medium-sized enterprises. Since these studies often have related theoretical arguments and complement each other, I included studies of all kinds of international companies in the review.

Following suggestions of prior work about high quality literature reviews and about comprehensive coverage of publication outlets (Short, 2009), I started the search from top 50 peer-reviewed journals, according to five-year impact factor ranked in Clarivate Web of Science Journal Citation Report, in Business, Management, and Economics. In addition, I included the following journals since they published special issues about MNE regionalization: Management International Review, European Management Journal, International Marketing Review, and British Journal of Management.

To find the relevant articles, I carried out key word search in the Clarivate Web of Science database in the abovementioned journals with the following keywords: region*, semiglobal*, Africa*, America*, Asia*, Europe*, Middle East*, NAFTA, Oceania*. Afterwards, the decision to include or exclude an article is based on the title and abstract. The work needs to empirically or theoretically incorporate geographic regions as a relevant factor in firm's strategy, internationalization or management. Works that only discuss macroeconomics or political topics without an interest in companies, its teams, managers, or employees were excluded. The search resulted in 166 articles from 31 journals from 2000 to 2022. The journals and the corresponding number of publications included are in Appendix 2.1.

I further synthesize the reviewed articles in a framework as presented in Figure 2.1. At the center of the framework are three novel topics about international companies brought by the regional perspective: intra-regional internationalization, inter-regional internationalization, and regional management. Three levels of antecedents of regional strategy and management are (1) macro level which discusses the impact of institutions, culture, economics, etc., (2) firm level which focus on the characteristics of the companies, and micro-level which focus on the roles of individuals. Additionally, the regional strategy and management lead to various organizational outcomes, among which the performance is the most analyzed element. A summary of selected reviewed studies can be found in Table 2.3 in the appendix. In the next part, I will synthesize the reviewed studies according to the framework in Figure 2.1.



Note: The percentage means the proportion of the reviewed publications that discussed the corresponding element. The sum is larger than 100% because some works include more than one element.

Figure 1 Framework for Research of International Companies from a Regional Perspective

Inter-regional versus Intra-regional Internationalization and Regional Management (1)

More than a third of the reviewed works focus on complementing our current knowledge based on the local – global dichotomy with the insight that region is a crucial level of geography in understanding international companies. These studies provide a nuanced view by separating intra-regional diversification from inter-regional diversification. Furthermore, regarding subsidiary management, works about regional management centers highlighted the importance of management at the intermediate level beyond the direct headquarter – subsidiary interactions.

Inter-regional internationalization. Studies about the geographic scope of international companies with a regional perspective find that instead of spreading their activities equally worldwide (for instance according to the prediction of the gravity model), the majority of international companies focus their internationalization on a limited number of geographic regions. This phenomenon was first reported by Rugman and colleagues (Rugman, 2000; Rugman & Verbeke, 2004) with the data of large MNEs' revenue distribution. Subsequent studies mostly confirmed this result (Beleska-Spasova & Glaister, 2009; Rugman & Oh, 2008) and further extend the conclusion to the geographic distribution of assets (Gadhia, Kotzab, & Prockl, 2011; Grosse, 2005; Rugman & Oh, 2008), market entry activities (Pogrebnyakov, 2016), companies from emerging economies (Ibeh, Uduma, Makhmadshoev, & Madichie, 2018; Sethi, 2009), and new ventures (Lopez, Kundu, & Ciravegna, 2008; Sui, Kuivalainen, Yu, & Baum, 2012). Several studies about the dynamic of the regional strategy also demonstrated that companies' tendency to choose regionally focused instead of global strategy has been stable over the years (Oh, 2009; Rosa et al., 2020; Rugman & Oh, 2013). A major critic to this stream of analyses came from the global value chain literature. Although in one study, Mol, van Tulder, and Beije (2005) found that the outsourcing activities of Dutch manufacturing companies were mostly intra-regional, scholars from global value chain perspective argued that the regional strategy studies underestimated the inter-regional scope of companies by overly focusing on downstream activities and activities within the traditional firm boundaries (Mudambi & Puck, 2016).

Most of the studies that examine the regional boarder as a significant boundary of firm internationalization are based on internalization theory. The scholars argue that because countries within a region are more similar to each other than to countries out of the region, companies can more easily deploy FSAs among regional neighbors while many non-location-bounded FSAs have limited transferability across regional boarders (Collinson & Rugman, 2008; Rugman & Verbeke, 2004; Yaprak & Karademir, 2011). Consequently, a large proportion of international companies are constrained by the location-boundedness of FSAs and have a limited geographic scope. For instance, Collinson and Rugman (2008) compared Nippon Steel and British Steel and concluded that the superior productivity of Nippon Steel partly stems from its human resource practices which are almost impossible to be transferred out of Asia.

Intra-regional internationalization. Partly as a mirror image of the findings regarding inter-regional diversification, studies find that the home region is the primary target of internationalization for many companies, from new ventures to MNEs (Beleska-Spasova & Glaister, 2009; Kolk, Paliwoda, & Margineantu, 2009; Oh & Rugman, 2012; Rosa et al., 2020; Rugman & Verbeke, 2004). Regarding the degree of home-region orientation, defined as the proportion of home-regional sales as a proportion of total sales, Rugman and Verbeke (2004) found that over 85% of the biggest companies in the world generated more than half of their revenues within the home region. Although some studies about export revenues and foreign establishments supported the observation that the home-regional market is disproportionally important for international firms (Beleska-Spasova & Glaister, 2009, 2010; Rugman & Oh, 2008), some scholars also reported that they did not observe more significant home-region orientation than the gravity model predicts (Dunning, Fujita, & Yakova, 2006; Hejazi, 2007). Comparing to the diverse studies that discuss the inter-regional scope of international companies, relatively few studies only focus on the scope of intra-regional internationalization per se. In contrast, studies about intra-regional internationalization emphasize its antecedents and outcomes, as I will synthesize in the following part.

Regional management in MNE structure. Studies about the role of regional management centers complement the discussion about inter-regional diversification and intra-regional internationalization because these regional management structures connect inter-regional diversification with intra-regional internationalization. Scholars in this literature stream find that different types of regional management centers coordinate the inter- and intra-regional communication, aggregate activities to achieve economies of scale, and sometimes also facilitate national subsidiaries in responding to the local requirements. Comparing regional headquarters with MNE headquarters, the former is embedded in the regional context; while comparing regional headquarters with national subsidiaries, the former is exposed to intra-regional heterogeneity and regional scale of economy (Hoenen et al., 2014; Kähäri, Saittakari, Piekkari, & Barner-Rasmussen, 2017; Verbeke & Asmussen, 2016).

Challenging the "prevailing paradigm in the international strategy and international business literature […] (focusing on) on global headquarters and national subsidiaries", Enright (2005b: 84) examined the role of two types of regional management centers – regional headquarters and regional offices – in the management of MNEs. Both types of regional management centers have corporate management, strategy, and support roles that coordinate regional activities and connect MNE headquarters with national subsidiaries within the region. This result is supported by the finding that host city's distance to regional affiliates and connectivity are closely related with the likelihood of hosting regional headquarters (Belderbos, Du, & Goerzen, 2017). In addition, regional headquarters also have functional roles that aggregate activities such as procurement and financing at the regional level to achieve economies of scale (Enright, 2005b). Focusing on the coordinating role, scholars also discussed how the local – regional – global flow of knowledge was managed at the regional management centers. These regional structures identify, extract, and adapt knowledges from local subsidiaries, locate potential receivers within and out of the region, and diffuse the knowledges (Asakawa & Lehrer, 2003; Lunnan & Zhao, 2013). Confirming the emphasize of integration and efficiency of regional headquarters, studies further pointed out that sometimes national subsidiaries receive mandates to perform certain regional management roles and these mandates focus on activities that requires local responsiveness and flexibility (Chakravarty et al., 2017; Schotter, Stallkamp, & Pinkham, 2017).

In this literature, the role of regional "springboard subsidiary" in MNE inter-regional diversification has also been discussed. With qualitative evidence, scholars pointed out that these subsidiaries are established to facilitate MNEs' entry into foreign regions. Springboard subsidiaries are granted autonomy to carry out entrepreneurial roles to establish local presence. Meanwhile, they also have classic roles of regional management centers such as administration and coordination (Pla-Barber, Villar, & Madhok, 2017). The springboards are sometimes newly established entities in the host region that the MNE plans to enter (Yeung et al., 2001), but sometimes MNEs allocate springboard mandates to established subsidiaries which are culturally similar to the targeted new host region (Villar, Dasí, & Botella-Andreu, 2018). For instance, established foreign subsidiaries in Spain can receive the mandate to be the springboard subsidiary for market entry into Spanish-speaking countries in South America. This kind of regional management mandate out of the region emphasizes the one aspect of the institutional similarity and contradicts the argument in the regional strategy theory about the spike of compounded distance at the regional border.

Research on the Macro-level Antecedents of Regional Strategy and Management (2)

There are two major aspects in the examination of macro-level (above the firm-level including institution-level, industry level, etc.) antecedents of companies' regional strategy and management. One aspect discusses macro-level factors that leads to idiosyncratic inter-regional diversification, thus contribute to our understanding of this special form of internationalization. The other aspect discussed the multilevel nature of home- and host-location beyond the country level, thus enriches our knowledge about the contextual factors of firm internationalization.

Industry factors. Several industry characteristics are found to be closely related to companies' inter-regional scope of operation because these factors influence entry barriers and the source of competitive advantages. In institution-driven industries that are subject to heavy regulatory control, MNEs can economize on upstream host-country-specific advantages such as low costs of inputs by investing into the host country and region. Nevertheless, downstream inter-regional expansion face higher institutional entry barrier, so MNEs in these industries tend to mainly generate revenues from the home region (Oh, Kim, & Shin, 2019). By contrast, companies in capability driven industries tend to rely on FSAs to compete and rely on organizational boundaries to protect the dissipation of the FSAs. Consequently, the upstream activities of companies in these industries tend to be more home-region oriented. On the downstream side, customers in these industries tend to value brand, innovativeness, and price-performance, and they also tend to have similar tastes inter-regionally (Cerrato, 2009). These customer preferences make it possible for companies to exploit non-location-bound FSAs inter-regionally with limited adjustment costs. The high upfront investment to build FSAs further motivates companies in capability-driven industries to expand their downstream activities inter-regionally to benefit from the economies of scale (Adler & Hashai, 2015; Cerrato, 2009; Oh et al., 2019). Furthermore, Rugman and Verbeke (2008) found that service industry is more home-region oriented in revenue and assets than manufacturing industry. The authors argue that besides the requirement for asset-specificity, characteristics of deliverables are also crucial. Since service industry' deliverables are real-time and can neither be well stored nor transported, the benefits of economies of scale can be hardly achieved.

Home- and host-country factors. Although scholars theorize that inter-regional differences hinder companies to explore inter-regionally, several home- and host-country factors may reduce the challenge of exploiting FSAs in a foreign region or encourage companies to do so. In the host country, institutional and economic freedom attracts inter-regional expansion because high market efficiency facilitates foreign companies to gain access to complementary recourses that they need to adapt the FSAs (Mauri, Song, & Neiva de Figueiredo, 2017). In addition, political risks in the host country increase the need for location-specific capabilities to manage the uncertainty. Consequently, low political risk in host country encourage inter-regional acquisition activities (Moschieri, Ragozzino, & Campa, 2014).

From the perspective of home countries, two factors are found to encourage companies to venture inter-regionally. First, closely corresponding to the risk element of inter-regional diversification, Moschieri et al. (2014) found that home-country's uncertainty avoidance score can predict MNEs' tendency of inter-regional acquisition. In addition, when a firm has a large home-country market, the attractiveness of intra-regional internationalization within home region reduces because there is limited market potential in the home region. Consequently, companies with large domestic market prefer to internationalize inter-regionally, in search for host countries that allow them to recoup the cost of internationalization (Seno-Alday, 2009).

Home- and host-region factors. Similar to home-and host-country factors, a variety of regional factors are also found to impact companies' scope of intra- and inter-regional internationalization. However, this stream of literature is theoretically unique because it revealed the multilevel nature of contexts in international business. On one hand, complementing our knowledge about country-level contexts, scholars from the regional perspective find that the impact of country characteristics are contingent on regional factors. On the other hand, regional factors also independently influence companies' internationalization.

First, studies find that the attractiveness of host country is dependent on the host-regional context. Since international companies are more likely to possess region-bound FSAs, they choose among regional neighbors when selecting target for internationalization. Therefore, a host country's attractiveness depends on its region-relative institutional environment instead of the absolute institutional environment (Arregle, Miller, Hitt, & Beamish, 2013). In this way, regional perspective complement the concept of locational advantage in the eclectic paradigm (Dunning, 1988). Furthermore, sometimes certain countries are regarded as optimal "springboard" countries to enter a foreign region. For instance, Australian companies frequently used the United Kingdom as their springboard to enter the European market, while Canadian companies used Mexico as their springboard to Latin America. Therefore, the development of the target region and the springboard country's relative position in the region also significantly impact the attractiveness of the corresponding country as a host location. Javalgi, Deligonul, Ghosh, Lambert, and Cavusgil (2010) found that when strong growth potential was perceived in Latin America, North American MNEs planned to intensify their internationalization in Mexico. By contrast, regarding UK as the springboard to the European Union, Findlay, Rammal, Rose, and Pereira (2022) pointed out that after Brexit, Australian MNEs may rethink their location choices of springboard subsidiaries to the continent.

Furthermore, characteristics of the host region may directly impact firm internationalization in all country of the region for two reasons. First, regional institutional quality impacts the potential that a company can further leverage its investments in a country of the region. For instance, regional institutional complexity is found to reduce foreign companies' internationalization into all countries of the region because in an institutionally complex region, further investments into different countries leads to higher complexity which poses a challenge to manage the regional activities. In this way, various investments into the regions are less likely to be aggregated to reach economies of scale. Consequently, investment into each country of the region suffer from the limited scale effect (Arregle, Miller, Hitt, & Beamish, 2016). Second, an MNE's optimal strategy of operating foreign subsidiaries depends on the regional institutional environment. When regional countries are not institutionally integrated or even isolated from each other, national subsidiaries need to be responsible for their host market independent from each other. However, when regional integration increases, as it happened in Latin America in 1990s, MNEs need to formalize the relationship between regional headquarters and local subsidiaries, so that they can improve operational efficiencies by regional coordination and aggregation (de al Torre, Esperanca, & Martínez, 2011).

Last, home-regional institutional characteristics impact companies' intra- and inter-regional internationalization because all else hold equal, home region is likely to be the most attractive internationalization location. Studies found that when an MNE's home region is institutionally complex or diverse, the MNE is motivated to internationalize inter-regionally in search for well-developed host institutions and reduce managerial complexity (Banalieva & Dhanaraj, 2013; Banalieva, Gregg, & Sarathy, 2010). By contrast, home-regional institutional integration reduces companies' perceived risks in host countries of the region. Studies found that because countries within integrated regional institutions, such as free trade agreement, are better protected by the institutional integration, international companies' perceived institutional risk in home-regional host countries is significantly reduced by the process of home-regional integration (Fratianni & Oh, 2009; Hillemann, Verbeke, & Oh, 2019; Moschieri et al., 2014)

Research on the Firm- (Meso-) level Antecedents of Regional Strategy and Management (3)

A quarter of the surveyed works examined the relationship between firm-level factors and the choice between regionally focus strategy versus global strategy (inter-regional diversification). These firm-level antecedents can be categorized into two groups: a small proportion discussed what *motivate* companies to venture inter-regionally, and the majority discussed what *enables* companies to internationalize either inter- or intra-regionally. In the second categories, the factors can be further split into non-location-bound FSAs that enable inter-regional diversification and region-bound FSAs that enable intra-regional internationalization.

Strategic motivation. From corporate strategy perspective, inter-regional diversification can offer real options and strategic flexibility as a result of inter-regional heterogeneity (Li & Rugman, 2007; Wu & Zhou, 2018). Since regional neighbors are more culturally, institutionally, and economically connected, these countries are more similar to each other, and their business cycles tend to be correlated. Consequently, companies may actively diversify out of the home region, in order to hedge the home-region-specific risks (Boehe, 2014). However, MNEs' headquarters may also refrain from inter-regional diversification because of inertia (Dow, Liesch, & Welch, 2017). Inter-regional diversification requires location-specific knowhow that is not possessed by the incumbent management in the headquarters. Consequently, they tend to see the resource and talent needed for the development out of home region as a threat to the centralized control and the established way of doing business (Alessandri, Cerrato, & Eddleston, 2018; Yamin & Forsgren, 2006).

Non-location-bound FSAs. During the process of internationalization, companies offset liability of foreignness by leveraging on non-location-bound FSAs (Rugman & Verbeke, 1998). The regional strategy literature attributes the lack of truly global MNEs and the proliferation of home-regional MNEs to the regional nature of non-location-bound FSAs (Collinson & Rugman, 2008; Qian et al., 2013; Verbeke & Asmussen, 2016). Nevertheless, several firm-level resources and capabilities are found to help firms to internationalize beyond the regional boarder. Companies with technological advantages are found to be less home-region oriented because customers of high-tech products are more likely to have comparable demands across regions (Wu, Pangarkar, & Wu, 2016) and complex technology is less likely to be imitated (Oh et al., 2019). Furthermore, from an investment point of view, high upfront investment in technology can be recouped in the global market with the logic of increasing returns – the cost allocated to each unit reduces significantly as the volume grows, leading to cost advantages starting from a certain point of time (Banalieva & Dhanaraj, 2013).

Strong marketing knowhow and network resources are also found to reduce firm home-region orientation, but only to a certain degree. Although market knowhow helps international companies to move from regional to global market, it does not apply as strongly as technological advantage (Wu et al., 2016). Additionally, domestic network at home helps companies to access information and capabilities that can be transferred into non-location-bound FSAs such as technological advantage, but strong embeddedness in domestic network is resource demanding and constrains international companies' geographical scope (Iurkov & Benito, 2018).

Furthermore, for companies from the emerging economies, capabilities to manage uncertainty in inter-regional business may stem from the business expertise of dealing with political risks in the domestic market (Cuervo-Cazurra, Ciravegna, Melgarejo, & Lopez, 2018). From the perspective of MNE structures, qualitative study found that corporate-wide center of excellence and regional offices can function as the coordinators of inter-regional resource recombination (Vahlne & Ivarsson, 2014). When internationalizing across regional borders, companies need to combine non-location-bound FSA such as technological advantage with host region-specific resources such as distribution network to compete in the host market (Rugman & Verbeke, 2008; Verbeke & Kano, 2016). Therefore, organizational structures that coordinate inter-regional resource recombination also help MNEs to better adapt to the host region.

Nevertheless, some contradictions exist in the examinations of value of various non-location-bound FSAs. Regarding technological advantages, although some studies found that it can be applied inter-regionally to generate revenues (Asmussen & Goerzen, 2013; Banalieva & Dhanaraj, 2013; Oh et al., 2019; Wu et al., 2016), Oh and Rugman (2012) found that technological advantages can only facilitate the inter-regional development of manufacturing activities, while the managerial capabilities are non-location-bound FSAs that can be applied to generate sales globally. In a recent analysis about Chinese MNEs' internationalization, Kim, Wu, Schuler, and Hoskisson (2020a) found that technological advantages and marketing knowhow failed to yield value inter-regionally in rapid internationalization. This result indicate that the value non-location-bound FSAs can also be conditional. When managerial resource is constrained, international companies are challenged to adapt technological advantages to local requirements, although under normal situation, non-location-bound FSAs are assumed to require less adjustments when applied inter-regionally.

Region-bound FSAs. In the early development of the regional perspective, scholars already documented some examples that assumed non-location-bound FSAs are contingent on regional economic, social, and cultural structure. For example, in an analyses about the regional focused strategy of Japanese MNEs, Collinson and Rugman (2008) pointed out that human resource management practice based on cultural values and supply network strategy dependent on unique regional players extremely limited the success of some Japanese manufacturing companies out of Asia.

Further studies tried to identify region-bound FSAs and their values. Resonating the MNE structure studies about springboard subsidiaries, research found that previous internationalization in one region positively impact subsequent internationalization into the same region, having the country-level effects controlled (Arregle et al., 2013; Chen, Cui, Li, & Rolfe, 2017; Demirbag & Glaister, 2010). Locating subsidiaries within the same region reduces transportation costs, facilitates information exchange, and benefit from local knowhow (Jiang, Holburn, & Beamish, 2016). From an intra-regional perspective, Del Sol and Kogan (2007) found that knowledge about economizing on institutional development in the domestic market can be applied within the same region. Ongoing internationalization activities in the host region also help companies to establish institutional ties and business networks which will not only bring legitimacy to subsequent investments, but also provide information about new business opportunities (Chen et al., 2017; Jiang et al., 2016).

In addition, strong partnership with resourceful local businesses can accelerate the foreign company's development in the host-region substantially (Yaprak & Karademir, 2011). Such network capital is likely to be regionally constrained (D'Angelo, Kuivalainen, Majocchi, Zucchella, & Buck, 2013; Ellis, 2011), since as studies pointed out, even the biggest MNEs in the world tend to focus on certain geographic regions (Rosa et al., 2020; Rugman & Verbeke, 2004).

Looking into region-bound FSAs across the value chain, Lampert, Kim, Hubbard, Roy, and Leckie (2019) argued that regional FSAs at a certain part of the value chain facilitate intra-regional development of other value chain activities because of asset complementarity. In their study about international pharmaceutical companies, the scholars found that the companies' R&D activities are likely to be located in regions where the firm has strong commercialization resources despite weak intellectual property protection, because the firm-specific downstream assets can prevent competitors from appropriating the value of the imitated technologies.

Research on the Micro-level Antecedents of Regional Strategy and Management (4)

In the IB literature from the regional perspective, the discussion about managers is featured by the contrast between the rich theorization about bounded rationality (BRat) and bounded reliability (BRel), and the scattered empirical research that includes individuals or teams in the analysis.

Literature from internalization perspective assumes that international companies over-diversify across different regions because their managers tend to overestimate the transferability of FSAs out of home region and underestimate the transaction cost in non-home regions (Verbeke & Asmussen, 2016). Firm managers are only bounded rational when they make internationalization decisions. Managers cannot receive complete information about all stakeholders, transaction costs, and potential risks during internationalization. Meanwhile, they also do not have the capability to process all related information in an unbiased manner (Rugman & Verbeke, 2005).This issue is pronounced during inter-regional diversification because out of the home region, headquarter managers have greater difficulties to accurately understand the host country environment, to predict the real transaction costs, and to process the complex information (Kim & Aguilera, 2015; Verbeke & Asmussen, 2016; Verbeke & Kano, 2016).

Although theoretical studies argued that managers' BRat is the reason that they over-diversify international activities across regions, empirical study find that internationally resourceful and capable managers tend to lead their companies to inter-regional diversification. Studies about MNEs and start-ups from Europe and North America all found that certain international managerial capability, such as international experience, international network capital, and language capabilities, contribute to (successful) inter-regional diversification (Herrmann & Datta, 2005; Sui, Morgan, & Baum, 2015; Tasheva & Nielsen, 2022; Vahlne & Ivarsson, 2014)

Beyond the problem of BRat, inter-regional diversification is also subject to managers' BRel (Kano & Verbeke, 2015, 2019; Verbeke & Asmussen, 2016). Due to high compounded distance between home and host countries as well as the interdependency between actors in different locations (Rugman, Verbeke, & Yuan, 2011), MNE headquarters may lack sufficient measures to monitor geographically dispersed subsidiaries. Furthermore, the managers from the head office and those from the local subsidiary may over promise to each other due to biased perceptions and need to scale back their overcommitment (Kano & Verbeke, 2015), leading to executions that deviate from the strategic plan.

Research on Outcomes of Regional Strategy (5)

A third of the reviewed studies discuss the organizational outcomes of various regional strategies and regional management measures. Among this group of research, the majority of them focus on accounting or capital market performance implications and the survival of companies, especially those of inter-regional diversification. Other discussed organizational outcomes including strategies, human resource management measures, MNE knowledge creation, etc.

The challenges and benefits of inter-regional diversification: discussion of the mechanisms. The regional strategy literature points out that there are substantial differences between internationalization within and across regions (Rugman & Verbeke, 2004) because of the relative similarity among countries within the same region and dissimilarity between countries from different regions (Fastoso & Whitelock, 2012; Verbeke & Asmussen, 2016). As stated earlier, most FSAs are limited fungible, making it difficult to be valuable in a wide range of distinct contexts. To apply these FSAs with limited flexibility, firms have to make substantial investments to adapt the FSAs to the local requirement and connect them with local resources (Chakravarty et al., 2017; Rugman & Verbeke, 2005). These investments are highly risky in a foreign region where an MNE has limited knowhow and network (Qian et al., 2013; Sui et al., 2015; Yaprak & Karademir, 2011).

Even in the presence of truly unique and globally deployable FSAs, the transfer of such resources across vast geographic distance in different regions is extremely challenging (Asmussen & Goerzen, 2013), especially considering the limited information processing capacity, the objective barriers of communication, and the limited codifiability of many FSAs (Aguilera, Marano, & Haxhi, 2019; Cowan & Foray, 1997). Therefore, from a managerial perspective, when companies expand their businesses across regions, the strain on managerial resources to manage diverse markets, to lead a multicultural labor force, and to process complex information increases extensively (Banalieva & Eddleston, 2011; Lee, 2019; Mohr et al., 2018; Pogrebnyakov, 2016). Meanwhile, institutional differences across regions may require a company to internally manage conflicting institutional requirements, which lead to risks of inter-subsidiary conflicts or headquarter-subsidiary conflicts (Aguilera & Grogaard, 2019; Kostova, Roth, & Dacin, 2008).

Because countries in the same region are more culturally, institutionally, and economically connected, these countries are more similar to each other, and their business cycles tend to be correlated. By contrast, countries from different regions tend to host distinct resources and are not synchronized in business cycles. Consequently, inter-regional diversification helps companies to generate diverse real options and benefit from resource heterogeneity and risk diversification (Boehe, 2014; Cuervo-Cazurra et al., 2018; Li & Rugman, 2007). The learning effect based on resource heterogeneity can be especially important for new ventures (Cerrato & Piva, 2015). Furthermore, downstream inter-regional diversification may also help MNEs to benefit from the scale effect, especially when the home-regional market is limited (Seno-Alday, 2009; Verbeke & Asmussen, 2016)

The challenges and benefits of inter-regional diversification: empirical evidence. Although the regional strategy literature largely highlighted the risks of inter-regional diversification, research about the relationship between inter-regional diversification and performance finds contradicting results. Several research argue that starting from a certain point of inter-regional diversification, the benefits of economies of scale and resource heterogeneity cannot outweigh the exponential increase in costs and risks. These studies found an inverted U-shaped relationship between inter-regional diversification and firm performance (Qian, Khoury, Peng, & Qian, 2010; Qian, Li, Li, & Qian, 2008). Similarly, Kim, Lampert, and Roy (2020b) found an inverted U-shaped relationship between companies' inter-regional diversification of R&D activities and their inventive performance. Meanwhile other research indicates a negative performance effect as soon as a company internationalizes inter-regionally (Almodóvar & Rugman, 2014; Chen & Tan, 2012; Kim et al., 2020a; Li, 2005; Oh & Contractor, 2014). As a mirror image, a number of studies found that there is a positive relation between the share of revenue at the home region and firm performance measures including profitability and stock price (Mohr, Fastoso, Wang, & Shirodkar, 2014; Rugman & Oh, 2010; Sukpanich & Rugman, 2007). Scholars also found that inter-regional diversification is related to higher failure rate of start-ups (Patel, Criaco, & Naldi, 2018). Meanwhile, inter-regional diversification was found to exacerbate the strain on companies' resources during internationalization. Mohr et al. (2018) reported that during inter-regional diversification, the speed of internationalization is more strongly related with divestments.

Nevertheless, a number of studies have also showed that under certain conditions, there is a positive relation between inter-regional diversification and performance. Focusing on small and mediums-sized companies or international new ventures, scholars argued that these companies benefit from inter-regional diversification because they are able to exploit similarities among markets across regions and leverage on the learning opportunities embedded in inter-regional resource heterogeneity (Cerrato & Piva, 2015; Pangarkar, 2008). Studies focusing on MNEs from emerging economies have found that these companies benefit from inter-regional diversification for multiple reasons (Boehe, 2014; Cuervo-Cazurra et al., 2018). First, companies from emerging market undertake strategic asset seeking activities inter-regionally and benefit from the flow of diverse knowledge. Second, many of these companies' home country has high institutional risks, so they have gained capabilities to manage uncertainty in the domestic market. Last, related to the institutional risks at the home market, inter-regional diversification helps companies from some emerging market to avoid home-regional institutional disadvantages such as low exchange rate competitiveness. Indeed, Satta, Parola, and Persico (2014) compared the effect of inter-regional diversification in MNEs from various countries and found that while inter-regional diversification benefits MNEs from emerging economies, it harms performance of MNEs from developed countries. However, this result is also not conclusive. Regarding the MNEs from emerging economies, Banalieva and Santoro (2009) found that the benefit of global strategy is only significant when the firms have limited level of internationalization within their home region. Regarding MNEs from developed countries, with data of Swiss companies, Tasheva and Nielsen (2022) found a positive relationship between inter-regional dispersion of firm asset and performance. In addition, Delios and Beamish (2005) found that among Japanese MNEs, those locate their subsidiaries mainly in Asia delivered worse performance than others.

Interestingly, some studies found no relation between inter-regional diversification at various parts of value chain and performance, among different kinds of companies. Using sales dispersion data of MNEs from developed regions, Banalieva and Dhanaraj (2013) found that inter-regional diversification has no impact on performance, if the reverse causality of the impact of performance on inter-regional diversification is controlled. Focusing on international new ventures, Crick and Paliwoda (2009) found no difference on the performance impact of different regional strategies. Furthermore, Mol et al. (2005) reported that there is no relationship between a global outsourcing strategy and MNE performance.

A group of studies further delineated the contingencies in the contrast between the benefits and costs of inter-regional diversification. Institutional factors that may increase the attractiveness of the home regional economy or require MNEs to diversify risks or develop innovativeness. Along this line of reasoning, home-regional economic integration increase the economic complementarity within the region, thus exacerbates the disadvantages of inter-regional exploration (Banalieva et al., 2012). By contrast, high industry dynamism is related to risks and requirement for high innovativeness. MNEs from such industries are found to benefit more from inter-regional diversification (Ruigrok, Georgakakis, & Greve, 2013). Furthermore, MNEs can exploit truly non-location-bound FSAs inter-regionally to improve performance. Lee and Marvel (2009) found that R&D capabilities together with the strategy of low cost or differentiation help MNEs to benefit from Inter-regional diversification. From an Upper Echelon's perspective, MNE top management's capabilities are also curial but challenged during inter-regional diversification. Within family companies, family leaders are selected from a limited pool of talent in comparison to non-family leaders, so the latter tend to be more capable. Consequently, non-family leaders are found to help MNEs to benefit more from inter-regional diversification (Banalieva & Eddleston, 2011). A top management team with members from different regions can better understand the complexity and handle the uncertainty during inter-regional diversification. Indeed, top management team inter-regional diversity alleviate the negative performance effect of an inter-regional strategy (Ruigrok et al., 2013). This result is further supported by international acquisition studies. Two studies have found that when the MNE's upper echelon's regional background matches the location of the acquisition target, the acquisition decision tends to be of higher quality (Kaczmarek & Nyuur, 2021; Masulis, Wang, & Xie, 2012).

The benefits of intra-regional diversification. By contrast, the challenges of intra-regional internationalization are less prominent thanks to the proximity, similarity, and relatedness among countries within the same region (Beleska-Spasova & Glaister, 2009, 2010; Patel et al., 2016; Qian et al., 2010; Rugman & Verbeke, 2004). Consequently, intra-regional internationalization faces lower transaction costs and less liability of foreignness (Qian et al., 2013; Rugman & Verbeke, 2005). In addition, for many companies, the regional market can also bring significant economies of scale (Verbeke & Asmussen, 2016). Nevertheless, the advantage of inter-regional diversification is directly corresponding to the disadvantage of intra-regional internationalization. Within a geographic region, a company is less likely to gain access to diverse strategic assets or to diversify institutional risks.

Studies find that intra-regional internationalization tends to lead to positive organizational outcomes. Beside studies that directly address the positive relationship between intra-regional internationalization and performance (Fariborzi, Osiyevskyy, & DaSilva, 2022; Kim et al., 2020a; Li, 2005; Oh & Contractor, 2014; Qian et al., 2010), studies about international acquisition also found that intra-regional acquisitions and acquisitions that strengthen the company's existing geographic footprint create more value for the shareholders (Basuil & Datta, 2015; Kling, Ghobadian, Hitt, Weitzel, & O'Regan, 2014). Reflecting the low demand for controlling and coordination, intra-regional diversification is also found to require less expatriates from MNE headquarters comparing with inter-regional diversification (Lee, 2019). Nevertheless, examining the Chinese companies' internationalization, Chen and Tan (2012) found a weak U-shaped relationship between the internationalization and stock market performance. This finding supports one theoretical argument that before a company develops region-bound FSAs from the experience of internationalization, it may suffer from intra-regional liability of foreignness (Almodóvar & Rugman, 2014).

Organizational Outcomes of Regional Management. Regional management structures are regionally embedded systems that have location-specific knowhow (Hoenen et al., 2014; Kähäri et al., 2017). Meanwhile, they can gain a comprehensive picture about the scale and heterogeneity of the regional business and well connected to other regions as well as the MNE headquarters (Asakawa & Lehrer, 2003; Enright, 2005b). In this way, regional management centers help to alleviate MNEs' liability of regional foreignness with its local embeddedness and play a crucial role to reduce management complexity by streamlining information flow (Mahnke et al., 2012; Piekkari, Nell, & Ghauri, 2010) When regional management structures integrate MNE international activities in the same geographic region, the company is more likely to learn from previous experience as a result of higher quality of communication and similar institutional environment (Adler & Hashai, 2015; Blake & Moschieri, 2017; Driffield, Love, & Yang, 2014; Jiang et al., 2016). By bundling activities at the regional level, regional management centers also help MNE to transfer individual internationalization activities in countries to an integrated portfolio, forming the basis of reducing complexity and reaching economies of scale (Arregle et al., 2009; Ghemawat, 2003)

Indeed, the few studies that examined the organizational outcome of various MNE regional management structures tend to find a positive relation. Mostly existing in inter-regionally diversified MNEs, regional headquarters are found to improve the likelihood of survival for subsidiaries within the region and strengthen the positive effect of MNE strategy on local subsidiaries (Farah, Chakravarty, Dau, & Beamish, 2022; Lee, Yahiaoui, Lee, & Cooke, 2022). Regional management's appropriate adaptation of strategy according to local institutional environment was also found positively contribute to both regional and corporate performance (de la Torre & Chacar, 2012).

4 Overall Synthesis and Research Agenda

Research in regional perspective has strong potential to complement and offer novel insights to our existing knowledge in IB. To realize this potential, the research field needs to attract more works from various theoretical perspectives to recognize region as a relevant level of geography and to explore several under-developed topics. Basing on the synthesis of the current state of IB studies from regional perspective, especially regarding unexplored topics and the contradictions, I introduce four research opportunities that will help to establish the missing links and reconcile the contradictions.

Opportunity 1: The Interface Between Inter- and Intra-regional Internationalization

The first opportunity for future studies lies in the interface between internationalization within regions and internationalization across regions. The existing study from the regional perspective has a strong focus in examining inter-regional internationalization and comparing the differences between inter-regional internationalization and intra-regional internationalization. This tendency is understandable, since the regional perspective of research was inspired by the insight that internationalization within and across regions are different in nature (Rugman & Verbeke, 2004). As shown in Table 2.1, over 60% of all studies reviewed focus on the inter-regional aspects of internationalization. These studies see each geographic region as an aggregated unit and discuss the impact of the regional boarder and the differences between the regions. By contrast, 16% of the studies focus on the intra-regional aspect of internationalization, meaning that these analyses zoom in to each region and only examine the internationalization activities within the region. These studies may look into one region only, such as the home-region, but some of them also look into different regions in parallel. Nevertheless, in both cases, only the intra-regional activities are under the examination. In addition, 17% of studies discuss both intra-regional and inter-regional activities without examining the interaction of the two. For instance, typical research in this group is the comparison of the performance implications of inter- and intra-regional diversification. Lastly, studies that analyze how inter- and intra-regional activities influence each other only account for less than 5% of all studies reviewed.

Future studies can take various perspectives to examine the interface between inter- and intra-regional activities, and contribute to our understanding of company internationalization, organizational structure, and strategy. First, future research can delineate how intra-regional internationalization moderate the performance effect of inter-regional internationalization, or vice versa, and provide clarity into the currently

Table 1 Analysis of Inter- and Intra-regional Studies in Reviewed Works

Focus of Research	% of studies	Research Question Examples
Inter-regional	63%	How many MNEs are truly global? (e.g. Rosa et al., 2020; Rugman & Verbeke, 2004) What leads to a focused regional strategy of MNE? (e.g. Banalieva & Dhanaraj, 2013; Mauri et al., 2017) What is the relationship between global strategy and performance? (e.g. Kim et al., 2020b; Qian et al., 2008)
Intra-regional	16%	How does regional management center influence subsidiaries within the region? (e.g. Farah et al., 2022; Lee et al., 2022) What facilitates intra-regional internationalization of MNEs? (e.g. Arregle et al., 2013; Lampert et al., 2019)
Intra- and inter-regional independently	17%	How does specific FSAs influence inter- and intra-regional internationalization *respectively* (e.g. Cerrato, 2009; D'Angelo et al., 2013) What is the organizational outcome of intra-regional diversification and inter-regional diversification *respectively*? (e.g. Patel et al., 2018; Qian et al., 2013)
Interface between Inter- and Intra-regional	4%	How does intra-regional diversification *influence* inter-regional diversification, or vice versa? (e.g. Arregle, Miller, Hitt, & Beamish, 2018; Wu et al., 2016)

contradicting evidence regarding the performance implications of inter-regional diversification. As analyzed earlier in this chapter, there has been a wide range of inconsistencies regarding the performance implications of inter-regional diversification. The reason could be that previous studies omitted the influence of intra-regional internationalization on inter-regional diversification. Activities within and across regions are very different in nature and thus represent different strategies and demands that compete for limited corporate resources (Collinson & Rugman, 2008; Mohr et al., 2018). Consequently, diversification or concentration within regions may influence the scope, approach, success, etc. of diversification across regions (Oh & Contractor, 2014). For example, from an internalization theory's perspective, intra-regional internationalization is based on region-bound FSAs and the management of a portfolio of similar location-bound FSAs within the region. By contrast, inter-regional diversification requires the company to focus on the development of global FSAs that are deployable across different regions, but these FSAs are not required to be highly adaptable among similar but smaller markets. A localized production and supply network basing on the company's proprietary modular product system but catering for a key foreign market is an example. In this way, FSAs that are valuable for inter-regional diversification may be not well suited for extensive intra-regional diversification within each region. Consequently, the development of different types of FSAs may compete for organizational resource and optimal organizational processes, leading to suboptimal performance.

In addition, future studies may examine the role of regional management centers from the perspective of the interface between inter- and intra-regional activities. In comparison with studies about headquarter – subsidiary relationship, the analyses of regional management centers are emerging but still fragmented (Chakravarty et al., 2017; Hoenen et al., 2014). From the perspective of organizational structure, the key requirement from intra-regional internationalization is the efficiency to leverage on regional institutions and the similarities across markets (Chakravarty et al., 2017; Enright, 2005a, b; Fratianni & Oh, 2009) and to swiftly respond to local requirements (Alfoldi et al., 2017; Swoboda, Elsner, & Morschett, 2014). By contrast, to manage inter-regional diversification, the MNE management system needs to be capable of orchestrating uncertainties and synergies between regions (Mees-Buss et al., 2019; Swoboda et al., 2014). Corresponding to these requirements, regional management centers may play a crucial role in the MNE organizational structure and management processes. Currently, very similar to the discussion about inter- versus intra-regional diversification, the analyses of regional management structures either focus on their relationship with regional subsidiaries (intra-regional) (Alfoldi et al., 2017; Farah et al., 2022; Schotter et al., 2017) or their relationship with MNE headquarters (inter-regional) (Mahnke et al., 2012). From this perspective, the discussion about how regional management structures act as the interface between inter- and intra-regional activities will contribute to a richer understanding of the crucial role played by regional management centers.

Furthermore, future studies can explore the interface between inter- and intra-regional internationalization under the pressure of global integration and local responsiveness (I-R). The I-R framework has been widely applied to analyze the external challenges facing MNEs (Bartlett & Ghoshal, 1989; Prahalad & Doz, 1987; Verbeke & Asmussen, 2016). However, the corresponding suitable international strategy, such as the transnational strategy, has been under debate (Ghoshal & Nohria, 1993; Harzing, 2000; Mees-Buss et al., 2019; Meyer & Su, 2015; Rugman & Verbeke, 1992). Verbeke and Asmussen (2016) proposed that analysis at the regional level offers an opportunity to rethink the I-R framework. Intra-regionally, MNE subsidiaries adapt value chain, products, services, managerial processes to local requirements. Inter-regionally, MNE aggregate activities worldwide to achieve economies of scale and benefit from asset complementarity. In this way, the search for successful strategy facing the I-R pressure become the search for optimization of the interface between inter- and intra-regional internationalization.

Opportunity 2: Microfoundation Perspective

Summarizing the levels of analysis of the reviewed studies, it is clear that almost all previous works focus on the international companies and their institutional environment. The role of different levels of managers and employees has been largely omitted. Only six (4%) of the reviewed studies included firm managers in modeling the inter- and intra-regional internationalization or regional management. The omission of manager' roles is important, as international companies' actions and outcomes are not unitarily shaped at the firm- and institutional-level, but are also influenced by individuals who make decisions on behalf of the organization (Contractor, Foss, Kundu, & Lahiri, 2019; Georgakakis, Wedell-Wedellsborg, Vallone, & Greve, 2023; Hambrick & Mason, 1984; Kano & Verbeke, 2019).

Two theoretical studies that incorporate managers in the model of regional strategy assert that managers play a crucial role. With imperfect information and limited personal capabilities, these individuals assess the value of FSAs and make decisions about location choices (Verbeke & Asmussen, 2016; Verbeke & Kano, 2016). This theory is in line with the emerging literature that examines internationalization with a microfoundation lens. Viewing international strategy as a managerial choice, scholars seek to locate the causes of firm-level internationalization at the level of MNE managers, more specifically the managers' BRat and BRel (Contractor et al., 2019; Coviello, Kano, & Liesch, 2017; Georgakakis et al., 2023; Kano & Verbeke, 2019). BRat reflects limits of "a manager's ability to access, process and act on information" while BRel reflects limits of "a manager's reliability to fulfill commitments" (Verbeke & Kano, 2016: 121). Internationalization across the regional border exacerbates the issues of BRat and BRel because the spike of compounded distance at the regional boarders (Verbeke & Asmussen, 2016) exacerbates the difficulties to obtain accurate information on time, to process the complex inputs, and to monitor local activities (Ambos & Håkanson, 2014; Barkema & Bell, 1996; Boeh & Beamish, 2012; Buckley, 2016; Ghemawat, 2001; Johanson & Vahlne, 2009; Vahlne & Johanson, 2017).

Applying this view to the analysis of MNE inter- and intra-regional internationalization, future studies can potentially make a significant contribution by discussing how strategic leaders' individual characteristics and group dynamics drive the companies to venture inter-regionally or restrain the internationalization within the home region (Griffith, Tamer Cavusgil, & Xu, 2008). As mentioned in the review part, current empirical findings that managers' international experience is positively related with inter-regional diversification do not fully support the regional strategy scholars' theorization that managers' overestimation of the non-location-boundedness of FSAs lead to inter-regional diversification of companies (Herrmann & Datta, 2005; Sui et al., 2015; Tasheva & Nielsen, 2022), indicating the need for more nuanced and systematic delineation. Firm managers make decisions about resource allocation basing on their own judgement about where the business opportunities are and how they should be pursued. The quality of these decisions and the strategy execution further lead to idiosyncratic developments in international footprint: growth in international markets follows successful strategies and retreat after failures (Burt, Coe, & Davies, 2019; Sengul & Obloj, 2017; Surdu, Greve, & Benito, 2021). Consequently, the executives' capabilities to grasp the opportunities and challenges in the global market, their network in different world regions, their risk preferences, and their teamwork as well as interaction with local management may all play a role in international companies' geographic footprint.

Further, it will also be valuable to examine how heterogeneity at the individual level influence the development as well as deployment of firm resources intra- and inter-regionally. Such analyses will help us to better understand some inconsistencies in the previous research from the regional perspective, such as why MNEs' regional strategy do not always match their portfolio of resource and capabilities. For instance, while some studies find that firms tend to locate international research and development activities inter-regionally to benefit from resource heterogeneity (Demirbag & Glaister, 2010; Jensen & Pedersen, 2011), other finds that upstream activities related to proprietary assets are likely to be placed within home region so that they are better protected (Oh et al., 2019). Such contradictions may be caused by different managerial skills and preferences in balancing the benefits of strategic asset seeking out of home region and the higher inter-regional transaction costs.

Future studies can also explore how interface between MNE headquarters, regional, and local managers help MNEs to economize on BRat and BRel. Here, the regional executives may play crucial roles because of their connection to headquarters and local embeddedness in the region. Regional executives' role is interdependent with those of the country subsidiary managers (Alfoldi et al., 2017; Enright, 2005b) and such interdependency leads to rich information exchange that enables the regional executives to have a better understanding of local context (Burt et al., 2019; Ibeh & Makhmadshoev, 2018). An effective application of regional executives' local knowhow in MNE decision-making enables the firm to economize on BRat and reduce MNE information processing pressures by prioritizing information from local to corporate level. Therefore, it is interesting to explore what factors enable MNEs to fully realize regional executives' value. Meanwhile, as an interface between national subsidiaries and MNE headquarters, regional executives are in the position to signal risks that stem from misalignment of interest and resource at different geographic levels among different MNE actors (Alfoldi et al., 2017). Furthermore, because of regional executives' local embeddedness, they can more effectively monitor and lead local subsidiaries' managers to ensure strategy execution and resolute intra-regional role conflicts, limiting the risks from BRel.

Opportunity 3: Institutional Complexity and Contextual Contingencies

15% of the reviewed studies discussed the impact of macro-level factors on regional strategy. Although the macro perspective attracted more research than the microufoundational perspective, the author still sees a strong need in further exploring the role of institutional factors in regional strategy for two reasons. First, the argument that the compounded distance spike at the regional border was made basing on the theorization of institutional differences across countries and regions (Duysters & Hagedoorn, 2001; Hakanson & Ambos, 2010; Krugman, 1993; Verbeke & Asmussen, 2016). In this way, institutional factors are inherent to the regional strategy literature. A better understanding of the institutional factors' role in regional strategy can improve our understanding regarding the boundary conditions and mechanisms in the theories of this literature. Second, the conflicting empirical results regarding the performance implications of regional strategy strongly indicate that important contextual contingencies were overlooked.

To start with, future studies should further refine the argument relating to intra-regional homogeneity and inter-regional heterogeneity, which are central to the regional perspective (Adler & Hashai, 2015; Krugman, 1993; Rugman & Verbeke, 2004). Although empirical evidence supports that intra- and inter-regional internationalization are fundamentally different, the "distance" between these two categories can vary from region to region (Demirbag, Glaister, & Sengupta, 2020). For instance, comparing Europe to Latin America, because of the strong institutional integration in the EU, the similarity between European countries is likely to be stronger than between Latin American companies. Comparing Europe, Southeast Asia, and North America, the difference between Europe and Southeast Asia is likely to be larger than between Europe and North America. Some of the reviewed studies discussed the impact of one specific regional institution on companies' regional strategy and management (e.g. Benito, Grøgaard, & Narula, 2003 for EU; Buckley, Clegg, Forsans, & Reilly, 2003 for NAFTA; de la Torre & Chacar, 2012 for Latin America). However, we have limited knowledge about how the heterogeneity among intra-regional homogeneity and the heterogeneity among inter-regional differences influence our existing knowledge about intra- and inter-regional internationalization and regional management.

Second, future studies should seek to connect the knowledge from the regional perspectives which emphasizes the importance of region in firm internationalization with the rich IB literature which treats the country as the primary geographic level of analysis. For instance, regionalization studies pointed out that regional factors strongly influence firm activities in every country of the region (Arregle et al., 2009; Blake &

Moschieri, 2017; Procher & Engel, 2018). Meanwhile, a wide range of IB studies have discussed how country-level factors influence MNE activities (e.g. Gaur, Pattnaik, Singh, & Lee, 2019; Holmes, Miller, Hitt, & Salmador, 2013; Xie, Reddy, & Liang, 2017). We can bring contribution to both streams of literature by delineating under which conditions are firm activities in a country more strongly influenced by regional factors, and under which condition country-specific factors are more important than regional factors.

Moreover, institutional contingencies should be further examined in order to better understand the contradicting findings in the regional strategy literature. As synthesized in the review section, studies indicate that the home-county institutional factors moderate the performance effect of inter-regional diversification. Comparing to MNEs from developed economies, MNEs from emerging economies build strong capability of managing uncertainty through activities within their home countries (Banalieva et al., 2010; Cuervo-Cazurra et al., 2018). This capability can be seen as a sort of FSA which can be deployed across regions to manage increased risk of doing business in a foreign region. Besides institutional factors at home, industry context also play a crucial role. Ruigrok et al. (2013) found that industry dynamics moderate the negative performance effect of inter-regional diversification. An inter-regional footprint helps MNEs to be innovative and to diversify risks, leading to better fit under high industry dynamism. For companies under I-R pressure, a strategy that targets internationalization at key markets worldwide can be necessary and beneficial. In terms of the pursuit for global economies of scale, carefully selected key host market can significantly contribute to volume and cost efficiency while keeping the required adjustment costs manageable, thanks to the limited complexity (Arregle et al., 2016; Espinosa, Slaughter, Kraut, & Herbsleb, 2007; Larsen, Manning, & Pedersen, 2013). However, for companies facing less demand for local adaptation or global economies of scale, the relationship between inter- and intra-regional internationalization can be completely different.

Opportunity 4: Theorizing the Regional Effect Across the Value Chain

One major critique to the current regional strategy studies is from the global value chain (GVC) scholars, who pointed out that regional strategy research overly focuses on downstream activities and overlooked the footprint of upstream activities (Mudambi & Puck, 2016) and activities out of the traditional boundary of firms. Actually, although the majority of empirical studies from the regional perspective applied the geographic distribution of sales data, a large number of empirical evidence focuses on other parts of the value chain. For instance, the location of R&D activities featured at least eight of the reviewed studies. Nevertheless, the critique from the GVC scholars remains highly relevant, because the theorization from the regional perspective is strongly rooted in the FSA and transaction costs arguments from internalization theory (Rugman & Verbeke, 2004, 2005; Verbeke & Asmussen, 2016), both of which are more relevant for the downstream activities than for the upstream activities. There is limited theorization regarding the effect of regional borders on activities at different value chain locations.

As a starting point, future studies can delineate the antecedents and consequences of intra- versus inter-regional diversification (or focus) of different value chain activities. Activities at different locations of the value chain face distinct challenges and opportunities in an MNE's internationalization (Mudambi & Puck, 2016; Verbeke, Kano, & Yuan, 2016). By dispersing upstream activities such as manufacturing and R&D across different regions, companies gain access to a wider range of location-specific resources (Demirbag & Glaister, 2010; Makino, Lau, & Yeh, 2002; Mudambi et al., 2018). Investments into these activities tend to benefit more from the economies of scale and the resource heterogeneity across different regions (Regnér & Zander, 2014; Schlie & Yip, 2000; Verbeke & Asmussen, 2016). Meanwhile, regionalizing upstream activities enables a relatively hierarchical system that governs FSAs and investments at different geographic levels (Chakravarty et al., 2017; Schotter et al., 2017). This centralized control system can help MNEs to closely coordinate upstream activities across regions so that economies of scale and inter-regional complementarity can be achieved (Bathelt, Malmberg, & Maskell, 2004; Lee, 2019). By contrast, downstream activities are closer to the customers in the host markets, so they require sensitive and fast responses corresponding to diverse local needs (Lee, 2019; Verbeke et al., 2016). Under this circumstance, subsidiary autonomy helps the local managers to react fast in serving the local market (Swoboda et al., 2014), while hierarchical structures may delay communication and reduce local subsidiaries' autonomy (Alfoldi et al., 2017; Mees-Buss et al., 2019). In this way, the same organizational resource or process may have opposite effect at different value chain locations.

Furthermore, more scholarly attention may be dedicated to the regional complementarity of activities across the value chain. Regional coordination of upstream and downstream activities benefits from asset complementarity (Lampert et al., 2019; Oh et al., 2019; Teece, 1986). As mentioned earlier, one crucial reason of MNEs' limited geographic scope or failed inter-regional diversification is the limited non-location boundedness of FSAs (Collinson & Rugman, 2008; Oh et al., 2015). In one interesting work, Lampert et al. (2019) found that downstream location-bound FSAs allow MNEs to exploit upstream FSAs in an institutional environment which is conventionally regarded as not suitable for the deployment of specific FSAs. In this way, intra-regional complementarity across value chain activities increased the non-location-boundedness of FSAs. Therefore, the limit of MNE inter-regional internationalization may be dependent on the quality of value chain orchestration, which could be closely influence by regional management.

Moreover, future studies can compare the performance of global value chain with regional value chain, especially under different institutional conditions. Previous studies about inter-regional diversification point out that a strategic advantage of an MNE's inter-regional scope is that inter-regional heterogeneity allows MNEs to hedge on region-specific risks (Boehe, 2014; Cuervo-Cazurra et al., 2018; Li & Rugman, 2007). By contrast, regional integration of both upstream and downstream FDI locations facilitates the formation of an MNE's regional value chain. Comparing to global value chain, a system of regional value chains keeps the negative impact of local risks within a region instead of spreading the risk globally, and it enables faster responses to change in the local situation (Ciravegna & Michailova, 2021; Enderwick & Buckley, 2020; Hitt, Holmes, & Arregle, 2021). These characteristics of regional value chain enable MNEs to benefit from inter-regional heterogeneity. Nevertheless, global value chain's competitiveness also stems from inter-regional heterogeneity – from a functional perspective. In each value chain activity, well-orchestrated global value chain enables MNEs to optimize strategic asset seeking by exploiting the global division of labor (Kano, Tsang, & Yeung, 2020). In this way, it will be valuable to delineate how MNEs choose from different value chain governance structures corresponding to macro-level institutional factors, meso-level MNE strategies, and micro-level managerial influences.

5 Conclusions

Motivated by the growling literature that focus on regions as the locus of international companies' strategy, this review synthesizes research that examines international business from a regional perspective. Studies about firm geographic scope, management structure, resource and capabilities, as well as organizational outcomes of regional strategy strongly support the argument that internationalization activities within and across regional borders are different in nature. Meanwhile, studies from the regional perspective complemented and advanced our existing knowledge about international business from the local – global dichotomy, such as the nature of location-boundedness of FSAs and the coordination of a global network of MNE subsidiaries. Nevertheless, the existing literature from the regional perspective mainly focuses on some aspects of the internationalization and management, leaving many contradicting findings undiscussed and many research topics rarely explored. On the basis of the review, I proposed a future research agenda with four major opportunities to further develop the regional perspective study. These future topics will not only advance our understanding about the multilevel nature of geography in IB study, but also enrich our knowledge about a wide range of topics relating to international companies' geographic scope and location choices.

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7 Appendix

Table 2. Sources of the Works Included in the Review

Journal Titles	Number of Works	Percentage
Journal of International Business Studies	31	19%
Management International Review	21	13%
Journal of World Business	17	10%
International Business Review	16	10%
British Journal of Management	11	7%
Journal of Management Studies	10	6%
European Management Journal	9	5%
Global Strategy Journal	9	5%
Journal of International Management	8	5%
International Marketing Review	7	4%
Journal of Business Research	4	2%
Strategic Management Journal	3	2%
Other journals* with 1-2 publications each	20	12%

*: These journals include (with numbers of works in bracket): Journal of International Marketing (2), Multinational Business Review (2), California Management Review (1), Cambridge Journal of Regions, Economy and society (1), Economic Geography (1), Energy Policy (1), Human Resource Management (1), Journal of Accounting and Economics (1), Journal of Knowledge Management (1), Journal of Management (1), Journal of Transport Geography (1), Journal of Small Business Management (1), Long Range Planning (1), Organization Science (1), Research Policy (1), Regional Studies (1), Urban Studies (1).

Table 3 Summary of Selected IB Research from a Regional Perspective

Study	Research Focus	Method	Perspective	Key Findings
Asakawa & Lehrer (2003) JWB	1	Case study with 9 American and 15 Japanese MNEs	Regional management	Regional management structures are innovation "relays" which connects local knowledge to MNE's global operation. It identifies the strategic knowledge in local subsidiaries, extract it, and further diffuse it across the MNE.
Rugman & Verbeke (2004) JIBS	1	Descriptive data analysis of 365 biggest MNEs in the world	Internalization theory, Semi-globalization	88% of the biggest MNEs in the world generated their majority of sales within the home region. Only 2% of them generated significant revenues from all three Triad regions.
Enright (2005) MIR	1	Survey of 1100 Western and Japanese MNEs with regional management centers in Asia-Pacific	Organizational structure	Regional headquarters, regional offices, and local subsidiaries play different roles and have different functional focus.
Rugman & Verbeke (2005) MIR	1	Conceptual	Transaction Cost	Transaction Cost Economics theory can be applied to explain why most MNEs generate the majority of revenues within the home region. Non-location-bounded FSAs tend to be region-bounded. When applying these FSAs inter-regionally, substantial linking investment is needed to link FSAs with CSAs.
Li & Rugman (2007) IBR	5	Simulation study	Real option theory	From the perspective of generating real options, the establishment of a subsidiary out of home region outperforms subsidiary within home region. However, the option exercise cost is much higher out of home region.
Collinson & Rugman (2008) JIBS	3	Conceptual with case study of Japanese MNEs	Internalization theory	FSAs that contribute to Japanese MNEs' success are region bounded. The value of these FSAs are contingent on institutional and contextual factors which almost only exist in Asia.

Table 3 Summary of Selected IB Research from a Regional Perspective (continued)

Study	Research Focus	Method	Perspective	Key Findings
Pangarkar (2008) JWB	5	Regression with survey data from 94 SMEs from Singapore	Internationalization process	Higher levels of inter-regional dispersion of foreign sales leads to better SME accounting performance.
Qian, Li, Li & Qian (2008) JIBS	5	GMM regression with data from 189 American companies in 5 years	Internalization theory	The relationship between inter-regional diversification and performance is non-linear. At low level, inter-regional diversification is positively related to performance. Then the relationship becomes negative and curvilinear.
Arregle, Beamish & Hebert (2009) JIBS	1	Multilevel negative binomial regression with data from 1076 Japanese companies	Internalization theory	There is an inverted U-shaped relationship between previous internationalization into (and previous divestments from) region and subsequent internationalization into countries of the region.
Demirbag & Glaister (2010) JMS	1	Multinomial logit regression with data from 1722 R&D projects of MNEs from developed and developing countries	Extended OLI paradigm	R&D offshoring is more likely to be inter-regional than intra-regional, contradicting the argument from Rugman and Verbeke (2004).
Javalgi, Deligonul, Ghosh, Lambert & Cavusgil (2010) IBR	3	Regression with survey data of 242 companies from the United States and Canada	Institutional theory, Transaction Cost Economies	A firm's future level of involvement in Mexico is positively related to current perception of growth potential in other markets in Latin America
Qian, Khoury, Peng & Qian (2010) SMJ	5	Regression with data from 123 American companies from the manufacturing industry	Internalization theory	Intra-regional diversification is positively related to accounting performance. Inter-regional diversification has an inverted-U shaped relationship with performance.

Table 3 Summary of Selected IB Research from a Regional Perspective (continued)

Study	Research Focus	Method	Perspective	Key Findings
Banalieva & Eddleston (2011) JIBS	5	Regression with data from 202 European family firms	Agency and stewardship theory	The relationship between family leadership and profitability is moderated by the family company's regional focus. When the company focus on home region, companies with family leader outperforms companies with non-family leaders.
de la Torre & Chacar (2012) GSJ	5	Regression and ANOVA with survey and secondary data of 58 companies from North America and Europe	Integration-responsiveness model	The company's appropriate responses in regional management to the pressures for regional integration in Latin America is positively related to MNEs' performance and performance in Latin America.
Mahnke, Ambos, Nell & Hobdari (2012) JIM	5	Hierarchical OLS regression with survey data from 42 RHQs in Europe	Networked MNE	Regarding RHQ, its autonomy is negatively related with its impact on corporate strategy, while its signalling behavior is positively related with its impact on corporate strategy. The RHQ's entrepreneurial orientation moderate the relationship between autonomy and strategic impact.
Masuilis, Wang & Xie (2012) Journal of Accounting and Economics	5	OLS regression of abnormal returns with data of 1271 S&P1500 companies	Upper Echelons	The cumulative abnormal return is higher form cross-border acquisitions from companies which has foreign independent director from the region of the target firm.
Arregle, Miller, Hitt & Beamish (2013) SMJ	2,3	Negative Binomial regression with data from 1076 Japanese MNEs	Institutional theory, Internalization theory	An MNE's subsequent internationalization into a country is positively related to the company's previous internationalization to the region of the country and is positively related with the country's relative attractiveness to capital investment in comparison with other countries of the region. The explanatory power of regional strategy model is stronger than the model at country level.

Table 3 Summary of Selected MNE Research from a Regional Perspective (continued)

Study	Research Focus	Method	Perspective	Key Findings
Banalieva & Dhanaraj (2013) JIBS	2,3	SEM, 2SLS, 3SLS with data from	Internalization theory	MNEs' home-region orientation is negatively related with the company's technological advantage, performance, and the institutional diversity of the home region. There is no significant performance effect of home-region orientation.
Boehe (2014) JWB	5	Panel regression with data from 1162 firm-years of Brazilian companies	Semiglobalization, Real option	In comparison with intra-regional diversification, inter-regional diversification can help MNEs to counteract pressures from unfavorable exchange rates
Baum, Schwens & Kabst (2015) JWB	1,3	Latent class analysis with data of 1944 German companies	Resource-based view	Start-ups have four internationalization patterns: born global, born again global, born regional, traditional internationalizers. International growth orientation and prior international experience are positively related with born global pattern, while product differentiation is positively related with born regional pattern.
Sui, Morgan & Baum (2015) JWB	4	Logit regression with survey and secondary data of 3077 Canadian SMEs	Liability of outsidership	Immigrant ownership is positively related with SMEs' global orientation. This relationship is intensified when the owner's native language is not English.
Mudambi & Puck (2016) JMS	1	Conceptual	Global value chain	MNEs' footprint is more inter-regionally dispersed than what the regional strategy scholars argue, because the regional strategy literature omitted the existence of global value chain and only analyze activities within the firm boundary of the focal MNE.
Verbeke & Asmussen (2016) JMS	3,5	Conceptual	Internalization	The regional strategy perspective can be better understood by delineating bounded rationality and bounded reliability as mechanisms. Region-level of analysis should be integrated into the integration - responsiveness framework in understanding MNE international strategy.

Table 3 Summary of Selected MNE Research from a Regional Perspective (continued)

Study	Research Focus	Method	Perspective	Key Findings
Wu, Pangarkar & Wu (2016) IBR	3	Regression with survey data of 625 Chinese MNEs	Organizational learning	Intra-regional diversification can predict inter-regional diversification. Technological advantages and marketing knowhow strengthen the positive relationship, but technological advantage is more influential than marketing knowhow.
Alfoldi, McGaughey & Clegg (2017) JMS	1	In-depth case study of the development of one regional management mandate in Europe		Regional management mandate is ambiguous and the ambiguity trigged cycles of sense-making and sense-giving among regional managers and local managers in national subsidiaries.
Blake & Moschieri (2017) SMJ	3	Logit regression with divestment data from 396 companies	Institutional theory	An MNE's formal policy dispute with national government positively predict the likelihood of divestment both in the host country and in other countries in the host region.
Chakravarty, Hsieh, Schotter & Beamish (2017) JWB	1	MANOVA and regression with longitudinal data of 855 regional management centers of Japanese companies	MNE organizational structure	National subsidiaries with regional management mandate have substantially different characteristics in comparison with regional headquarters. The former focuses on responsiveness while the later focuses on integration and efficiency
Mauri, Song & de Figueiredo (2017) GSJ	2,3	Regression with 450 American companies from the manufacturing industry	Internalization theory	Location-bound FSAs and fragmented FSAs are negatively related with inter-regional expansion. Complementary resource in the host region and market efficiency to access further complementary resource in the host market are positively related with inter-regional expansion.
Iurkov & Benito (2018) JIBS	3	GLS regression with 302 American companies from the information and communication technology industry	Network theory	Local network embeddedness has a U-shaped relationship with an MNE's home-region orientation. The firm's absorptive capacity attenuates this relationship.

Table 3 Summary of Selected MNE Research from a Regional Perspective (continued)

Study	Research Focus	Method	Perspective	Key Findings
Patel, Criaco & Naldi (2018) JOM	5	Cox regression with data of 680 Swedish manufacturing new ventures	Internalization theory	Inter-regional diversification is positively related with the new venture's failure rate while intra-regional diversification is negative related with failure rate, especially under high environmental dynamism.
Procher & Egel (2018) IBR	5	Random effects probit regression with data of 1498 French companies	Subsidiary network, competitive strategy	Within the same region, new FDIs generates competitive pressure for existing subsidiaries to be subsequently divested.
Lampert, Kim, Hubbard, Roy & Leckie (2019) JMS	2,3	Multilevel logistic regression with data of 142 pharmaceutical MNEs	Asset complementarity	Intra-regional commercialization activities in a region is positively related to R&D activities in countries of the region. Poor national intellectual property right protection strengthens this relationship.
Lee (2019) JIM	5	Hierarchical regression with data of 130 Korean MNEs	New internalization theory	Intra-regional diversification leads to low expatriate utilization while downstream inter-regional diversification leads to high expatriate utilization. The relationship is not significant among manufacturing subsidiaries.
Oh, Kim & Shin (2019) IBR	2	Growth analysis of 804 MNEs	Competitive reaction, product life cycle	In linkage-driven and capability-driven industries, MNEs' proprietary assets are positively related to downstream internationalization out of home region. However, these MNEs' upstream activities are strongly home-region oriented.
Demirbag, Glaister & Sengupta (2020) JWB	5	OLS and panel regression with data of 1249 American MNEs	Internalization theory	There is a positive relationship between an MNE's degree as well as speed of internationalization in a region and MNE performance, when the region enjoys high growth rate.

Table 3 Summary of Selected MNE Research from a Regional Perspective (continued)

Study	Research Focus	Method	Perspective	Key Findings
Kim, Lampert & Roy (2020) JIBS	5	Negative binomial regression with data of 154 pharmaceutical companies	Recombinant view of invention	There is an inverted U-shaped relationship between the number of host regions of R&D activities and the company's inventive performance. Companies with high recombinant capabilities reach the peak with a larger number of host regions.
Kim, Wu, Schuler & Hoskisson (2020) JIBS	5	GLS regression with data of 767 MNEs from China	Uppsala model, regional perspective	Intra-regional rapid internationalization leads to positive performance effect while inter-regional rapid internationalization leads to negative performance effect. Technological advantages and marketing knowhow facilitates intra-regional fast internationalization, but not inter-regional fast internationalization.
Rosa, Gugler & Verbeke (2020) JIBS	1	Descriptive data analysis of 386 biggest MNEs in the world	Internalization theory	Comparing the results of Global Fortune 500 companies' geographic distribution in 2017 with the result of the Rugman & Verbeke (2004), there is still a dominance of home-region orientation, but the degree decreased. The number of global companies increase from 9 to 36.
Farah, Chakravarty, Dau & Beamish (2022) JWB	5	Hierarchical extended cox regression (survival analysis) of subsidiaries of 1711 MNEs	Agency theory, Institutional theory	Regional headquarters is a key MNE parent-subsidiary governance mechanism which positively contribute to the survival rate of foreign subsidiaries.
Fariborzi, Osiyevskyy & DaSilva (2022) JWB	5	2SLS regression with survey data of 633 Swiss SMEs	Internalization theory	Only when MNEs constrain internationalization activities within home region, there is a positive relationship between internationalization scope and performance.
Lee, Yahiaoui, Lee & Cooke (2022) Human Resource Management	5	Ordered logistic regression with survey data of 166 Korean MNEs	Headquarter-subsidiary relationship	The positive relationship between global talent management led by corporate headquarters and foreign subsidiary's organizational resilience is strengthened if the global talent management is assisted by regional headquarter.

Table 3 Summary of Selected MNE Research from a Regional Perspective (continued)

Study	Research Focus	Method	Perspective	Key Findings
Tasheva & Nielsen (2022) JIBS	2	Latent growth modelling with data of 269 Swiss MNEs	Dynamic managerial capabilities	A top management team's international human capital, international social capital, and international managerial cognitions (global dynamic managerial capabilities) leans to global strategy in asset orchestration, which further positively influence subsequent firm performance.

Abbreviations: JWB – Journal of World Business, JIBS – Journal of International Business Studies, MIR – Management International Review, IBR – International Business Review, JMS – Journal of Management Studies, SMJ – Strategic Management Journal, GSJ – global Strategy Journal, JIM – Journal of International Management, JOM – Journal of Management