

Academy of International Business

INSIGHTS

Vol. 17, No. 3, 2017

Special Issue on the 2017 Peter J. Buckley and Mark Casson AIB Dissertation Award

Three Essays on Corruption, Government Transparency and Foreign Direct Investment

Neli Kouneva Loewenthal
p3

Three Essays on the Influence of Political Connections on Firm International Expansion Strategy

João Albino-Pimentel
p6

Responses to Subpar Performance in Foreign Subsidiaries

Vanessa C. Hasse
p10

Managing Complex Multinational Enterprises: Internal Network Structure and Expatriation Strategies

Jong Min Lee
p14

A Text Analytic Approach to Study Host Country Nationalist Sentiments and MNE Responses during National Conflicts

Xiaorong Tian
p18



An official publication
of the Academy of
International Business

LETTER FROM THE EDITORS



Daniel Rottig, Ph.D.,
Editor



John Mezas, Ph.D.,
Associate Editor

This issue of *AIB Insights* constitutes the fifth anniversary edition of the Peter J. Buckley and Mark Casson AIB Dissertation Award, a focused issue series that we started in 2013. This series has established itself as an invaluable conduit for the timely dissemination of the latest, state-of-the-art dissertation research in international business.

As in the four previous years, this special issue publishes the extended dissertation abstracts of this year's award-winning and award-nominated dissertations. For the second consecutive time in this annual series, we have asked our contributing authors to summarize their dissertation research in one "BIG" question and so capture their extensive and exceptional scholarly endeavors in a nutshell.

Award-winning dissertation:

"Three Essays on Corruption, Government Transparency and Foreign Direct Investment" by Neli Kouneva Loewenthal (Ph.D. awarded by George Washington University, USA)

BIG Question: "How does firm-specific technology disruptiveness affect the relationship between country-level corruption distance, host government transparency, and MNE's decision to expand in an emerging market?"

Award-nominated dissertations (in alphabetical order):

"Three Essays on the Influence of Political Connections on Firm International Expansion Strategy" by João Albino-Pimentel (Ph.D. awarded by HEC Paris, France)

BIG Question: "How do capabilities stemming from firms' non-market engagement influence their strategy and performance? Specifically, how do firm political connections impact international expansion strategy and performance?"

"Responses to Subpar Performance in Foreign Subsidiaries" by Vanessa C. Hasse (Ph.D. awarded by Western University, Canada)

BIG Question: "When foreign subsidiaries experience subpar performance, what responses can be observed (if any), how effective are these for recovery and survival, and what role does the timing of a response play?"

"Managing Complex Multinational Enterprises: Internal Network Structure and Expatriation Strategies" by Jong Min Lee (Ph.D. awarded by the University of Reading, United Kingdom)

BIG Question: "How do multinational enterprises configure crucial managerial resources such as expatriates across the portfolio of differentiated subsidiaries?"

"A Text Analytic Approach to Study Host Country Nationalist Sentiments and MNE Responses during National Conflicts" by Xiaocong Tian (Ph.D. awarded by the Chinese University of Hong Kong, Hong Kong, SAR-PRC)

BIG Question: "How can MNE subsidiaries use rhetorical strategies to mitigate the influence of host country nationalist sentiment during national conflicts?"

On behalf of the AIB community, we would like to thank this year's AIB Dissertation Award Committee for their invaluable and dedicated efforts, work, and commitment: Rebecca Piekkari (Aalto University, Finland), who served as chair, Sumit Kundu (Florida International University, USA), Shige Makino (Chinese University of Hong Kong, Hong Kong, SAR-PRC), and David Reeb (National University of Singapore, Singapore).

On pages 22–23 in this issue, we also provide an overview of all previous winners of this prestigious award, starting with the award's founding year of 1968.

Congratulations to the 2017 AIB dissertation awardee and finalists for their significant accomplishments!

Daniel Rottig

John Mezas

Three Essays on Corruption, Government Transparency and Foreign Direct Investment

Neli Kouneva Loewenthal

Ph.D. awarded by George Washington University, USA (August 2016)

BIG Question:

“How does firm-specific technology disruptiveness affect the relationship between country-level corruption distance, host government transparency, and MNE’s decision to expand in an emerging market?”

Introduction

Government transparency – the increased flow of reliable and timely economic, political, and social information accessible by all interested stakeholders (Kaufmann & Kraay, 2002) – is touted as a key factor in the fight against corruption. I argue, that transparency by itself cannot decrease corruption. Instead, under certain conditions of institutional misalignment, it can actually increase corruption. Corruption, the abuse of entrusted power for private gain, is clandestine by nature because those who engage in it do not voluntarily disclose it. Shedding light on government’s decisions, policies, and actions is a key mechanism in detecting government’s corruption. But is corruption just a public sector phenomenon? No. Business corruption is on the supply side of government corruption. Moreover, in some countries, business-to-business corruption is the main problem, according to Transparency International. Yet business corruption has received less attention in the literature. I argue that some multinational enterprises (MNEs) use corruption as a non-market strategy that negates supra-national institutional efforts to decrease corruption around the world.

Why is it important to study corruption? According to conservative estimates by the World Bank, corruption diverts at least \$1 trillion annually to the pockets of corrupt individuals. What do they spend the money on? A realistic example of the application of these money is the 2014 Oscar-nominated motion picture “The Wolf of Wall Street,” a movie based on the

true story of a corrupt stock broker living in distasteful excess. Ironically, this movie about corruption was made with money from corruption. In 2016, the US Department of Justice (DOJ) seized the rights to “The Wolf of Wall Street” funded by a young Malaysian businessman with links to individuals in Malaysian government circles. Investigations revealed that the movie was made with Malaysian Sovereign Investment Fund (aka 1MDF) money that was diverted from Malaysia’s development via an elaborate and complex corruption scheme spanning the territories of nearly a dozen countries including the US, UK, Switzerland and Singapore. Prominent bankers from reputable financial organizations, such as UBS and Goldman Sachs, were involved. The Malaysian SWF corruption scheme amounted to \$4.5 billion, a significant amount for a country with an average GDP per capita of approximately \$9,000 during the last five-year period. This is an example of why, in relative terms, corruption is more harmful for emerging markets than it is for wealthy economies. For this reason, my dissertation is staged in the context of the emerging market countries. The informality of emerging markets is an important factor in my analysis.

Corruption schemes such as the one leading to the funding of The Wolf of Wall Street reached the public mainly through online media channels, such as WikiLeaks and social media. Their success is made possible by radical advances in information, communication, and cell phone technology over the last decade. These technological advances are a disruptor of government’s and business’ opacity.

Disruptive technology changes the basic rules of the game for creating and capturing economic value, and places the established models under attack. This fast pace of change is what keeps CEOs awake at night. In a survey by Fortune 500 magazine published in June 2017, 75% of CEOs listed disruptive technology change as their number one worry. Thus, disruptive technology is likely to be a key factor in executives’ decisions

making. It's time to catch up with reality and factor technology disruptiveness in executives' decisions to internationalize.

Some of the most prominent disruptive technology firms, such as Apple, Google, and Amazon, are among the largest in terms of market capitalization worldwide. \$16 trillion! That is the combined market capitalization of the 100 largest publicly traded MNEs. Their combined financial power is comparable to the US GDP. These large MNEs can have enormous influence over emerging countries' governments and the way of doing business in these countries.

Thus, it's time to drill deeper on the topic of government transparency and corruption. Is the effect of corruption distance and government transparency on FDI contingent upon firm-specific technology disruptiveness? How does government transparency affect MNE's non-market strategies, and to what degree do these strategies influence the country governance?

Summary of the Dissertation's Research and Scholarly Contributions

Three essays on the common theme "Corruption, Transparency and Foreign Direct Investment (FDI)" comprise this dissertation. My objective is to offer insight on how MNEs and government can collaboratively achieve greater progress on curbing corruption and on stimulating economic progress and sustainability in emerging markets. Evidence is drawn from both proprietary survey data and secondary data sources. Two different methods—multi-level Bayesian and ordinal probit regression analyses—complement each other in the analysis of the data and contribute to the robustness of the results.

The results present a richer view of the relationship between firms' investment abroad and institutions in the global economy. The findings extend the theory on internationalization, capabilities and governance by bringing fresh new perspective and more nuanced understanding of the dynamics between institutions and MNEs' cross-border investment strategies. In the following pages of this abstract, I provide a summary of the findings and contributions of each of the three essays.

The first essay, titled "The Pursuit of Government Transparency in Emerging Economies: Panacea or Pandora's Box to MNE's Corruption," is theoretical. Its focus is on understanding the effect of emerging markets' governmental transparency on MNEs' behavior as it relates to corruption. Given the paucity of prior international business research on the topic, the study makes several significant contributions. First, this essay studies a less examined question in institutional theory, namely, whether MNEs affect their institutional environment. Second, I present a case for government transparency as an emerging institution that on its own cannot decrease the level of country

corruption. Institutional misalignment and interaction effects with organized crime, national culture and collective action hinder the intended positive effect of transparency. Third, I treat corruption as a collective action problem, rather than an agency problem, which is the prevailing paradigm in the corruption literature. Fourth, this essay challenges the tenet that government transparency decreases corruption and presents a case that, under some circumstances, transparency increases business and grand corruption. Fifth, it opens the 'black box' of corruption by studying specific types of corruption, such as business corruption and grand corruption. Lastly, my research unbundles the generic theme of government transparency into specific components more amenable to policy intervention.

In the second essay, "FDI and MNE's Strategic Response to Corruption Distance: Evidence from the Energy Sector," I analyze the effects of corruption distance on the amount of FDI in disruptive technologies vs. conventional technologies in emerging markets. Firms' investment to emerging markets is critical to the countries' economic development and to the firms' business growth. Decisions involving location selection and the amount of investment are highly complex and dependent on macro-economic, industry, and firm factors. How these factors interplay with countries' institutions is important to international business research. Among my findings' key contributions is that the effect of institutional distance is contingent upon the nature of firm's technology disruptiveness. In a world of disruptive technology, such as massive open online courses that threaten traditional business schools, and virtual cryptographic currency that threatens clearinghouses, studying the differences between conventional businesses and disruptors in terms of their FDI choices is timely. My empirical approach is based on panel data of firm-level amount of investment per deal, as the primary dependent variable, and on Bayesian statistical analysis. My findings indicate that disruptive technology firms that have chosen to invest in an emerging market (re)invest less than conventional technology firms when corruption distance increases.

The third essay, "Who is Not Afraid of Corruption?: Effects of Emerging Markets' Government Transparency on MNEs' Entry Decisions," ties together the first two essays of the dissertation and focuses on C-Suite executives' location choice decisions as they relate to host government transparency and corruption. To overcome the challenges of paucity of data, I perform an experimental design analysis with a scenario-based survey of 300 C-suite executives across various industries. The results have theoretical contributions to the internationalization literature. This essay posits that transparency avoidance and corruption are firm-specific capabilities used to gain advantages over competitors. The results indicate that firms may choose to internationalize in corrupt countries. Even more striking is the finding that disruptive technology firms are less likely to invest in an emerging market economy as host government transparency increases. In other words, I find that disruptive technology

firms prefer opacity to transparency when selecting an emerging market for an international expansion.

The dissertation also has methodological contributions including multi-level Bayesian analysis novel to the internationalization and the governance literature. This empirical test yields more nuanced results that allow us to predict future events and compare outcomes in terms of actual probabilities. Finally, the dissertation offers empirical contributions. Using both data per investment deal and proprietary factorial survey data of C-suite executives is a significant advantage of this research. Such methodology is highly appropriate but has rarely been utilized in the strategic management and the international business literature. Deal-level secondary data in combination with C-Suite executives survey data complement each other and allow for testing of firms' decisions about both FDI location choice and amount per FDI transaction.

Discussion of Practical, Policy, and Pedagogical Implications

The dissertation has several practical implications that can be of interest to business executives, policymakers and the society at large. For business executives, the implications are that without them taking responsibility for corruption in the emerging markets in which they operate, corruption will continue to thrive. The myth that government officials alone should be held accountable for high corruption in their countries should be replaced with a shift of the attention towards corporate accountability. Only by instilling strong intra-firm ethics and compliance cultures, MNEs will be able to avoid going down the corruption path.

The dissertation can guide policymakers in their pursuit of government transparency by alerting them of the dangers they can face if their anti-corruption institutions are weak. The implications of the research are that governments should strive for progress in transparency that's in alignment with anti-corruption institutions. Transparency, by itself, can shed light on corruption, but is not likely to decrease it. Moreover, in corrupt countries, improving anti-corruption institutions should be a prerequisite to attracting FDI from clean firms, and from firms investing in disruptive technologies. Corruption distance decreases the amount that MNEs invest in disruptive projects relative to conventional. In the age of disruption, paradigm shift to attracting disruptive technology is needed in order to propel an emerging market's economic development.

Focus on the renewable technology investment, in particular, contributes to the environmental sustainability literature by pointing in direction that environmental sustainability policies alone are not likely to attract renewable FDI to emerging markets unless these policies are in alignment with strong anti-cor-

ruption institutions. Investment size to renewables is critical for curbing global warming. Global warming is the quintessential manifestation of globalization, and for this reason selecting the energy sector as the industry context of my second essay is deemed justified for a dissertation in the field of international business.

The dissertation has implications for educators as well, for when it comes to corruption, an investment in anti-corruption education is likely to yield positive results. If we teach future business leaders to recognize that corruption has many shades of gray, and that these shades have various degrees of harmful consequences, we can change the trajectory of business corruption. Transparency is not a panacea to corruption. Even when coupled with strong anti-corruption rules of law, transparency can fail to yield positive results. Laws have loopholes, differ across jurisdictions, and are often subject to judicial interpretation. As a result, an individual can be convicted, and then pardoned, depending on the court and the judge presiding over the case. For example, the former governor of the State of Virginia, Bob McDonnell, was convicted of 11 acts of corruption in 2014 because of receiving over \$170,000 in the form of undisclosed gifts from a businessman in exchange for favors. In 2016, the Supreme Court overturned the ruling. If laws are ineffective in defining corruption, then we should look toward human consciousness as a key mechanism for recognizing it.

References

Kaufmann, D. & Kraay, A. 2002. *Growth without governance*. World Bank Policy Research Working Paper No. 2928.

Neli Kouneva Loewenthal (nelik@email.gwu.edu) received her PhD in International Business from George Washington University. Neli's intrinsic need to conduct meaningful research that is on the intersection of business, society and technology drives her scholarly pursuits. She is particularly interested in non-market strategies, technology disruption, and C-suite executives' investment decisions.

Three Essays on the Influence of Political Connections on Firm International Expansion Strategy

João Albino-Pimentel

Ph.D. awarded by HEC Paris, France (May 2016)

BIG Question:

“How do capabilities stemming from firms’ non-market engagement influence their strategy and performance? Specifically, how do firm political connections impact international expansion strategy and performance?”

Introduction

Firms and governments are inextricably related. They, consequently, influence each other’s decisions and performance. To deal with this interdependence and obtain the best possible policies for their business interests, it is thus natural that firms engage in politics. The literatures on non-market strategy and on corporate political activities have extensively analyzed how activities such as campaign donations and lobbying and more relational forms of political engagement, such political connections, affect firm performance. However, a consensus on the direction of such a relationship has not yet been reached. Indeed, some studies find that political engagement affects firm performance positively, while others find a negative or neutral effect (Faccio, 2006; Fisman, 2001; Sun, Mellahi, & Wright, 2012). This suggests the need for a better understanding of the mechanisms through which firm political engagement—political connections in particular—might affect firm performance.

In my dissertation, I investigate how capabilities stemming from a firm’s political engagement influence that firm’s international strategy and performance. More specifically, I explain and empirically show how a firm’s political connections—that is, the relationships it holds with political and government authorities in its country of origin—impact its international expansion strategy and performance.

My main proposition is that investigating how firm political connections affect strategy choices helps shed light on the ac-

tual mechanisms through which such connections might lead to performance heterogeneity. Based on my review of the literature, I identified three main issues that appear to explain the mixed results in prior work. The first issue is that firms vary in their capability to use political connections to influence political actors and to mobilize government resources. In other words, firms are possibly heterogeneous with regards to their political capabilities and this heterogeneity may generate distinct performance outcomes (Baron & Hall, 2003; Bonardi, 2011; Bonardi, Holburn, & Bergh, 2006; Lester et al., 2008). The second issue is that this stream of research still devotes little attention to the fact that different types of political connections operate through different channels and may influence firms through distinct mechanisms. The third issue is that a firm’s political connections may have their most meaningful effect on that firm’s strategy, and only affect its performance indirectly (Siegel, 2007). Accordingly, I argue that different types of political connections are the basis of heterogeneous capabilities, which, in turn, influence a firm’s strategic moves, such as international expansion.

My dissertation addresses all the three issues in the literature throughout three empirical studies. I put forth that assessing a firm’s political capabilities, which should be more stable over time and reflect the firm’s effectiveness in attaining its objectives from the government, is a way to address the first issue. I further argue that focusing on political connections is an appropriate approach to assess political capabilities. In comparison to indirect or transactional political relations (Hillman & Hitt, 1999), which are generated through actions such as campaign donations and lobbying, relational political connections are more long-lasting and arguably effective in generating political capabilities (Bonardi, 2011; Faccio, 2006). Nonetheless, studies on the effects of political connections on firm-level outcomes have primarily emphasized their impact on firm performance (Faccio, 2006; Fisman, 2001), and, thus, produced limited documentation of their influence on firm strategy.

To address the second issue underlying the lack of consensus in the literature on the effects of political connections, it is important to account for the various types of political connections and how they may operate differently. Prior research has documented the relevance of numerous types of such relational political connections separately. I put forth that these political connections operate differently in influencing firm strategy and thus generate contrasting performance implications.

Finally, to address the third issue, I argue that it is critical to understand whether and how firms with political connections make distinct strategic moves relative to firms without political connections, because performance differentials may stem from this heterogeneity in strategy. In particular, examining the influence of political connections on highly politically-entrenched decisions, where this influence might be more easily observable and more meaningful, can contribute immensely to advancing the literature. International expansion strategy not only allows me to observe such an effect, as it is indeed a type of strategy with deep political entrenchment, but also allows me to analyze whether the benefits (or liabilities) stemming from political connections are geographically constrained. When investing internationally, firms have to deal with heterogeneous political contexts and face more uncertainty, including political uncertainty. As a consequence, international expansion strategy and performance tend to exhibit a deeply entrenched political nature and, therefore, constitute an ideal research setting to investigate the impact of political connections on firms' strategies.

The dissertation is composed of three essays, each contributing to address part of the puzzle regarding how political connections affect a firm's international expansion strategy and performance. In the first essay, I examine the role of political connections as a moderator of the relationship between home-host ties and international strategy in a sample of greenfield investments in manufacturing undertaken by firms from eleven home countries. In the second and third essays, I rely on an original hand-collected dataset that includes information on various political connections enjoyed by the largest French firms. In the second essay, I investigate the role of different types of political connections on a firm's international investments amount and risk profile. Finally, in the third essay, I analyze how political connections influence the speed with which firms secure funding and complete development of their project finance-based investments, two highly politically-entrenched performance indicators.

Essay 1: The Influence of Foreign Affairs and Firm Political Influence on the Location Choice of International Investments

In the first essay, I investigate the role of political capabilities as moderators of the relationship between Bilateral Investment Treaties (BITs), a dimension of home-host ties, and firms' choice of location of international investments. I hypothesize

that a firm is more likely to invest in a potential host nation when the firm's home country has a BIT with that potential host nation. More importantly, I predict that BITs are more meaningful for firms without the ability to use alternative means to protect their investments, particularly firms without political connections in their home country or firms without enough political clout. In other words, I predict that politically-connected and politically-savvy firms enjoy a competitive edge regarding their ability to invest in places where other firms shy away from investing in. Examining international greenfield investments in manufacturing carried out by firms from eleven home countries between 2003 and 2010, I find support for my predictions. BITs indeed appear to provide a mechanism that allows governments to credibly commit to foreign investors, as the existence of a ratified BIT between home and host countries positively affects the likelihood of investment. More importantly, such a supranational institutional arrangement is especially meaningful for investing firms that do not have strong political connections in their home nation and that do not have enough political clout. That is, politically-connected and politically-savvy firms choose the location of their international investments independently of BITs.

Essay 2: The French Connection: The Influence of Political Connections on International Expansion Strategy

In the second essay, I examine the effects of political connections on international expansion strategy in more detail. I analyze how three types of political connections—government experience-based, common education-based, and friendship-based political connections—influence both the amount and the level of exposure to expropriation risk of the firm's international investments in a given period of time. I propose three ways through which political connections should positively impact a firm's international expansion strategy: (i) privileged information and knowledge, (ii) influence and (iii) lower investment costs. Furthermore, I argue that friendship-based political connections will be more valuable when the firm's decision makers have a personal friend or family member that enjoys more (rather than less) power in the home country's government. Accordingly, an increase in the value of those political connections should also intensify their influence on a firm's international expansion strategy. Using data on the international investments made by the largest French firms during the 2003-2012 period, I find empirical support for the main predictions. Politically-connected firms engage in distinct international expansion strategies relative to non-politically-connected firms. This heterogeneity is contingent on the type of political connections, with political connections based on friendship ties and on common educational background being the most meaningful ones in explaining the amount and the level of exposure to expropriation risk of a firm's international investments, respectively. Finally, I find that the election of Nicolas Sarkozy as the president of France generated significant effects on the strategy of firms connected to him through friendship ties. Specifically, firms enjoying friendship ties with

Sarkozy spent significantly more in their international investments after the 2007 election.

Essay 3: The Staying Hand: Political Connections and Speed of Financing in Investment Projects

In the third essay, I examine the influence of political connections on a highly politically-entrenched type of firm performance: the speed of financing of a firm's investment projects. Despite their widespread use in large infrastructure projects around the world, there is a stark dearth of research on project finance-based (PF) investments (Vaaler, 2008), especially regarding a firm's capabilities to undertake successful PF investments. Speed is a notably relevant indicator of project performance, as the time required to obtain funding and then to complete project development entails substantial costs for both sponsor firms and other stakeholders. I put forth that political connections operate as a mechanism to reduce PF investments risks and should, thus, positively influence PF investments speed. However, political connections should be relevant only when in combination with other project, sponsor, and location attributes that together determine the overall riskiness of a particular project. I further maintain that political connections, depending on other project attributes, might even slow down the project, thus becoming a liability for project speed. Finally, I allow distinct types of political connections to associate with different outcomes. I use fuzzy sets methods to empirically investigate these propositions on a sample of PF investments sponsored by the largest firms listed in the Paris stock exchange, during the 2003–2012 period. These projects are concentrated in infrastructure industries such as power distribution, transportation, oil and gas, and water treatment and distribution. My findings provide interesting insights and advances the understanding on the various pathways firms can follow to speed up or to avoid delays in their PF investments.

Conclusion

With my dissertation I make substantial contributions to the literature on global and non-market strategy. First, my results advance knowledge on how firms can benefit from their activities vis-à-vis the government in the home country to develop political capabilities that become useful in foreign countries, particularly those characterized by a higher risk of expropriation (Delios & Henisz, 2003; García-Canal & Guillén, 2008; Holburn & Zelner, 2010). My analysis goes beyond the idea of firms from a same home country sharing the same level of political capabilities, but proposes and empirically analyzes the effect of heterogeneity in political connections among firms from a same home country (Fisman, 2001; Faccio, 2006). I also add to the literature on political connections, by comparing the effects of three types of political connections on firms' strategy and by showing that different types of political connections have distinct effects on international expansion strategy and performance.

Furthermore, I make a contribution to the stream of research on the effects of inter-governmental ties on FDI flows, by analyzing firm-level data and by focusing on BITs. More importantly, I show that these organizations, and the underlying credible commitments they allow host countries to make, are only meaningful antecedents of international strategy for firms not enjoying strong ties with government authorities in the home country. In addition, across the three essays, my findings rely on extremely rich data about various types of political connections and international expansion strategies by firms originating in several countries.

References

- Baron, D. P., & Hall, P. 2003. *Business and its Environment*. Prentice Hall Englewood Cliffs, NJ.
- Bonardi, J.-P. 2011. Corporate political resources and the resource-based view of the firm. *Strategic Organization*, 9(3): 247–255.
- Bonardi, J.-P., Holburn, G. L., & Bergh, R. G. V. 2006. Nonmarket strategy performance: Evidence from US electric utilities. *Academy of Management Journal*, 49(6): 1209–1228.
- Delios, A., & Henisz, W. J. 2003. Political hazards, experience, and sequential entry strategies: The international expansion of Japanese firms, 1980–1998. *Strategic Management Journal*, 24(11): 1153–1164.
- Faccio, M. 2006. Politically connected firms. *The American Economic Review*, 96(1): 369–386.
- Fisman, R. 2001. Estimating the value of political connections. *American Economic Review*, 91(4): 1095–1102.
- García-Canal, E., & Guillén, M. F. 2008. Risk and the strategy of foreign location choice in regulated industries. *Strategic Management Journal*, 29(10): 1097–1115.
- Hillman, A. J., & Hiitt, M. A. 1999. Corporate political strategy formulation: A model of approach, participation, and strategy decisions. *Academy of Management Review*, 24(4): 825–842.
- Holburn, G. L., & Zelner, B. A. 2010. Political capabilities, policy risk, and international investment strategy: evidence from the global electric power generation industry. *Strategic Management Journal*, 31(12): 1290–1315.
- Lester, R. H., Hillman, A., Zardkoobi, A., & Cannella, A. A. 2008. Former government officials as outside directors: The role of human and social capital. *Academy of Management Journal*, 51(5): 999–1013.
- Siegel, J. 2007. Contingent political capital and international alliances: Evidence from South Korea. *Administrative Science Quarterly*, 52(4): 621–666.
- Sun, P., Mellahi, K., & Wright, M. 2012. The contingent value of corporate political ties. *The Academy of Management Perspectives*, 26(3): 68–82.
- Vaaler, P. M. 2008. How do MNCs vote in developing country elections? *Academy of Management Journal*, 51(1): 21–43.

Joao Albino-Pimentel (joao.albino-pimentel@moore.sc.edu) is an assistant professor at the Moore School of Business at the University of South Carolina. His research interests revolve around non-market and international strategy. Joao's research has been recognized with various awards and nominations by AIB, EIBA, SMS and AOM. Joao holds degrees in economics and in management from the University of Sao Paulo, a master's in business economics from the University of Grenoble and a Ph.D. in Strategy from HEC Paris.

Responses to Subpar Performance in Foreign Subsidiaries

Vanessa C. Hasse

Ph.D. awarded by Western University, Canada (August 2016)

Big Question:

“When foreign subsidiaries experience subpar performance, what responses can be observed (if any), how effective are these for recovery and survival, and what role does the timing of a response play?”

Introduction

Many countries experienced an extended period of extraordinary growth in prosperity after World War II. This has largely been mirrored by the international business literature where scholars emphasized growth-related themes such as understanding the global business environment of multinational enterprises (MNEs), internationalization, entry mode decisions, international collaborations, and foreign direct investment (Tsui, 2007; Werner, 2002). Meanwhile, the phenomenon of subpar performance has received much less attention, even more so at the level of foreign subsidiaries. Several statistics as well as anecdotal evidence suggest, however, that subpar performance is a reality that warrants a much deeper understanding in order to allow for effective responses with appropriate strategies. Trahms, Ndofor, and Sirmon (2013: 1278), for instance, note that “about half (49.8%) of firms in the S&P 500 index for [...] 2010 had experienced more than 3 years of decline within the prior 5 years,” highlighting that the exploration of the subpar performance phenomenon is “likely to remain a highly relevant concern to managers worldwide.”

Extant research about the subpar performance phenomenon is somewhat scattered across research realms and mainly attributable to three distinct literatures. First, in the strategic management realm, the *organizational decline and turnaround literature* (e.g., Trahms et al., 2013) focuses particularly on the phenomenon of subpar performance but relatively neglects the level of foreign subsidiaries, where factors different from the corporate level of analysis may have a significant impact.

For instance, the specific country-level context a subpar-performing foreign subsidiary is embedded in, the role the foreign subsidiary may play within an MNE’s network, or the number of expatriates employed at the foreign subsidiary are relevant factors that have not yet received sufficient scholarly attention. Second, in the international strategy realm, the *de-internationalization literature* (e.g., Benito, 2005; Benito & Welch, 1997; Berry, 2013) does consider the level of foreign subsidiaries but views subpar performance as one of many motives for the divestment of foreign subsidiaries. It thus lacks depth when it comes to understanding the complexity of responding specifically to subpar performance at the foreign subsidiary level. Third, in the behavioral decision-making realm, the *escalation of commitment literature* (e.g., Sleesman, Conlon, McNamara & Miles, 2012) stands out as a framework that emphasizes the psychological mechanisms behind undue persistence in light of subpar performance. While offering valuable insights, this body of literature also relatively neglects the context of foreign subsidiaries while relying to a larger extent on laboratory or classroom samples (Shapira, 1997).

What emerges from this review of the literature is the realization that the fragmentation of research on the subpar performance phenomenon has hampered a holistic understanding of the matter. In fact, some findings appear to be contradictory which renders little assistance to practitioners facing all-too-common dilemmas such as whether they should “persist and risk becoming caught up in a spiral of escalating commitment, or ‘apply the brakes’ when they may be within an ace of success” (Drummond, 2014: 430). Further, while some insights exist for addressing subpar performance at the level of the organization overall, there appears to be a paucity of research specifically addressing the phenomenon at the level of foreign subsidiaries. It is thus at the intersection of these literatures where there is a real need for advancing knowledge regarding the selection of appropriate response strategies at the level of subpar performing foreign subsidiaries, including the exploration of specific contingencies. Finally, this dissertation also aims to respond to several calls for a greater degree of integration of

existing knowledge (e.g., Slesman et al., 2012; Trahms et al., 2013), encompassing predictors, outcomes, and further theoretically relevant concepts relating to subpar performance such as time. The research in this dissertation is thus guided by three interconnected research questions: When a foreign subsidiary experiences (repeated) subpar performance, what determines which specific type of response is chosen (if any at all)? Which type of response (if any) is most conducive to increasing recovery and survival prospects? What factors determine the timing of a response and what role does the timing of responses play in the effectiveness of the chosen response in increasing recovery and survival prospects?

Overview of the Dissertation Research

Given the important role resources play during a situation of subpar performance and the facilitation of a turnaround, this dissertation mainly draws from the tradition of the resource-based view (Wernerfelt, 1984; Barney, 1991), its extrapolations in the direction of the resource orchestration framework (Sirmon, Hitt, Ireland & Gilbert, 2011), and additional tenets from the attention-based view and related constructs. By way of dimensionalizing the phenomenon according to the three research questions, I introduce a framework that integrates the 1) identification of response determinants (“identifying”), 2) assessment of response effectiveness (“responding”), and 3) exploration of the predictors and outcomes of response timing (“synchronizing”). The sample for the analysis was drawn from a large dataset of Japanese worldwide investments (Toyo Keizai, 2014), covering 94 countries over a timeframe from 1990 to 2013. General descriptive findings revealed that the subpar performance phenomenon is indeed quite prevalent, with many subsidiaries in the sample experiencing as much as ten or more consecutive years of subpar performance. Remarkably, the most frequent sequences were those in which no response to the subpar performance could be detected, at least according to the responses measured in the dissertation research.

In the first part of the proposed framework (“identifying”), I contend that the determinants of a response to subpar performance at a foreign subsidiary may reside at different levels of analysis. Indications of favorable *country-level* conditions revealed to be a significant determinant of an increase in commitment to the subpar-performing foreign subsidiary, while subpar performance at the *overall MNE-level* was associated with a higher likelihood of inaction as a “response” to the subpar performance at the foreign subsidiary. At the *subsidiary-level*, a larger number of expatriates was indicative of a higher likelihood of receiving a response, a specific function of the subsidiary (regional headquarters, R&D center) reduced the likelihood of a decrease in commitment, and subsidiary

age was found to increase the likelihood of a decrease in commitment. Finally, if the foreign subsidiary had more than one parent firm, it was more likely to experience a combination of different types of responses.

In the second part of the framework (“responding”), support was garnered for the notion that a response was generally more conducive to the long-term survival prospects of the foreign subsidiary than a non-response. In the short-term, responses may be followed by adjustment periods which may prolong the subpar performance period. Moreover, increases in commitment appeared to often have a more beneficial effect than decreases in commitment.

Finally, in the third part of the framework (“synchronizing”), the existence of communication channels that direct head-quarter attention were found to improve the timeliness of a response. More specifically, when the subsidiary had an R&D focus or the general manager of the foreign subsidiary was Japanese (i.e. the nationality of the focal headquarters), the time to a response was reduced. Further, the relationship between the time-to-first-response and the probability of recovery (versus exit) was concave (inverted U-shape), such that recovery is most likely when the response occurs at a medium amount of time (3 to 6 years) after the onset of the subpar performance sequence. This curvilinear relationship was amplified for decreases in commitment, suggesting that the effectiveness of such responses is more sensitive to timing than increases in commitment. Finally, results suggested that only very early replacements of general managers enhance the likelihood of recovery while later replacements may be counterproductive to turnaround efforts.

Implications for Scholars and Practitioners

The overarching motivation for this dissertation was to pursue a more differentiated understanding of the complexity of the subpar performance phenomenon by shifting attention to the level of foreign subsidiaries. Within this premise, the objective was to facilitate theoretical development by introducing a framework, thereby helping to bridge the gap in the literature that resulted from a lack of integration. Several contributions for scholars and practitioners emerge.

For scholars, the framework proposed in this dissertation offers a means to organize the complexity of the phenomenon in a way that facilitates subsequent investigations into the matter, underscoring this dissertation’s objective to serve as a starting point for the exploration of a number of research directions. Moreover, shifting the perspective to the level of foreign subsidiaries opens up a plethora of new avenues that may previously have been overlooked when focusing on the level of domestic

operations and/or organizations as a whole. For instance, the impact of different types of distances, cultural differences, or subsidiary network effects materialize as relevant but hitherto largely underexplored factors in examining the phenomenon of subpar performance and could be explored further at this level of analysis. The dissertation research also allows for a quantification of the phenomenon and thus an acknowledgement of it being a prevalent phenomenon to study – not just from the angle of theoretical interest but also practical relevance.

More specifically pertaining to each of the three distinct literatures that are tangential to the phenomenon of subpar performance in foreign subsidiaries, this dissertation aims to inform each in the following main ways. Regarding the *organizational decline and turnaround literature*, besides a relative neglecting of the foreign subsidiary level, the normative nature of the research has also led to many recommendations pointing in the direction of retrenchment (especially following Pearce and Robbins' work, e.g., Pearce & Robbins, 1993). The insights gathered in this dissertation, however, suggest that given certain conditions, increases in resource commitment may be preferable instead. Next, the dissertation work is intended to add to the *de-internationalization literature* by offering a deeper understanding of the determinants of foreign subsidiary divestment under the specific circumstances of subpar performance. Finally, findings from the dissertation contribute to the *behavioral decision-making/escalation of commitment literature* by shifting attention to the foreign subsidiary level and suggesting mechanisms that might explain the choices for specific responses.

Beyond these contributions, the dissertation also sheds light on the role that time plays in the context of responding to subpar performance. Many insights in strategic management research rely on assumptions of static conditions, while the longitudinal nature of the dataset used in this dissertation allows for an explicit investigation into the influence of this important moderator and indeed, complex relationships were revealed that future research can build on.

For practitioners, the dissertation offers a structured backdrop for a systematic analysis of a subpar performance situation. For instance, in determining which response to administer, practitioners may consider factors at the country level, MNE-level, and subsidiary level for a more holistic perspective on the complex mechanisms behind the phenomenon. Moreover, the insights gathered in this dissertation suggest that conventional responses such as retrenchment or general manager replacement may not work as universal measures but only under certain conditions. Further, subpar performance situations often constitute high-pressure environments which may prompt “knee-jerk” reactions (Hofer, 1980: 31). The findings from this dissertation indicate, however, that immediate responses may not always be most beneficial to turnaround success. Finally, managerial attention is highlighted as a key resource

whose allocation requires deliberate strategic decision-making in order to effectively manage critical situations involving subpar performance. Subpar performance at foreign subsidiaries is different from subpar performance at domestic subsidiaries or the organization overall in the sense that more effort may be required to detect the subpar performance swiftly, identify its likely causes, and administer the necessary response in the timeframe most conducive to the intended outcome. Thus, the careful and deliberate allocation of managerial attention to subpar performance in foreign subsidiaries is an essential organizational task.

In conclusion, a key objective for this dissertation was to inspire more studies on the analysis of the phenomenon of subpar performance in foreign subsidiaries. The proposed framework and findings gathered from a large longitudinal dataset can serve as a stepping stone for future insights in an exciting area of research, thereby starting the next chapter in the exploration of declining organizations and appropriate turnaround strategies. After all, “what we do not know [...] far outweighs what is known about decline and turnaround” (Trahms et al., 2013: 1297).

References

- Barney, J. 1991. Firm resources and sustained competitive advantage. *Journal of Management*, 17(1): 99-120.
- Benito, G. R. G. 2005. Divestment and international business strategy. *Journal of Economic Geography*, 5(2): 235-251.
- Benito, G. R. G., & Welch, L. S. 1997. De-internationalization. *Management International Review*, 2(Special Issue): 7-25.
- Berry, H. 2013. When do firms divest foreign operations? *Organization Science*, 24(1): 246-261.
- Drummond, H. 2014. Escalation of commitment: When to stay the course? *Academy of Management Perspective*, 28(4): 430-446.
- Hofer, C. W. 1980. Turnaround strategies. *Journal of Business Strategy*, 1(1): 19-30.
- Pearce II, J. A., & Robbins, K. 1993. Toward improved theory and research on business turnaround. *Journal of Management*, 19(3): 613-636.
- Shapira, Z. B. 1997. Introduction and overview. In Z. B. Shapira (Ed.), *Organizational decision making*: 3-8. New York: Cambridge University Press.
- Sirmon, D. G., Hitt, M. A., Ireland, R. D., & Gilbert, B. A. 2011. Resource orchestration to create competitive advantage: Breadth, depth, and life cycle effects. *Journal of Management*, 37(5): 1390-1412.
- Sleesman, D. J., Conlon, D. E., McNamara, G. & Miles, J. E. 2012. Cleaning up the big muddy: A meta-analytic review of the determinants of escalation of commitment. *Academy of Management Journal*, 55(3): 541-562.

- Toyo Keizai. 2014. *Kaigai Shinshutsu Kigyo Souran-kuni Betsu*. Tokyo: Toyo Keizai.
- Trahms, C. A., Ndofor, H. A., & Sirmon, D. G. 2013. Organizational decline and turnaround: A review and agenda for future research. *Journal of Management*, 39(5): 1277-1307.
- Tsui, A. S. 2007. From homogenization to pluralism: International management research in the academy and beyond. *Academy of Management Journal*, 50(6): 1353-1364.
- Werner, S. 2002. Recent developments in international management research: A review of 20 top management journals. *Journal of Management*, 28(3): 277-305.
- Wernerfelt, B. 1984. A resource-based view of the firm. *Strategic Management Journal*, 5(2): 171-180.

Vanessa C. Hasse (vhasse@usfca.edu) is an Assistant Professor of International Business at the University of San Francisco. Her research focuses on multinational enterprise strategies, with particular focus on subpar performance at foreign subsidiaries, the complex implications of cultural influences, and other factors impacting subsidiary trajectories.

Managing Complex Multinational Enterprises: Internal Network Structure and Expatriation Strategies

Jong Min Lee

Ph.D. awarded by University of Reading, UK (September 2016)

BIG Question:

“How do multinational enterprises configure crucial managerial resources such as expatriates across the portfolio of differentiated subsidiaries?”

Introduction

Over the last two decades, the view of the multinational enterprise (MNE) as a “differentiated network” has become dominant in international business (IB) literature. The MNE is conceptualized as a network or a portfolio of differentiated subsidiaries, in which each subunit commands an idiosyncratic set of resources in a specific location, having reciprocal and sequential interdependencies with other MNE subunits (Nohria & Ghoshal, 1997). The differentiated network view has drawn significant attention to the complex nature of the MNE, particularly those to do with the associated control and coordination issues (Ghoshal & Bartlett, 1990). Having subsidiaries with their own set of competences creates the possibility that MNEs can, in principle, take advantage of the diversity of knowledge from various locations. However, it may necessarily lead to a loosening of central control of corporate headquarters (HQ) over subsidiaries, which in turn, entails more sophisticated control and coordination problems than the economic-based IB literature has thus far suggested (Meyer, Mudambi, & Narula, 2011).

More recently, MNE activities have become unprecedentedly fine-grained and dispersed across a range of locations. Many MNEs now deal with a large portfolio of differentiated subsidiaries, facing a rapid escalation of complexity as the biggest managerial challenge. IB literature has increasingly recognized that the managerial capability of MNE HQ to effectively man-

age complex organizational networks is a key source of competitive advantages in today’s multinationals (Forsgren, Holm, & Johanson, 2005; Narula, 2014). However, despite such growing recognition, very few studies have explicitly explored this management issue in a complex MNE setting, and little is known about how MNEs (or HQ) effectively manage a complex portfolio of differentiated subsidiaries dispersed a range of locations.

The objective of this thesis is to advance our knowledge as to this critical management inquiry by investigating how MNEs configure crucial managerial resources, viz., expatriates, across their complex internal network or subsidiary portfolio. Expatriation, functioning as an extended form of HQ control and a reliable intermediary of firm-specific knowledge, provides HQ with a key mechanism to effectively manage their international operation from a distance (Harzing, 2001). Expatriate utilization is, therefore, closely associated with the management quality and the ability to manage a multinational network that further affect MNE performance (Verbeke & Forootan, 2012).

This thesis maintains that MNE structural attributes which reflect the degree of internal differentiation within the subsidiary portfolio determine the level of managerial complexity faced by HQ, and hence, affect expatriate staffing strategies. Given that expatriates are a unique but limited managerial resource of the MNE, expatriate configuration across the subsidiary portfolio is indeed a resource allocation decision for HQ that should reflect different contingencies presented by each subsidiary context as well as the overall subsidiary portfolio characteristics. This thesis extends the literature on international management and expatriation by presenting theoretical arguments and evidence on the important role of the MNE’s internal network structure in HQ managerial decision-making, particularly in relation to expatriate utilization.

Summary of the Thesis

Based on the differentiated network view of the MNE (Nohria & Ghoshal, 1997) and the organization theory of structural complexity (Blau & Schoenherr, 1971; Hall, 1977), this thesis theorizes that the level of managerial complexity faced by HQ is directly associated with the ‘internal network structure’ of the MNE which reflects to what extent the entire subsidiary portfolio is internally differentiated (Ghoshal & Nohria, 1989). In particular, the thesis highlights that the internal network structure of the MNE represents the degree of internal differentiation across three different dimensions, namely, (i) spatial dispersion (i.e., the extent to which an MNE operates in different national and regional – supranational – contexts), (ii) horizontal differentiation (i.e., the extent to which an MNE has subsidiaries with different value chain activities), and (iii) hierarchical differentiation (i.e., the extent to which power within an MNE is distributed across constituent subsidiaries). Based on this theoretical argument, the thesis demonstrates that the structural attributes of the MNE’s internal network (which can also be referred as subsidiary portfolio characteristics) are associated with HQ managerial decisions related to expatriate utilization across the subsidiary portfolio.

A multifaceted investigation of 130 Korean MNEs and their 2,119 overseas subsidiaries (a nested dataset) operating in 77 countries across 7 regions (i.e., Africa, Asia, Europe, Middle East, North America, South America and Oceania) reveals that expatriation strategies employed by the MNE vary considerably upon the MNE’s internal network structure, corroborating the main argument of this thesis. Three empirical papers included in the thesis scrutinize various aspects of the MNE’s internal network structure and their influences on expatriation strategies, at the level of both the MNE as a whole and the subsidiary. The thesis utilizes two different theoretical frameworks to explain the rationale behind the MNE’s expatriation decisions: the ‘growth theory of the firm’ which highlights the role of managerial resource constraints in firm growth (Penrose, 1959) and “behavioral theories of the firm” such as resource dependence theory (Pfeffer & Salancik, 1978) and organizational learning theory (Levitt & March, 1988) whose importance in IB research has been continually and increasingly emphasized due to the dynamic HQ–subsidiary relationship.

The first paper of the thesis investigates the influence of three structural attributes of the MNE’s internal network such as (i) multinationality (the breadth of international activities at national level), (ii) power structure (the degree of power distribution across subsidiaries), and (iii) regional dependence (the degree to which MNE activities are concentrated in a certain region) on two different phases of expatriation strategies at the MNE level, namely, the overall intensity of expatriate utilization in the subsidiary portfolio and the variation of expatriation levels across constituent subsidiaries. The empirical results indicate that three structural attributes have significant impli-

cations on expatriation strategies. MNEs with high multinationality and high regional dependence tend to utilize less intensive and more homogeneous (i.e., less variable) expatriation in their subsidiaries. MNEs with a more oligopolistic power structure (in which power within the MNE is concentrated on a small number of subsidiaries) tend to employ more intensive expatriation across all constituent subsidiaries, compared to MNEs with a more egalitarian power structure (in which power within the MNE is more equally distributed across all subsidiaries). These findings demonstrate that MNE structural attributes serve as crucial determinants of HQ expatriate utilization in the subsidiary portfolio. This study extends international management literature by theorizing and testing that the MNE’s expatriation strategies are directly tied to the complexities stemming from MNE structure as well as to the managerial resource constraint at HQ.

The second paper examines the MNE’s expatriate staffing strategies at the subsidiary level, particularly focusing on the role of three variables derived from both MNE and subsidiary levels. This study, therefore, employs a multi-level analysis to investigate how the MNE’s multinationality and home-region orientation (MNE level variables) and subsidiary age (subsidiary level variable) affect expatriate staffing levels in subsidiaries. The main objective of this paper is to examine how MNEs achieve the “differentiated fit” (Nohria & Ghoshal, 1994) with their subsidiaries through expatriation. HQ simultaneously deals with a number of subsidiaries that represent different contingencies and hence require differentiated governing mechanisms. A range of factors may represent different contingencies that each subsidiary context exhibits, but the duration of business operations in a particular local context (i.e., subsidiary age) may play a major role as it closely relates to the subsidiary’s local experience, learning, knowledge, power and the degrees of both internal and external embeddedness. The empirical results show that the MNE’s multinationality and home-region orientation are negatively associated with expatriate staffing levels in subsidiaries, whereas subsidiary age has a U-shaped relationship, indicating that MNEs utilize intensive expatriation in their young and old subsidiaries for different reasons while employing less intensive expatriation in their adolescent subsidiaries. These findings enhance our understanding of managing differentiated network MNEs by empirically demonstrating how MNEs configure limited managerial resources (i.e., expatriates) to “fit” the differentiated and dynamic relationships with their subsidiaries, contingent on varying degrees of the MNE’s spatial dispersion.

Finally, the third paper focuses on the MNE’s spatial dispersion at both country and regional levels and its influence on expatriation decisions. Specifically, this paper presents a novel classification of four internationalization patterns (as presented in Figure 1) accounting for both intra- and inter-regional diversification (i.e., country and regional level diversification), and further examines their peculiar characteristics and distinct

effects on expatriation decisions. The empirical findings from regression and clustering analyses suggest that intra- and inter-regional diversification has conflicting influences on expatriation strategies, such that intra-regional diversification is negatively associated with intensive expatriation while inter-regional diversification is positively related to intensive expatriation. These findings indicate that the effect of international diversification on managerial decisions (i.e., expatriate utilization) can be strengthened or weakened by the combination of both country and regional level diversification. This study extends the literature on internationalization and regionalization by demonstrating that intra- and inter-regional diversification plays distinctive roles in managerial decision-making, and that regional diversification actually affects the MNE's managerial costs and decisions, which has been a prevalent idea but rarely tested by empirical literature.

Figure 1. Four Patterns of International Geographic Diversification

Intra-regional diversification (Multi-nationality)	High	Regiocentric	Cosmopolitan
	Low	Concentrator	Market-picker
		Low	High
		Inter-regional diversification (Multi-regionality)	

Contributions to Theory and Practice

This thesis makes several important contributions to both theory and practice. First, this research enhances our knowledge of international management by scrutinizing the role of MNE structural attributes in HQ managerial decision-making. The contents of this thesis are multidisciplinary, linking IB with organization theories and international human resource management (IHRM). In particular, it has been a general observation in the literature that IB and IHRM have been evolving in parallel for many years. This thesis manages to systematically link these two related fields, providing important new insights that may survive the test of time.

Second, this thesis contributes to the expatriation literature by illustrating the dynamic aspects of expatriation strategies employed by MNEs. It demonstrates that capability development at the subsidiary level changes the subsidiary's power relation vis-à-vis HQ and hence ultimately affects HQ managerial de-

isions related to expatriate utilization. By shedding light on overall expatriate configuration across the entire subsidiary portfolio from the perspective of the MNE as a whole, this thesis also extends the literature that has typically focused on identifying the determinants of the appropriate expatriate staffing levels in individual subsidiaries.

Third, the thesis advances the literature on internationalization by confirming various effects of regional diversification on HQ managerial decisions. Moreover, the categorization of four internationalization patterns developed in this thesis provides a useful framework to examine the assorted implications of firm international diversification.

Fourth, the portfolio approach employed in this thesis provides theoretical, methodological and managerial implications to current IB and MNE literature. The extant literature has focused on the individual, dyadic HQ–subsidiary relationship, but neglected the fact that, in reality, MNE HQ perceive the subsidiary circumstance in a relative basis compared to other subsidiaries within the MNE, rather than in an absolute basis. This thesis provides support for the importance of conceptualizing the MNE as a portfolio, which allows to capture more holistic and realistic aspects of MNE management.

Finally, this thesis has some practical implications for the managers of the MNE, particularly those at HQ. The findings of the thesis highlight that managers should be aware that the structure of the MNE network may significantly affect their managerial decision-making, and accordingly, they should diagnose whether their current structure of the subsidiary portfolio fits their business and strategies. Moreover, HQ managers should note that subsidiary learning changes the subsidiary's power base within the MNE and ultimately alters its relationship vis-à-vis HQ. Therefore, managers at HQ must properly respond to such dynamic relationships with subsidiaries in order to maintain appropriate control while utilizing competences developed by subsidiaries for the whole MNE. This thesis suggests that expatriation provides HQ with an effective mechanism to respond to dynamic and differentiated HQ–subsidiary relationships, which is essential for managing complex MNEs.

References

- Blau, P. M., & Schoenherr, R. A. 1971. *The structure of organisations*. New York: Basic Books.
- Forsgren, M., Holm, U., & Johanson, J. 2005. *Managing the embedded multinational: A business network view*. Cheltenham, UK: Edward Elgar Publishing.
- Ghoshal, S., & Bartlett, C. A. 1990. The multinational corporation as an interorganizational network. *Academy of Management Review*, 15(4): 603-626.

- Ghoshal, S., & Nohria, N. 1989. Internal differentiation within multinational corporations. *Strategic Management Journal*, 10(4): 323-337.
- Hall, R. H. 1977. *Organizations: Structure and process*: Prentice-Hall International.
- Harzing, A.-W. 2001. Of bears, bumble-bees, and spiders: The role of expatriates in controlling foreign subsidiaries. *Journal of World Business*, 36(4): 366-379.
- Levitt, B., & March, J. G. 1988. Organizational learning. *Annual Review of Sociology*, 14(1): 319-340.
- Meyer, K. E., Mudambi, R., & Narula, R. 2011. Multinational enterprises and local contexts: The opportunities and challenges of multiple embeddedness. *Journal of Management Studies*, 48(2): 235-252.
- Narula, R. 2014. Exploring the paradox of competence-creating subsidiaries: Balancing bandwidth and dispersion in MNEs. *Long Range Planning*, 47(1-2): 4-15.
- Nohria, N., & Ghoshal, S. 1994. Differentiated fit and shared values: Alternatives for managing headquarters-subsidiary relations. *Strategic Management Journal*, 15(6): 491-502.
- Nohria, N., & Ghoshal, S. 1997. *The differentiated network: Organizing multinational corporations for value creation*. San Francisco, CA: Jossey-Bass Publishers.
- Penrose, E. T. 1959. *The theory of the growth of the firm*. Oxford, UK: Oxford University Press.
- Pfeffer, J., & Salancik, G. R. 1978. *The external control of organizations: A resource dependence perspective*. New York: Harper & Row.
- Verbeke, A., & Forootan, M. Z. 2012. How good are multinationality-performance (m-p) empirical studies? *Global Strategy Journal*, 2(4): 332-344.

Jong Min Lee (jongmin.lee@henley.ac.uk) is a Lecturer/Assistant Professor of International Business and Strategy at Henley Business School, University of Reading, where he received his Ph.D. His current research focuses on the structures, strategies and management of multinational enterprises, with particular emphasis on the dynamic and differentiated relationship between headquarters and subsidiaries. His research interests also include knowledge management in multinational firms and the rise of emerging market multinationals.

A Text Analytic Approach to Study Host Country Nationalist Sentiments and MNE Responses during National Conflicts

Xiaocong Tian

Ph.D. awarded by Chinese University of Hong Kong, Hong Kong, SAR-PRC (August 2016)

BIG Question:

“How can MNE subsidiaries use rhetorical strategies to mitigate the influence of host country nationalist sentiment during national conflicts?”

Introduction

In recent years, nationalist sentiment has recaptured public attention, especially after some significant terroristic events such as 9/11 attacks and Paris attacks. Nationalist sentiment is very common worldwide, and can have large fluctuations over time. After national conflicts, nationalist sentiment in one country may be triggered, and MNE subsidiaries from counterpart country will suffer consequently. What instant strategies MNEs can adopt to mitigate the negative influence of host country nationalist sentiment is of great importance for both researchers and practitioners.

Nationalist sentiment is the magnification of nationalism (Gellner & Breuilly, 2008), which is a widely studied concept in political psychology and sociology. Recently, researchers have increasingly realized that nationalism should be understood as a sentiment or affect rather than a political or individual ideology, and should be studied in more observable and concrete ways as sentiments, discourses, or even behaviors (Conversi, 2012). These sentiments or sentiment-laden behaviors can be conspicuous and detrimental to MNEs after a national conflict. Most prior international business studies focused on how national conflicts could influence country level foreign direct investment, and further efforts are needed to better understand how

MNE subsidiaries can actively react to mitigate the negative influence of nationalist sentiment triggered by national conflicts.

Summary of the Dissertation

In this dissertation, I first adopt analytic induction, which is an explorative research method and extends theory through insights from analyzing data (Crilly, Zollo & Hansen, 2012), to conduct explorative study on nationalist sentiment. I chose China as my research context, and focused on the national conflicts between China and other countries from 2011 to 2014. The national conflicts were identified from spokesman's speeches obtained from the website of Department of Foreign Affairs. I used Weibo, which is one of the most popular social media websites, as my textual data source and crawled comments posted by Chinese nationals after conflict events. Taking advantage of advanced textual analysis, which is based on natural language processing and machine learning, I analyzed 557,372 textual comments to have a deeper understanding about nationalist sentiment. The procedures included pre-treatment, text mining, content categorization and sentiment analysis. Based on detail information obtained during the procedures of advanced textual analysis, I develop two types of nationalist sentiment, namely expressive nationalist sentiment and instrumental nationalist sentiment. Expressive nationalist sentiment during national conflicts is defined as nationals' beliefs that counterpart country should take full responsibility for the conflict, dissatisfaction with counterpart country, and expressions of negative sentiment toward counterpart country to support and defense for their own country. Instrumental nationalist sentiment during national conflict is outcome driv-

en and is defined as nationals' desire to aggressively take all possible actions or mobilize other to take actions to punish counterpart country (Shamir, Arthur & House, 1994).

After conducting explorative study on nationalist sentiment, I then focus on how MNEs subsidiaries rhetorically respond to different types of nationalist sentiment, as well as the effectiveness of rhetorical strategies. According to on rhetorical theory, there are three rhetorical components: pathos logos, and ethos. While pathos refers to the emotional aspects of rhetoric and captures the affective features of rhetoric, logos emphasizes the integrity and rationality of rhetoric and the providence of evidences, claims and justifications, and ethos focuses on rhetor's characteristics such as credibility and trustworthiness (Braet, 1992). I study two rhetorical strategies, rhetorical focus and rhetorical tone. Since MNEs subsidiaries need to set the agenda of what to communicate with host country public and provide evidences, claims and illustrations to support their arguments (Wang, Wezel & Forgues, 2015), rhetorical focus is related to logos and is about what to say. Rhetorical tone is the affective feature of rhetoric, it is related to pathos and is about how to say it. I also study the moderating effect of MNE subsidiary home country identification, which is related to ethos and is about who says it (Hallenbeck, 2014).

To empirically study the relationship between nationalist sentiment and rhetorical strategies, I crawled the posts published by 127 Weibo accounts operated by Fortune Global 500 companies from America and Japan. The total number of posts published within one week after each conflict event by these Weibo accounts is 28,146. The dataset also contains firm account level information, including number of followers, account descriptions and account labels, as well as all post level information, including post content, post time, and number of likes/comments/forwards for each post. The post information and nationalist sentiment information were merged to examine the relationship between nationalist sentiment and rhetorical strategies. I measured everyday nationalist sentiment, and examined the posts published one day after dates with high nationalist sentiment. The final sample contains 17,000 post level observations.

The empirical part in my dissertation shows that MNEs respond distinctively to different types of host country nationalist sentiment. When expressive nationalist sentiment is high, although MNE subsidiaries may not perceive strong threats from the sentiment, their host country national identity becomes negative and may have negative influence on their legitimacy. So they may actively adopt strategies to prevent the negative influence. One strategy MNEs adopt will be focusing more on their pro-social conducts, such as what environmental initiatives they conducted and how much they spent on philanthropy and donation during natural disaster in host county. Besides, changing rhetorical tone is another strategy MNEs can use to proactively gain legitimacy. Previous literature has

demonstrated that positive words are more likely to suppress negative emotions and increase positive emotions, as well as promote supportive behaviors. The regression results demonstrate that MNE subsidiaries are more likely to have rhetorical focus on pro-social conducts and use positive influence tone.

However, when instrumental nationalist sentiment is high, host country nationals seek all possible ways to punish counterpart country, and MNE subsidiaries are likely to become the target of attack since they are most accessible to host country public. Boycotts and property damages are examples of attacks. Hence, MNE subsidiaries will keep low profiles to prevent being attacked. Rhetorical focus on pro-social conducts will only make a MNE subsidiary salient to host country public. In addition, past literature shows that positive words are more likely to lead to brain activation and emotional arousal compared with neutral words. To keep a low profile, MNEs will be less likely to use positive words and more likely to use neutral words. The regression results in my dissertation provide evidences that when instrumental nationalist sentiment is high, MNE subsidiaries are less likely to have rhetorical focus on pro-social conducts and less likely use positive rhetorical tone.

The empirical results also find that when MNE home country identification is low, the positive influences of expressive nationalist sentiment on rhetorical focus and rhetorical tone will be stronger. Furthermore, this dissertation finds that when host country expressive nationalist sentiment is high, rhetorical focus on pro-social conducts has positive influence on MNE home country stock return, but when host country instrumental nationalist sentiment is high, rhetorical focus on pro-social conducts have negative influences on MNE home country stock return.

Theoretical and Practical Contributions

This dissertation integrates literature from multiple disciplines to study nationalist sentiment and MNE rhetorical responses, and has some important contributions and implications. First, it is one of the pioneering studies that use advanced textual analysis to study nationalist sentiment. Researchers in social psychology, marketing and political science mainly used survey questions to measure nationalist sentiment (Kemmelmeier & Winter, 2008). However, surveys are close-ended and limited to existing questions, so it can only capture a subset of nationalist sentiment, and is not suitable for observing the naturally occurring sentiment patterns. Some scholars used national conflicts as the proxy variable to measure national sentiment (e.g., Arikan & Shenkar, 2013), but it is too simple and is quite inaccurate in many situations. Bonikowski (2016: 442) argued that "A potentially promising alternative is to take advantage of unprecedented volumes of digitized text routinely produced through online

interaction and routine institutional practice...(that) allow for inductive analyses using fully or partially automated methods.” By conducting inductive analysis of social media textual data using advanced textual analysis, I extract detailed information about the actual and real time public sentiment. Such real time sentiment can reflect nationals’ detailed cognitive reactions and judgments, and help to have better understandings about the unobservable nationalist ideology, which is essential for studying the manifestations of nationalism.

Second, most prior literature only studied how MNE subsidiaries passively adapt to host country environment, in order to maintain legitimacy and mitigate liability of foreignness. The agency role of subsidiaries in actively take actions to acquire legitimacy is largely ignored (Kostova, Roth & Dacin, 2008). This dissertation demonstrates that MNE will proactively take actions to gain legitimacy in host country and provides a new lens to study firm international strategy. More intriguingly, it focuses on MNE instant strategies that can be implemented and take effect very quickly. While traditional MNE strategies such as entry mode choice, partner choice, and cross border merger and acquisition need a long time to be implemented and take effect, MNE instant strategies are more flexible and effective in dealing with unexpected crisis. This dissertation emphasizes MNE subsidiary’ agency role in actively adopt rhetorical strategies during daily interactions and communications with stakeholders, rather than passive adapters that accept certain practices to maintain legitimacy by conforming to host country institutional constrains. Therefore, it echoes to the calling for research on MNE active strategies (Cantwell, Dunning & Lundan, 2010).

In addition, many firms have begun to monitor social media sentiments and make strategies accordingly, and some scholars studied how firms maintain reputation by communicating with stakeholders and taking substantial actions to mitigate the negative influence of social media sentiments (Jiang, Chen, Nunamaker & Zimbra, 2014). But few researchers observed the detailed patterns of social media sentiment and paid attention to how nationalist sentiment triggered by national conflicts can influence MNE subsidiaries strategies. In this dissertation, I crawl a large textual dataset from social media, in order to capture sentiment expression and mobilization as well as firm rhetorical responses in social media websites. It focuses on how MNE subsidiaries proactively adopt rhetorical strategies to mitigate the negative influence of nationalist sentiment, and can help to fill in the gap of MNE responses to social media nationalist sentiments.

Furthermore, in recent decades, management scholars also have begun to explore the regulating roles of social movements and interest groups on firm strategies. For instance, Sine and Lee (2009) focused on how large-scale social movements external to an industry could influence the creation of new market opportunities and hence encourage entrepreneurship. In this

dissertation, nationalists in social media websites can be viewed as an online interest group, and their sentiments can induce, shape or influence firm strategies and practices. Instrumental nationalist sentiment is a special type of social movements. When instrumental nationalist sentiment is high, nationals mobilize others to take actions to punish counterpart country, and such social mobilization is an important component of social movement. This study also demonstrates that different types of nationalist sentiment can have different influences on MNE subsidiaries from counterpart country. Therefore, it provides additional perspectives and evidences for the research on the impact of social movement and interest groups.

The findings in this dissertation also have some practical implementations. First, this dissertation shows that social media sentiment matters, and firms need to monitor social media sentiment and respond when social media sentiment changes. For MNE subsidiaries, they should pay additional attention to host country public nationalist sentiment, since such sentiments may have detrimental effect on subsidiary performance. The finding that nationalist sentiment has different types implies that when monitoring host country public nationalist sentiment, MNEs should also pay attention to which type of nationalist sentiment dominants and make different strategies correspondingly. MNEs can identify the type of nationalist sentiment based on the words and phrases used by host country nationals. My empirically results also show that expressive nationalist sentiment and instrumental nationalist sentiment have distinct influences on MNE rhetorical effectiveness. When expressive nationalist sentiment is high, MNE rhetorical focus on pro-social conducts is positively related to stock return, but when instrumental nationalist sentiment is high, MNE rhetorical focus on pro-social conducts is negatively related to stock return. Therefore, MNEs should emphasize more about their social and economic contributions to host country when expressive sentiment is high. However, when instrumental nationalist sentiment is high, it would be wiser for MNEs to focus on topics unrelated to themselves to keep low profiles. Moreover, MNE decision makers should also take firm specific characteristics such as home country identification into consideration and make more comprehensive judgments.

Endnote

- 1 I sincerely thank my dissertation supervisor, Professor Daphne W Yiu from Department of Management at Chinese University of Hong Kong, for her continuous guidance and supports. My dissertation committee members Dora Lau, Ying-yi Hong, and William P Wan also helped a lot in improving the dissertation.

References

- Arikan, I., & Shenkar, O. 2013. National animosity and cross-border alliances. *Academy of Management Journal*, 56(6): 1516-1544.
- Bonikowski, B. 2016. Nationalism in Settled Times. *Annual Review of Sociology*, 42:427-449.
- Braet, A. C. 1992. Ethos, pathos and logos in Aristotle's Rhetoric: A re-examination. *Argumentation*, 6(3): 307-320.
- Cantwell, J., Dunning, J. H., & Lundan, S. M. 2010. An evolutionary approach to understanding international business activity: The co-evolution of MNEs and the institutional environment. *Journal of International Business Studies*, 41(4): 567-586.
- Conversi, D. 2012. Modernism and nationalism. *Journal of Political Ideologies*, 17(1): 13-34.
- Crilly, D., Zollo, M., & Hansen, M. T. 2012. Faking it or muddling through? Understanding decoupling in response to stakeholder pressures. *Academy of Management Journal*, 55(6): 1429-1448.
- Gellner, E. & Breuilly, J. 2008. *Nations and nationalism*. Cornell University Press.
- Hallenbeck, S. 2014. Women Physicians and Professional Ethos in Nineteenth-Century America, by Carolyn Skinner. *Rhetoric Society Quarterly*, 44(4): 390-393.
- Jiang, S., Chen, H., Nunamaker, J. F., & Zimbra, D. (2014). Analyzing firm-specific social media and market: A stakeholder-based event analysis framework. *Decision Support Systems*, 67: 30-39.
- Kemmelmeier, M., & Winter, D. G. 2008. Sowing patriotism, but reaping nationalism? Consequences of exposure to the American flag. *Political Psychology*, 29(6): 859-879.
- Kostova, T., Roth, K., & Dacin, M. T. 2008. Institutional theory in the study of multinational corporations: A critique and new directions. *Academy of Management Review*, 33(4): 994-1006.
- Shamir, B., Arthur, M. B., & House, R. J. 1994. The rhetoric of charismatic leadership: A theoretical extension, a case study, and implications for research. *The Leadership Quarterly*, 5(1): 25-42.
- Sine, W. D., & Lee, B. H. 2009. Tilting at windmills? The environmental movement and the emergence of the US wind energy sector. *Administrative Science Quarterly*, 54(1): 123-155.
- Wang, T., Wezel, F. C., & Forgues, B. 2016. Protecting Market Identity: When and How Do Organizations Respond to Consumers' Devaluations. *Academy of Management Journal*, 59(1): 135-162.

Xiaocong Tian (tian.xiaocong@sufe.edu.cn) is an Assistant Professor of Department of Strategy and Innovation at the Shanghai University of Finance and Economics. She earned her Ph.D. from Department of Management at Chinese University of Hong Kong. Her research seeks to explore how multinational enterprises and subsidiaries respond to host country environments and she focuses mainly on the antecedents and consequences of rhetorical strategies.

Previous AIB Dissertation Award Winners

- 2016:** Anne Jacqueminet (Ph.D. awarded by HEC Paris)
- 2015:** Michael A. Sartor (Ph.D. awarded by Western University)
- 2014:** Marcus M. Larsen (Ph.D. awarded by Copenhagen Business School)
- 2013:** Lite J. Nartey (Ph.D. awarded by The Wharton School, University of Pennsylvania)
- 2012:** Marc van Essen (Ph.D. awarded by Erasmus University)
- 2011:** Prithwiraj Choudhury (Ph.D. awarded by Harvard Business School)
- 2010:** Jesper Edman (Ph.D. awarded by Stockholm School of Economics)
- 2009:** Daniel Rottig (Ph.D. awarded by Florida Atlantic University)
- 2008:** Ajai Gaur (Ph.D. awarded by National University of Singapore)
- 2007:** Rekha Krishnan (Ph.D. awarded by Tilburg University)
- 2006:** Jon Erland Lervik (Ph.D. awarded by Norwegian School of Management)
- 2005:** Renata Kosova (Ph.D. awarded by University of Michigan)
- 2004:** Cyril Bouquet (Ph.D. awarded by University of Western Ontario)
- 2003:** Camilla A. Noonan (Ph.D. awarded by University of Reading)
- 2002:** Jeffrey E. Johnson (Ph.D. awarded by University of Strathclyde)
- 2001:** Heather Berry (Ph.D. awarded by University of California, Los Angeles)
- 2000:** Joan P. Mileski (Ph.D. awarded by University of Texas at Dallas)
- 1999:** Witold Henisz (Ph.D. awarded by University of California, Berkeley)
- 1998:** Lena Zander (Ph.D. awarded by Uppsala University)
- 1997:** Tatiana Kostova (Ph.D. awarded by University of Minnesota)
- 1996:** Xavier Martin (Ph.D. awarded by University of Michigan)
- 1995:** Subramanian Rangan (Ph.D. awarded by Harvard University)
- 1994:** Patricia Robinson (Ph.D. awarded by Massachusetts Institute of Technology)
- 1993:** Scott Xianfang Liu (Ph.D. awarded by Pennsylvania State University)
- 1992:** Srilata Zaheer (Ph.D. awarded by Massachusetts Institute of Technology)
- 1991:** Eugene Salorio (Ph.D. awarded by Harvard University)
- 1990:** Arvind Parkhe (Ph.D. awarded by Temple University)
- 1989:** Paz Estrella e Tolentino (Ph.D. awarded by University of Reading)
- 1988:** Ching-Sung Wu (Ph.D. awarded by University of California, Los Angeles)
- 1987:** Fritz Rieger (Ph.D. awarded by McGill University)
- 1986:** Kwang Chul Lee (Ph.D. awarded by University of South Carolina)
- 1985*:** L. Jeremy Clegg (Ph.D. awarded by University of Reading)
- 1985*:** Leo Sleuwaegen (Ph.D. awarded by Catholic University of Leuven)
- 1984:** John J. Dugan, Jr. (Ph.D. awarded by Temple University)

- 1983:** Kate Gillespie (Ph.D. awarded by University of London)
- 1982*:** Erdogan Bilik (Ph.D. awarded by Ohio State University)
- 1982*:** Douglas W. Nigh (Ph.D. awarded by University of California, Los Angeles)
- 1981:** Viem Kwok (Ph.D. awarded by University of California, Berkeley)
- 1980:** William H. Davidson (Ph.D. awarded by Harvard University)
- 1979:** Sarkis J. Khoury (Ph.D. awarded by University of Pennsylvania)
- 1978*:** Michael A. Amsalem (Ph.D. awarded by Harvard University)
- 1978*:** Ruediger Neumann-Etienne (Ph.D. awarded by University of Michigan)
- 1977:** Robert D. Tamilya (Ph.D. awarded by Ohio State University)
- 1976:** Gerard B. J. Bomers (Ph.D. awarded by University of Washington)
- 1975:** Ah B. Sim (Ph.D. awarded by University of California, Los Angeles)
- 1974:** Edward B. Flowers (Ph.D. awarded by Georgia State University)
- 1973*:** Lee H. Radebaugh (Ph.D. awarded by Indiana University)
- 1973*:** Claude L. Simpson (Ph.D. awarded by Georgia State University)
- 1973*:** Arnold K. Weinstein (Ph.D. awarded by Columbia University)
- 1972:** James J. Ward (Ph.D. awarded by George Washington University)
- 1971:** Jeffrey S. Arpan (Ph.D. awarded by Indiana University)
- 1970:** José R. de la Torre (Ph.D. awarded by Harvard University)
- 1969:** John D. Daniels (Ph.D. awarded by University of Michigan)
- 1968:** James W.C. Tomlinson (Ph.D. awarded by Massachusetts Institute of Technology)

* In the years of 1973, 1978, 1982 and 1985, ties resulted in several award winners.

EDITORIAL POLICY

AIB Insights is the Academy of International Business official publication that provides an outlet for short (around 2,500 words), interesting, topical, current and thought-provoking articles.

Articles can discuss theoretical, empirical, practical, or pedagogical issues affecting the international business community. The publication seeks articles that have an international business and cross-disciplinary orientation with IB researchers and faculty as the intended primary audience.

Authors should highlight the insight of their article in the first paragraph. They should prompt the reader to think about international business and international business teaching/learning in new ways. Articles sought should be grounded in research, but presented in a readable and accessible format.

Articles written for *AIB Insights* should be free of professional jargon and technical terms, light on references, but heavy on insight from the authors' experiences and research. Terminology should be defined if it is not in the common domain of the IB literature. Authors should remember the intended audience of the publication and write accordingly. A regression equation, a correlation matrix, a table or a graph needed to support a point may be included.

AIB Insights does not seek the kind of articles that are intended for traditional journals in international business, such as

the *Journal of International Business Studies*. The publication is intended to inform, educate, and enlighten readers with state of the art information on a topic with a broad appeal to the profession. Acceptable articles may fall into one of several categories:

1. Research insights from authors' stream of research
2. Current issues affecting international business as a discipline
3. The use of technology in international business
4. The evolving nature and evolution of the International Business department/function/discipline
5. Internationalization of the curriculum
6. Innovative approaches to teaching international business
7. Teaching pedagogy and content articles
8. Other topics of interest

Please include a cover page with all the authors' contact details (email, university affiliation, full address, telephone, fax if used). The second page should include 50-75 word biographies of participating authors. Articles submitted should follow *JIBS* referencing style for consistency. *AIB Insights* is published four times a year and available in print and digital format. Please submit your manuscript via our online manuscript submission system at aib.msu.edu/publications/insights. For any questions, please contact the *AIB Insights* editorial team via email at insights@aib.msu.edu.

Submit your manuscript at aib.msu.edu/publications/insights

AIB Insights (ISSN: print 1938-9590; online: 1938-9604) is an official AIB publication and provides an outlet for short, topical, stimulating, and provocative articles. Past issues of *AIB Insights* can be accessed at aib.msu.edu/publications/insights.

AIB Insights is jointly published with the *AIB Newsletter* by the Academy of International Business Secretariat. For more information, contact the AIB Media and Communications Coordinator at:

Academy of International Business
Michigan State University
Eppley Center
645 N Shaw Ln, Rm 7
East Lansing, MI 48824 USA
Tel: +1-517-432-1452
Fax: +1-517-432-1009
Email: media@aib.msu.edu

Past Editors:

Romie Littrell, Editor & Daniel Rottig, Associate Editor (2013-15)
Ilan Alon, Editor (2009-12)
Tamir Admon, Editor (2004-08)
Betty Jane Punnett, Founding Editor (2001-03)

AIB Insights Editorial Team

Daniel Rottig, Ph.D., Editor
Lutgert College of Business
Florida Gulf Coast University, USA

John Mezas, Ph.D., Associate Editor
School of Business Administration
University of Miami, USA

Anne Hoekman, Managing Editor
Eli Broad College of Business
Michigan State University, USA



Copyright © 2017 Academy of International Business