



**SMS Global Strategy Interest Group  
NEWSLETTER  
Fall 2008**

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**FROM GLOBAL STRATEGY IG CHAIR**

Dear Global Strategists:

Welcome to the first issue of the SMS Global Strategy Interest Group Newsletter! I am pleased to report that Venkat Subramanian (University of Hong Kong) has graciously agreed to edit our Newsletter, and I would encourage you to send all IG-related news to him so that he can fill the pages for future issues.



In this inaugural issue of our Newsletter, I want to draw your attention to the exciting activities that we have planned as part of the SMS conference forthcoming in Cologne, Germany: (1) the three Pre-conference sessions on Sunday, October 12 and (2) the Saturday night social for our IG on Saturday, October 11 (the so-called "Pre-Pre-conference" program to be held one day *before* the main Pre-conference activities). Both were put together by our Associate Program Chair Björn Ambos (Vienna University of Economics and Business Administration). We are especially grateful to Björn for taking on these activities, at an extremely busy (but exciting) time in his life. Björn just became a father three weeks ago as his wife, Tina Ambos (Vienna University of Economics and Business Administration, another member of our IG), gave birth to their son Niklas—with both parents as our IG members, I am sure Niklas's middle name is "Global" ☺

Also, I want to thank Bill Newburry (Florida International University), who organized our IG's review process for this year's conference in Cologne. Bill asked me to relay his thanks once again to everyone who assisted in the review process. Both Bill and Björn traveled to SMS headquarters in Chicago in June to finalize the sessions.

Lastly, as I conclude my three years of leadership services to our IG (2005-08), I want to thank all IG members for your support, Steve Tallman (University of Richmond), Africa Arino (IESE Business School), and Susan Segal-Horn (Open University) for serving before my tenure as IG leaders, and Bill, Björn, and now Venkat as well as other representatives at large for serving together with me. Finally, I am pleased to report that our IG will be in good hands: an astounding 100% of the candidates that I contacted in June agreed to stand for competitive elections for IG leadership positions (see next page). Win or lose, we want to acknowledge their willingness to serve and celebrate their candidacies. I strongly encourage you to vote and get involved with this wonderful community of like-minded global strategists.

Mike W. Peng  
September 18, 2008

***IG Pre-Pre-Conference Social on Saturday Evening in Historic Cologne!***

A nice social at a brewery is planned on Saturday (October 11), the day before the main Pre-conference program. Building on a popular initiative started in Vienna 2006, this GSIG social will be a great way for IG members to establish (and stay in) contact. A room for about 30 people has been reserved at the “Brauhaus Früh,” which is one of the oldest and most famous breweries in Cologne. It is situated next to the Cathedral (Dom). Mark this for Saturday evening! Family members are welcome!

The plan is to meet at the Conference Hotel at **6:30 PM** and walk to downtown (only a few minutes). Look for your officers Mike Peng, Bill Newburry, and Björn Ambos, as we all plan to join.

The IG has a small budget to help subsidize the expenses. Preliminary estimates for per-person out-of-pocket costs are 15-25 euros (cash please), including dinner. However, we need a good count of attendees before we can provide more concrete details. Thus, please indicate your intention to participate (and how many are in your party) by contacting: Björn Ambos, Associate Program Chair (Vienna University of Economics and Business Administration, bjoern.ambos@wu-wien.ac.at) by **October 1** please.

***Get Involved! Come to GSIS Annual Meeting in Cologne***

On Sunday, October 12, at 4:30-5:15 PM (after the conclusion of our Pre-Conference Program).

Interest Group Officers’ Meeting will take place at 5:30-6:00 PM. Look for your Conference Program for room information.

***Enjoy the Main Conference Program in Cologne!***

While not reprinted here due to its availability online, our IG also has numerous sessions listed in the main program ranging from more traditional topics such as Knowledge Flows in MNCs and Competing in a Global Economy to current hot topics such as Fighting Organized Crime and Social Issues in International Business. Please check these out at:

<http://cologne.strategicmanagement.net/schedule.php>

Other highlights include keynote speeches by the CEOs of EON (Monday) and Deutsch Telekom (Tuesday), a dinner and cruise on the Rhine River on Monday evening, and a Tuesday evening cocktail reception at Historic Cologne City Hall. See you there!

***It is Election Time for SMS Officers – Also for Global Strategy Officers!***

[http://strategicmanagement.net/members/vote\\_online.php](http://strategicmanagement.net/members/vote_online.php)

**I. Vote one of three candidates for officer—the elected officer will become Associate Program Chair in 2008-09, serving a total of three years culminating as IG Chair in 2010-11.**

**Alvaro Cuervo-Cazurra** (Assistant Professor, Moore School of Business, University of South Carolina)

**Anil K. Gupta** (Ralph J. Tyser Professor of Strategy, Smith School of Business, University of Maryland at College Park)

**Hemant Merchant** (Associate Professor, Florida Atlantic University)

**II. Vote three of six candidates for three positions of representatives at large**

**Gabriel R. G. Benito** (Professor, BI Norwegian School of Management)

**Felipe Monteiro** (Assistant Professor, The Wharton School, University of Pennsylvania)

**Robert Salomon** (Associate Professor, Stern School of Business, New York University)

**Laszlo Tihanyi** (Associate Professor and Mays Research Fellow, Mays Business School, Texas A&M University)

**Tony W. Tong** (Assistant Professor, Leeds School of Business, University of Colorado at Boulder)

**Klaus Uhlenbruck** (Associate Professor, University of Montana)

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### ***IG Pre-Conference Program @ SMS Cologne on Sunday, October 12, 2008***

This year's Pre-conference sessions intend to bring up some stimulating debates on pertinent issues in global strategy. Among others, we plan to have a debate of two opposing camps around the conference theme: "Knowledge and the MNC", as well as a session on the "internationalization of financial services", bridging views of (A)cademics, (B)usiness people, and (C)onsultants. CONTACT: Björn Ambos (bjoern.ambos@wu-wien.ac.at)

#### **Internationalization of Banks**

*Panelists:*

A(cademic): Markus Venzin, Bocconi University

B(usiness practitioner): Elena Belli, head of Research+Strategy, UniCredit Group

C(onsultant): Cormac Petit, head of the Financial Services Sector, IBM Institute for Business Value

Like other service industries, internationalization in the financial services sector has lagged behind that in manufacturing and the technology sectors. But the international picture is changing quickly. Pioneers of international financial services—Citicorp, HSBC, AXA and Allianz—have continued their global expansion, while in Europe, the race for cross-border mergers has involved Banco Santander acquiring Abbey National and Unicredito taking over HVB. Meanwhile, China's growing prominence is evident in the increased overseas presence of its leading banks and a scramble by Western companies to acquire equity stakes in domestic Chinese banks. The goal of this session is to examine the evidence on internationalization within banking and to discuss the value drivers of cross-border expansion.

#### **Explaining Knowledge Flows within the MNC: Organizational vs. Individual-level Perspectives**

*Panelists:*

Steve Tallman, University of Richmond (Chair)

Ulf Andersson, Uppsala University

Kristiina Mäkelä, Helsinki School of Economics (Hanken)

Ram Mudambi, Temple University

Torben Pedersen, Copenhagen Business School

Udo Zander, Stockholm School of Economics

An increasing amount of research in global strategy now focuses on *knowledge* as the key source of competitive advantage. MNC value creation increasingly stems from R&D-related and marketing intangibles, resources that may be summarized as knowledge assets. Given the primacy of knowledge assets in business activity, it is crucial to understand the challenges in managing these assets.

Knowledge assets appear both as products of individual creativity and as the outcome of organizational design. Thus, understanding the process whereby knowledge assets are leveraged requires understanding both the micro-foundations of individual behavior as well as the organizational context. This panel aims to debate the advantages and disadvantages of these two approaches to studying knowledge flows within MNCs and propose new research avenues concerning how the social dynamics of multinational firms influence knowledge flows within them.

#### **Exploring the Limits of Corporate Social Responsibility**

*Panelists:*

Timothy Devinney, Australian School of Business, University of New South Wales

Bodo B. Schlegelmilch, WU Wirtschaftsuniversität Wien, Austria

Ursula Schuetze-Kreilkamp, REWE GROUP Cologne, Germany

Companies are often caught between a rock and a hard place: Consumers seek low prices but articulate extensive—and often also expensive—demands over socially responsible business. Moreover, they expect companies to behave ethically impeccable, but do not apply the same high standards for themselves.

Highlighting some inconsistencies in the CSR rhetoric of companies as well as consumers, the session debates the considerable strategic challenges posed by these tensions and maps possible corporate responses. Among the questions addressed are whether consumers are really willing to pay more for products with ethical claims, the scope for using ethics in corporate positioning, and effective CSR strategies in supply chain management.

## ***Global Strategy IG Members Are Working Hard to Publish***

The following are a sample of the publications generated by our members in 2007-08 (and beyond):

### **Books**

- Ambos, B., & Schlegelmilch, B. (2008). *Conquering Europe: The New Role of Regional Strategy*. Palgrave MacMillan.
- Gupta, A.K., & Wang, H. (2009). *The Battle for China and India*. Jossey-Bass/Wiley (forthcoming).
- Merchant, H. (2007). *Competing in Emerging Markets: Cases and Readings*. Routledge.
- Peng, M. W. (2009). *Global Business*. South-Western Cengage Learning.
- Peng, M. W. (2009). *Global Strategy*, 2<sup>nd</sup> ed. South-Western Cengage Learning.
- Tallman, S. (ed.). (2007). *A New Generation in International Strategic Management*. Edward Elgar.

### **Journal Articles**

- Ambos, T., & Ambos, B. (Forthcoming). Organizational capabilities and the effectiveness of knowledge flows within multinational corporations. *Journal of International Management*.
- Ambos, B., & Schlegelmilch, B. 2008. Innovation in multinational firms: Is there a fit between culture and performance? *Management International Review*, April.
- Ambos, B., & Schlegelmilch, B. 2007. Innovation and control in the multinational firm: Political and contingency approaches. *Strategic Management Journal*, May.
- Chan, C.M., Isobe, T., & Makino, S. 2008. Which country matters? Institutional development and foreign affiliate performance. *Strategic Management Journal*, forthcoming.
- Chan, C.M., & Makino, S. 2007. Legitimacy and multi-level institutional environments: Implications for foreign subsidiary ownership structure, *Journal of International Business Studies*, 38(4): 621-638.
- Chang, S.-J., & Xu, D. 2008. Spillovers and competition among foreign and local firms in China. *Strategic Management Journal* (forthcoming).
- Choe, S., & Roehl, T.W. 2007. What to shed and what to keep: Corporate transformation in Korean business groups. *Long Range Planning*, 40: 465-487.
- Cuervo-Cazurra, A., & Genc, M. 2008. Converting disadvantages into advantages: Developing country MNEs in the least developed countries. *Journal of International Business Studies* (forthcoming).

- Cuervo-Cazurra, A. 2008. The effectiveness of laws against bribery abroad. *Journal of International Business Studies* (forthcoming).
- Cuervo-Cazurra, A. 2008. The internationalization of developing country MNEs: The case of Multilatinas. *Journal of International Management* (forthcoming).
- Cuervo-Cazurra, A. 2008. Better the devil you don't know: Type of corruption and FDI in transition economies. *Journal of International Management*, 14: 12-27.
- Cuervo-Cazurra, A., Maloney, M., & Manrakhan, S. 2007. Causes of the difficulties in internationalization. *Journal of International Business Studies*, 38: 709-725.
- Cuervo-Cazurra, A. 2007. Sequence of value-added activities in the internationalization of developing country MNEs. *Journal of International Management*, 13: 258-277.
- Cuervo-Cazurra, A., & Un, C. A. 2007. Regional economic integration and R&D investment. *Research Policy*, 36: 227-246.
- Delios, A., Xu, D., & Beamish, P.W. 2008. Within-country product diversification and foreign subsidiary performance. *Journal of International Business Studies* (forthcoming).
- Feinberg, S.E., & Gupta, A.K. 2008. MNC subsidiaries and country risk: Internalization as a safeguard against weak external institutions. *Academy of Management Journal* (forthcoming).
- Gordon, M., & Newburry, W. 2007. Students as a resource for introducing intercultural education in business schools. *Intercultural Education*, 18: 243-257.
- Gupta, A.K., Tesluk, P.E., & Taylor, M.S. 2007. Innovation at and across levels. *Organization Science*, 18: 885-897.
- Kundu, S., & Merchant, H. (Forthcoming). Service multinationals: Their past, present, and future. *Management International Review*.
- Lee, K.B., Peng, M.W., & Lee, K. 2008. From diversification premium to diversification discount during institutional transitions. *Journal of World Business*, 43: 47-65.
- Lee, S.-H., Peng, M.W., & Barney, J.B. 2007. Bankruptcy law and entrepreneurship development: A real options perspective. *Academy of Management Review*, 32: 257-272.
- Li, Y., & Peng, M.W. 2008. Developing theory from strategic management research in China. *Asia Pacific Journal of Management*, 25: 563-572.
- Lu, Y., Tsang, E., & Peng, M.W. 2008. Knowledge management and innovation strategy: Toward an institution-based view. *Asia Pacific Journal of Management*, 25: 361-374.

- Makino, S., Chan, C.M., Isobe, T., & Beamish, P.W. 2007. Intended and unintended termination of international joint ventures. *Strategic Management Journal*, 28: 1113-1132.
- Merchant, H., & Gaur, A. (Forthcoming). Opening the 'non-manufacturing' envelope: The next big enterprise for international business research. *Management International Review*.
- Merchant, H. (Forthcoming). International joint venture configurations in big emerging markets. *Multinational Business Review*.
- Merchant, H. & Chand, M. 2008. DHL Bangladesh: Managing headquarters-subsidiary relationships. *Thunderbird International Business Review*, 50(3): 201-211.
- Meyer, K.E., Estrin, S., Bhaumik, S., & Peng, M.W. 2008. Institutions, resources, and entry strategies in emerging economies. *Strategic Management Journal* (forthcoming).
- Mudambi, R., Peng, M.W., & Weng, D. 2008. Research rankings of Asia Pacific business schools: Global versus local knowledge strategies. *Asia Pacific Journal of Management*, 25: 171-188.
- Newbury, W., Belkin, L., & Ansari, P. 2008. Perceived career opportunities from globalization: Influences of globalization capabilities and attitudes towards women in Iran and the U.S. *Journal of International Business Studies* (forthcoming, published online November 2007).
- Peng, M.W. 2007. Celebrating 25 years of Asia Pacific management research. *Asia Pacific Journal of Management*, 24: 385-394.
- Peng, M.W., & Shin, H. 2008. How do future business leaders view globalization? *Thunderbird International Business Review*, 50 (3): 175-182.
- Peng, M.W., Wang, D., & Jiang, Y. 2008. An institution-based view of international business strategy: A focus on emerging economies. *Journal of International Business Studies*, 39: 920-936.
- Su, Y., Xu, D., & Phan, P.H. 2008. Principal-principal conflict in the governance of the Chinese public corporation. *Management and Organization Review*, 4: 17-38.
- Tong, T., Reuer, J., & Peng, M.W. 2008. International joint ventures and the value of real options. *Academy of Management Journal* (forthcoming).
- Xu, D. 2009. Opportunities and challenges for academic returnees in China. *Asia Pacific Journal of Management* (forthcoming).
- Xu, D., & Lu, J. W. 2007. Technological knowledge, product relatedness, and parent control: The effect on IJV survival. *Journal of Business Research*, 60: 1166-1176.
- Yamakawa, Y., Peng, M.W., & Deeds, D. 2008. What drives new ventures to internationalize from emerging to developed economies? *Entrepreneurship Theory and Practice*, 32: 59-82.
- Young, M., Peng, M.W., Ahlstrom, D., Bruton, G., & Jiang, Y. 2008. Corporate governance in emerging economies: A review of the principal-principal perspective. *Journal of Management Studies*, 45: 196-220.

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### ***SMS Special Conference on India***

We hope you are considering attending the SMS Special Conference hosted by the Indian School of Business on December 12-14, 2008 in Hyderabad, India. Click to learn more and register:

<http://india.strategicmanagement.net>

### ***GSIG Members Won Babson Conference Best Paper Award from Small Business Administration***

In June 2008, three University of Texas at Dallas researchers and GSIG members, Seung-Hyun Lee, Yasuhiro Yamakawa, and Mike Peng, received the U.S. Small Business Administration (SBA) Best Paper Award at the Babson College Entrepreneurship Research Conference held in Chapel Hill, N.C. The paper, entitled “Entrepreneurship and the Barrier to Exit: How Does an Entrepreneur-Friendly Bankruptcy Law Affect Entrepreneurship Development at a Societal Level?” tests hypotheses related to the relationship between bankruptcy law and the value-creating activities associated with risk-taking behavior by entrepreneurial firms. A theory-building piece of this research, authored by Seung-Hyun Lee, Mike Peng, and Jay Barney, was published in the *Academy of Management Review* in January 2007. The present study, using data from 35 countries, finds that a lenient, entrepreneur-friendly bankruptcy law encourages entrepreneurs to take risks, which ultimately leads to entrepreneurial success.

The SBA’s Office of Advocacy presents the award to honor researchers exploring the importance of small businesses to the U.S. economy and public policy issues important to entrepreneurs. “This paper is an excellent example of the type of scholarship our Best Paper Award is intended to highlight,” said Chad Moutray, chief economist with the SBA Office of Advocacy. “This kind of research provides a sound theoretical basis for public policy choices, in this case analyzing the infrastructure that fosters value-creating activities by firms with high growth potential,” he said. The paper and its summary are posted at the SBA’s government website at <http://www.sba.gov/advo/research/rs326tot.pdf>.

[SOURCE] UT Dallas News Center, September 16, 2008 ([www.utdallas.edu/news/2008/09/16-001.php](http://www.utdallas.edu/news/2008/09/16-001.php))

### **TWO STRATEGY JOBS!**

The School of Management at the University of Texas at Dallas is seeking to fill two OPEN RANK tenure-track faculty positions: (1) entrepreneurship/technology and innovation management and (2) strategic management/international management. The preferred rank for both positions is senior assistant through full professor. The positions will be effective September 1, 2009. Applicants must have a strong record/potential for publication in the A journals in management, strategy, entrepreneurship, and/or international business—specifically, the list of 24 journals underpinning the UTD Top 100 Business School Research Rankings™ (<http://top100.utdallas.edu>). Inquiries for the entrepreneurship position should be directed to Greg Dess, (972) 883-4439, [gdess@utdallas.edu](mailto:gdess@utdallas.edu). Inquiries for the strategy/IM position should be directed to Mike Peng, (972) 883-2714, [mikepeng@utdallas.edu](mailto:mikepeng@utdallas.edu). Please send application materials to [jobsrch@utdallas.edu](mailto:jobsrch@utdallas.edu) (and not to Greg or Mike).

*Many thanks to Bill Newbury and Bjorn Ambos for contributing to this newsletter.  
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