

Identifying firms' international strategies through content analysis

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Abstract

We introduce content analysis of secondary data as a method for assessing firms' international strategies. Triangulation of data is conducted for three Norwegian multinationals to assess the validity and reliability of using publicly available information to identify firms' international strategies. The analysis shows that strategic intentions communicated in annual reports are highly consistent with internal strategy documents and insights on the firms' strategic directions derived from in-depth interviews with senior managers. Our proposed method can therefore serve as a valuable complimentary approach to international strategy identification, particularly where access to internal documents or senior executives are limited. Extensions of this method could also contribute to more nuanced and comparable data within and across organizations.

Key words: international strategy, global integration, local responsiveness, methods, content analysis

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1. Introduction

Firm's international strategies have been studied extensively during the past decades. Although terminology and methodological approaches have varied, most studies identify global integration and local responsiveness as the two strategic dimensions describing how multinational corporations (MNCs) position themselves competitively in the international arena (Asmussen, Pedersen, & Petersen, 2007; Harzing, 2002; Haugland, 2010). These diametrical strategic positions are often referred to as global and multidomestic strategies where the integration-responsiveness framework (Bartlett & Ghoshal, 1989; Prahalad, 1976; Prahalad & Doz, 1987) has emerged as a commonly accepted tool for identifying and examining firms' international strategies.

Despite the extensive work on international strategies empirical results, particularly related to strategy-structure relationships, have been inconclusive. Roth, Schweiger and Morrison expressed a concern when examining global strategy implementation that “no standard instrument was available for measuring international strategy” (1991: 384). Almost two decades later, the same concern is still prevalent. As Asmussen, Pedersen and Petersen comment, “dichotomous and spread/diversity measures are of little help if one wants to establish to which degree firms are following multidomestic or global strategies...[T]his is regrettable inasmuch as the integration/responsiveness discussion is pivotal in the current international management literature” (2007: 792).

Seminal studies on international strategies used case studies or anecdotal evidence to identify how multinationals position themselves strategically across geographical borders (Bartlett & Ghoshal, 1989; Prahalad & Doz, 1987). Later studies that tested the identified strategies and related structures, have relied more heavily on survey data and measures of

diversity/spread (Leong & Tan, 1993; Martinez & Jarillo, 1991; Roth & Morrison, 1990; Roth, et al., 1991; Taggart, 1997). More recently, a mathematical model was developed to measure firms' degree of internationalization of value chain activities, arguing this measure more accurately reflects firms' degree of global integration or local responsiveness (Asmussen, et al., 2007).

Despite the varied approaches to studying international strategies, the fundamental question remains: "what are we really measuring?" All methodological approaches have their strengths and limitations. We propose a complementary methodological approach for identifying international strategies by conducting content analysis. We emphasize the strengths of performing content analysis in international studies and discuss potential weaknesses. Although the use of content analysis has increased during the past decades, its use in international management literature is limited (Duriau, Reger, & Pfarrer, 2007).

In order to illustrate how content analysis can inform international management we draw on readily available secondary data and compare the results from the content analysis of annual reports from three of the largest Norwegian MNCs with data from in-depth interviews and internal strategy documents. Our main purpose is to assess the validity and reliability of using publically available information to identify a firm's international strategy. The findings suggest that we can indeed use content analysis of annual reports to identify firms' intended international strategies as there is significant alignment of the results.

A key strength of using content analysis is thus that it can be done on readily available data. This allows us to perform comparative analyses of how a firm's international strategy develops over time, as well as compare a larger numbers of firms in terms of their strategic intentions. While it is recognized that such text analysis may not always accurately reflect what

the firm is actually doing, but rather reflect what management wishes to convey to stakeholders, we suggest that performing similar analyses on other types of data (e.g. interviews with divisional/subsidiary managers) can be a powerful instrument for measuring internal consistency in strategic orientation across organizational levels and divisions. Furthermore, although we focus primarily on identifying either an integration strategy or a locally responsive focus, thus forcing a perhaps unnatural distinction, the method can be extended to provide comparable information on various “mixes” of global integration and local responsiveness. Hence we argue that content analysis provides not only valuable information that is easily accessible but also the potential to generate more nuanced and comparable data both within organizations (across levels and over time) and across organizations.

The paper is organized as follows. We will first provide a brief literature review of international strategy studies and the measurements used. A methods section will then follow describing the proposed content analysis and analysis of strategy documents and interview data. Insights into the analysis will then be provided leading up to a discussion suggesting how the same methodological approach can be used in various ways which can improve our possibilities for comparing international strategic decisions and results over time and across companies.

2. Studies on international strategy

Measures of international strategy have been approached from various perspectives. Some identify international strategy as the degree of internationalization through geographic spread or diversity measures (Habib & Victor, 1991; Stopford & Wells, 1972; Wolf & Egelhoff, 2002). Geographical spread of sales are also emphasized in studies on regional versus global MNCs (Rugman & Verbeke, 2008; Rugman & Hodgetts, 2001). Others have argued that to fully

understand international strategy, it is critical to examine the degree of internal integration and local adaptation, as expressed in the integration-responsiveness framework (Bartlett & Ghoshal, 1989; Prahalad, 1976; Prahalad & Doz, 1987). While the former approaches to international strategies can use readily available measures such as the number of geographical locations or the geographical spread of revenues and employees, measurements of integration-responsiveness require insights into formal or informal internal structural characteristics.

Early studies leading up to the integration-responsiveness framework relied on interviews in case studies or anecdotal evidence (Bartlett & Ghoshal, 1989; Prahalad, 1976; Prahalad & Doz, 1987). These studies provided a rich background to identify the key strategic dimensions of the strategic challenges facing MNCs, gradually resulting in the integration-responsiveness framework as we know it today¹. Accordingly, MNCs are faced with the strategic dilemma of integrating activities globally or responding and adapting to local needs. Global integration requires closer control and coordination and an ability to transfer resources across border. Value chain activities are thus often spilt geographically to tap into various location advantages. Efficiency is at the core of firms seeking global integration (Roth & Morrison, 1990) and such firms have been found to have stronger control and coordination mechanisms (Jarillo & Martinez, 1990; Martinez & Jarillo, 1991; Roth, et al., 1991; Taggart, 1997) necessitating successful internal transfer of non-location bound firm specific advantages (FSAs) to achieve synergies and efficiencies (Harzing, 2000; Rugman & Verbeke, 1992; Verbeke, 2009). Multidomestic firms, on the other hand, are expected to locate employees and value activities in

¹ The early studies by Prahalad (1976), Prahalad and Doz (1987) and Bartlett and Ghoshal (1989) lay the foundation for the integration-responsiveness framework, although their terminology differed somewhat. Prahalad and Doz (1987) actually argued that using labels such as global and multidomestic could hide important managerial challenges.

each foreign market to respond to the specific local needs² (Asmussen, et al., 2007; Jarillo & Martinez, 1990; Taggart, 1997). Multidomestic firms thus emphasize the development and retention of location-specific FSAs (Harzing, 2000; Rugman & Verbeke, 1992). The empirical tests have been inconclusive, however, in terms of the organizational characteristics found across international strategy types (Leong & Tan, 1993; Malnight, 2001; Roth, 1992), not only creating discussion about the measures used but also regarding the appropriateness of using the integration-responsiveness framework to understand international strategy (Haugland, 2010).

Findings from studies on international strategies and their corresponding organizational characteristics are inconclusive in terms of generating a clear understanding of the strategy-structure relationship. A key concern from the diverse approach to measuring international strategies is related to the question of “what are we really measuring?” Measures that rely on industry characteristics may indeed capture aggregate factors influencing firms’ strategic decisions but firms also successfully pursue different international strategies within the same industry (Johnson, 1995). Survey data such as measures of coordination within functional areas (Jarillo & Martinez, 1990; Roth, et al., 1991) or perceptual measures of influence and knowledge transfer (Frost, Birkinshaw, & Ensign, 2002; Leong & Tan, 1993; Martinez & Jarillo, 1991; Roth & Kostova, 2003) are more likely to capture what firms are doing at a certain point in time (realized strategy) whereas for instance the content analysis suggested here measures intentions for international strategy. This makes comparison across studies challenging.

The distinction between intended versus realized strategy is important as these will often differ. It is recognized that strategy may and often should change or emerge over time

² Markets can be defined as national or regional.

(Mintzberg, 1978). Research questions where this distinction may be particularly pertinent are believed to relate to strategy implementation challenges, alignment of strategy-structure and change management assessments as an examination of these issues require the researchers to understand where the firm is coming from and what the firm initially attempted to achieve. To truly recognize what the key implementation challenges are, for instance, one must be aware of where the firm is coming from both in terms of administrative heritage and strategic thinking that may have triggered organizational actions or reactions. Precisely because of this, it would be of value to clearly distinguish between what is being measured as this would allow us to examine how international strategies emerge over time and search for explanations.

Another issue is whether these strategies (global integration versus local responsiveness) are mutually exclusive and to what extent firms have strategies for different units, products or services or processes that embrace both global integration and local responsiveness. A number of studies suggest that many international firms choose to mix global integration of some activities with local responsiveness of other activities (Asmussen et al., 2007). The proposed methodological approach provides comparable measures of the “degree” of mix between the strategies. By conducting even more detailed content analysis, one can capture the nuances of mixed strategies.

3. Method

The purpose of this study is to examine the potential benefits of using content analysis in international business studies. We approach this task by focusing specifically on annual reports as a useful way to identify firms’ international strategies. Ginsberg (1984) argued that successful operationalization of strategy is influenced by research goals, research design, data availability

and defined concepts. Identifying firms' international strategies can be challenging, however, particularly in situations of limited access to the firm(s) studied. Ideally, international strategy researchers should have access to internal strategy documents or conduct interviews with top management to discuss their strategies moving forward. Most often, researchers do not have such access and need to identify alternative sources of information to conduct international strategy research. We propose a method that enables researchers to identify international strategies without requiring insider access to individuals or documents that may be difficult to obtain. It can also easily be extended to provide within-firm as well as across-firm comparative data. The purpose of this paper is thus to introduce a complementary method for identifying international strategies rather than critique and replace existing methods.

We address this methodological gap in research on international strategies by introducing a complementary method for identifying firms' international strategies first and foremost through content analysis of annual reports. In order to properly assess the reliability and validity of such an approach, we have conducted data triangulation by comparing the content analysis with in-depth interviews and internal strategy documents. We also use a computer software, Atlas Ti, for both the content analysis and analysis of interview data to strengthen reliability (Weber, 1990). A more detailed description of the use of content analysis, annual reports as key source as well as the selection of cases and discussion of available data and operationalization of measures follows below.

3.1 Using content analysis for strategy research

There has been an increasing interest in using content analysis in management literature. In a review of top strategy and organizational journals between 1980 and 2005, Duriau et. al (2007) identified a total of 98 articles using content analysis. Only two of these (0.02%) related to

international management, however, and none of these specifically to international strategies. Content analysis has occasionally been used as triangulation to validate other methodological results such as examining small sub-samples (Roth, et al., 1991) but has not yet, to the authors knowledge, been used as the primary method for identifying firms international strategies.

The seminal studies leading up to the integration-responsiveness framework utilized a select number of case studies to identify the fundamental differences between global and locally responsive strategies. Later attempts to test the framework empirically typically involved larger samples based on secondary data, predominantly outcome variables such as the percentage of inputs from internal inputs (Martinez & Jarillo, 1991; Roth, et al., 1991) or perceptual measures of autonomy (Leong & Tan, 1993; Roth & Kostova, 2003). Such outcome variables and perceptual measures may be more suited for capturing the current situation (realized international strategy). Interview data may also, despite benefits of providing richer insights, contain biases of sensemaking. This calls for the need to explore complementary methods for identifying international strategies that addresses current limitations and captures intended strategies and potential dynamics over time.

One of the primary strengths of content analysis is the systematic recognition of valuable information that firms are communicating. Content analysis is a broad term used for text analysis in various forms (Doriau, et al., 2007; Weber, 1990). In general, such text analysis can range from simple frequency of words to more complex interpretations of underlying themes (Doriau, et al., 2007; Weber, 1990). Depending on the type of inferences made, the method can be perceived as both quantitative and qualitative (Doriau, et al., 2007; Frankfort-Nachmias & Nachmias, 2000). The method proposed in this paper differs from critical discourse analysis as it does not seek to identify the socially constructed nature of the text (Eriksson & Kovalainen,

2008; Philips & Hardy, 2002; Vaara & Tienari, 2004), but rather identify the frequency of pre-defined theoretical concepts. We seek to capture what the firms themselves are communicating about their international strategy and thus propose to use company specific information, specifically annual reports, rather than media text or analysis conducted by external parties.

3.2 Use of annual report to access strategy information

While annual reports are frequently used as sources for financial data in research, the segments with prose addressing strategy, goals and performance are less utilized (Abrahamson & Amir, 1996; Balakrishnan, Qiu, & Srinivasan, 2010). Yet, annual reports represent a key communication channel for firms to convey their future strategic intentions internally and externally. Bowman conducted an extensive analysis of annual reports for corporate strategy and risk across three industries and concluded that “[c]ontent analysis of annual reports can be of real usefulness for understanding some issues of corporate strategy” (Bowman, 1984: 70). There are still concerns regarding the use of annual reports, specifically concerns that annual reports are biased or ‘sugar coated’ to cater to specific audiences such as potential investors, customers and other stakeholders that evaluate the firm (Chun, 2003). As the annual reports are written retrospectively, they may also primarily reflect the year that has passed.

Despite these concerns, we suggest using annual reports as the key data source to identify intended international strategies through content analysis for a number of reasons. First, previous research suggests the data is indeed reliable and eliminates some of the biases such as sensemaking, selective memory or intrusiveness of other methods (Bowman, 1984; Harris, 2001; Morris, 1994). The narrative portions of the annual reports have also been found to have a significant predictive ability on performance outcomes (Balakrishnan, et al., 2010). Second,

research suggests that senior executives in organizations actually put significant effort into what the firm communicates through the annual reports, which strengthens the validity of the source (Bowman, 1984). The specific text segments that we propose using for the content analysis, the CEO Letter and Report from Board of Directors, have been identified as some of the most informative and important parts of the annual report (Kohut & Segars, 1992; Santema, Hoekert, van de Rijt, & van Oijen, 2005; Segars & Kohut, 2001). The strength and accuracy of information in the Letter from CEO has further been identified in studies on reputation (Geppert & Lawrence, 2008) and strategic communication (Segars & Kohut, 2001). Duriau et. al (2007) found that 30% of the studies with content analysis in top strategy and organizational journals used annual reports as a key data source, more than half of these were categorized as addressing business policy and strategy. Third, the data is readily available for researchers, which is an important consideration for research on sensitive information such as strategy (Ginsberg, 1984). The access to data not only benefits the researcher but also enables reproducibility, which potentially strengthens reliability (Weber, 1990).

3.3 Selection of cases and available data for triangulation

This paper analyzes data from three of the largest Norwegian multinationals. In addition to available secondary data from each firm, a number of in-depth interviews were conducted. As knowledge of corporate strategy usually resides in the upper echelons of the firms, we primarily rely on interviews with top managers of the firms. In two of the three firms, internal strategy documents were also accessed. The multiple sources of data enable data triangulation to validate findings from the content analysis.

We have chosen to look at cases from the same country of origin to eliminate potential national differences in how information is communicated in annual reports (Santema, et al.,

2005). Norwegian firms are seen as representative for examining international strategies as they originate from a small open economy where the growth potential in the home market is limited (Benito, Larimo, Narula, & Pedersen, 2002). Internationalization is thus vital for large Norwegian firms across many industries, with international activities of Norwegian multinationals increasing in line with global trends over the past decades (Statistics Norway, 2009; UNCTAD, 2008). The strategic importance and continuous emphasis on international activities lead us to expect to find emphasis on this in the firms' annual reports. The three MNCs operate in three different industries to capture cases that face different strategic challenges. Annual reports were collected for the period 1997-2009.

The three MNCs represent the IT, energy and telecom industries. ITCO provides the whole range of IT services, from IT operations to consulting services. The organization has grown rapidly through acquisitions where a strong emphasis has been placed on integration to achieve scale advantages and harvest operational synergies. OilCo is an integrated energy company with geographically spread operations. Although OilCo sells a global commodity, its organization has experienced increasing internationalization in the past decades as the upstream operations in foreign markets have grown significantly. TeleCo has similarly experienced tremendous growth in international activities in the past decades as foreign markets opened up due to deregulation.

For each case, a computer-aided content analysis of the annual reports was conducted, specifically targeting the Letter from the CEO and Report from Board of Directors. The results for this analysis were then compared with interview data and internal strategy documents (where available). The three part components of this analysis are detailed below.

3.4 Triangulating the data

Triangulation is often used to neutralize the weakness of one method or data source and thus generate more robust analysis (Jick, 1979). In this paper, however, we seek to validate the use of content analysis by comparing the results with interview data and internal strategy documents. The three data sources are thus analyzed separately and the results compared to assess the appropriateness of the proposed method of using content analysis on publicly available secondary data. To compare results, however, a common ground for operationalizing international strategy needed to be established.

In order to assess the emphasis on global integration and local responsiveness, theoretically derived characteristics were identified as the basis for analysis across all three data sources (Sinkovics, Penz, & Ghauri, 2008). More specifically, the strategic dimensions are operationalized into key words that identify the main themes or characteristics of the strategic focus communicated by the MNCs, based on the underlying theoretical frameworks (Ryan & Bernard, 2000). Global integration is operationalized as centrali*, integrat*, synerg*, standardi*, and efficien* where “*” reflects an acceptance of multiple endings of the word (Bartlett & Ghoshal, 1989; Leong & Tan, 1993; Levitt, 1983; Prahalad & Doz, 1987). Local responsiveness is operationalized into autonomy, differen*, adapt*, respon*, tailor*, and local* (Roth, et al., 1991).

While the content analysis of annual reports searches for these words specifically, the text analysis of interviews and strategy documents allowed for recognition of themes related to the identified strategy characteristics. Computer assisted qualitative data analysis software (CAQDAS) was also utilized to enhance the reliability of the data analysis and increase transparency (Sinkovics, et al., 2008). Specifically, Atlas T_i is used to analyze both annual

reports and interview data. Internal strategy documents we analyzed without using CAQDAS due to restrictions placed on hardcopies obtained when collecting data. The following sections will detail each analysis more specifically.

3.4.1 Content analysis of annual reports

The content analysis identifies the frequency of words that indicate an emphasis on global integration or local responsiveness. In the analysis, the relative focus on each strategy dimension is deemed most important. A firm that communicates global synergies 100 times may not necessarily be more oriented towards global integration than a firm communicating synergies only 10 times. The graphs shown in the analysis thus illustrate the relative emphasis of integration and responsiveness of total “hits” identified in the analysis, rather than the real number of “hits”.

The initial analysis is conducted through auto-coding in Atlas T_i (Sinkovics, et al., 2008). While this strengthens the reliability, it may also capture words that are used in a different context. A manual check of all “hits” is therefore also conducted to eliminate “hits” where the words are used in a non-strategy context. For instance, statements referring to the key words we have defined, but which essentially have nothing to do with international strategy. For instance, the following statement in Oilco’s annual report: “...[we are] positioned to manage through the global economic downturn, but we have to adapt to the new realities. We have made firm plans to respond...” refers to how the firm meets the ongoing financial crisis rather than how it aims to compete internationally. Similar manual checks for two of the years studied across all three MNCs are conducted by at least two researchers to secure and check for inter-coder reliability (Perreault & Leigh, 1989).

3.4.2 Analyzing interview data

A total of 44 in-depth interviews were conducted with the upper echelons in the three organizations to gain insights into their international strategies. Each interview was conducted in-person at the MNC's offices, lasting between 1-2 hours each. The interviews were then transcribed in verbatim and analyzed through the use of Atlas Ti (Sinkovics, et al., 2008). The interviews were conducted in conjunction with other strategy research projects that the authors were involved in, resulting in the time frame of the interviews ranging from 2004-2010. More specifically, 15 interviews with senior executives in TeleCo were collected in 2004, 9 interviews with senior executives in ITCo were collected during 2005-2006, and 20 interviews with senior executives in OilCo were collected during 2008-2010. All of the interviews were conducted within the time frame of the content analysis, where the annual reports are analyzed from 1997-2009.

The in-depth interviews are in this study primarily used to validate the findings from the content analysis. The transcribed interviews are not coded by matching words but by themes and characteristics that reflect the theoretically derived characteristics of global integration or local responsiveness. The relative emphasis on integration versus responsiveness is assessed for each interview separately and for all interviews in the same MNC combined. To strengthen reliability, approximately one third of the transcribed interviews were analyzed by at least two authors. The authors discussed their interpretations where variations occurred in coding, reaching a common approach for the coding through discussion.

3.4.3 Internal strategy documents

Internal strategy documents were accessed for two MNCs. The documents were carefully examined to identify which characteristics of the strategic dimensions were emphasized (e.g.

synergies or adaptation to local needs). Strategy documents can of course also be used for a structured content analysis similar to the one we propose for secondary data. For the purposes of this paper, however, internal strategy documents were merely analyzed to assess if the relative emphasis on global integration versus local responsiveness in these internal documents seemed consistent with the findings derived from the content analysis of secondary data. Although we would have preferred to use CAQDAS for this analysis as well to strengthen reliability and ensure transparency (Sinkovics, et al., 2008), confidentiality restrictions limited our ability to use computer aided tools as we were restricted from creating electronic copies and sharing documents. The researchers who obtained the internal strategy documents signed strict confidentiality agreements on the sharing and distribution of documents. As a consequence, each internal strategy document is only reviewed by one person, with a subsequent group discussion of the findings and group assessment of areas of uncertainty.

4. Analysis

The content analysis shows that all three MNCs have a relatively large emphasis on global integration. This is particularly evident for OilCo and ITCO, as illustrated in Figures 1 and 2. They both operate in external environments characterized by large global competitors and pressures for efficiency, which seems consistent with the findings of the content analysis. Despite their dominant emphasis on global integration of resources and activities, both firms consistently communicate a need for local responsiveness in selective areas of the organization. This suggests that firms do not necessarily choose either integration or local responsiveness for all of their activities but may seek an optimal combination across functional and/or geographical areas.

Insert Figure 1 about here

Insert Figure 2 about here

Insert Figure 3 about here

This combination of both global integration and local responsiveness was even more visible for TeleCo, as illustrated in Figure 3. While TeleCo communicates a relatively higher emphasis on global integration, the importance of local responsiveness in parts of the organization is also explicitly communicated. This finding also seems consistent with TeleCo's external environment as tastes and preferences may differ more for consumer products and services than for energy firm or business IT solutions. Consumer preferences may thus push firms to adapt to local needs (such as for instance for marketing activities). The need to communicate such recognition of local preferences may thus be greater for firms with end consumer products and services than for instance energy firms with global commodities.

Although all "hits" in of the auto coding were checked manually to eliminate words that were taken out of context, output from one of the MNCs was also reviewed manually by two authors to check for inter-coder reliability. The inter-coder coder accuracy exceeded 90%, which suggests strong reliability of the data. Any disagreements between the two researchers were discussed until a common interpretation was reached.

The interviews with senior executives largely confirmed the findings from the content analysis, as shown by the illustrative quotes in Table 1. The interviews also confirmed that all three firms recognize a need to secure local responsibility in some functional areas or geographical parts of the organization despite the aggregate emphasis on global integration. Examples of such areas include aspects of CSR and environmental sustainability, as well as sales

and marketing of products and services. The interviews further revealed differences in intended and realized strategy where the intended strategy had been modified in certain areas as the organizations had taken a more pragmatic approach to strategy implementation. To exemplify, ITCo chose to allow greater autonomy in some organizational units to avoid potential loss of valuable key resources. Similarly, TeleCo avoided forcing a common culture across geographical areas in fear of reducing the foreign subsidiaries' ability to recognize and develop areas in need of adaptation.

Insert Table 1 about here

The analysis of internal strategy documents showed strong support for the findings from the content analysis. Emphasis was placed on synergies and transfer of resources. Interestingly, TeleCo communicated an even stronger expectation of non-location bound FSAs in their internal strategy documents than was communicated in the annual reports. Interviews in TeleCo suggest that the organization initially took a pragmatic approach to strategy implementation that may have led to modifications in their communicated intentions over time. Similarly, the internal strategy documents of ITCo show a strong emphasis on integration where areas in need of local responsiveness are not addressed to the same extent as in the annual reports. This may be partly due to the strategic challenges expected from integration, leading internal documents to emphasize these. ITCo may further have identified a need to communicate to internal and external stakeholders that the firm also indeed recognizes the need for some extent of local responsiveness. In sum, the internal strategy documents support the outcome of the content analysis, while detailing further areas and resources of integration where transfer of FSAs and synergy creation is expected.

5. Discussion and conclusion

In this paper, we have shown how content analysis of readily available secondary data can provide us with valuable insights into firms' international strategies. We have assessed the validity and reliability of using publically available information to identify firms international strategies, using triangulation of data as a key tool. The analysis of data from three sources show a high level of consistency between what the firms communicate to internal and external stakeholders in annual reports and input from senior executives and internal strategy documents. One could perhaps argue that the interviews with senior executives could still be 'sugar coated' to ensure consistency in external communications. The review of internal strategy documents was therefore particularly valuable, as they represent the 'backbone of strategic thinking' in firms. The internal strategy documents not only supported the externally communicated strategic emphasis, but also detailed more explicitly areas of expected integration such as transferability of FSAs and synergy creation. The findings from the triangulation thus support the proposed use of content analysis as an alternative method for identifying firms' international strategies. High levels of inter-coder reliability are also experienced

The findings further confirm the potential differences in intended versus realized strategy. We argue that some research questions greatly benefit from identifying intended international strategies, particularly those related to strategy implementation, alignment of strategy and structure, and assessments of change management processes. Content analysis of readily available secondary data can thus be a particularly suitable method for strategy identification either as a complementary approach or a proxy when internal strategy documents or access to the upper echelons in organizations are unavailable. Although we have proposed the analysis for annual reports, we believe the same method could also be applied to assess the internal

consistency of strategic orientation across organizational levels and divisions by applying the same method to for instance interview data or internal documents. Such analysis could also reveal more details about the mix of integration and responsiveness in organizations. Hence potential contributions of this study are not only limited to the introduction of a complementary method for assessing firms' international strategies. The proposed method also has the potential of generating more nuanced and comparable data within and across organizations if applied to other data sources as well. It can thus also serve as a management tool for internal assessments.

There are also some potential limitations that should be mentioned. The content analysis only captures international strategy at an aggregate level. Although combinations of integration and responsiveness are capture, we cannot capture in detail exactly what areas of the value chain are integrated or locally responsive international strategy at aggregate level. Many firms have a mix of areas they integrate and areas of greater responsiveness. Further, some firms may localize many activities and resources in certain geographical areas while activities and resources in other areas are controlled and coordinated from headquarters. Such distinctions are not captured through the analysis using word frequency. Another potential limitation is related to uncertainties regarding national differences in information communicated in annual reports. Although Santema et al. (2005) found differences across national borders in terms of what firms' communicate in their annual reports, the impact on the method proposed in this study is unclear as their results showed mean values for ten different items. Future research should therefore conduct a similar study across national borders to assess if national differences matter.

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Figures and Tables

Figure 1. Content analysis of IT Co.
Relative emphasis on integration versus responsiveness

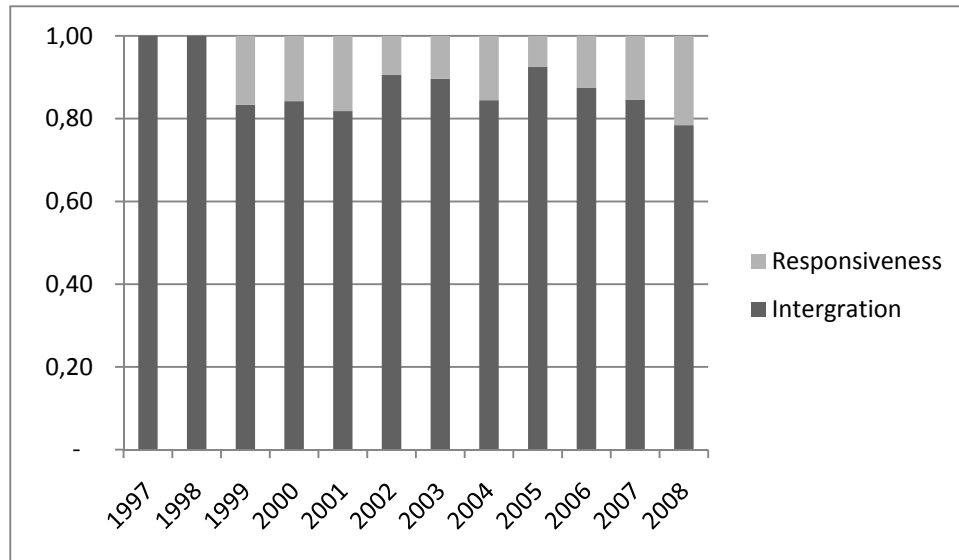


Figure 2. Content analysis of OilCo.
Relative emphasis on integration versus responsiveness

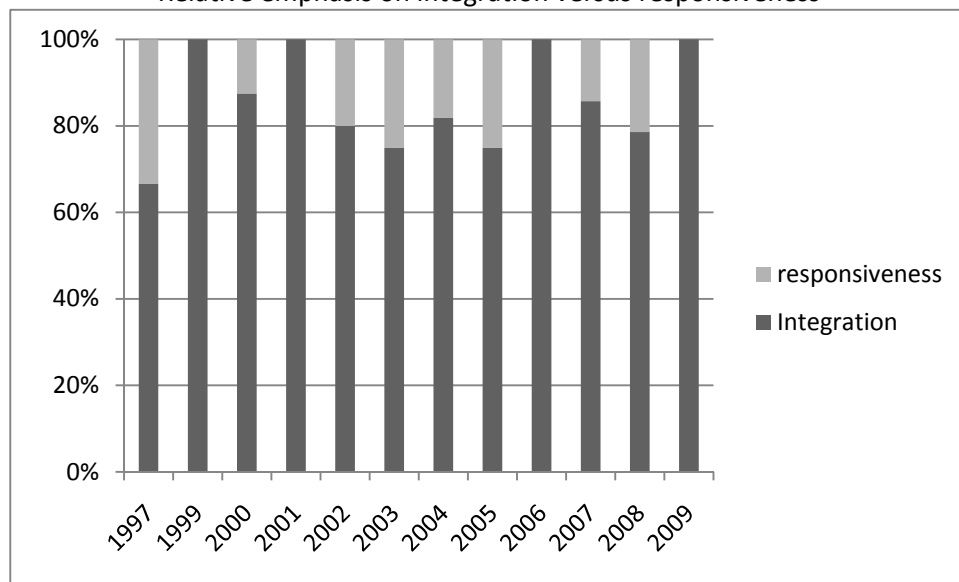


Figure 3. Content analysis of TeleCo.
Relative emphasis on integration versus responsiveness

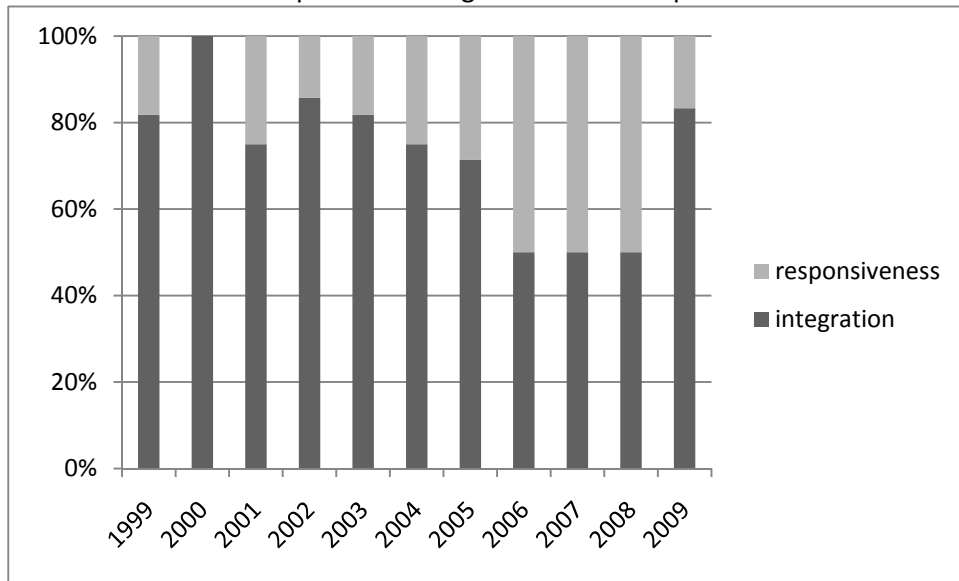


Table 1. Illustrative quotes from interview data

| Firm | Outcome of content analysis | Quotes illustrating international strategy |
|--------|---|---|
| ITCo | Strong emphasis on global integration | <p>“The subsidiaries need to be led and controlled actively”</p> <p>“We need an element of low cost resources in our [global] delivery mix...you have to in order to be competitive...”</p> |
| OilCo | Strong emphasis on global integration | <p>“I think it’s important that any OilCo office or project or organization anywhere in the world should be recognizable as OilCo. There should be some key things in common for all of them, with local flavor. But there shouldn’t be any doubt that this is an OilCo organization. ... If you work in one OilCo office you should be able to go work in another one and recognize the processes and the way things are done “</p> <p>”You do have local employees and managers who have an influence but all of this is of course part of a greater system with standardized reporting, documentation, governance documents – all of which are defined by headquarters, not the local organizations. ”</p> |
| TeleCo | Emphasis on both global integration and local responsiveness with a relatively higher emphasis on global integration. | <p>”Operational synergies have always been at the core of our strategic thinking but we seem to experience greater pressures today to demonstrate and prove that we can actually do it.”</p> <p>”We need to prove that being part of the MNC adds value to the foreign units...this is our core problem and reason for focusing on synergies. We need to convince Norwegian investors that we can add value despite geographical distances”</p> <p>” The company is conscientious of local culture and chooses an approach of not mandating foreign units how to operate. This is still a priority, even when synergies are desired”</p> |