Journal of International Business Studies (2019) 50, 457–498

www.jibs.net

REVIEW ARTICLE

International corporate governance: A review and opportunities for future research

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Received: 17 December 2017
Revised: 20 February 2019
Accepted: 2 March 2019
Online publication date: 3 April 2019

Abstract
We review four decades of research about the corporate governance of multinational corporations (MNCs), which we label *International Corporate Governance* (ICG). We identify and discuss three main streams of research that draw on different conceptualizations and theoretical lenses of (corporate) governance. After synthesizing their respective findings, we propose several avenues for future research that integrate these three streams of research with the goal of developing a more nuanced understanding of ICG. We hope this review article will inspire international business scholars to continue examining how corporate governance can be an effective tool for MNC success.
Journal of International Business Studies (2019) **50**, 457–498.
https://doi.org/10.1057/s41267-019-00232-w

Keywords: multinational corporations (MNCs) and enterprises (MNEs); corporate governance; comparative organizational studies; headquarters–subsidiary roles and relations; ownership/control structures; international corporate governance

INTRODUCTION

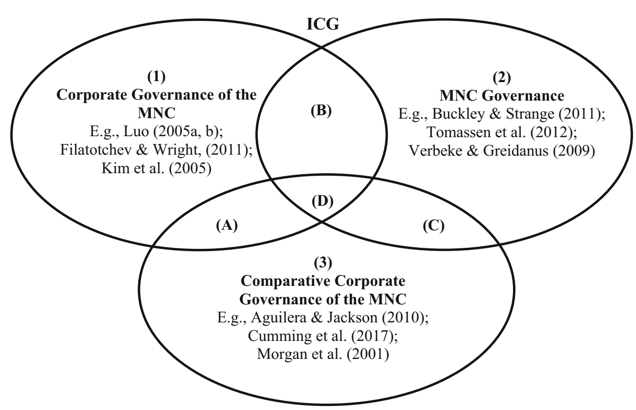
Corporate governance research focuses on "the study of power and influence over decision making within the corporation" (Aguilera & Jackson, 2010: 487). It most notably involves practices that monitor managers, deter minority shareholder expropriation, enhance reporting disclosure, or engage employees in board decisions. In the international business (IB) field, interest for the study of corporate governance in multinational corporations (MNCs) has grown significantly in the last few decades, particularly as global expectations of MNCs' economic and social accountability are intensifying (Luo, 2005a) and new types of MNCs are challenging traditional corporate governance models and theories, such as emerging market-MNCs (Cuervo-Cazurra & Ramamurti, 2014; Jackson & Strange, 2008) and the increasingly devolved and network-like "global factories" (Buckley, 2009). In this review, we refer to the study of corporate governance of MNCs as "International Corporate Governance" (ICG)[1] (Aguilera & Jackson, 2010). ICG encompasses a wide spectrum of practices and strategies that influence the MNC's headquarters (HQ; also referred to as the "parent company"), subsidiaries and their interrelationships. For example, at the HQ level, ICG focuses on how an MNC might select, compensate, and monitor the CEO so that her interests are aligned with those of shareholders and non-shareholder stakeholders. At the subsidiary level, ICG might involve governance practices to effectively allocate respective property rights on value created at the subsidiary level to prevent expropriation from the parent company. ICG also addresses how the HQ monitors, advises and offers resources to subsidiaries via corporate governance practices, such as codes of good governance or managerial support and how subsidiaries can influence the HQ or other subsidiaries.

We believe that ICG is centrally important to the IB field because it captures key aspects of MNCs' search for global competitiveness (Aguilera, Desender, Bednar, & Lee, 2015; Buckley & Strange, 2011). First, from the point of the MNC as a global organization, ICG examines the relationships and interests among different corporate actors (managers, owners, boards, labor, etc.) that contribute to shape the firm's strategic choices, including its internationalization[2] strategies (Filatotchev & Wright, 2011). It also studies how the MNC distributes rights and control among all stakeholders and parties affected by it (Luo, 2005a). Second, at the country level, ICG analyzes the national institutions that may affect corporate governance practices such as capital market rules, minority shareholder rights, creditor rights, and labor protections (Aguilera & Jackson, 2010), which in turn influence how attractive a host country might be to MNCs (Jackson & Strange, 2008). Third, from a transnational perspective, ICG research looks at the role of MNCs as the issuers, carriers, translators and diffusors of governance practices across national borders (Cumming, Filatotchev, Knill, Reeb, & Senbet, 2017). Some HQ corporate governance practices are fully implemented in foreign subsidiaries, while others are partially or symbolically adopted, and yet others yield unintended consequences. It is also possible that some subsidiary's corporate governance practices might subsequently be adopted at the MNC's HQ or in other subsidiaries.

While IB scholars have recognized the importance of corporate governance for MNC management (Aguilera et al., 2015; Filatotchev & Wright, 2011), the ICG field remains fairly segmented in terms of the research questions scholars pursue and the theories they draw upon. Our review of the ICG field reveals that three distinctive research streams have emerged with unique interpretations of what the governance/corporate governance of the MNC is, and an emphasis on different levels of analysis and theoretical arguments about the main relationships of interest. These three research streams are depicted in Figure 1 and are: Corporate Governance of the MNC, MNC Governance, and Comparative Corporate Governance of the MNC.

The first stream, "Corporate Governance of the MNC," draws on traditional corporate governance research about publicly traded firms with dispersed owners, mostly focuses on the Anglo-American (shareholder-oriented) corporate governance model, and tackles classic corporate governance puzzles but within the MNC context. It adopts a managerial view of corporate governance by examining how MNCs distribute power, rights and responsibilities among different stakeholders within their HQs, subsidiaries, and between MNCs' HQs and subsidiaries. It highlights the conflicts of interests among owners, managers and boards (Shleifer & Vishny, 1997). This research tends to predominantly rely on agency theory, although other theoretical lenses have also been used, often in combination with the agency perspective, including resource dependence, upper echelons, and information processing theories (Filatotchev & Wright, 2011).

The second stream, "MNC Governance," views governance as the set of bureaucratic controls that MNCs deploy to efficiently manage their foreign



Legend: Integration Opportunities
(A) (1) Corporate Governance of the MNC + (3) Comparative Corporate Governance of the MNC
(B) (1) Corporate Governance of the MNC + (2) MNC Governance
(C) (2) MNC Governance + (3) Comparative Corporate Governance of the MNC
(D) (1) Corporate Governance of the MNC + (2) MNC Governance + (3) Comparative Corporate Governance of the MNC

Figure 1 Mapping international corporate governance (ICG).

operations. These controls, or "governance modes" (e.g., wholly owned subsidiary, international joint venture, strategic alliance, outsourcing, etc.), depend on MNCs' assessments of the risks in foreign markets as they internationalize (Buckley & Strange, 2011; Benito, Petersen, & Welch, 2009). MNC Governance research draws on internalization theory, which applies Coase's work (1937) about the role of transaction costs in market exchanges vis-à-vis the emergence of the firm, and elevates it to cross-border economic transactions and the emergence of the MNC (e.g., Buckley & Casson, 1976). A core assumption of this research stream is that firms will choose foreign market entry modes that minimize transaction costs.

The third stream, "Comparative Corporate Governance of the MNC," examines how MNCs' embeddedness across multiple national institutional contexts affects their corporate governance preferences. In particular, it draws on the comparative capitalisms approach in institutional theory (Jackson & Deeg, 2008), the actor-centered institutional perspective on corporate governance (Aguilera & Jackson, 2003), and research about the international mobility of corporate governance practices (Cumming et al., 2017) to examine the need for MNCs to manage heterogeneous contexts at the HQ level as well as at the subsidiary level. Although this research has mostly focused on how home country institutional environments enable different types of MNC's corporate governance, it has also begun to highlight the challenges associated with MNC's multiple embeddedness across national governance systems (Jackson & Strange, 2008; Morgan, Kristensen, & Whitley, 2001) and the governance mechanisms to sustain its institutional advantage.

Interestingly, these three streams of research have had limited engagement with each other to date. We believe that this fragmentation limits current understandings of the unique challenges and opportunities facing the corporate governance of MNCs by delimiting the kinds of research questions that scholars pursue. We see this as an opportunity to expand IB research. Therefore, the goals of this review are to provide a comprehensive review of the ICG field and to identify gaps and opportunities for research extensions that integrate insights from these three research streams and leverage existing debates in IB.

The remainder of this review essay proceeds as follows. First, we describe the steps we undertook in our bibliometric search towards the development of a comprehensive review of the ICG field. Then, we discuss the above-mentioned ICG research streams by identifying the research foci, highlighting the main theoretical approaches, and summarizing key findings. We conclude with a summary of what we have learned from our extensive review and offer a detailed agenda for future research directions to advance knowledge on the corporate governance of the MNC.

TAKING STOCK OF WHAT WE KNOW

In order to conduct a comprehensive review of the existing ICG research, we implemented a multi-step process, which included three main phases, namely: (1) planning, (2) article collection, and (3) analysis (Tranfield, Denyer, & Smart, 2003). During the planning stage, we defined the goals of our research effort, identified keywords, and data sources. Our goals aligned with similar comprehensive reviews, namely: developing an analytical framework for summarizing the existing ICG literature, discussing key findings, and identifying gaps in our knowledge, which we could then leverage as opportunities for future research in ICG (Cropanzano, 2009).

We used several data sources and data collection strategies to identify potential articles of interest for our review. The choice of keywords, data sources and search protocol reflected our desire to offer a broad understanding of the existing research on corporate governance issues in MNCs from leading IB and management journals. Specifically, we relied on four literature search strategies. First, we consulted 14 seminal articles and review pieces about corporate governance issues in MNCs and at the interface between the IB and corporate governance research areas. We collected all the relevant studies cited in these articles[3]. Second, we searched 14 leading journals[4] across the disciplines of IB, management and corporate governance that have published articles on the corporate governance of the MNC between the early 1980s until mid-2018. In searching these journals, we used the following search terms: "international governance"; "international corporate governance"; "cross-border corporate governance"; "cross-border governance"; "multinational enterprise and corporate governance"; "multinational corporation and corporate governance"; "multinational enterprise and ownership"; "multinational corporation and ownership"; "multinational enterprise and board"; "multinational corporation and board"; "multinational enterprise and compensation"; "multinational corporation and compensation"; "multinational enterprise and TMT"; "multinational corporation and TMT"; "foreign subsidiaries and corporate governance"; "foreign subsidiaries and boards"; "foreign subsidiaries and TMT"; "multinational enterprise and comparative corporate governance"; and "multinational corporation and comparative corporate governance." Third, we used the same keyword combinations and searched Google Scholar. Fourth, we employed a snowballing technique involving collecting all relevant articles cited in retrieved articles, as well as relevant articles citing them on Google Scholar (Duran, Kammerlander, Van Essen, & Zellweger, 2016). Our searches yielded a total of 106 articles[5] .

As we collected and read these articles, we identified research questions, key findings, themes, debates, and unresolved issues. We started with the above-mentioned set of 14 seminal papers, which include reviews, commentaries and highly cited articles on the topic of corporate governance issues in MNCs (listed in notes[3]). These articles led us to other relevant contributions in the field and helped us better understand the key debates therein. We also took extensive notes on the articles' key findings and theoretical insights. All the authors met regularly to discuss findings and emerging themes and sub-themes from the literature review. Our initial article collection efforts focused on research taking a managerial interpretation of corporate governance and examining traditional and somewhat narrow corporate governance research questions in the MNC context (an area of inquiry that we subsequently labeled as "Corporate Governance of the MNC"). After several waves of data collection, reviewers' feedback, and further analysis, we realized that our review would not be complete without including two other prominent research streams addressing broad (corporate) governance issues in MNCs[6]. We subsequently labeled these areas as "MNC Governance" (which mostly relies on internalization theory to explain MNCs' cross-border arrangements for managing foreign operations), and "Comparative Corporate Governance of the MNC" (which applies the comparative capitalism and governance diffusion approaches to the MNC context). In the end, we decided to structure our review along these three streams of ICG research. Table 1 summarizes key definitions, analytical focus, levels of analysis, theoretical approaches, theoretical mechanisms, main findings, and exemplary works for each stream. Table 3 in the Appendix lists all the articles included in our review in alphabetical order, identifies dominant theoretical lenses and samples used, and summarizes key findings. We discuss each of these three ICG streams below.

CORPORATE GOVERNANCE OF MNCS

The first research stream, which we label "Corporate governance of MNCs," includes studies that apply traditional managerial corporate governance questions and theories to the MNC. This body of work focuses on the different roles and responsibilities of key corporate actors within the MNC, such as owners, top management teams (TMTs), board of directors (BOD), and headquarters versus foreign subsidiaries, as well as the strategic and performance implications of MNCs' corporate governance choices. It tends to be agnostic about how knowledge and resources flow within the MNC or the institutional context in which the relationships among corporate actors take place.

Like early corporate governance research in finance, law and management studies, agency theory is the dominant theoretical lens, although other perspectives have also been used, often in combination with or as an explicit reaction to agency theory, including resource dependence, upper echelons and information processing theories. Agency theorists argue that, in order to curb the incidence of managerial opportunism and its negative impact on performance, a number of corporate governance practices can be deployed (Eisenhardt, 1998; Filatotchev & Wright, 2011), ranging from monitoring by boards of directors (Fama & Jensen, 1983) and large shareholders (Demsetz & Lehn, 1985) to managerial incentives (Jensen & Murphy, 1990), as well as external corporate control factors, such as, for example, the threat of takeover (Shleifer & Vishny, 1997). Consistent with this broader perspective, agency theory-driven research about the corporate governance of the MNC focuses on the potentially conflicting interests among the different actors that make up the organization, the monitoring mechanisms that can align these competing interests, the costs of these mechanisms, and their strategic and performance implications (Filatotchev & Wright, 2011).

Resource dependence-driven research turns its attention to the firms' reliance on strategic resources provisioned by powerful corporate actors, most notably boards. From this perspective,

Table 1 Three streams in the study of international corporate governance (ICG).

	Corporate governance of the MNC	MNC governance	Comparative corporate governance of the MNC
Definition of corporate governance	Adopts a managerial interpretation of corporate governance as the set of "formal structures, informal structures, and processes that exist in oversight roles and responsibilities in the corporate context" (Hambrick, Werder, & Zajac 2008: 381)	Views governance as the set of bureaucratic controls that MNCs deploy to efficiently manage their foreign operations	Examines the rights and responsibilities of different corporate actors within the MNC, which is heavily influenced by the institutional environment in which the HQ and subsidiaries are embedded
Analytical focus	Focuses on the performance and strategic implications of how MNCs distribute power, rights and responsibilities among different corporate actors (e.g., Owners, TMTs, Boards, HQs vs. subsidiaries)	Focuses on the challenges of managing MNCs' contractual relationships (intra-organizational) which may be affected by information asymmetries and self-serving behavior among the transacting parties	Focuses on exploring whether and why the corporate governance of the different entities of the MNC varies across countries
Level of analysis	Actor-specific (i.e., Owners, TMTs, Boards, HQs vs. subsidiaries)	Relational	Country and transnational
Main theoretical approaches	Agency theory; Resource Dependence Theory; Upper Echelons Theory; Information Processing Theory	Internalization theory; Transaction cost economics	Comparative capitalism Diffusion studies (institutionalization/isomorphism)
Main theoretical mechanisms	Monitoring of MNCs' managers by boards of directors, as well as by different types of owners; Monitoring of foreign subsidiaries by HQs; Managerial incentives for MNCs' TMTs; Resource provision by TMTs as well as by HQs' and foreign subsidiaries' boards of directors	MNCs deploy different governance modes (i.e., foreign market entry modes) contingent on the potential to minimize transaction costs. If the costs of organizing economic exchanges internally are lower than market-related costs, then the firm internalizes cross-border economic transactions	Coping in multiple ways with dual embeddedness of HQs and subsidiaries; High/Low institutional barriers of entry; Weak/Strong institutional environment: Governance Distance, Governance Bonding, Governance Arbitrage/ Cherry Picking
Main themes	MNCs' performance and internationalization strategies are affected by: (a) Owners' identity (e.g., institutional, foreign, family and state owners); (b) TMTs' compensation; (c) TMTs' and BODs' characteristics and composition Foreign subsidiaries' BODs play different roles ranging from symbolic to proactive depending on the subsidiaries' role within the MNC and other organizational and institutional factors The effective management of HQ–subsidiary relationships is made difficult by HQ's inability to fully observe subsidiary's behavior, by their potentially misaligned motivations and other organizational and institutional conditions; corporate governance practices for managing these relationships should be commensurate with the extent of the agency problem	MNC's ownership of foreign subsidiaries is aimed at protecting and leveraging FSAs in foreign countries. FSAs are proprietary knowledge assets that the MNC can develop and exploit thanks to the internalization of market activities in order to survive, profit and grow FSAs can be non-location-bound (i.e., available to the entire MNC network) or location-bound (i.e., only available to certain subsidiaries, whether in the firm's home or host countries) Country-specific advantages (CSAs) capture national institutional conditions that may affect MNCs' ability to develop or exploit their FSAs (e.g., quality of the overall institutional environment, availability of skilled labor, technological know-how or natural resources) Governance costs (i.e., the costs related to the governance of HQ – subsidiary relationships) affect the long-term efficiency of owning a foreign subsidiary Over time, CSAs, FSAs and governance costs vary such that the benefits stemming from internalization may no longer be justified thus leading to MNCs' de-internalization.	Each national institutional configuration encompasses a given corporate governance system, which is aligned with specific patterns of human capital, financial systems, industrial relations, etc. Thus, the challenge for the MNC is how to conform to the rules of its home- and host-country contexts, a dilemma referred to as institutional duality, which can lead to conflicts between HQ and foreign subsidiaries in terms of goals, resource allocation and performance. Much of the empirical research in this tradition examines these ideas in the context of management practices and employment relations' challenges within MNCs Looking at the conformity and legitimation of organizational practices within MNCs, two main cross-national governance mechanisms are identified, namely corporate governance bonding and corporate governance arbitrage. The former is an effort to borrow from stronger institutional settings to improve and legitimize MNCs from weaker corporate governance systems in terms of enforceability or reputational status. The latter mirrors the concept of institutional arbitrage in comparative capitalism and refers to the MNC's exploitation of corporate governance differences across countries, and particularly to the move from a strong institutional setting to a weaker one
Exemplary works	Carpenter and Sanders (2004); Filatotchev et al. (2007); Hennart et al. (2017); Kiel et al. (2006); Kostova et al. (2018); Lien et al. (2005); Majocchi and Strange (2012); Tihanyi et al. (2003)	Benito et al. (2009); Grøgaard, Rygh, and Benito (in press); Kano (2018); Tomassen and Benito (2009); Verbeke and Kano (2015, 2016)	Aguilera and Jackson (2010); Cumming et al. (2017); Geppert and Matten (2006); Morgan (2012)

resources refer to "anything that could be thought of as a strength or weakness of a given firm" (Wernerfelt, 1984: 172). This perspective is based on Pfeffer and Salancik's (1978) work on resource dependence, which identified four primary resources that boards might offer: (1) information in the form of advice and counsel, (2) legitimacy, (3) channels for information exchange with external organizations, and (4) access to other resources. In the MNC context, the resource dependence perspective has often been used to explain the characteristics and roles of HQs' and foreign subsidiaries' boards and their contribution to the MNC's performance (e.g., Du, Deloof, & Jorissen, 2011, 2015; Nam, Liu, Lioliou, & Jeong, 2018).

Upper echelons theory (UET) and information processing approaches focus on executives' cognitive abilities. UET sees executives' "personalized interpretations of the strategic situations they face" as a function of their "experiences, values, and personalities." As such, the theory is built on the premise of bounded rationality (Cyert & March, 1963; March & Simon, 1958) – the idea that informationally complex, uncertain situations are not objectively "knowable" but, rather, are merely interpretable […]" (Hambrick, 2007: 334). Empirically, executives' cognition is often captured through the proxy of their demographic characteristics (Hambrick, 2007: 335). In MNC-focused corporate governance research, UET has often been used to explain the influence of TMTs on firms' international strategies and performance (e.g., Carpenter & Sanders, 2004; Tihanyi, Ellstrand, Daily, & Dalton, 2000).

Information processing theory research also looks at executives' cognition and maintains that firms' effectiveness is increased when the organization's processing capacity matches the managerial complexity and environmental uncertainty it faces (Sanders & Carpenter, 1998; Tushman & Nadler, 1978). It stresses the information processing challenges that organizations confront in adopting effective corporate governance practices given the information overload and decision makers' bounded rationality (Boivie, Bednar, Aguilera, & Andrus, 2016). Similarly, in the MNC context, this lens has been used to explain the relationship between firms' internationalization and their choices of monitoring mechanisms in light of the increased degree of organizational complexity and information processing demands placed on TMTs by firms' growing their global footprint (Sanders & Carpenter, 1998).

Next, we discuss how these conceptual perspectives are applied in research on the corporate governance of MNCs from the point of view of key corporate actors, i.e., owners, TMT, BOD, and HQ versus subsidiaries.

Owners

Ownership is the seminal foundation of a company's overall corporate governance (Aguilera & Crespi-Cladera, 2016; Aguilera et al., 2015). Although traditional Anglo-American corporate governance research has mostly studied publicly traded companies with dispersed owners, where the main puzzle is the principal–agent conflict, there is emerging research looking at the potential corporate governance conflicts emanating from different types of owners and their associated differing power. In MNC-focused corporate governance research, scholars have examined how different types of owners, such as institutional, foreign, family and state owners, may affect MNCs' internationalization strategies and performance (e.g., Thomsen & Pedersen, 2000). For instance, the presence of *institutional investors* has been identified as an important mechanism for curbing agency problems within MNCs. For example, Tihanyi, Johnson, Hoskisson, and Hitt's (2003) study of U.S. firms shows that institutional investors and, in particular, pension funds and professional investment funds, are likely to pursue international diversification, especially when boards are capable of monitoring and have incentives aligned with these owners' heterogeneous interests (see also George, Wikllund, & Zahra, 2005; Singh & Gaur, 2013). As for *foreign investors*, the evidence about their impact on managerial risk-taking and firms' internationalization efforts is mixed. Some studies show empirical support for the existence of a positive relationship between foreign ownership and firms' exporting intensity (e.g., Filatotchev, Stephan, & Jindra 2008), yet others are unable to find any relationship between foreign ownership and firms' propensity to engage in FDI (e.g., Lien, Piesse, Strange, & Filatotchev, 2005).

IB researchers have also been increasingly drawn to study the impact of *family ownership* on firms' internationalization strategies (e.g., Arregle, Duran, Hitt, & van Essen, 2016; Banalieva & Eddleston, 2011; Boellis, Mariotti, Minichilli, & Piscitello, 2016; Singh & Gaur, 2013). While the empirical literature has provided support both for and against the positive impact of family ownership on internationalization, most reviews conclude that family firms are less likely to internationalize via FDI or exporting than firms with other ownership structures (e.g., Hennart, Majocchi, & Forlani, 2017; Kontinen & Ojala, 2010; Pukall & Calabrò, 2014; Fernández & Nieto, 2006; Arregle, Miller, Hitt & Beamish, 2016). This is because family ownership often entails a preference for family members as managers who tend to be more risk averse and might lack an understanding of foreign markets (Aguilera, Florackis, & Kim, 2016; Verbeke & Kano, 2012). In addition, although international expansions tend to be capital intensive, family-controlled firms might be hesitant about non-family co-investments due to their desire to keep family control (Sanchez-Bueno & Usero, 2014), which potentially deprives them of necessary funding.

Similarly, *state ownership* has been shown to strongly dictate the overall company governance and performance (Musacchio, Lazzarini, & Aguilera, 2015) by fostering idiosyncratic principal–principal conflicts that may negatively impact firm performance (for a review of the corporate governance literature on state ownership, see Grosman, Okhmatovskiy, & Wright, 2016). State ownership has also been found to affect firms' degree and type of internationalization (e.g., Cannizzaro & Weiner, 2018; Cui & Jiang, 2012; Knutsen, Rygh, & Hyeem, 2011). For instance, Knutsen et al. (2011: 25) argue that state-owned enterprises may be less reluctant to invest in countries with weak rule of law, poor property rights protection and high corruption because they "can expect to be 'reimbursed' by the home state in cases of expropriation, or other types of negative outcomes, in unstable and risky institutional environments." Majocchi and Strange (2012) show that state ownership lowers firms' propensity to internationalize due to their managers' sensitivity to political considerations that favor preserving local employment opportunities and electorate support over profit maximization. More recently, Mariotti and Marzano (2019) find that state-owned enterprises' propensity to internationalize is shaped by their home countries' governance characteristics, such that state-owned enterprises internationalize more (less) than privately owned enterprises in coordinated (liberal) market economies.

Ownership considerations are also central to the vast body of research about MNCs' foreign market entry mode selection, which researchers typically study through internalization theory, as we further discuss in the "MNC Governance" portion of our review.

Top Management Teams

In the MNC context, research has examined how *TMTs' composition* and *compensation* may affect MNC performance and internationalization strategies (e.g., Herrmann & Datta, 2005; Tihanyi, Hoskisson, Johnson, & Wan, 2009). First, research on the TMT determinants of MNC performance is rather limited in scope. Carpenter and Sanders (2004) uncover that TMTs' total compensation and long-term incentives are positively associated with performance, that this relationship is stronger in MNCs with higher levels of internationalization, and that wide pay gaps between CEO and TMT can negatively affect the MNC performance. Second, researchers have examined the impact of TMT executive pay on firms' international strategies, showing that the structure of TMT pay in MNCs can significantly affect a firm's approach to international markets by shaping managerial incentives associated with expanding the firm's global footprint (e.g., Tihanyi et al., 2009). Executive compensation has also been studied in the context of MNCs' foreign subsidiaries. For example, research shows that the compensation structure of foreign subsidiaries' TMTs can help align HQs' and subsidiaries' interests and facilitate knowledge sharing within the MNC network (Björkman & Furu, 2000; Fey & Furu, 2008).

In addition, building on Hambrick and Mason's (1984) upper echelon thesis that TMTs' knowledge and experiences shape their strategic decision making and, ultimately, corporate strategy, a significant body of research analyzes the role of *TMT characteristics* vis-à-vis internationalization strategies (e.g., Athanassiou & Nigh, 2002; Chen, 2011; Tihanyi et al., 2000). For example, TMT characteristics such as high levels of international experience, low average age, and high levels of educational attainment lead to greater MNC internationalization (e.g., Athanassiou & Nigh, 2002; Carpenter & Fredrickson, 2001; Chen, 2011; Tihanyi et al., 2000). Athanassiou and Nigh (2002: 161) explain that the degree of TMT's international experience reinforces their understandings of "geographic markets, of modes of entry in these markets, and of methods of managing MNC activities throughout the world," thus strengthening managerial ability to make good decisions with regards to the firm's internationalization efforts. Chen (2011) and Tihany et al. (2000) look at the relationship between TMT's age vis-à-vis firms' internationalization efforts. They argue that risks associated with an internationalization strategy generally constitute a significant challenge to executives, yet these risks "may be more attractive to younger, more ambitious, and aggressive executives willing to accept the risks for the sake of career advancement" (Chen, 2011: 338; Tihanyi et al., 2000).

TMT members' tenure has also been identified as a significant predictor of internationalization efforts; however, the findings are less conclusive. While some authors claim that longer tenure leads to higher levels of internationalization, because it is a proxy for enhanced managerial understanding of the challenges associated with global diversification efforts (Chen, 2011; Tihanyi et al., 2000), others suggest that TMT tenure may have a potentially mitigating effect on internationalization because their decision makers are driven by organizational inertia and group thinking drivers (Kirca, Hult, Deligonul, Perryy, & Cavusgil, 2012). It is important, however, to note that, while most researchers have shown that TMT's characteristics can affect MNCs' internationalization, the reverse causal relationship is also supported. For example, Sanders and Carpenter (1998) uncover that international diversification is positively related to TMT size, as well as higher CEO compensation, longer-term CEO pay, and separation of CEO and chairperson positions.

Boards of Directors

Research shows that the board of directors plays a key strategic role within MNCs, which also extends to internationalization-related decisions (Aguilera & Jackson, 2010). In particular, *board composition* has been found to affect firms' internationalization efforts and competitiveness. For instance, Filatotchev, Dyomina, Wright, and Buck (2001) show that managerial ownership and board membership negatively affect the engagement in export-facilitating strategies and positively affect export-blocking strategies among privatized firms in Russia, Ukraine and Belarus. Relatedly, Lu, Xu, and Liu (2009) demonstrate that, in addition to ownership concentration, the proportion of outside directors and CEO ownership drives export propensity and performance of Chinese MNCs, and that firms' home country level of institutional development moderates these relationships. More recent studies point to the importance of MNCs' institutional context vis-à-vis boards' composition and their performance implications. For example, Miltekov, Poulsen and Wintoki (2017) show that national demographic factors and levels of capital market development influence the supply and demand for foreign directors, and that institutional quality in the foreign director's home and host countries contribute to shape the effect of that director on firm performance. As another example, Grosman, Aguilera, and Wright (2018) reveal that emerging market MNCs with foreign directors are less likely to be expropriated than MNCs with local directors.

IB scholars have also studied the different *roles* that *foreign subsidiaries' boards* can play, such as externally- versus internally-oriented roles, or proactive versus symbolic roles (e.g., Björkman, 1994; Kriger, 1988; Kriger & Rich, 1987). Differences are typically explored relative to purely domestic firms, in light of boards' structural position as intermediaries between HQ's and subsidiary's management (Du et al., 2015). In one of the earliest studies on the corporate governance of the multinational firm, Leksell and Lindgren (1982) examine subsidiary boards of Swedish MNCs and identify three main board roles, namely external (focusing on external relations), internal (focusing on control and monitoring, coordination and integration, and strategy formulation), and legal roles. They show that subsidiary board roles are closely tied to the subsidiary's relative strategic importance to HQ. Relatedly, Kiel, Hendry, and Nicholson (2006) theorize about the role of foreign subsidiaries' boards in light of MNCs' overarching global strategies (i.e., global, multidomestic, transnational and international), based on the overall premise that subsidiary boards' roles can be designed to benefit MNCs' varying needs in terms of integration and responsiveness across their global network of subsidiaries.

HQ–Subsidiary Relationships

The effective management of HQ–subsidiary relationships has long been recognized as a core area of interest for IB research (e.g., Birkinshaw, Holm, Thilenius, & Arvidsson, 2000; Martinez & Jarillo, 1989; Kostova, Marano, & Tallman, 2016). Most studies in this area build on the so-called *subsidiary mandate* framework (Roth & Morrison, 1992), often combining agency and strategic approaches in order to identify optimal corporate governance practices for managing/structuring the HQ–subsidiary relationship and their performance implications based on foreign subsidiaries' varying strategic roles (Birkinshaw & Hood, 1998; Kim, Prescott, & Kim, 2005). At a broad level, this research emphasizes the firm-wide governance challenges stemming from MNCs' need to successfully manage globally dispersed networks of subsidiaries and balance cost efficiencies with local responsiveness needs (Bartlett & Ghoshal, 1989). Agency theory has been deemed an appropriate lens for studying these intra-firm challenges due to the fact that: "(a) HQ (principals) delegate decision-making authority to subsidiaries (agents); (b) HQs are unable to fully observe whether the subsidiary properly exercises the delegated authority; and (c) the two parties often have divergent motivations resulting in subsidiaries not behaving in the corporate best interest" (Hoenen & Kostova, 2015: 105). Here, the MNC is conceptualized as a single entity with conflicting interests among its corporate actors. Another important insight from this research is that the extent of the agency problem usually varies across subsidiaries due to various organizational and institutional conditions (Kostova, Nell, & Hoenen, 2018). As a result, corporate governance practices for managing HQ–subsidiary relationships should be commensurate with the extent of the agency problem if the organization is to achieve superior performance (Björkman & Furu, 2000; Costello & Costello, 2009; Kim et al., 2005).

MNC GOVERNANCE

The second stream of research within the ICG field, MNC Governance, draws on internalization theory to study the set of bureaucratic controls deployed to govern MNCs' foreign subsidiaries (Buckley & Strange, 2011). Internalization scholars are interested in exploring the challenges associated with managing the contractual relationships that the MNC has with entities in its external environment, such as customers, suppliers, foreign subsidiaries and business partners, which may be affected by information asymmetries and self-serving behavior among the transacting parties (Buckley & Strange, 2011). From this vantage point, MNC governance is conceptualized as a nexus of bureaucratic controls that supersedes market inefficiencies by coordinating economic activities across national boundaries in a more efficient manner.

Internalization theory is rooted in Coase's work (1937), which sets forth the notion that transaction costs in market exchanges can lead to the emergence of the firm if the costs of organizing these exchanges internally are lower than external market-related costs. Internalization theory (e.g., Buckley & Casson, 1976; Rugman, 1981) applies these arguments to cross-border economic transactions and the emergence of the MNC. As pointed out by Filatotchev and Wright (2011), there are some important similarities in the theoretical assumptions of agency and internalization theories, such as the recognition of uncertainty and information asymmetries among contracting parties, and the focus on adopting an "efficient contracting orientation to economic organization" (Williamson, 1988: 569). Where the two perspectives differ significantly is in their basic unit of analysis. The agency perspective is mostly focused on key corporate actors, such as owners, BODs, and TMTs (as is the "Corporate Governance of the MNC" research area that we discussed in the previous section). Conversely, internalization theory is interested in understanding the cross-border relation between the MNC and its business partners and/or subsidiaries. However, this distinction becomes blurry as one considers the existing Corporate Governance of the MNC research about HQ–subsidiary relationships, which is much more closely aligned to the relational focus of internalization theory-driven research.

All in all, MNC governance research is concerned with analyzing how transaction costs-related considerations may affect firms' international expansion decisions. The question of why companies expand internationally through equity or non-equity foreign market entry modes is "one of the central questions in international business research" (Tomassen, Benito, & Lunnan, 2012: 233), and internalization theory is recognized as the dominant theoretical perspective in this area (Brouthers & Hennart, 2007). The core premise of much of this work is that the MNC "as an entity is itself a governance mechanism specialized in resource recombination" (Verbeke & Greidanus, 2009: 1475). In particular, internalization theory justifies MNC's ownership of foreign subsidiaries for protecting and leveraging *firm-specific advantages* (FSAs) in foreign countries. FSAs are proprietary knowledge assets that the MNC can develop and exploit thanks to the internalization of market activities (Buckley & Casson, 1976), in order to survive, profit and grow (Grøgaard & Verbeke, 2012). Thus, the internalization theory-driven conceptualization of ownership differs from that rooted in agency theory, which focuses on inducements that shape the "behavioral aspects of the decision-making process within the MNE and between the MNE and its subsidiaries" (Filatotchev & Wright, 2011: 474).

FSAs can be available to the entire MNC network (i.e., non-location-bound FSAs) or only available to certain subsidiaries, whether in the firm's home or host countries (i.e., location-bound FSAs) (Rugman & Verbeke, 1992). Location-bound FSAs can help the firm overcome liability of foreignness and in some cases even become 'best practices' that can be transformed into non-location-bound FSAs, though these practices tend to be rare (Rugman & Verbeke, 2008). Rugman (1981) also contrasted FSAs with *country-specific advantages* (CSAs), which capture those country-level institutional conditions that may affect the firm's ability to develop or exploit their FSAs, ranging from the quality of the overall institutional environment to the availability of skilled labor, technological know-how or natural resources. More recently, researchers have renewed their focus on CSAs in light of the unique institutional conditions facing emerging-market MNCs (Gugler, 2017).

It is worth highlighting that, while early MNC governance research focused on "how the bounded rationality of actors lowers the efficiency of the markets for certain inputs, forcing MNEs to sometimes internalize these markets" (Slangen & Hennart, 2007: 407), recent contributions have taken a more nuanced approach to depicting MNCs' choices of bureaucratic controls for their foreign operations (e.g., Benito, Petersen, & Welch, 2009; Grøgaard & Verbeke, 2012; Hennart, 2009; Narula & Verbeke, 2015; Verbeke & Kano, 2015, 2016). Indeed, while early research (e.g., Buckley & Casson, 1976; Rugman, 1981) conceptualized MNC governance "as a one-time decision made afresh every time a firm entered a new market," more recent studies stress the dynamic aspects of MNCs' approaches to managing their global operations (Kano, 2018). Thus, while an MNC may possess superior FSAs that make certain modes of foreign market entry more efficient at a specific point in time, these FSAs can dissolve, in particular in light of "developments in information and communication technologies, enhanced patent rights, and new management systems […] [that] have reduced the transaction costs between suppliers and their customers, to the point that management costs associated with the conventional boundaries of large vertically integrated MNEs may no longer be justified" (Kano, 2018: 686).

In addition to these external factors, the establishment of foreign subsidiaries is likely to lead to the emergence of *governance costs*, which are the costs related to the governance of HQ–subsidiary relationships (Tomassen et al., 2012). Over time, these costs may also reduce the long-term efficiency of owning a foreign subsidiary. Researchers have identified four main types of governance costs that are likely to emerge upon the MNC's establishment of a subsidiary (Benito & Tomassen, 2010; Tomassen & Benito, 2009), namely: bargaining costs, which emerge in the renegotiations of an MNC agreement with its various subsidiaries; monitoring costs, which are associated with HQ's need to establish systems aimed at reducing shirking and performance ambiguity among subsidiaries; information costs, which emerge in the communication failures between HQs and subsidiaries and may reduce HQ's effectiveness; and bonding costs, which stem from the need to establish commitments between HQs and subsidiaries through a series of activities.

Thus, as a result of the above-discussed external and internal processes, MNCs may decide to engage in "de-internalization" efforts that entail complex business networks of equity and non-equity relationships, where the MNC becomes an orchestrator of different governance mechanisms, ranging from exports to licensing, joint ventures, strategic alliances, and wholly-owned subsidiaries (Kano, 2018). From this perspective, MNCs' global choices "of localization activities, how these are coordinated and governed within the overall design of the MNC," are ultimately a "balancing act," which is contingent on assessing trade-offs between a complex set of dynamic issues (Benito, Lunnan, & Tomassen, 2014: 90).

COMPARATIVE CORPORATE GOVERNANCE OF THE MNC

This stream within ICG examines the MNC from the Comparative Corporate Governance (CCG) perspective. CCG mostly focuses on how and why corporate governance practices differ significantly across countries (Aguilera & Jackson, 2003). Over the past two decades, CCG has become a well-established research field (Aguilera & Jackson, 2010), not only in IB (Cumming et al., 2017; Filatotchev, Strange, Piesse, & Lien, 2007; Strange, Filatotchev, Buck, & Wright, 2009) but also in related disciplines such as management (Aguilera, Filatotchev, Gospel, & Jackson, 2008; Desender, Aguilera, Crespi-Cladera, & Garcia-Cestona, 2013; Schiehll, Ahmadjian, & Filatotchev, 2014), finance (Boulton, Smart, & Zutter, 2010; Bruno & Shin, 2014; Ellis, Moeller, Schlingemann, & Stulz, 2017;

Filatotchev, Poulsen, & Bell, 2018; Qi, Roth, & Wald, 2017), legal studies (Cioffi, 2000; Licht, 2003; Roe, 2003), political economy (Bulfone, 2016; Landini & Pagano, 2018; Streeck, 2010) and CSR (Aguilera, Williams, Conley, & Rupp, 2006). The main premise of CCG is the emphasis on country-level influences, as well as the conceptualization of organizations, including MNCs, as a set of actors with heterogeneous interests, encompassing the usual suspects (owners, boards and managers) but also stressing the importance of employees (and employee relations).

One of the main focuses of CCG has been on identifying national ownership patterns as an explanatory factor for other country-level corporate governance practices. Thus, there are a handful of studies that have explicitly discussed national ownership patterns across countries (Aguilera & Crespi-Cladera, 2016; Filatotchev, Jackson, & Nakajima, 2013) and have empirically shown how ownership in terms of concentration, type of owner and control rights might affect firm performance across Europe (Thomsen & Pedersen, 2000), Asia (Claessens & Fan, 2002), and Latin America (Céspedes, Gonzalez, & Molina, 2010). Acknowledging the path-dependent nature of ownership and national institutions such as the legal system, as well as, to some degree, the presence of formal and informal institutions, CCG has typically contrasted corporate governance regimes across a variety of countries and categorized them into shareholder-oriented versus stakeholder-oriented systems (Aguilera & Jackson, 2003; Haxhi & Aguilera, 2017; Pedersen & Thomsen, 1999). Surprisingly, CCG has paid little attention to the effect of corporate governance systems on MNC practices and on their strategic decision-making processes.

When it comes to the role of the MNC and firm internationalization, we observe two main theoretical perspectives within the CCG stream that are complementary, yet operate at different levels of analysis. The first perspective is anchored in the *comparative capitalism* literature, and the second one in studies of the *diffusion of corporate governance practices*. Conformity with national institutional settings and the potential institutional distance are features salient in both perspectives, although they are conceptualized in different ways. We discuss each of them in turn.

First, comparative capitalism, which examines "how institutions across economic domains interact to form distinct national constellations or varieties of capitalism" (Jackson & Deeg, 2008: 541), questions how and why these national institutional constellations or configurations differ across countries and their implications for firm behavior (Aguilera & Grøgaard, 2019). There are two main related conceptual frameworks within this perspective, both of which stress the importance of institutional diversity and how it shapes firms' strategic behavior: Varieties of Capitalism (VoC) and National Business Systems (NBS). First, the VoC framework sustains that institutional complementarities grant stability as well as resistance to change, and consequently each country develops its own idiosyncratic institutional competitive advantage (Hall & Soskice, 2001). VoC divides advanced economies into coordinated market economies (CME) and liberal market economies (LME), and shows that the former pursue incremental innovation and slower internationalization pace, whereas the latter embark on radical innovation and faster internationalization pace. This differentiation is attributed to the fact that firms in LMEs are not as deeply embedded in their institutional environment as CMEs (Morgan, 2012). Second, the NBS framework highlights cross-country differences in labor, capital provision, inter-firm relationships, and political institutions related to modes of authoritative coordination and control of economic activities, as well as potentially unbalanced interconnections between different corporate actors within and across firms (Whitley, 1992, 1999, for an expansion and further development of NBS; see Fainshmidt, Judge, Aguilera, & Smith, 2018). Some of the early political economy studies demonstrate that in the context of the largest advanced economies (e.g., Germany, Japan and the US), it was inevitable that MNCs would display very different characteristics from those of other countries given the institutional environment in which they were conceived (Pauly & Reich, 1997).

A key thesis in the comparative capitalism theoretical perspective is that societal actors (labor, management, owners, suppliers, etc.) make choices around institutional structures (formal) and rules of the game (also informal) that are favorable to their interests, leading to an interactive relationship between actors and institutional context (Aguilera & Jackson, 2003). Each national institutional configuration encompasses a given corporate governance system which is aligned with specific patterns of human capital, financial systems, industrial relations, and so on. The challenge then for the MNC is how to simultaneously conform to the rules at home and in the subsidiary's host country, a dilemma referred to as *institutional duality* (Kostova, 1999). Morgan and Kristensen (2006) claim that, because of institutional duality, whereby MNCs get exposed to often diverse institutional settings, HQs and subsidiaries are pressured to conform to the different institutional and capital market expectations of their home and host countries, which, in turn, leads to conflicts between the HQ and subsidiaries in terms of goals, resource allocation, and performance metrics. The arguments are built around the possible *institutional barriers of entry*, which refer to how easy it is to adapt or bypass existing institutions in the host country as MNCs become settled across national borders.

There are several scenarios unfolding when MNCs face institutional duality with multiple competing forms of legitimate authority. Morgan (2012) refers to these scenarios as the *micro-politics* of MNCs and subsidiaries, which entail standardization, efficiency seeking, and learning by HQ and subsidiaries. Most of the empirical corporate governance research in the comparative capitalism tradition is discussed in the context of management practices and employment relations' challenges within MNCs. Kristensen and Zeitlin (2005) argue that, by ignoring labor market dynamics and different models of employment relations, mutual misunderstandings and limited strategic coordination between the HQ and subsidiaries can emerge that may lead to endemic strategic conflict and organizational disintegration within the MNC. We now turn to discussing five possible different scenarios where there is some degree of tension between institutional duality and host country barriers of entry as MNCs arrange their corporate governance practices across countries.

The first scenario appears when an MNC's corporate governance and subsequent competitive advantage are deeply embedded in its home country's institutions, leading to reticence to adapt to other countries' corporate governance practices upon their internationalization. These MNCs tend to expand into similar institutional contexts, i.e., functionally equivalent institutional environments (Morgan, 2012), where they can deploy and capitalize on the HQ corporate governance practices on which they can build their competitive advantage (Morgan et al. 2001). The overall logic is to minimize the liability of foreignness (Zaheer, 1995) in the corporate governance domain. This would be, for example, the case of German firms with co-determination or firm-specific human capital choosing to locate subsidiaries in countries that also endorse and protect strong labor rights, such as Denmark. In this scenario, Almond, Edwards, and Clark (2003) illustrate how the cross-national merger between two Nordic MNCs (i.e., Telia of Sweden and Sonera of Finland) was not solely based on an economic efficiency logic through the elimination of redundancies between the two companies, but it also had the full support of trade unions in both countries.

The second scenario in tackling institutional duality discussed in the literature is when MNCs internationalize into substantially different institutional environments but are able to maintain most of HQ's corporate governance practices. This is only feasible due to weak host country institutional barriers. As an example, Ferner and Quintanilla (1998) explore the country-level institutional influence in the management of employment relations (and human resource practices) of UK-based MNCs and their subsidiaries in continental Europe. They show that the tensions between the 'globalized' MNC corporate governance and their home country practices are related to NBS differences, such as authority structures, control systems and management career patterns. While the UK MNCs adopted some new host country governance practices, the core of the UK employment relations model prevailed across all of their foreign subsidiaries.

A third and most studied scenario to cope with MNC institutional duality is the adaptation of subsidiary's corporate governance practices to the host country's institutional environment, given that the institutional barriers define what is legitimate or might even require such adaptation. For instance, Muller (1998) shows that US and UK MNCs are not able to export their weak labor relations to Germany and instead have to adhere to Germany's strong coordinated market norms. Whitley, Morgan, Kelly, and Sharpe (2003) examine the internationalization patterns and management career paths for 14 Japanese MNC in the manufacturing and financial service firms in Japan and the UK. They find substantial variation in the level and mode of central control of overseas subsidiaries, especially their degree of reliance on expatriate managers. They observe different MNCs' internationalization patterns, both between and within sectors, as well as diverging career paths for their international managers, which are particularly striking when comparing local British professional to Japanese expatriates in the banking sector.

Conclusively, these discrepancies are related to contrasting NBS practices and labor market characteristics of the British and Japanese systems, such as skill formation, and internal control systems. An interesting insight into this scenario, as stated by Morgan (2012: 44), is that an "MNC from coordinated market economy might not necessarily seek to establish functional equivalence to the institutions in its home base when it enters in other context," and instead might seek to learn from being in a new institutional context and exploit it. This was the case when Japanese MNCs established subsidiaries in the UK where they were able to adapt to most of the liberal market practices that so strikingly contrast with enterprise-focused Japanese practices (Elger & Smith, 2005). It is worth noting that adapting to an institutional context where social actors are coordinated in the open market has a much lower barrier of entry than when actors are coordinated by non-market forces such as unions or government intervention.

A related body of work brings in a more actor-centered and instrumental perspective to tackle institutional duality and its implications for MNC corporate governance, broadly defined. Thus, Geppert, Williams, and Matten (2003) claim that subsidiary managers might have the power and strategic vision to *cherry-pick* corporate governance practices that belong to multiple institutional environments. Their study shows that subsidiary managers are able, for example, to maneuver between the German and UK NBSs' practices in order to preserve elements of German-style practices such as management career development and strong work council system of labor representation that had been transferred to their UK subsidiaries. Similarly, in their subsequent study, Geppert and Matten (2006) show that British and German subsidiaries of three Finnish, German and American MNCs also apply a cherry-picking strategy (or a deviation from the standardized parent MNC-wide practices) of selected work systems and labor practices, shaped by the host country institutions. As such, MNCs offer different rationales for applying cherry-picking governance strategies across subsidiaries that are embedded in different national business contexts. For instance, while the US MNCs exploit the fragmentation and weak employment relations in the UK subsidiaries, German subsidiaries benefit from tightly integrated work systems and high skills and productivity of local engineers.

The fourth scenario is when there might be intent by MNCs to adapt to host country governance practices but there are high institutional barriers of entry that make it difficult for them to do so. Morgan et al. (2001) collectively show that coordinated market economies with tight insider actor ties (as opposed to market ties) might be locked in and hard to access for outsiders. In this regard, Almond et al. (2003) illustrate the rather feeble influence of shareholder-oriented practices in European MNCs in the context of employment relations, and the resilience of strong European labor rights.

The last scenario, to which Morgan (2012) refers as the *macro-politics* of the MNC, emerges when the MNC significantly changes or shapes the host country's institutional context and, as result, is able to deploy its HQ corporate governance practices. In examining how multinationals may seek to change institutions, Morgan (2012) considers three strategic approaches deployed by MNCs in foreign markets, based on Dunning's (2001) motives for internationalization of efficiency seeking, market seeking, and asset seeking (Dunning's resource-seeking motive is not discussed in this research). Other work has shown that some countries are willing to modify their corporate governance rules in order to attract foreign capital, by, for example, modifying the listing requirements for firms with dual class shares (Bebchuk & Kastiel, 2017) (e.g., the Hong Kong stock exchange) or by relaxing stock market listing disclosure requirements (Takahashi & Yamada, 2015) (e.g., countries competing for the listing of Saudi Aramco in 2018).

The second theoretical perspective within the CCG stream focuses on the cross-national *diffusion of corporate governance practices* as firms internationalize. This perspective is less grounded in structural institutional pressures, prevalent in the comparative capitalism perspective, and instead is more interested in conformity and legitimation of those institutionalized practices at the MNC level (Kostova, Roth, & Dacin, 2008; Walgenbach, Drori, & Höllerer, 2017). The notion of institutional duality is also present in this research, but it is conceptualized at the firm or practice level, which we would characterize as *governance duality*, whereby the relevant institutional differences that MNCs need to navigate between home and host countries are articulated at the national corporate governance level as opposed to the broader institutional level. This body of work is inspired by research about the cross-border diffusion of codes of good governance

(Aguilera & Cuervo-Cazurra, 2004; Haxhi & van Ees, 2010), managerial practices and ideologies (Djelic & Sahlin-Andersson, 2006), and the degree to which organizational practices are translated and interpreted as they adjust to foreign institutional environments (Czarniawska & Sevón, 2011). In the context of cross-national corporate governance, initial research centered around the effects of foreign ownership, and on how foreign corporate governance practices were lost in translation by either being rejected, reinterpreted or decoupled (Ahmadjian & Robbins, 2005; Fiss & Zajac, 2004; Sanders & Tuschke, 2007). More recent studies reflect the globally greater demands for corporate transparency and show that the degree of Anglo-American institutional investors' ownership of Japanese firms has led them to adopt foreign corporate governance practices, such as increasing board monitoring with higher external audit fees (Desender et al. 2013), and to conduct better adjustments on earnings management (Aguilera, Desender, López-Puertas Lamy, & Lee, 2017; Desender, Aguilera, López-Puertas Lamy, & Crespi, 2016). A core idea in this research is that corporate governance practices are not universally applied. While some corporate governance practices might work effectively in the MNC's home country, because they are aligned with several other governance mechanisms and supported by certain institutional arrangements, other practices might not work in subsidiary settings where different governance mechanisms and institutional logics may apply. This can be illustrated by the different mechanisms (e.g., financial incentives vs. direct control) of monitoring and disciplining of managers across different units of the MNC. In addition, research shows that, even when MNCs are operating across functionally equivalent institutional systems that belong to the same legal family, this does not guarantee that their HQ's corporate governance practices will readily adjust across these countries, as shown when comparing the US versus the UK national governance systems (Aguilera et al., 2006).

Cumming et al. (2017) formalize the diffusion of corporate governance practices that had been floating around in comparative corporate governance research with the concept of *international mobility of corporate governance*. The main premise is that corporate governance is not location-bound and that, like other organizational practices, it is contingent on the institutional environment where these practices are deployed. Cumming et al. (2017: 128) argue that "MNCs may export/import corporate governance to obtain access to superior resources and achieve efficiency outcomes […and to…] increase their legitimacy among local stakeholders, including investors and customers." Thus, an MNC might decide to export its corporate governance practices when engaging in a foreign acquisition, or import practices by cross-listing in a foreign market to attract foreign investors with different corporate governance practices.

The concept of cherry-picking practices and strategies across institutional contexts (Geppert & Matten, 2006) by capitalizing on the governance duality of the MNC's home and host countries is also a common thread in this research. The argument, however, revolves around the differences between weak and strong institutional settings to support corporate governance. The literature identifies two main cross-national governance mechanisms. The first, *corporate governance bonding*, is an effort to borrow from stronger institutional settings to improve and legitimize the typically weaker MNC corporate governance in terms of enforceability or reputational status. The classic example is MNCs from weakly enforced governance environments deliberately cross-listing in countries with more stringent governance requirements to gain reputational resources and less onerous access to capital, as illustrated by Siegel (2009) in the case of Mexican firms listed on the New York Stock Exchange. Bell, Filatotchev, and Aguilera (2014) test the governance bonding idea by comparing IPOs from foreign firms in the US and the required corporate governance sophistication necessary to gain legitimacy in this foreign market. The second cross-national mechanism is *corporate governance arbitrage* which mirrors the concept of institutional arbitrage in comparative capitalism (Hall & Soskice, 2001; Jackson & Deeg, 2008). It refers to the MNC's exploitation of corporate governance differences across countries, and particularly to the move from a strong institutional setting to a weaker one. This is what Cumming et al. (2017: 141) label as mobility of "bad corporate governance," as in the case of shell companies that help bypass corporate governance reporting requirements (Allred, Findley, Nielsen, & Sharman, 2017). Another example would be MNCs placing subsidiaries in countries with soft-law corporate governance requirements, such as codes of good governance, to minimize disclosure costs (Haxhi, van Ees, & Sorge, 2013).

To close this review of the MNC-focused CCG stream, it is important to highlight that scholars have been thinking about expanding on the notion of institutional duality in order to account for the institutional pluralism stemming from institutional contexts beyond the coordinated-liberal market economies, or even the triad, such as emerging markets (Aguilera & Haxhi, 2019; Carney, Gedajlovic, & Yang, 2009) or countries with failed states or exceedingly weak institutions (Ault & Spicer, 2014). Moreover, there has been an interest in uncovering some of the transnational forces that influence MNCs' (corporate) governance practices. An interesting approach is the study of the politicization in and around the MNC to be able to more explicitly and qualitatively account for struggle and conflict and, ultimately, the role of power circles inside and outside the MNC (Clegg, Geppert, & Hollinshead, 2018). Although the early heated debates about the convergence of corporate governance practices have, for the most part, been abandoned, there is a more recent line of research that focuses on raising the global corporate governance bar in terms of transparency and accountability. Representative of this line of research are studies on the harmonization of accounting standards and reporting (Judge, Li, & Pinsker, 2010; Leuz & Wysocki, 2016), and on compliance with global governance standards such as those established by the International Monetary Fund in order to access international financial funding (Aguilera & Williams, 2009).

DISCUSSION AND FUTURE RESEARCH DIRECTIONS

Our review provides a number of contributions to the study of corporate governance issues in MNCs. First, we define International Corporate Governance and its boundaries by identifying its three dominant streams of research. We also illustrate how each stream relies on different conceptualizations of corporate governance, different analytical foci, theoretical approaches, and underlying mechanisms. Second, we offer a comprehensive review of each of these research streams. In particular, we show that while these three research streams have collectively produced important scholarly insights, they have mostly evolved independently from one another in terms of the research questions and theoretical perspectives that researchers pursue. We argue that this segmentation of the ICG field limits a full understanding of the corporate governance advantages and challenges facing MNCs, in light of their complex organizational characteristics, political tensions, and institutional conditions. This vacuum opens opportunities to leverage ideas from across these streams in future research. Thus, in this section, we turn to our article's third contribution – namely, a discussion of several novel ways for advancing our knowledge of MNCs' corporate governance by integrating insights from the Corporate Governance of the MNC, MNC Governance and Comparative Corporate Governance of the MNC. The future research suggestions we discuss below are represented in Figure 1 (areas A, B, C, and D) and summarized in Table 2.

Integrating Insights from Research about "Corporate Governance of the MNC" and "Comparative Corporate Governance of the MNC"

There are interesting and important under-explored opportunities to integrate insights from "Corporate Governance of the MNC," which focuses on corporate actors' roles and responsibilities within the MNC, and insights from "Comparative Corporate Governance of the MNC," which focuses on the influence of MNCs' multiple embeddedness across different institutional contexts. These future research directions are represented by area A in Figure 1 and summarized in column A in Table 2. The suggestions are a sample of the research questions that future research could explore at this intersection, and we think that they provide an illustration of the important role that the institutional environment can play vis-à-vis MNCs' choices of corporate governance practices and their effectiveness (Aguilera et al., 2008; Sugathan & George, 2015). Thus, we believe that, by addressing such questions, future research could shed new light on the corporate governance complexities facing MNCs.

Ownership and corporate governance discretion

Comparative corporate governance research provides strong evidence that home country institutional contexts play a significant role in firms' ownership structure (Aguilera et al., 2015; Aguilera & Jackson, 2010; Aguilera, Kabbach-Castro, Lee, & You, 2012; La Porta, Lopez-de-Silanes, & Shleifer, 1999). While much of this research is country-specific, it offers a useful platform to examine how MNCs' multiple embeddedness across a variety of home and host countries may affect their receptivity to specific ownership-related structures, such as dual class shares or publicly versus private companies. For instance, future research could examine

Table 2 Examples of future research questions (*letters and numbers in parentheses* refer to Figure 1).

A At the intersection of: (1) Corporate Governance of the MNC and (3) Comparative Corporate Governance of the MNC	B At the intersection of: (1) Corporate Governance of the MNC and (2) MNC Governance	C At the intersection of: (2) MNC Governance and (3) Comparative Corporate Governance of the MNC	D At the intersection of: (1) Corporate Governance of the MNC, (2) MNC Governance and (3) Comparative Corporate Governance of the MNC
Does the heterogeneity of ownership practices across countries activate MNCs' "governance discretion"? How do different organizational and institutional factors in MNCs' host countries affect their decision to transfer specific board-related practices to their foreign subsidiaries? Under what conditions do foreign subsidiaries' board practices that are uncommon in host countries diffuse locally? To what extent do more challenging host country's institutional conditions reduce HQ's willingness to delegate important financial decision-making power to foreign subsidiaries? Ample opportunities around EM-MNCs, ranging from applicability of Anglo-American corporate governance practices, to efficacy of informal corporate governance practices	Drawing on recent developments in the "MNC Governance" stream (e.g., Buckley et al., 2016) and UET in the "Corporate Governance of the MNC" stream, how does managerial cognition affect foreign market entry decisions?	How do differences in the firm's home and host countries' governance standards (e.g., labor rights, disclosure requirements, shareholder rights, etc.) affect MNCs' governance costs associated with specific HQ–subsidiary relationships? What institutional factors affect HQ's propensity to mandate and transfer corporate governance practices to foreign subsidiaries that go above and beyond locally mandated standards but fulfill compliance with home country's standards? How do such transfers affect MNCs' governance costs associated with specific HQ–subsidiary relationships?	Taking a cross-country perspective, how do HQ-specific corporate governance practices influence risk preferences and interest alignment among various stakeholders? Taking a cross-country perspective, how do national corporate governance systems (e.g., shareholder oriented vs. stakeholder oriented) affect MNC preferences for specific foreign market entry modes? Taking a cross-country perspective, how do differences in TMTs' human and social capital contribute to shape MNCs' decisions about foreign market entry modes? To what extent do varying labor organizations' power and labor representation models in different countries affect MNCs' decisions concerning their foreign market entry mode selection?

whether heterogeneity of ownership structures across the multiple countries where MNCs operate activate their governance discretion by making subsidiaries more likely to adopt over- or under-conforming governance practices that deviate from the established country norms and practices (Aguilera, Judge, & Terjesen, 2018). When considering the ownership practices of MNCs' foreign subsidiaries, researchers could, for example, assess the extent to which they adopt deviant (Aguilera et al., 2018) ownership arrangements from those found in the firm's HQ (e.g., weaker shareholder rights) as a result of less stringent host country regulations. Conversely, future research could explore whether foreign subsidiaries' reliance on ownership-related practices that differ from those of local firms (e.g., strong disclosures about shareholder engagement or owners' identity; Equilar, 2017) may help these practices diffuse to local firms over time (Jackson & Strange, 2008).

Top management teams in emerging markets-MNCs
Recent research on the corporate governance of emerging markets MNCs (EM-MNCs) (and emerging market-based firms more generally) suggests that the performance- and internationalization-related effects of TMT and CEO characteristics, board structures, and executive incentives may differ between these firms and their advanced economy counterparts (Hoskisson, Wright, Filatotchev, & Peng, 2013). However, although researchers have begun to examine some of the unique corporate governance characteristics of emerging markets-based firms (Aguilera & Haxhi,

2019; Buck, Liu, & Skovoroda, 2008; Nam et al., 2018; Yang & Meyer, 2018), this research is somewhat limited. In addition, much of this research often tests hypotheses based on the Anglo-American model of corporate governance, which may fail to capture the different agency issues facing these firms in light of the unique characteristics of their national governance systems, such as a more predominant role of state and family ownership and business group affiliation. As a result, traditional principal–agent problems in concentrated ownership settings may be less relevant for these firms (Desender et al. 2013), while principal–principal (Young, Peng, Ahlstrom, Bruton, & Jiang, 2008) and multiple agency conflicts (Arthurs, Hoskisson, Busenitz, & Johnson, 2008) become more salient. Thus, we suggest research that attempts to understand better how incentives are structured for HQ executives in emerging markets where often there exist dual economic and political objectives designing *de jure* contingent pay but not de facto. Moreover, given the paucity of CEO-related studies in EM-MNCs, future research could build on the existing research on non-market strategies (Haveman, Jia, Shi, & Wang, 2017; Tihanyi, Aguilera, Heugens, van Essen, Sauerwald, Duran, & Turturea, in press) and more systematically explore what traits of EM-MNCs' CEOs are effective.

Foreign subsidiaries' boards of directors

Given the limited scope of the existing research about the corporate governance practices of MNCs' foreign subsidiaries, there are ample future opportunities to study this overlooked dimension of multinational management. For instance, we believe it would be important to explore how MNCs' institutional duality (Morgan & Kristensen, 2006) across home and host countries with varying regulatory requirements for boards of directors may affect the corporate governance practices adopted by their foreign subsidiaries across different host countries. In particular, future research could consider specific board-related practices, such as the pursuit of stringent diversity requirements for board composition, and assess the extent to which MNCs may decide to transfer such practices across their foreign subsidiaries in light of different organizational and institutional factors in their host countries (Terjesen, Aguilera, & Lorenz, 2015). Further, researchers could examine the extent to which foreign subsidiaries' board-related practices that are uncommon in host country markets may diffuse into the host country over time. Future research could also analyze the factors that allow foreign subsidiaries' boards to get away with avoiding or under conforming to local regulatory requirements in light of their foreign status.

MNCs' institutional duality and the corporate governance of HQ–subsidiary relationships

The institutional environment is a critical, and under-researched contingency of HQ–foreign subsidiary relationships. Here, we suggest five different ways in which future research could extend our understanding of this key dimension of multinational management by examining how differences in MNCs' home and host country institutional environments contribute to shape their governance arrangements for governing HQ–subsidiary relationships. Different dimensions of home and host countries' institutional environments could be considered to this end. First, researchers could build on the existing work about the financial contracting arrangements of MNCs' foreign operations (Bowe, Filatotchev, & Marshall, 2010; Nguyen & Rugman, 2015), and its consideration of how foreign subsidiaries' financing practices are contingent on the host country's institutional characteristics, such as creditors' rights and bankruptcy costs (Qi et al., 2017). Currently, research on the financial aspects of the corporate governance of HQ–subsidiary relationships is rather limited. Rygh and Benito (2018) offer a rare example of such research by discussing the role of equity and debt, not just as financial instruments but as alternative governance structures in HQ–subsidiary relationships. As another example, Akbel and Schnitzer (2011) show that stronger creditor rights in the host country increase the likelihood that foreign subsidiaries will substitute parental HQ borrowing with local debt. Thus, future research could expand upon these works to explore whether potentially more challenging institutional conditions emanating from weaker creditor rights and higher bankruptcy costs reduce HQ's willingness to delegate important financial decision-making power to foreign subsidiaries to mitigate the institutional challenges of local financing.

Second, researchers could leverage work on the role of external financial institutions (e.g., banks, auditing firms) as delegated monitors of foreign subsidiaries (e.g., Bowe et al., 2010) to examine the institutional conditions that are more likely to make them more efficient than HQ itself in this role. In addition to examining the host country institutional conditions that may make this delegation more appropriate and effective, future research could also analyze the consequences it may have for the corporate governance of HQ–subsidiary relationships. For instance, does third party monitoring lead to greater foreign subsidiary's autonomy from HQs over time? If proved effective in the context of a specific HQ–subsidiary relationship, how long before it is acknowledged as a best practice for managing other HQ–subsidiary relationships under similar relational and contextual conditions?

Third, we also recommend future research that systematically compares corporate governance practices of advanced economy and emerging market MNCs' subsidiaries in emerging markets, because of institutional voids in these host countries. Institutional voids, which refer to absent or underdeveloped market-enabling institutions, such as rules and regulations for preventing corruption, protecting property rights, ensuring the rule of law, and establishing supportive public investments and infrastructure (Khanna & Palepu, 1997), generate both constraints and incentives for firms' governance choices that are distinct from well-developed institutional frameworks in advanced economies (Kostova & Marano, 2019). For instance, Wang, Luo, Lu, Sun, & Maksimov (2014) find that, in EM-MNCs, subsidiaries might isolate themselves from the emerging markets-based HQs in order to overcome some of their resource and capability voids. Future research could extend this line of inquiry by examining the sets of subsidiary-specific governance practices that may support their autonomy vis-à-vis HQs. Fourth, researchers could enquire whether there are differences in how advanced economy-MNCs and EM-MNCs endow subsidiary boards with explicitly defined mandates and legal responsibilities, or decide to adopt formal versus informal control mechanisms. Finally, we encourage research that examines whether advanced economies' traditional corporate governance practices, such as board independence, may also be useful in the management of EM-MNCs' foreign subsidiaries and their impact on the effective management of HQ–subsidiary relationships (Aguilera & Haxhi, 2019; Bjorkman & Furu, 2000).

Integrating Insights from Research About "MNC Governance" and "Corporate Governance of the MNC"

"MNC Governance" research analyzes how transaction costs-related considerations may affect firms' international expansion decisions, which involve assessing trade-offs between complex sets of dynamic issues. In this research, "the way in which managerial cognition influences firms' FDI decisions is, more often than not, assumed rather than theorized […]" (Buckley, Chen, Clegg, & Voss, 2016: 138). Recently, however, scholars have called for research on how managerial cognition applies to the study of foreign market entry decisions (Buckley et al., 2016) as well as corporate governance (Forbes & Milliken, 1999). We believe that such an approach would require integrating the "Corporate Governance of the MNC" and "MNC Governance" streams of ICG research.

Therefore, we suggest future theoretical and empirical research that looks deeper into the "cognitive bases of powerful actors in the organization" (Hambrick & Mason, 1984: 193) for understanding the trade-offs of different foreign market entry modes. These future research directions are represented by area B in Figure 1 and summarized in column B in Table 2. Such an effort could draw on upper echelons and information-processing theories applied to the MNC in order to examine how executives' and senior managers' cognitive toolkits influence MNC foreign market entry modes decisions (Buckley et al., 2016). Future research could further study how the cognitive processes of managers and directors (van Ees, Gabrielsson, & Huse, 2009), as they analyze the distribution of power within the MNC network, make decisions that affect its degree of centralization, which could then influence their ultimate decisions regarding foreign market entry modes.

Integrating Insights from Research About "MNC Governance" and "Comparative Corporate Governance of the MNC"

"MNC Governance" research has begun to examine the complexities of managing HQ–subsidiary relationships from the point of view of governance costs (Tomassen et al., 2012), and has focused on identifying various types of relational governance costs between HQ and foreign subsidiaries (e.g., Benito & Tomassen, 2010; Tomassen & Benito, 2009). We see interesting opportunities to integrate this work with research from the "Comparative Corporate Governance" stream by taking into account MNCs' institutional environment as a contingency that affects the types of governance costs (Aguilera et al., 2008) associated with specific HQ–subsidiary relationships. These future research directions are represented by area C in Figure 1 and summarized in column C in Table 2. Indeed, while internalization theory-driven research acknowledges the importance of host country-specific conditions through the "country-specific advantages" construct (Rugman, 1981), comparative corporate governance research is, in general, much more concerned about the specific institutional characteristics that may affect the MNCs' governance arrangements for managing their foreign operations (e.g., Aguilera & Grøogard, 2019; Morgan et al., 2001). With this in mind, future research could examine how differences in the firm's home and host countries' governance standards (e.g., labor rights, disclosure requirements, shareholder rights, etc.) may influence MNCs' governance costs associated with specific HQ–subsidiary relationships over time. Also, scholars could consider institutional factors that affect HQ's propensity to mandate and transfer corporate governance practices to foreign subsidiaries that go above and beyond locally mandated standards but fulfill compliance with home country's standards. Finally, researchers could more systematically compare multiple countries with the tradeoffs that MNCs face in their international mobility of corporate governance (Cumming et al., 2017). More generally, future research could develop a more nuanced view of the governance-related neo-configurational complexities facing MNCs because of their multiple embeddedness in institutional environments with different standards, which could lead to fruitful insights into the temporal sustainability of MNCs governance arrangements in light of the different governance costs they incur.

Integrating Insights from Research About the "Corporate Governance of the MNC", "MNC Governance" and "Comparative Corporate Governance of the MNC"

We believe that much could be gained from integrating insights from research in the "Corporate Governance of the MNC," "MNC Governance," and "Comparative Corporate Governance of the MNC" streams. In particular, we would like to suggest three avenues for future research at the intersection of these three areas. These future research directions are represented by area D in Figure 1 and summarized in column D in Table 2. First, we need to better understand how HQ-specific corporate governance practices may influence risk preferences and interest alignment among various stakeholders, and any relevant cross-country variations in these preferences. As noted by Filatotchev and Wright (2011: 484), "various constellations of governance factors such as ownership structure, board characteristics, and incentive systems may have profound effects on the MNE's global strategy, operations, and performance." There is an opportunity to empirically explore these constellations at the cross-national level and examine the implications for MNCs' strategic choices.

Second, since most research on how specific corporate actors affect MNCs' selection of foreign market entry modes is single-country focused (e.g., Doherty, 2000; Musteen, Datta, & Herrmann, 2009; Nielsen & Nielsen, 2011; Pongelli, Caroli, & Cucculelli, 2016; Young Baek, 2003), future research adopting a cross-country comparative design would be in a good position to reveal whether and how national corporate governance systems (e.g., shareholder oriented vs. stakeholder oriented) might affect MNCs' preferences for specific foreign market entry modes. This approach would shed new light on the roles that different MNC corporate actors (e.g., Board of Directors, TMTs, Labor) and stakeholder groups play vis-à-vis internationalization mode decisions by shaping decision makers' risk preferences (Buckley et al., 2016).

Finally, comparative corporate governance research shows that there are large cross-country variations in the human capital (Nielsen, 2010) and social capital (Athanassiou & Nigh, 2002) of TMTs, as well as in their career paths, as a result of national differences in labor market flexibility and the importance of political connections (Tihanyi et al., in press). For example, Japanese executives tend to pursue their careers within a closed internal labor market, whereas British executives pursue their careers in an open external labor market. In China and France, political connections or affiliations are predominant, whereas this seems less critical in other countries. Taking a cross-country comparative perspective, future research could examine the extent to which these differences in human and social capital are a contributing factor for MNCs' strategic decisions about foreign market entry modes.

CONCLUSION

Extant research has developed important insights into the drivers and outcomes of corporate governance within MNCs. We contribute to systematize this research by conducting a comprehensive review of existing ICG research along three main areas: "Corporate Governance of the MNC," "MNC Governance," and "Comparative Corporate Governance of the MNC." We discuss the significant contributions of each of these broad areas of inquiry by highlighting the main research questions, theoretical perspectives, analytical foci, and findings uncovered. We conclude by proposing explicit research ideas that leverage insights into these different areas of inquiry to advance our understanding of corporate governance issues in MNCs. Our hope is that our review of the ICG field will entice other scholars to continue exploring this ever more important cross-disciplinary area of research.

ACKNOWLEDGEMENTS

The authors gratefully acknowledge comments and suggestions from Professor Benito (Editor) and three fantastic anonymous referees, conference participants at the Academy of Management's 2018 Annual Meeting in Chicago, the International Corporate Governance Society's 2018 Annual Meeting in Shanghai, and the 2018 Strategic Management Society's Special Conference in Oslo. All errors remain ours.

NOTES

[1]Some scholars have used the term "International Corporate Governance" to compare national systems of corporate governance (i.e., Denis & McConnell, 2003; Mallin, 2006). We think this should be better labeled as "Comparative Corporate Governance."

[2]We define internationalization as the process of a firm's locating offices, branches, subsidiaries, or production facilities in foreign countries (Morgan, 2012), or of listing on a foreign stock market (Cumming et al., 2017).

[3]Aguilera and Crespi-Cladera (2016), Buckley and Strange (2011), Costello and Costello (2009), Delios (2011), Filatotchev and Nakajima (2010), Filatotchev and Wright (2011), Hoenen and Kostova, (2015), Jackson and Strange (2008), Kostova et al. (2016), Luo (2005a, b), Strange, Filatotchev, Buck, and Wright (2009), Wu and Tihanyi (2013), Young, Peng, Ahlstrom, Bruton, and Jiang (2008).

[4]Academy of Management Journal; Corporate Governance: An International Review; Global Strategy Journal; International Business Review; Journal of International Business Studies; Journal of Business Ethics; Multinational Business Review; Strategic Management Journal; Journal of International Management; Journal of Management; Journal of World Business; Management International Review; Journal of Management Studies; and Organization Science.

[5]The 106 reviewed articles and chapters are distributed as follows: 23 from the *Journal of International Business Studies*, 8 from the *Journal of World Business*, 7 from the *International Business Review*, 7 from the *Journal of International Management*, 6 from the *Journal of Management*, 5 from *Corporate Governance: An International Review*, 5 from the *Journal of Management Studie*s, 4 from *Academy of Management Journal*, 5 from *Management International Review*, 4 from *Strategic Management Journal*, 3 from the *International Journal of Human Resources*, 2 from the *British Journal of Management*, and 2 from *Multinational Business Review*. The remaining 25 articles and chapters come from books and academic journals with only one reference.

[6]The anonymous reviewers' suggestions for strengthening the scope and rationale of our review were very helpful.

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APPENDIX

See Table 3.

Table 3 Summary of the Reviewed International Corporate Governance Articles (in alphabetical order).

	Study, (Year) Journal/Book	Dominant theoretical lens(es)	Sample	Key findings
1	Aguilera et al. (2017), *Journal of International Business Studies*	CCG; IT	1690 firms listed on the Tokyo Stock Exchange	The study shows that, when foreign owners are present, managers are more optimistic in their initial earnings forecasts, and that, in subsequent revisions, they are more likely to adjust their earnings forecast in a timely fashion and avoid making last-minute adjustments
2	Akbel and Schnitzer (2011), *Journal of Banking & Finance*	Contract theory	NA	This paper theorizes about the optimal debt structure of MNCs choosing between centralized or decentralized borrowing – a decision that is affected by creditor rights and bankruptcy costs, after taking into account managerial incentives and coinsurance considerations
3	Allred et al. (2017), *Journal of International Business Studies*	IT	1639 incorporation firms in 176 countries	Focusing on shell corporations, this study examines whether firms behave consistently with international law prohibiting anonymous incorporation and shows that a substantial number of firms in OECD countries are willing to flout international standards
4	Almond, Edwards, and Clark (2003), *Industrial Relations Journal*	CCG; VOC	Germany, France, Sweden and the UK	This article examines the effects of national corporate governance systems on MNC practices and how globalization has affected the nature of national business and employment systems.
5	Arregle, Duran, Hitt, and van Essen (2016), *Entrepreneurship Theory and Practice*	AT; IT	Meta–analysis of 76 studies covering 41 countries	The cross-country differences in the relationship between family firms and internationalization are explained through the lenses of family control, internationalization types, and home countries' institutional contexts

Table 3 (*Continued*)

	Study, (Year) Journal/Book	Dominant theoretical lens(es)	Sample	Key findings
6	Athanassiou and Nigh (2002), *Management International Review*	Internalization process theory; UET	39 US MNCs	TMT's international career experience has a positive effect on US MNCs' internationalization
7	Banalieva and Eddleston (2011), *Journal of International Business Studies*	AT; Stewardship theory	202 Western European firms	Family leaders are most beneficial when firms pursue a regional strategy, whereas non-family leaders are more advantageous when firms pursue a global strategy
8	Benito, Lunnan, and Tomassen (2014), *Orchestration of the global network organization*	Network theory	Case study of Norwegian MNC	Drawing on a Norwegian MNC's experiences, this study shows that organizational designs where MNC network orchestration is either purely local or mostly global have a hard time ensuring efficiency and profitability
9	Benito, Petersen, and Welch (2009), *Journal of International Business Studies*	Internalization theory	Case study of Finnish MNC entering Japan	This article proposes rich conceptualizations of foreign operation modes and examines their implications for theory and practice
10	Benito and Tomassen (2010), *Managing the contemporary multinational: The role of headquarters*	TCE	NA	This chapter theorizes about the nature of governance costs within MNCs' HQ–subsidiary relationships.
11	Björkman (1994), *International Business Review*	I-R framework	85 subsidiaries of Swedish and Finnish MNCs in France and Norway	Various factors are examined to explain subsidiary boards' different roles, including the subsidiary's varying importance vis-à-vis the MNC, the subsidiary's age, and various host country conditions
12	Björkman and Furu (2000), *International Journal of Human Resource Management*	AT; IT	110 foreign-owned subsidiaries located in Finland	This study shows that a subsidiary's role influences the compensation strategy for its general manager, and that country of origin effects shape the use of variable pay
13	Boellis, Mariotti, Minichilli, and Piscitello (2016), *Journal of International Business Studies*	AT; Socio-emotional wealth approach	1045 foreign initiatives undertaken by 311 Italian family and non-family firms	Due to greater risk aversion and lower access to information, family ownership and management lead to a higher propensity towards greenfield initiatives (vs. acquisitions); such propensity may decrease with international experience
14	Bowe, Filatotchev, and Marshall (2010), *International Business Review*	AT; Contract theory; IT; Network theory; RDT; TCE	NA	This article calls for greater integration of the finance and IB fields and suggests future research directions at the intersection of these areas

Table 3 (*Continued*)

	Study, (Year) Journal/Book	Dominant theoretical lens(es)	Sample	Key findings
15	Brouthers and Hennart (2007), *Journal of Management*	TCE; RBV; IT; OLI framework	NA	This article reviews research on foreign market entry modes along four main theoretical perspectives, namely: TCE, RBV, IT, and Dunning's OLI framework
16	Buck, Liu, and Skovoroda (2008), *Journal of International Business Studies*	AT; IT	601 listed Chinese firms	Executive pay and firm performance mutually affect each other through reward and motivation mechanisms
17	Buckley and Casson (1976), *The future of the multinational enterprise*	Internalization theory	Rich country-, industry- and firm-level data	Drawing on rich data for some of the world's largest firms, this book offers predictions and policy implications, which resulted in the development of the influential internalization theory of the MNC
18	Buckley and Strange (2011), *Journal of Management Studies*	Internalization theory	NA	This paper discusses the importance of internalization theory for the study of MNC governance and identifies promising future research opportunities
19	Cannizzaro and Weiner (2018), *Journal of International Business Studies*	AT; IT; Public choice theory	965 buyer-announced cross-border reserve transactions across 81 countries	Disclosure of outward FDI depends on both state ownership and home and host countries' institutions. Host governments often leverage their state-owned enterprises to exploit information disclosed by foreign MNCs, thus weakening inward FDI transparency
20	Carpenter and Fredrickson (2001), *Academy of Management Journal*	UET	207 US firms from the S&P 500	TMT's international experience, educational heterogeneity, and tenure heterogeneity are positively related to internationalization, whereas functional heterogeneity shows a negative association; these associations are non-linear when the degree of uncertainty facing TMTs is taken into account
21	Carpenter and Sanders (2004), *Journal of Management*	Information-processing theory	224 US MNCs from the S&P 500	Non-CEO total pay and long-term incentive pay are positively associated with performance, while the CEO–TMT total pay gap has a negative effect on performance; CEO pay has no relationship with performance and TMT pay effects are stronger in MNCs with high levels of internationalization

Table 3 (*Continued*)

	Study, (Year) Journal/Book	Dominant theoretical lens(es)	Sample	Key findings
22	Chen (2011), *Corporate Governance: An International Review*	AT; UET	254 listed Taiwanese firms	TMT tenure and international experience are positively associated with internationalization, while TMT age negatively affects it. The number of independent directors positively moderates the relationships of TMT tenure and international experience with internationalization, but it does not moderate the relationship between TMT age and internationalization
23	Costello and Costello (2009), *Multinational Business Review*	AT	898 subsidiaries of 400 MNCs from Europe, Canada and Japan	The study identifies three bundles of corporate governance practices at the subsidiary level, i.e., "Broad-Based" "Parent-Centered" and "Subsidiary-Centered." The MNC's reliance on these bundles depends on its overall international strategy, and the subsidiary's importance, age, and environmental uncertainty it faces
24	Cui and Jiang (2012), *Journal of International Business Studies*	IT; RDT	132 Chinese firms' FDI entries	State ownership moderates the effect of external institutional pressures on Chinese firms' likelihood to choose a joint over a sole ownership structure in its foreign affiliates
25	Cumming, Filatotchev, Knill, Reeb, and Senbet (2017), *Journal of International Business Studies*	AT; CCG; IT	NA	This editorial emphasizes the notion of "international mobility of corporate governance" and examines how country-level legal and regulatory institutions affect firms' corporate governance practices and their performance implications
26	Delios (2011), *Journal of Management Studies*	AT; Internalization theory	NA	This editorial examines the utility of bridging existing conceptualizations of AT-driven corporate governance and internalization theory-driven MNC governance to advance existing understandings of (corporate) governance in MNCs
27	Desender et al. (2016), *Strategic Management Journal*	AT; CCG; RDT	2151 listed firms on the Tokyo Stock Exchange	This study examines the conditions that foster foreign owners' ability to change corporate governance logics in a stakeholder-oriented setting by introducing shareholder-oriented governance practices

Table 3 (*Continued*)

	Study, (Year) Journal/Book	Dominant theoretical lens(es)	Sample	Key findings
28	Doherty (2000), *Journal of Marketing Management*	Internationalization process model	7 major UK international fashion retailers	The entry mode strategy of seven major UK international fashion retailers is the result of various historical, experiential, financial, opportunistic, strategic and company-specific factors
29	Du, Deloof, and Jorissen, (2011), *Corporate Governance: An International Review*	AT; RDT	83 foreign subsidiaries in Belgium	A foreign subsidiary is more likely to have an active board if it has a "world mandate", if it is larger relative to the MNC, if it has a higher level of local responsiveness, and if its past performance is poorer
30	Du, Deloof, and Jorissen (2015), *Journal of International Management*	AT; RDT	83 foreign subsidiaries in Belgium	Subsidiary boards can perform four roles: control, strategy, coordination, and service. They facilitate a subsidiary's pursuit of its strategic objectives and the management of HQ–subsidiary agency problems. Moreover, subsidiary directors' characteristics influence the subsidiary board's ability to perform its role
31	Elger and Smith (2005), *Assembling work: Remaking factory regimes in Japanese multinationals in Britain*	CC; Labor process theory	UK-based manufacturing subsidiaries of Japanese MNCs	This book examines work organization within UK-based subsidiaries of Japanese MNCs. These subsidiaries' operations are seen as examples of workplaces where work and employment relations are shaped by the interplay of context, agency and power
32	Fainshmidt, Judge, Aguilera, and Smith (2018), *Journal of World Business*	VOC; NBS; Varieties of institutional systems	68 countries	This article proposes a new theoretical framework to capture the unique institutional characteristics of understudied economies in Africa, the Middle East, Eastern Europe, Latin America, and Asia
33	Fernández and Nieto (2006), *Journal of International Business Studies*	RBV	8497 firm-year observations for a sample Spanish SMEs	Exporting is negatively related to family ownership and positively related to corporate ownership. Corporate blockholders in family firms encourage exporting
34	Ferner and Quintanilla (1998), *International Journal of Human Resource Management*	NBS	Two German MNCs	This study discusses the nationality effect in the management of HRM by MNCs and the tensions between home and host country pressures

Table 3 (*Continued*)

	Study, (Year) Journal/Book	Dominant theoretical lens(es)	Sample	Key findings
35	Ferner, Quintanilla, and Varul (2001), *Journal of World Business*	IT; NBS	46 subsidiaries of German MNCs in Spain and the UK	Focusing on HR practices and industrial relations, this study draws on the experiences of German MNCs operating in Britain and Spain and shows that MNCs respond to institutional pressures from both their home and host countries
36	Fey and Furu (2008), *Strategic Management Journal*	Knowledge-based view	164 foreign-owned subsidiaries located in Finland and China	This study examines the relationship between subsidiary bonus pay based on MNC-wide performance and knowledge sharing between different MNC units and shows that incentive pay that is based on the collective performance of the MNC leads to greater knowledge sharing within the organization
37	Filatotchev, Dyomina, Wright, and Buck (2001), *Journal of World Business*	AT; Information processing	152 firms from Russia, Ukraine and Belarus	This study explores the relationship between strategic decisions, corporate governance and exporting by recently privatized companies in three post-Soviet economies: i.e., Russia, Ukraine and Belarus
38	Filatotchev and Nakajima (2010), *British Journal of Management*	AT; CCG; Internalization theory	NA	This editorial reviews (and suggests ways for integrating) the agency theory- and internalization theory-driven research about (corporate) governance
39	Filatotchev, Stephan, and Jindra (2008), *Journal of International Business Studies*	AT; RBV	434 foreign-invested firms in Poland, Hungary, Slovenia, Slovakia and Estonia	This study shows that foreign investors' ownership and control over strategic decisions are positively associated with export intensity, and that foreign equity and foreign control over business functions are complementary in terms of their effects on export intensity
40	Filatotchev and Wright (2011), *Journal of Management Studies*	AT	NA	This paper calls for more AT-inspired research on the corporate governance of MNCs, reviews contributions in this tradition, and suggests future research directions
41	George, Wiklund, and Zahra (2005), *Journal of Management*	AT; OLI framework	889 Swedish SMEs	The ownership structures of SMEs influence their likelihood to take risks and expand the scale and scope of their internationalization efforts

Table 3 (*Continued*)

	Study, (Year) Journal/Book	Dominant theoretical lens(es)	Sample	Key findings
42	Geppert and Matten (2006), *Organization Studies*	NBS	German and UK subsidiaries of 3 MNCs from Finland, Germany and the US	This study posits that organization structures and processes in MNCs are sector-specific and shaped by the institutional characteristics of their home and host countries
43	Geppert, Williams, and Matten (2003), *Journal of Management Studies*	CC; IT; NBS	German and UK subsidiaries of 3 MNCs from Finland, Germany and the US	This article examines the extent of subsidiary managers' discretionary power in the face of HQ's global pressures for conformity
44	Grøgaard, Righ, and Benito (in press), *Journal of International Business Studies*	AT; Internalization theory	244 transactions of assets and firms in the Canadian oil and gas industry	By integrating internalization theory with insights from agency theory, this study accounts for state-owned enterprises' specific characteristics such as non-economic motivations, different risk preferences and corporate governance
45	Grøgaard and Verbeke (2012), *Handbook of Research in International Strategic Management*	Internalization theory	NA	This chapter discusses 20 key hypotheses directly derived from internalization theory, providing key insights into when, where and how firms internationalize
46	Grosman, Aguilera, and Wright (2018), *Journal of World Business*	AT	60 Russian firms	A higher proportion of independent directors is likely to attenuate the degree of blockholder appropriation in emerging market MNCs
47	Grosman, Okhmatovskiy, and Wright (2016), *Corporate Governance: An International Review*	AT; TCE; IT; RBV; Industrial policy & political embeddedness perspectives	Over 100 studies	This paper summarizes research from the management, finance, and economics disciplines, and shows how research on state control evolved from a polarized comparison of public–private equity ownership to the study of constellations of state capitalism
48	Gugler (2017), *Competitiveness Review: An International Business Journal*	Internalization theory	NA	This literature review examines emerging markets' country-specific advantages (CSAs) and the competitiveness of emerging market MNCs
49	Herrmann and Datta (2005), *British Journal of Management*	UET	112 US MNCs	This study shows that internationalization is positively related to TMTs with higher educational levels, shorter organizational tenures, younger executives and greater international experience, and that the relationships between TMT characteristics and internationalization are more dominant in better-performing than in lower-performing firms

Table 3 (*Continued*)

	Study, (Year) Journal/Book	Dominant theoretical lens(es)	Sample	Key findings
50	Hennart, Majocchi, and Forlani (2017), *Journal of International Business Studies*	TCE	9214 firms from Germany, France, Italy, and Spain	Family-managed SMEs have fewer foreign sales than other types of SMEs, but the difference is partially bridged if family-managed SMEs have adopted a global niche business model
51	Hoenen and Kostova (2015), *Journal of International Business Studies*	AT	NA	This article discusses the importance of the broader agency perspective for the study of HQ–subsidiary relationships, identifies unresolved issues, and suggests novel research opportunities
52	Hoskisson, Wright, Filatotchev, and Peng (2013), *Journal of Management Studies*	IT; AT; TCE; RBV	NA	This article calls for more fine-grained understanding of the emerging market context along two dimensions: (1) institutional development and (2) infrastructure and factor market development. It also outlines many future research opportunities based on this typology
53	Jackson and Strange (2008), *Corporate Governance and International Business: Strategy, Performance, and Institutional Change*	AT; CCG	NA	This editorial discusses the importance of corporate governance research for IB, especially that in the comparative corporate governance tradition, and calls for greater integration of these two areas of inquiry
54	Kano (2018), *Journal of International Business Studies*	Internalization theory	NA	This conceptual study examines the relational dynamics of Global Value Chain (GVC) governance from an internalization theory perspective, and links insights from GVC research with the business network literature
55	Kiel, Hendry, and Nicholson (2006), *Corporate Governance: An International Review*	AT; RDT	NA	Four governance frameworks are identified to explain the role of foreign subsidiaries' boards: (1) Direct Control; (2) Dual Reporting; (3) Advisory Board; and (4) Local Board
56	Kim, Prescott, and Kim (2005), *Journal of International Management*	AT	NA	Drawing on AT, this article discusses the corporate governance mechanisms that can help address agency problems in HQ–subsidiary relationships and theorizes about the importance of differentiating governance structures across foreign subsidiaries

Table 3 (*Continued*)

	Study, (Year) Journal/Book	Dominant theoretical lens(es)	Sample	Key findings
57	Kirca, Hult, Deligonul, Perryy, and Cavusgil (2012), *Journal of Management*	UET	145 studies	Meta-analytical evidence supports UET-inspired arguments that executives' characteristics are important determinants of firms' internationalization
58	Knutsen, Rygh, and Hveem (2011), *Business and Politics*	OLI framework	573 outward FDIs by Norwegian companies	State-owned enterprises invest relatively more than privately-owned enterprises in countries with high level of corruption and weak rule of law
59	Kostova, Marano, and Tallman (2016), *Journal of World Business*	NA	NA	This article reviews the contributions to research on HQ–subsidiary relationships that were published in *JWB* from the late 1960s to 2015
60	Kostova, Nell, and Hoenen (2016b), *Journal of Management*	AT	NA	This article develops an agency model for HQ–subsidiary relationships by considering two root causes of the agency problem – self-interest and bounded rationality and identifies several agency scenarios
61	Kriger (1988), *Strategic Management Journal*	I-R framework	90 subsidiaries of 36 MNCs based in Europe, North America, and Japan	Foreign subsidiaries increasingly make active use of boards in selective advisory and strategic roles, which help provide added strategic governance for subsidiaries
62	Kriger and Rich (1987), *Columbia Journal of World Business (now Journal of World Business)*	I-R framework	90 subsidiaries of 36 MNCs based in Europe, North America, and Japan	Foreign subsidiaries' boards provide an additional means for overseeing local governance and ensuring consistency with the overall MNC's values and strategies
63	Kristensen and Zeitlin (2005), *Local players in global games: The strategic constitution of a multinational corporation*	CC	One UK MNC	The book examines what happens "when a number of previously autonomous firms from different countries, each with their own historically constituted identities, routines, and capabilities, come together inside a single multinational corporation" (p. xiii). To this end, the authors develop a rich historical case study of an existing MNC from its formation to its dismantlement

Table 3 (*Continued*)

	Study, (Year) Journal/Book	Dominant theoretical lens(es)	Sample	Key findings
64	Leksell and Lindgren (1982), *Journal of International Business Studies*	I-R framework	27 wholly owned foreign subsidiaries and JVs of 6 Swedish MNCs	The different roles of foreign subsidiaries' boards depend on strategic, structural, and environmental variables, as well as ownership structure, the strategic importance of the subsidiary for the MNC as a whole, and the subsidiary president's attitude
65	Lien, Piesse, Strange, and Filatotchev (2005), *International Business Review*	AT; Information-processing theory; UET	228 publicly listed Taiwanese firms	Family control and ownership share by domestic financial institutions in Taiwanese firms are associated with the decision to undertake FDI. Also, corporate governance impact on Taiwanese FDI to China differs from that on Taiwanese FDI to the rest of the world
66	Lu, Xu, and Liu (2009), *International Business Review*	AT; IT	779 Chinese listed firms	Ratios of outside directors and share of CEO ownership are positively related to export decisions. Also, moderately concentrated ownership structures facilitate exporting strategies, while highly concentrated structures hinder them. Stronger institutional environments foster firms' adoption of exporting strategies
67	Luo (2005a), *Journal of International Management*	AT	NA	This editorial develops a theoretical model of corporate governance and accountability in MNCs and illustrates promising avenues for future research in this area
68	Luo (2005b), *Journal of International Management*	AT; Information processing theory	NA	This article theorizes about the impact of MNCs' internationalization strategies on the design of corporate governance mechanisms at the parent and subsidiary levels, including board size, board composition, executive compensation, market discipline, interlocking directorates, ownership concentration, duality and inbreeding, as well as the design of accountability systems such as accounting information, auditing standards, and financial and non-financial disclosures

Table 3 (*Continued*)

	Study, (Year) Journal/Book	Dominant theoretical lens(es)	Sample	Key findings
69	Majocchi and Strange (2012), *Management International Review*	AT; Internalization theory	78 firms listed on the Italian Stock Exchange	High levels of family ownership have a negative effect on international diversification, but an inactive market for corporate control negates this. Independent directors on the board of family owned firms are positively related to international diversification, while greater state ownership leads to less international diversification
70	Mariotti and Marzano (2019), *Journal of International Business Studies*	VOC	99 electricity and gas and telecommunications enterprises from 20 OECD countries	By integrating IB literature with the VOC perspective, this study shows that state-dominated enterprises internationalize more (less) than privately owned enterprises in coordinated (liberal) market economies
71	Martinez and Jarillo (1989), *Journal of International Business Studies*	NA	NA	This paper reviews the mechanisms of coordination used by MNCs to manage their geographically dispersed operations
72	Miletkov, Poulsen, and Wintoki (2017), *Journal of International Business Studies*	AT; IT	62,066 firm–year observations from 80 countries.	National demographic factors and levels of capital market development affect foreign directors' supply and demand. Moreover, institutional quality in the foreign director's home and host countries contributes to shape the effect of that director on firm performance
73	Morgan (2012), *Handbook of institutional approaches to international business*	CCG; NBS; VOC	NA	This chapter examines the home/host country-related institutional duality faced by MNCs
74	Morgan and Kristensen, (2006), *Human Relations*	CCG; IT; NBS; VOC	NA	The article examines the institutional duality faced by MNCs due to competing home/host country pressures and the challenges it creates for their continued innovation capabilities
75	Muller (1998), *International Journal of Human Resource Management*	IT; NBS	9 US and 4 UK subsidiaries operating in Germany	Looking at a sample of US and UK MNCs' subsidiaries based in Germany, this study examines how the local institutional environment contributes to shape their HRM and industrial relations practices

Table 3 (*Continued*)

	Study, (Year) Journal/Book	Dominant theoretical lens(es)	Sample	Key findings
76	Musacchio, Lazzarini, and Aguilera (2015), *Academy of Management Perspectives*	AT; CCG; IT; TCE; VOC	NA	This article reviews theoretical perspectives conceptualizing SOEs' strategic behavior and introduces a stylized distinction between four broad, new varieties of state capitalism (i.e., wholly-owned SOEs, the state as a majority investor, the state as a minority investor, and the state as a strategic supporter of specific sectors)
77	Musteen, Datta, and Herrmann (2009), *Journal of International Business Studies*	AT	432 foreign market entries by 118 non-diversified firms in the US manufacturing sector	Greater equity ownership by institutional shareholders and inside directors, and greater proportion of CEO pay tied to firm long-term performance are positively related to full-control entry modes
78	Nam, Liu, Lioliou, and Jeong (2018), *International Business Review*	RDT	516 non-financial listed Korean firms	Korean firms with former government officials on the board are more likely to engage in exporting. Former MNC employees on the board and a higher proportion of outside directors are related to higher levels of export propensity and export performance
79	Nguyen and Buckley (2015), *Journal of International Business Studies*	Internalization theory	101 British MNCs' subsidiaries in ASEAN Countries	Internal equity financing acts as a firm-specific advantage to improve subsidiary performance
80	Nielsen and Nielsen (2011), *Journal of World Business*	UET	165 firms listed on the Swiss Stock Exchange	TMTs with international experience are more likely to choose full-control entry modes, while nationally diverse TMTs are more inclined to pick shared-control entry modes
81	Pauly and Reich (1997), *International Organizations*	CCG; IT	Europe, Japan and the US	This study finds persisting cross-country divergence in the patterns of MNCs' internal governance and long-term financing, their R&D approaches, and with regard to the location of their R&D facilities, and in their FDI and intrafirm trading strategies
82	Pongelli, Caroli, and Cucculelli (2016), *Small Business Economics*	AT; Socioemotional wealth approach	368 foreign market entries of 204 Italian SMEs	Family ownership structures affect foreign market entry mode decisions and the presence of a non-family manager moderates the relationship between family ownership and entry mode decisions.

Table 3 (*Continued*)

	Study, (Year) Journal/Book	Dominant theoretical lens(es)	Sample	Key findings
83	Pukall and Calabrò (2014), *Family Business Review*	Multiple theories, including: AT; Internationalization process theory; Socioemotional wealth approach	NA	This article reviews the literature on family firms' internationalization and develops an integrative theoretical model to explain its complex findings
84	Roth and O'Donnell (1996), *Academy of Management Journal*	AT	100 foreign subsidiaries in the US, UK, Canada, Japan and Germany	Compensation strategy in foreign subsidiaries is influenced by the agency problem, defined by the subsidiary cultural distance from its home market, lateral centralization and senior management's commitment to HQ. An incentive structure aligned with the extent of the agency issue in HQ–subsidiary relationship is positively related to subsidiary effectiveness
85	Rugman (1981), *Inside the multinationals: The economics of internal markets*	Internalization theory	Multiple data sources; Strong focus on Canadian MNCs	By applying the new theory of multinational enterprises in a North American context, the first edition of this book popularized internalization theory
86	Rugman and Verbeke (1992), *Journal of International Business Studies*	Internalization theory	NA	This article assesses the extent to which the results of Bartlett and Ghoshal's (1989) work can be incorporated into what has become one of the core explanations of multinational strategic management, i.e., the transaction cost-based theory of international production.
87	Rugman and Verbeke (2008), *International business scholarship: AIB fellows on the first 50 years and beyond*	Internalization theory	NA	This chapter shows how well-known international strategic management models could be enriched by adopting an internalization theory lens
88	Rygh and Benito (2018), *Management International Review*	TCE	NA	This conceptual article theorizes about the conditions that foster MNC HQ's decision to partially re-introduce market mechanisms inside the MNC through the use of external or internal debt to finance subsidiaries
89	Sanchez Bueno and Usero (2014), *Journal of Business Research*	AT; Socioemotional wealth approach	882 Asian and European family firms	Results suggest that the degree of family ownership has a negative impact on the degree of international diversification. However, the presence and ownership share of a financial company as the second largest shareholder in a family firm favor this diversification

Table 3 (*Continued*)

	Study, (Year) Journal/Book	Dominant theoretical lens(es)	Sample	Key findings
90	Sanders and Carpenter (1998), *Academy of Management Journal*	AT; Information-processing theory	258 firms from the S&P 500	Higher information-processing demands and agency issues arising from internationalization are related to longer-term CEO pay, larger TMTs, and the separation of chairperson and CEO positions
91	Singh and Gaur (2013), *Journal of International Management*	AT	16,337 firm–year observations of Indian listed firms	Family ownership and group affiliation are positively related to R&D intensity and new foreign investments. Institutional ownership is also positively related to new foreign investments and R&D intensity interacts with family ownership, institutional ownership and group affiliation in affecting new foreign investments
92	Slangen and Hennart (2007), *Journal of International Management*	Various theoretical lenses, including: Internalization theory; Organizational learning perspective; Industrial organization perspective; Information economics; TCE; IT	15 studies	The paper reviews the empirical literature on the determinants of MNC's choice to enter foreign countries through greenfields or acquisitions
93	Strange, Filatotchev, Buck, and Wright (2009), *Management International Review*	AT; IT; RBV; TCE	NA	This article examines potential synergies between the corporate governance and IB fields and identifies several research themes that would benefit from further integration of these areas of inquiry
94	Sugathan and George (2015), *Journal of International Business Studies*	Principal-principal agency theory; IT	3644 Indian and non-Indian firms operating in India	The study illustrates "how" quality of country-level institutions and corporate governance influences tax-motivated international profit shifting within MNCs
95	Thomsen and Pedersen (2000), *Strategic Management Journal*	AT	435 of the largest European companies	Ownership concentration positively affects shareholder value and profitability, but the effect levels off for high-ownership shares. Also, the identity of large owners such as family, bank, institutional investor, government, and other companies, has important implications for firms' strategy and performance
96	Tihanyi, Ellstrand, Daily, and Dalton (2000), *Journal of Management*	UET	126 firms in the US electronics industry	Lower average age, higher average tenure, higher average elite education, higher average international experience, and higher tenure heterogeneity are associated with international diversification

Table 3 (*Continued*)

	Study, (Year) Journal/Book	Dominant theoretical lens(es)	Sample	Key findings
97	Tihanyi, Hoskisson, Johnson, and Wan (2009), *Management International Review*	AT	156 firms from the S&P 500	Results indicate an inverted U-shaped relationship between managers' technological competence and international diversification, and a positive relationship between contingent pay and international diversification. Both contingent and non-contingent pay moderate the relationship between technological competence and international diversification.
98	Tihanyi, Johnson, Hoskisson, and Hitt (2003), *Academy of Management Journal*	AT	197 US firms	Ownership by professional investment funds (along with outside board members) and by pension funds (along with inside board members) furthers internationalization. Also, pension funds' long-term orientation fosters internationalization in industries with high technological opportunities
99	Tomassen and Benito (2009), *International Business Review*	TCE; Internalization theory	160 Norwegian MNCs	Governance costs are an important driver of foreign subsidiaries' performance. While there are significant and negative relationships between bargaining, monitoring, and maladaptation costs and subsidiary performance, costs incurred due to bonding activities are positively related with subsidiary performance
100	Tomassen, Benito, and Lunnan (2012), *Journal of International Management*	TCE; Internalization theory	159 Norwegian MNCs' HQ–subsidiary relationships	Governance costs matter when MNCs evaluate HQ–subsidiary relationships. Identifying these costs and their drivers is a needed first step to devise and implement initiatives aimed at lowering governance costs
101	Verbecke and Greidanus (2009), *Journal of International Business Studies*	Internalization theory	Case analyses of 9 leading MNCs	This article introduces a substitute for the often-criticized assumption of opportunism, namely the envelope concept of bounded reliability, and discusses its implications for IB research

Table 3 (*Continued*)

	Study, (Year) Journal/Book	Dominant theoretical lens(es)	Sample	Key findings
102	Verbeke and Kano (2015), *Business History Review*	Internalization theory	Case analyses of 10 leading EM-MNCs	Using historical evidence about ten successful EM-MNCs from Asia and the Americas, this article argues that internalization theory is sufficient to address the complexity of EM-MNCs. It also explains the fruitful integration opportunities between business history and management scholarship with a focus on MNCs
103	Verbeke and Kano (2016), *Journal of World Business*	Internalization theory	NA	This article argues that internalization theory can help regionalization scholars unbundle regional strategy by matching resource bundling needs with various firm-level resource recombination practices, and identifies four distinct resource recombination processes, namely: fast bundling, principles-driven bundling, adaptive bundling, and entrepreneurial resource orchestration
104	Wu and Tihanyi (2013), *Oxford handbook of corporate governance*	AT; I-R framework; Knowledge-based view; Internationalization process theory; Internalization theory; UET	NA	This chapter illustrates the differences between MNCs' and purely domestic firms' governance, it reviews research about the corporate governance of MNCs, and discusses the importance of governance issues for firms' internationalization strategy, mode of entry, and managerial perceptions of the internationalization process
105	Yang and Meyer (2018), *International Business Review*	Principal-agent and principal-principal perspectives	106 Chinese firms	Privately-owned firms (both foreign and local) are in a better position than state-owned firms for deploying aggressive actions to grow their business. Also, firms with multiple owners are less able to implement actions that drive business growth.
106	Young Baek (2003), *Multinational Business Review*	AT; TCE	182 firms' announcements of US-related FDIs	Higher levels of management ownership and higher levels of foreign affiliate monitoring efficiency are positively related to choosing wholly-owned subsidiaries

We use acronyms for some of the most common theoretical lenses. Specifically: *AT* Agency Theory; *CC* Comparative Capitalism; *CCG* Comparative Corporate Governance; *I-R framework* Integration–Responsiveness Framework; *IT* Institutional Theory; *NBS* National Business Systems; *OLI Framework* Ownership, Location and Internalization Framework; *RDT* Resource Dependence Theory; *VOC* Varieties of Capitalism; *UET* Upper Echelons Theory.

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Accepted by Gabriel Benito, Consulting Editor, 2 March 2019. This article has been with the authors for three revisions.