



SMS Corporate Strategy and Governance Interest Group
NEWSLETTER
Summer 2012

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From Our IG Chair

Dear Friends and Colleagues,

SMS 2012 in Prague is coming up soon. As you have been made aware through surveys of the IG and the business meetings at the last two conferences, we embarked on a significant change to our Interest Group this year. The SMS board has approved our proposal to split the *Corporate Strategy and Governance* IG into 2 new IGs: *Corporate Strategy*, and *Strategic Leadership and Governance*. A large portion of the newsletter provides details of the split. The implementation of the IG split is proceeding in phases and will be complete on January 1, 2013

In anticipation of the board's decision, we created 2 separate tracks for the Prague conference as you would have seen from the Call for Papers. Program Chairs for these two tracks provide a summary of the submissions. Also, Associate Program Chairs for the two tracks provide summaries of the pre-conference workshops.

You will begin to see the split reflected in the SMS website in stages.

- During the 2012 conference, the 2 tracks will have separate business meetings.
- Between now and the 2012 Prague conference, we need to develop separate slates of candidates to serve as the incoming Associate Program Chairs and Representatives for the two Interest Groups. Please let us know if you want to run for one of these positions or if you would like to nominate someone for these positions. All the current members of the IG will be eligible to vote and be nominated for positions in both IGs.
- When you renew your membership for 2013, you will have the option of enrolling in either or both of the 2 new IGs.

We want to thank the three representative-at-large members whose terms are up in December. They are Cynthia Devers, Guoli Chen, and William Judge. We thank them for their contributions to the IG and the SMS! Guoli Chen deserves special thanks for also for agreeing to produce the IG newsletter again this year.

2013 SMS Conference. Finally, you will be excited to know that the fall, 2013 SMS conference will be held in Atlanta, GA.

I look forward to seeing you in Prague.

Gerry Sanders, Chair
Corporate Strategy and Governance IG

Summary of Proposal Approved by the SMS board to split the *Corporate Strategy and Governance* IG

For a while we had been hearing from some of our members that the Corporate Strategy and Governance Interest Group would benefit from a split. Corporate Strategy and Governance are two distinct research domains, and a split should provide the usual advantages from specialization that could benefit both domains. Other members voiced support for preserving the status quo. They argued that the two domains do indeed overlap and we would lose important synergies from separating them.

In order to make a more informed assessment, we surveyed the members of our Interest Group. Of the 816 members in the IG, 173 responded (21%), with the majority favored a split (51.5% to 26.6%, with 21.9% expressing no preference). Interestingly, an overwhelming majority of 87% agreed that Corporate Governance and Corporate Strategy are unique domains.

We discussed the results of the survey and the pros and cons of the split at our Interest Group Business Meeting in the SMS conference in Miami. The pros included: distinct domains, specialization is beneficial, more focus, richer discussion, opportunities for greater membership involvement, and more balanced representation of members from both areas in SMS. The cons included: potential fragmentation, lack of integration across domains, the possibility that the domains may lack critical mass to succeed separately. After our discussion, there was an overwhelming agreement that the pros outweighed the cons and that it would be beneficial to split the Interest Group.

Both in the surveys and in our discussion, support also emerged for explicitly acknowledging the importance of Strategic Leadership in the area of Corporate Governance. While Governance refers to the monitoring and incentive mechanisms that align the interests of managers with those of the suppliers of capital, value creation ultimately comes from the formulation and implementation of strategy by strategic leaders. Strategic Leadership is an important research domain in strategy, and yet is not reflected explicitly in any of the Interest Groups. To explicitly encourage research on the role of Strategic Leaders, an area that is implicitly subsumed under Corporate Governance, we also proposed that the Corporate Governance Interest Group be renamed as Strategic Leadership and Governance.

In consultation with Nikolaus Pelka, Executive Director, we decided to test the proposed split for the Prague Conference by creating two separate Tracks with separate Calls for Proposals. As a proportion of the total number of papers submitted, The Corporate Governance Interest Group typically accounts for about 14% of the total papers submitted to the conference. Submissions seem to be higher in European venues (169 in Rome, 170 in Prague), and lower in American venues (117 in DC, 129 in Miami). The two tracks had a total of 170 submissions (14.2% of total conference submissions) compared to 129 submitted last year (13.2% of total), and 169 in the previous year. We also saw growth in the reviewer pool from 100 to 111.

With 170 submissions, our combined two tracks would have accounted for the largest number of papers in any track in the Prague conference. This would have put us at 10% more than the next largest Track (Track I, Knowledge and Innovation, with 154 submissions). With such a large number of submissions, it can become unwieldy to manage. This growth should be seen in the context of recent changes in other tracks that could have attracted submissions that might otherwise have been targeted to our IG. In Miami we added the Stakeholder IG track, and in Prague the Cooperative Strategy IG track. Both tracks could, potentially, have drawn papers away from the Corporate Strategy and Governance IG. However, the growth in our numbers reaffirms that changes at other tracks have also not hurt the viability of the two new tracks, Corporate Strategy, and Strategic Leadership and Governance.

Of the 170 papers submitted, 109 were in the Strategic Leadership and Governance Track, and 61 in the Corporate Strategy Track. Furthermore, although more papers were submitted to the Strategic Leadership and Governance Track (109) than the Corporate Strategy Track (61), it is clear that both tracks have enough papers to be viable on their own. The evidence suggests that splitting in two tracks has not weakened the appeal for members, and that we do have a critical mass in both.

We should also note that this split should not adversely impact other IGs. We are not proposing a new IG which might overlap with topics that are under the purview of other IGs. The only change is the inclusion of "Strategic Leadership" in the IG title. We considered whether the inclusion of "Strategic Leadership" might impact other IGs. Strategic Leadership, by definition, can be important in shaping every aspect of strategy included in other IGs, e.g., Competitive Strategy, Cooperative Strategy, Corporate Strategy, Global Strategy, Strategy Process, etc. Yet, by the same logic, Corporate Governance, which relates to the influence of owners and lenders on Strategic Leadership, should also be important in shaping every aspect of strategy included in other IGs. As the domain of Strategic Leadership research, with its emphasis on decision making by top management teams has been most closely identified with Corporate Governance, we believe it fits best as a unique area along with the Corporate Governance IG. Our hope is that by creating a separate home for Corporate Strategy, and for Strategic Leadership and Governance, we will allow for more focus and ultimately more growth both within and across the IGs in SMS.

We also made interim arrangements to staff officers to run the two IGs. As election nominations had been made before we proposed the split, we made appointments from the roster of nominees as follows:

Gerry Sanders, Chair, both Tracks
 Don Bergh, Program Chair, Corporate Strategy Track
 Laszlo Tihanyi, Associate Program Chair, Corporate Strategy Track
 Parthiban David, Program Chair, Strategic Leadership and Governance Track
 Karen Schnatterly, Associate Program Chair, Strategic Leadership and Governance Track
 Guoli Chen, Cynthia Devers, William Judge, Hicheon Kim, and Heli Wang (Representatives at large)

We will transition from separate tracks to separate IGs in the coming year, 2013. Don Bergh and Parthiban David will serve as Chairs, while Laszlo Tihanyi and Karen Schnatterly will serve as Program Chairs of the 2 IGs (for Corporate Strategy and Strategic Leadership and Governance, respectively). Elections will be held for Associate Program Chairs and 3 representatives at large for each IG. As the new SMS calendar year starts in January 1, 2013, this would be the best time to formally launch the two new IGs. Meanwhile, you will begin to see changes reflecting the split in the SMS website.

To sum up, we are happy to report that the split has worked quite well for the Prague Conference. The split has not weakened the appeal for members, and we do have a critical mass in both tracks. We believe that a formal separation will likely be beneficial to both tracks. We also have a leadership succession plan in place as we transition into the 2 new IGs.

The domain statements of the two new IGs are as follows.

Corporate Strategy Domain Statement

This Interest Group considers the decisions, actions and outcomes associated with an organization's portfolio of business lines. The research and practice of corporate strategy considers actions associated with changing the firm's scope and profile of business lines including vertical integration, mergers and acquisitions, divestitures, corporate diversification strategy/organization, implementation and performance. Recent research considers how resources shape a firm's scope and relatedness of business lines, how firm resource composition influence merger and acquisition outcomes, how diversified firms are managed most effectively and why and when divestiture becomes viable. Other areas of interest include how a firm's resources impact upon its growth and divestment decisions, when different modes of growth and reduction are used, and what tradeoffs exist among various types of diversification strategy and its organization alternatives. Corporate strategy draws from a wide range of theories and methods to help explain the determinants and performance outcomes of managing the scope and boundaries of the diversified firm.

Strategic Leadership and Governance Domain Statement

In public corporations, owners and lenders invest capital in the expectation of economic returns, while professional managers are responsible for the strategic decisions that yield economic returns and impact various stakeholders. Strategic leaders are the top management teams that formulate and implement strategy to create firm value. Governance refers to the monitoring and incentive mechanisms that align the interests of managers with those of the suppliers of capital. Strategic leadership is shaped by the demographic characteristics and behavioral biases of top management teams and by the discretion afforded by a firm's characteristics and external environmental context. Governance mechanisms include the incentives and monitoring provided by shareholders and lenders, the boards of directors; executive selection, succession, and compensation; and the market for corporate control. More generally, all organizations, private and public, for profit and nonprofit, small and large, need strategic leaders that shape strategy, and governance mechanisms that monitor and incentivize strategic leaders. Strategic leadership and governance shapes and is shaped by firm strategy and performance in various institutional contexts and regulatory regimes. We welcome work from a variety of theoretical disciplines that addresses questions relating to strategic leadership and governance. Likely research questions include:

- How does strategic leadership and governance in shaping strategy and performance? To what extent are firms reflections of their top managements, boards, and owners?
- How does the firm's performance, strategy, and external context shape strategic leadership and governance?
- How does strategic leadership and governance shape ethical and socially responsible behavior?
- What are the reciprocal relationships between strategic leadership and governance and stakeholders?
- What are the contextual factors that shape these relationships?
- How do these relationships change over time?
- What are the differences between the various governance mechanisms such as ownership structure, debt structure, boards of directors composition and leadership, incentive pay, executive succession, the market for corporate control, private equity, and institutional context?
- What are the influences of various top management team and individual characteristics such as cognition, personality, education, etc.?
- How do different institutional logics influence governance practices? How do global corporations manage to align their governance with different expectations and standards across countries?
- How do the TMT's network relationships impact the firm and its relationships, and vice versa?
- What can we learn from research on non-public firms (family firms, private firms, government organizations, co-ops, partnerships, etc.)?
- Which methods and theoretical lenses should be applied to leadership and governance research?
- What can we learn from applying theoretical lenses such as agency theory, transaction cost, economics, game theory, stakeholder theory, social identity theory, and stewardship theory to leadership and governance research?

Prague Conference Program

Corporate Strategy Track

I am pleased to report that the initial Corporate Strategy Track received over 60 submissions and that nearly 30 scholars participated as reviewers. And while our new Track was created, in part, to provide for focused conversations, we nonetheless received submissions rich in their diversity, as proposals encompassed topics ranging from acquisitions to divestitures, single businesses to conglomerates, drawing from a wide swath of theories and highly divergent methodological approaches.

The eclectic and dynamic content of the track has provided us with a most exciting and interesting pre-conference and conference program. To begin, Laszlo Tihanyi, The Associate Program Chair, has organized a series of compelling topics. As he explains below, the Track's pre-conference activities will include sessions titled "Capabilities and Corporate Strategy," "Corporate Strategy and the Role of the Manager," and "Publishing Strategic Management Research."

The conference's competitive papers section will feature five paper sessions and three common ground sessions. The paper sessions include "Transformation, Renewal and Corporate Strategy" (chaired by Hicheon Kim), "Diversification Strategy and Firm Performance" (chaired by Heli Wang), "Acquisition Experience, Intensity and Performance" (chaired by Jerayr Haleblian), "Resource Sources and Corporate Strategy" (chaired by Costas Markides), and "New Insights into Relatedness and Performance" (chaired by Taco Reus). The common ground sessions include "Acquisition Performance" (chaired by Kimberly Ellis), "Corporate Strategy: Expanding Understanding and Knowledge" (chaired by Laszlo Tihanyi) and "Managing Firm Boundaries: Growth, Divestiture and Networks" (chaired by Aseem Kaul).

None of this would have been possible without the generous contributions of our members. Thank you to all who participated with our initial track. We are fortunate to have received so many submissions, to have dedicated scholars that served as reviewers, and individuals that are willing to contribute to providing leadership with the sessions.

We are off to a tremendous beginning and I look forward to seeing you in Prague to celebrate our initial track and its development into an SMS Interest Group.

Don Bergh
Program Chair
Corporate Strategy Track

Preconference Schedule

The pre-conference programs sponsored by the Corporate Strategy Track includes three sessions this year. The first session, entitled "Capabilities and Corporate Strategy," will explore the influence of corporate strategy on the acquisition and transfer of capabilities, how capabilities shape the firm's horizontal and vertical boundary choices, and how firm capabilities impact the success of the firm's acquisition, divestment, and restructuring activities. The session is organized by Aseem Kaul (Minnesota) and panelists include Gautam Ahuja (Michigan), Russell Coff (Wisconsin), and Samina Karim (Boston).

The second session, entitled "Corporate Strategy and the Role of the Manager" will discuss new theoretical insights that might be garnered from future studies on the roles of the CEO, top management team, and board of directors in corporate strategy decisions. Panelists include Xavier Castaner (HEC Lausanne), Guoli Chen (INSEAD), Jerayr Haleblian (Georgia), Melissa Graebner (Texas), and Luiz Mesquita (Arizona State). This session is organized by Michael Withers (Texas A&M).

The third session, entitled "Publishing Strategic Management Research," will focus on the key steps of the publication process in leading journals of strategic management. The session will cover journal selection, editorial decisions, and revision strategies and offer advice on how to deal with and respond to different editorial decisions. The session is organized by Laszlo Tihanyi (Texas A&M). The panel features successful authors, editors, and members of the editorial review boards of AMJ, GSI, JMS, and SMJ, including Donald Bergh (Denver) Steven Floyd (Massachusetts – Amherst), Robert Hoskisson (Rice), and Stephen Tallman (Richmond).

Laszlo Tihanyi
Associate Program Chair
Corporate Strategy Track

Strategic Leadership and Corporate Governance Track

I am pleased to report that our first conference with a separate Strategic Leadership and Corporate Governance Track is off to a good start. We received 109 submissions and signed up 80 reviewers. Our hope is that the new track will facilitate deeper and more focused engagement in the topics of Strategic Leadership and Corporate Governance. The conference's competitive papers section will feature 11 paper sessions and 5 common ground sessions. A special thank you to all who submitted papers, reviewed papers, and will be serving as facilitators at various sessions in our track. I look forward to interesting and productive discussions in Prague.

Parthiban David
Program Chair
Strategic Leadership and Corporate Governance Track

Preconference Schedule

Saturday Sessions:

The Strategic Leadership and Corporate Governance Track is offering a research focused senior PhD/junior faculty and paper development workshop at the 2012 Strategic Management Society meetings in Prague, on Saturday, October 6. Preference will be given to junior faculty who defended their dissertations after September 2007 and PhD students who have defended proposals and are on the market.

This workshop will include panel discussions and a breakout session. Senior faculty panels will discuss non-traditional paths to happiness and success as well as their point of view as those who have seen many junior faculty make choices and what trade-offs those choices entail, and other questions of concern for junior faculty. A breakout session will provide opportunities for participants to discuss and receive feedback on their work in an informal setting.

Panelists include Laura Cardinal (Houston), Peter Klein (Missouri), Tomi Laamanen (St. Gallen), Bruce Lamont, (Florida State), Gerry McNamara (Michigan State), Bill Schulze (Utah) and Ithai Stern (Northwestern). Several more will be announced shortly.

Schedule

1:00 - 1:10 pm	Introduction and Welcome
1:10 - 2:30 pm	Panel: " <i>The many paths to happiness and success</i> ": Chair: Karen Schnatterly. Panelists; Laura Cardinal, Peter Klein, Bill Schulze
2:30 - 2:45 pm	Break
2:45 - 4: 15 pm	Paper Development Session Laura Cardinal, Rick Johnson, Scott Johnson, Peter Klein, Tomi Laamanen, Bruce Lamont, Bill Schulze, Ithai Stern.
4:15 - 4:45 pm	Break
4:45 - 6:00 pm	Panel: "Trade-offs": Chair: Karen Schnatterly. Panelists: Tomi Laamanen, Bruce Lamont, Gerry McNamara, Bill Schulze

Please note that space will be limited in order to ensure a high level of interaction among all participants. In order to participate, individuals should email [one five-page abstract proposal](#) to Karen Schnatterly (schnatterlyk@missouri.edu) by **August 13, 2012** as an attachment in a message with the header "Strategic Leadership and Corporate Governance Workshop Application". In the body of this e-mail please include a statement committing to attend the workshop if accepted, permission to distribute submitted works to session participants, and a commitment to prepare a one-page review of other papers in your assigned breakout session.

Applicants will be informed by August 27, 2012 whether their proposal was accepted. The workshop organizers will group accepted proposals with others that are similar in topic and/or methodology and distribute them to conference participants. Prior to the workshop, participants in each group will prepare written comments and feedback on the other papers in their group. They will exchange feedback during the paper development portion of the workshop, with each group's discussion being facilitated by one or more experienced scholar(s) familiar with the topic or method in question.

Strategic Leadership and Corporate Governance Senior PhD and Junior Faculty and Paper Development Workshop Timeline

August 13, 2012; Submission Deadline for Application

August 27, 2012: Accepted Participants Notified

October 6, 2012: Strategic Leadership and Corporate Governance Senior PhD and Junior Faculty and Paper Development Workshop

October 7-9, 2012: Strategy in Transition Conference

Sunday Sessions:

The Pre-conference workshops sponsored by the Strategic Leadership and Corporate Governance Track this year are focused on introducing this new track and its domain. We will hold three sessions on Sunday, October 7: one on Strategic Leadership, chaired by Craig Crossland (Texas); one on Corporate Governance, chaired by Anja Tuschke (Ludwig Maximilians), and one that brings these two areas together to discuss their complementarities, involving panelists from both of the earlier sessions.

The first session, on Strategic Leadership, includes Brian Boyd (Arizona State), Bill Judge (Old Dominion) and Margarethe Wiersema (California-Irvine). These scholars will discuss potential research avenues in strategic leadership. Topics will include leadership, upper echelons, managerial constraints and discretion, the need for renewal, succession, and compensation. We will broadly explore the role of strategic leadership in different institutional environments. We will also discuss as a group further research questions in these various areas.

The second session, on Corporate Governance, includes Ruth Aguilera (Illinois), Amy Hillman (Arizona State), Gerry Sanders (Rice) and Toru Yoshikawa (Singapore). These scholars will discuss potential research avenues in governance with an emphasis on boards. Topics will address how corporations can be directed or controlled, how practices diffuse and what impedes or facilitates this process, and the impact of governance reform, stockholders and other external entities to whom the firm is responsible. We will broadly explore what governance research entails in different institutional environments. The session will also engage the panel and audience in identifying further research questions in these areas

The third session will bring the two previous topics together. Chaired by Karen Schnatterly (Missouri), and co-chaired by Craig Crossland, Anja Tuschke and Guoli Chen, we will explore the domain of the new IG and why we are together. We will explore the commonalities and complementarities of these research streams. Topics will include the role of the CEO and board in leadership and governance, issues involving their composition, different ways these entities interact and influence each other, and how they, together influence critical firm activities. All of these activities also take place in various institutional environments, ranging from regulatory regimes within a country, to differing institutional environments across countries.

We hope to see you there!

Karen Schnatterly
Associate Program Chair
Strategic Leadership and Corporate Governance Track

Obituary

We received the sad news that Mingfang Li, Professor of Management at California State University, Northridge passed away on April 12th after lapsing into a coma resulting from injuries sustained in an accident at home. Mingfang arrived in the U.S. after completing his undergraduate studies in Beijing, China in 1983. He entered the doctoral program at Virginia Tech and completed his PhD in 1990 under the direction of Professor Robert Litschert (for whom the BPS's doctoral student paper award was named). Mingfang was a multifaceted scholar with a broad range of academic interests spanning diverse fields such as strategic management, global business, entrepreneurship, and technology. Dr. Li had been active as a distinguished visiting professor at Jilin University (P.R.China) organizing several conferences aimed at bringing together International and Chinese scholars (http://www.csun.edu/china_institute/mingfang_li.html). We will miss Dr. Li's scholarship, but more we will miss Mingfang's humanity.