



The Future of Global Organizing

Dedication: The Essential Alan Rugman
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Article information:

To cite this document: Alain Verbeke, "Dedication: The Essential Alan Rugman" *In* The Future of Global Organizing. Published online: 16 Oct 2015; 23-26.

Permanent link to this document:

<https://doi.org/10.1108/S1745-886220150000010027>

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THE ESSENTIAL ALAN RUGMAN

Alain Verbeke

Alan Rugman, a leading scholar and towering figure in the field of international business, died after a brief illness on July 7, 2014 at the age of 69.

INTELLECTUAL TRAJECTORY

Alan was born in Bristol (UK) and studied at the universities of Leeds and London (SOAS – School of Oriental and African Studies). At the latter institution, Edith Penrose was one of his teachers. Alan earned a PhD at Simon Fraser University (SFU) in Canada, with a thesis on international diversification. German-born Herb Grubel was his supervisor. Herb Grubel had been a student of James Tobin at Yale. Together with Harry Markowitz, Tobin had established the mean-variance perspective on portfolio diversification in a context of uncertainty. Alan's dissertation work was a product of this powerful intellectual lineage.

The defining moments of Alan's illustrious career were early visits at Reading University (1976–1977) and Columbia Business School (1978–1979). At the former, Alan interacted extensively with several key scholars, most notably John Dunning, Peter Buckley, and Mark Casson. These experiences, as well as intellectual exchanges with David Teece and Jean-François Hennart, led him to become a prominent internalization theory scholar. At Columbia, Alan learned first-hand about the academic

The Future of Global Organizing
Progress in International Business Research, Volume 10, 23–26
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ISSN: 1745-8862/doi:10.1108/S1745-886220150000010027

standards prevailing at Ivy League universities, where at the time, the power of original ideas was ultimately more important than the directly observable outcome of publication games.

This educational background explains Alan's complex and sophisticated intellectual persona. However, Alan's role as Director of the Centre for International Business Studies (CIBS) at Dalhousie University in Halifax (Canada) from 1980 to 1987, would add further breadth to his scholarly views. As CIBS Director, funded by grants from the Canadian government, Alan was pushed toward studying both the interactions between multinational firms and governments, and the various impacts of firm-level strategies. It is here that he explored the many facets of his now famous 2×2 matrix, linking firm-specific advantages (FSAs, weak or strong) and country-specific advantages (CSAs, weak or strong). This exploration led to highly original work on administrative protection in the United States and on a variety of other, critical public policy issues, including transfer pricing, international technology transfer, stimuli for investment attraction, double diamond thinking, shelter seeking strategies. After moving to the University of Toronto in 1987, Alan continued this work, which was directly relevant to business and public policy. He rapidly became recognized as Canada's leading scholar in international business and served as the only academic on the International Trade Advisory Committee (ITAC), composed mainly of CEOs of large companies, to advise the Canadian government on free trade and investment. Alan listened carefully to what the captains of industry had to say, but in public presentations he never boasted about his unique business contacts with CEOs, in contrast to some scholars at other institutions of great privilege.

After stints at Templeton College (Oxford) and at Indiana University, Alan Rugman returned to Reading, where he spent the last years of his career as Head of International Business and Strategy at the Henley Business School. Until his last days, he would extend prior work and craft new projects. Two of his new projects would appear especially important: to update his oeuvre on regional multinationals and to develop New Internalization Theory, as the single unifying theory of the firm, integrating fully transaction cost economics, the resource-based view and modern entrepreneurship thinking.

INSPIRATION FOR OTHER SCHOLARS

Beyond his extraordinary publication record and service, which included roles as President of the Academy of International Business (AIB) and

Dean of the AIB Fellows, Alan had three admirable traits befitting any academic who aspires to be a true scholar.

The first trait is to be committed to the truth. In 1986, when Alan was teaching at Dalhousie, the media asked him to comment on a unionization drive in a local Michelin tire plant. In preparation for the interviews, Alan read the firm's yearly reports, the senior management statements and other company documents. After studying this material and reflecting upon it in light of his background knowledge, Alan concluded that successful unionization could lead to plant closure. Alan stated this conclusion publicly. As a result, he and his spouse Helen became the subject of serious threats by disgruntled stakeholders. But Alan did not waver in his commitment to what he believed to be true.

A second example of Alan's commitment to the truth. In 1988, Alan studied the possible impacts of the proposed Canada – US Free Trade Agreement on Canada's national economy. Several University of Toronto scholars in various departments vehemently opposed Free Trade and Investment publicly, because they assumed such agreement would dismantle the Canadian economy and cause the Canadian market to be served by more scale-efficient, US-based plants. These scholars painted a multi-layered doom-scenario for Canada and Canadians.

Alan's appeared to be the sole voice on the University of Toronto campus claiming the opposite. Again, he based his view on analysis of numerous company documents and also, as mentioned, on conversations with CEOs. Alan said that Canada had strong multinational enterprises in its own right, the position of which would improve further because of free trade and investment. Moreover, Alan claimed, Canada is the home of numerous foreign subsidiaries with FSAs in marketing and branding, which would specialize further after the Free Trade Act was passed and would likely cater to the entire North-American regional market. Of course, the passage of the Act and of time has shown that Alan was correct.

These two examples reveal what Alan represented in academia his entire life: *Alan's was a strong voice for truth derived from study*. No matter whether his conclusions were unpleasant, politically correct, or useful to his career, Alan remained faithful to the ideal of intellectual honesty. Alan's intellectual honesty, and the respect it ultimately earned him from colleagues, university administrators, politicians and business people alike, is inspiration to the next generation of scholars. Academics are called to herald evidence-based research outcomes, irrespective of the short-term costs that conveying such messages might bring.

Alan was not only a man of extraordinary intellectual courage, he was also someone who worked hard, almost every day of his life, even as he

read novels, watched cricket (a game he enjoyed playing himself), and took pleasure in observing the natural beauty of the places he visited. His remarkable industry enabled him to publish dozens of books and hundreds of articles. But Alan was not interested in the games some academics play, in terms of positioning a cherished paper in the journal most beneficial to their careers. Alan's view was that good ideas should see the light of day as soon as possible, if not in a top journal, then at least in a serious refereed outlet or book. Consequently, he was always restlessly working on at least a dozen projects at any one time, and was usually willing to contemplate working with new people who had an interest in his work irrespective of where they came from or what their background was. *Alan's second trait is what defines a genuine artist. Like the greatest visual artists, Alan could recombine his own colour palette with new shades and tones brought by other masters and even apprentices, to craft original work appreciated by the expert eye.*

Finally, Alan was a man of uncommon generosity. Visitors from around the world were treated as family, whether in Alan and Helen's home or in good restaurants. Alan typically proposed to pick up the bill, even when much wealthier people had shared the meal. He believed that caring well for a guest would enable the guest to be at his or her best as a seminar speaker or as the writer of an article or book chapter. Alan loved people. His happiest professional moments were at colleges such as Massey College in Toronto and Templeton College in Oxford, and at the beautiful Greenland Campus at Henley. He highly valued college life, where the intellectual exchange with visitors from around the world is spontaneous, effortless, and genuine, and occurs in graceful surroundings meant to foster such exchange. *Alan's third trait was generosity, with this generosity being contagious especially in college-like surroundings, spawning both heightened intellectual performance and a deep sense of community.*

The essential Alan Rugman? An unwavering voice for truth; an impatient explorer of new ideas; an invariably generous spirit.