

# International Strategic Management

## MGMT 821 – Section 23508: Spring 2010

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**Instructor:** Dr. William Judge  
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**Phone:** (757) 683 6730

**Class Room:** TBD  
**Time:** Wednesdays, 9:00-11:40 AM  
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### **Course Objective:**

This is an advanced seminar in International Business (IB) that seeks to explore the conceptual and empirical literature on internationalization strategies, structures, and processes pursued by multi-national enterprises (MNEs). Building upon the macro-environmental concepts discussed in its pre-requisite seminar (i.e., BUS 800), this seminar will focus on MNE through the lens of the international strategic management scholarly literature. Special emphasis will be placed on building and/or testing theory that could lead to a high quality publication whose mission includes the publication of scholarly research on international strategic management issues.

### **Class Assignments:**

Every week, each student will be expected to have read, reflected on, and taken notes on the required readings. The instructor will lead the discussion, but students should be prepared to respond to his questions as well as bring their own questions to class.

### **Term Paper:**

Students will write a 25-35 page conceptual paper or the front end of an empirical study related to some issue that refines and extends the extant literature in international strategic management. The purpose of this assignment is to give you practice in identifying interesting research questions and developing research that addresses those questions.

### **Final Exam:**

The exam will cover the material discussed during the semester. The purpose of the exam is to assess the ability of students to integrate and synthesize the course material, in order to frame and address theoretical/methodological research issues. It will also provide practice for the comprehensive examination related to this course.

### **Grades:**

The grading criteria are as follows.

- |  |     |
|--|-----|
| • Weekly class preparation & participation | 25% |
| • Final Exam                               | 25% |
| • Term paper                               | 50% |

## **Texts:**

Please purchase or obtain access to the following seminal texts prior to the start of the semester. I will place each text on library reserve for those of you who choose not to purchase these texts. However, I strongly recommend that you purchase these texts as these are classic texts that get referenced in many different fields.

1. Porter, M.E. (1990). *The Competitive Advantage of Nations*. New York: Free Press.
2. Bartlett, C.A. and Ghoshal, S. (1989/2002). *Managing Across Borders: The Transnational Solution*. Boston: Harvard Business School Press.

## **Research Articles:**

In general, we will discuss 5 seminal and recent research articles for each seminar after covering the introductory books. I will provide you with PDF documents for each article at the beginning of the semester. The schedule of classes for the semester is listed in Appendix 1.

## **My Expectations of You:**

I expect you to be well prepared for each and every class, and to keep up and to work hard throughout the semester. I expect you to listen carefully to the classroom discussions, and participate in each and every class. I expect you to conduct yourself with academic integrity (see Appendix 2), and to seek to become a competent and capable scholar with a basic understanding of the international strategy literature. One of the key deliverables for this course is a term paper (see Appendix 3). Since AMJ is the premiere empirical outlet for our field, I list their evaluation form in Appendix 4. Specifically, I hope that this course provides a foundation for you to perform "A-level" research. Since international strategic management is an inter-disciplinary field, I expect you to develop a research project that relates in some way to one of the research streams which we discuss this semester. Finally, I expect you to provide me with feedback as to how I am helping you to learn, and suggestions as to what I can do differently to facilitate the learning process for you (or others). As such, learning is a shared responsibility.

## **Your Expectations for Me:**

You can expect me to be prepared for each and every class, and to structure and facilitate the learning experience. You can expect me to be accessible outside of class to address anything related to the course that you do not understand, or might want to pursue in greater depth on an individual basis. You can expect me to be current with the literature, but open to new ideas. You can expect me to be fair in my evaluation of your work while maintaining high standards and high support levels, and provide feedback generally within one week after submitting it to me. Finally, you can push me to do something differently if what I am doing is hindering the learning process for you. And while I do not guarantee acceptance of all ideas, I will guarantee careful consideration of any suggestions advanced.

## Appendix 1: Course Schedule

### **Week 1 – January 13: Introduction & Overview**

The course structure and the expectations from the students will be discussed. An introduction and overview of the literature will begin today. In particular, we will focus on what “good research” is, and what the value of “theory” is. In addition, we will begin our conversation on the strategic challenges confronting multi-national firms. In preparation for our first class, please read the following and be prepared to discuss each:

1. Daft, D. (1985). Why I rejected your manuscript and what you can do about it. Chapter 9 in L.L. Cummings and P.J. Frost (editors) Publishing in the Organizational Sciences, Thousand Oaks, CA: Sage, 164-182.
2. Guillen, M. & Garcia-Canal, E. (2009). The American model of the multinational firm and the “new” multinationals from emerging economies. Academy of Management Perspectives, 23-35.

### **Week 2 – January 20: Competitive Advantage of Nations**

International Strategic Management is built upon two fundamental disciplines: (1) economics, and (2) sociology. During this week, we focus on a seminal work written by an industrial-organizational economist that focuses on factors external to the MNE.

1. Porter, M.E. (1990). The Competitive Advantage of Nations. New York: Free Press.

*Optional:*

Grant, R.M. (1991). Porter's *Competitive Advantage of Nations*: An assessment. Strategic Management Journal, 12: 535-548.

Dunning, J. (1993). Internationalizing Porter's diamond. Management International Review, 33: 7-16.

Davies, H. & Ellis, P. (2000). Porter's *Competitive Advantage of Nations*: Time for the final judgment? Journal of Management Studies, 37: 1189-1213.

### **Week 3 – January 27: Competitive Advantage of MNEs**

This is a seminal work takes a more sociological perspective, and it focuses on factors internal to the MNE.

1. Bartlett, C.A. and Ghoshal, S. (1989/2002). Managing Across Borders: The Transnational Solution, Second edition. Boston: Harvard Business School Press.

*Optional:*

Leong, S. & Tan, C. (1993). Managing across borders: An empirical test of the Bartlett and Ghoshal's (1989) typology. Journal of International Business Studies, 24: 449-464.

Ishida, M. (1999). Review of *Managing Across Borders: The Transnational Solution*. International Labor Review, 138: 201-206.

Harzing, A. (2000). An empirical analysis and extension of the Bartlett and Ghoshal typology of multinational companies. Journal of International Business Studies, 31: 101-120.

#### **Week 4 – February 3: MNE Performance**

All strategy research is oriented toward helping executives improve or sustain firm performance. This is literature that shows some of the things that influences MNE performance.

1. Mitchell, W., J. M. Shaver & B. Yeung (1992). Getting there in a global industry: Impacts on performance of changing international presence. Strategic Management Journal, 13: 419-432.
2. Li, J. T. (1995). Foreign entry and survival: Effects of strategic choices on performance in international markets. Strategic Management Journal, 16: 333-351.
3. Tallman, S. and J. T. Li (1996). Effects of international diversity and product diversity on the performance of multinational firms. Academy of Management Journal, 39: 179-196.
4. Tihanyi, L., Griffith, D. & Russell, C. (2005). The effect of cultural distance on entry mode choice, international diversification, and MNE performance: A meta-analysis. Journal of International Business Studies, 36: 270-290.
5. Hult, G.T., Ketchen, D., Griffith, D. & Chabowski, B. (2008). An assessment of the measurement of performance in international business research. Journal of International Business Studies, 39: 1064-1080.

#### **Week 5 – February 10: Impact of Social Culture on MNEs**

By definition, MNE's operate in multiple countries. As such, it is important to understand how national social culture influences MNEs.

1. Ronen, S. & O. Shenkar (1985). Clustering countries on attitudinal dimensions: A review and synthesis. Academy of Management Review, 10: 435-454.
2. Morris, M., Davis, D. & Allen, J. (1994). Fostering corporate entrepreneurship: Cross-cultural comparisons of the importance of individualism versus collectivism. Journal of International Business Studies, 25: 65-89.
3. Barkema, H., Bell, J. & Pennings, J. (1996). Foreign entry, cultural barriers, and learning. Strategic Management Journal, 17: 151-166.
4. Parboteeah, K., Cullen, J. & Sakano, T. (2005). National culture and ethical climates: A comparison of U.S. and Japanese accounting firms. Management International Review, 45: 459-482.
5. Javidan, M., House, R., Dorfman, P., Hanges, P. & Luque, M. (2006). Conceptualizing and measuring cultures and their consequences: A comparative review of GLOBE's and Hofstede's approaches. Journal of International Business Studies, 37: 897-913.

*Optional:*

Shenkar, O. (2001). Cultural distance revisited: Towards a more rigorous conceptualization and measurement of cultural differences. Journal of International Business Studies, 32: 519-535.

### **Week 6 – February 17: Strategic Leadership within MNEs**

One of the most challenging jobs in the world is to successfully lead an MNE with its geographically diverse set of operations, distinct cultures and languages, varying work styles, different time zones, and distinct work environments. As such, we seek to learn what is known about the antecedents and effects of strategic leadership within MNEs this week.

1. Sakano, T. & Lewin, A. (1999). Impact of CEO succession in Japanese companies: A coevolutionary perspective. Organization Science, 10: 654-674.
2. Tihanyi, L., Ellstrand, A., Daily, C. & Dalton, D. (2000). Composition of the top management team and firm international diversification. Journal of Management, 26(6): 1157-1177.
3. House, R., Javidan, M., Hanges, P. Dorfman, P. (2002). Understanding cultures and implicit leadership theories across the globe: An introduction to project GLOBE. Journal of World Business, 37(1): 3-10.
4. Geppert, M., Matten, D. & Williams, K. (2003). Change management in MNCs: How global convergence intertwines with national diversities. Human Relations, 56: 807-839.
5. Elenkov, D., Judge, W. & Wright, P. (2005). Strategic leadership and executive innovation influence: An international multi-cluster comparative study. Strategic Management Journal, 26: 665-683.

#### *Optional*

Judge, W. (2001). Is a leader's character culture-bound or culture-free? Journal of Leadership Studies, 8(2): 63-78.

### **Week 7 – Feb 24: International Corporate Governance & MNEs (RQs due)**

Corporate governance deals with the control and influence of corporate power so that firms focus their efforts on socially-desirable outcomes. There are a wide variety of governance mechanisms, and each nation utilizes these mechanisms differently. During this week, we seek to learn what is known about corporate governance for MNEs.

1. Pederson, T., Thomsen, S. (1997). European patterns of corporate ownership: A twelve country study. Journal of International Business Studies, 28: 759-779.
2. Filatochev, I., Buck, T. & Zhukov, V. (2000). Downsizing in privatized firms in Russia, Ukraine and Belarus. Academy of Management Journal, 43: 286-305.
3. Aguilera, R., & Jackson, G. (2003). The cross-national diversity of corporate governance: dimensions and determinants. Academy of Management Review, 28: 447-465.
4. Millar, C., Eldomaty, T., Choi, C. & Hilton, B. (2005). Corporate governance and institutional transparency in emerging markets. Journal of Business Ethics, 59: 163-183.
5. Judge, W., Douglas, T. & Kutan, A. (2008). Institutional Antecedents of Corporate Governance Legitimacy. Journal of Management, 34: 765-785.

*Optional:*

Claessens, S., S. Djankov, & L. Lang (2000). The separation of ownership and control in East Asian corporations. Journal of Financial Economics, 58: 81-112.

### **Week 8 – March 3: International Strategies of MNEs**

The word “strategy” is used rather loosely outside of the field of strategic management. As you might expect, this word is rather central to the field of strategic management and hence its definition and influence is extensively studied. During this week, we seek to better understand what international strategies are, and how they influence MNEs.

1. Ghoshal, S. (1987). Global strategy: An organizing framework. Strategic Management Journal, 8: 425-440.
2. Li, J. T. & Guisinger, S. (1992). The globalization of service multinationals in the “Triad” regions: Japan, Western Europe, and North America. Journal of International Business Studies, 23: 675-696.
3. Geringer, J. M., S. Tallman, and D. Olsen (2000). Product and international diversification among Japanese multinational firms. Strategic Management Journal, 21: 51-80.
4. Davis, R. & Nair, A. (2003). A note on top management turnover in international acquisitions. Management International Review, 43: 171-183.
5. Rugman, A. & Verbeke, A. (2008). A new perspective on the regional and global strategies of multinational service firms. Management International Review, 48: 397-413.

*Optional:*

Sethi, D., Phelan, S. & Berg, D. (2003) Trends in foreign direct investment flows: A theoretical and empirical analysis. Journal of International Business Studies, 34: 315-326

**SPRING BREAK – MARCH 8 TO 12 – ENJOY YOUR HOLIDAY!**

### **Week 9 – March 17: Foreign Entry Modes for MNEs**

By definition, MNEs conduct business in multiple countries. Since there are a wide variety of ways to enter another national economy and since there are other considerations which influence the success of that entry, we explore some of the literature on foreign entry modes this week.

1. Kogut, B. and H. Singh (1988). The effect of national culture on the choice of entry mode. Journal of International Business Studies, 19: 411-432.
2. Hill, C., P. Hwang, and W. C. Kim (1990). An eclectic theory of the choice of international entry mode. Strategic Management Journal, 9: 93-104.
3. Buckley, P. and M. Casson (1998). Analyzing foreign market entry strategies: Extending the internalization approach. Journal of International Business Studies, 29: 539-562

- Guillen, M. (2002). Structural inertia, imitation, and foreign expansion: South Korean firms and business groups in China, 1987-95. Academy of Management Journal, 45: 509-525.
- Rothaermel, F., Kotha, S. & Steensma, H.K (2006). International market entry by U.S. internet firms: An empirical analysis of country risk, national culture, and market size. Journal of Management, 32: 56 -82.

*Optional:*

Dunning, J.H. & Lundan, S. 2008. Entry and expansion strategies for MNEs. Chapter 7 in Multinational Enterprises and the Global Economy, 2nd Edition, pp. 201-232.

### **Week 10 – Mar 24: International Strategic Alliances for MNEs (Outlines due)**

MNEs not only compete with other MNEs and domestic firms, but they also cooperate with them. (Sometimes they compete as well as cooperate with them at the same time!). During this week, we explore the strategic alliance literature to better understand this emerging strategic option.

- Barkema, H., O. Shenkar, F. Vermuelen, and J. Bell (1997). Working abroad, working with others: How firms learn to operate international joint ventures. Academy of Management Journal, 40: 426-442.
- Park, S. & Ungson, G. (1997). The effect of national culture, organizational complementarity, and economic motivation on joint venture dissolution. Academy of Management Journal, 40: 279-308.
- Lane, P., J. Salk, and M. Lyles (2001). Absorptive capacity, learning, and performance in international joint ventures. Strategic Management Journal, 22: 1139-1161.
- Sirmon, D. & Lane, P. (2004). A model of cultural differences and international alliance performance. Journal of International Business Studies, 35: 306 - 319.
- Brouthers, K. & Bamoossy, G. (2006) Post-formation processes in eastern and western European joint ventures. Journal of Management Studies, 43: 203-229.

*Optional:*

Dunning, J.H. & Lundan, S. 2008. The organization of MNE activity: The external network. Chapter 9 in Multinational Enterprises and the Global Economy, 2nd Edition, pp. 260-291.

### **Week 11 – Mar 31: International Entrepreneurship by MNEs**

Entrepreneurship means different things to different scholars. Some scholars argue that large and well established firms can and must be entrepreneurial. Other scholars argue that entrepreneurship is largely about the creation of new business ventures. This week, we look at international entrepreneurship by new firms and large and well established MNEs.

- Birkenshaw, J. 1997. Entrepreneurship in multinational corporations: The characteristics of subsidiary initiatives. Strategic Management Journal, 18: 207-237

2. Zahra, S. & Garvis, D. (2000). International corporate entrepreneurship and firm performance: The moderating effect of international environmental hostility. Journal of Business Venturing, 15: 469-492.
3. Autio, E., Sapienza, H. & Almeida, J. (2000). Effects of age at entry, knowledge intensity, and imitability on international growth. Academy of Management Journal, 43: 909-924.
4. Steensma, H.K., Marino, L., Weaver, K. & Dickson, P. (2000). The influence of national culture on the formation of technology alliances of entrepreneurial firms. Academy of Management Journal, 43: 951-974.
5. Zhou, L. (2007). The effects of entrepreneurial proclivity and foreign market knowledge on early internationalization. Journal of World Business, 42: 281-299.

*Optional:*

McDougall, P. & B. Oviatt (2000). International entrepreneurship: The intersection of two research paths. Academy of Management Journal, 43: 902-908.

### **Week 12 – April 7: MNEs in Emerging Economies**

Almost all of the growth in the global economy stems from emerging economies. Furthermore, MNEs headquartered in emerging economies are beginning to venture out to developed economies. During this week, we cover some of the literature which explores this unique context.

1. Dharwadkar, R., G. George, & P. Brandes (2000). Privatization in emerging economies: An agency theory perspective. Academy of Management Review, 25: 650-669.
2. Hoskisson, R., L. Eden, C. Lau, & M. Wright (2000). Strategy in emerging economies, Academy of Management Journal, 43: 249-267.
3. Peng, M. & Y. Luo (2000). Managerial ties and firm performance in a transition economy: The nature of a micro-macro link. Academy of Management Journal, 43 (3): 486-501.
4. Buckley, P.J., Clegg, J. & Tan, H. (2003). The art of knowledge transfer: Secondary and reverse transfer in China's telecommunications manufacturing industry. Management International Review, 43: 67-93.
5. Park, S., Li, S. & Tse, D. (2006). Market liberalization and firm performance during China's economic transition. Journal of International Business Studies, 37: 127-147.

*Optional:*

Meyer, K. (2004). Perspectives on multinational enterprises in emerging economies. Journal of International Business Studies, 35: 259-276.

Li, S. (2004). Location and performance of foreign firms in China. Management International Review, 44: 151-170.

### **Week 13 – Apr 14: MNE Organizational Issues**

There are a host of unique challenges to managing MNE organizations. During this week, we explore some of the most important "strategic" issues.

1. Gupta, A. & Govindarajan, V. (1991). Knowledge flows and the structure of control for multinational corporations. Academy of Management Review, 16: 768-792.
2. Birkinshaw, J. & N. Hood (1998). Multinational subsidiary evolution. Academy of Management Review, 23: 773-796.
3. Wolf, J. & W. Egelhoff (2002). A reexamination and extension of international strategy-structure theory. Strategic Management Journal, 23: 181-189.
4. Bjorkman, I, Fey, C. & Park, H. (2007). Institutional theory and MNC subsidiary HRM practices: Evidence from a three-country study. Journal of International Business Studies, 38: 400-446.
5. Subramanian, R. & Sengui, M. (2009). Information technology and transnational integration: Theory and evidence on the evolution of the modern multinational enterprise. Journal of International Business Studies, 40: 1496-1510.

*Optional:*

Luo, Y. & Tung, R. (2007). International expansion of emerging market enterprises: A springboard perspective. Journal of International Business Studies, 38: 481-492.

**Week 14 – April 21: Term Paper Presentations (Final papers due via e-mail)**

All students will make a formal presentation of their research paper. Details will be provided closer to this date.

**Week 15 – Apr 28: Final Examination**

All students will sit for a three-hour written examination. There will be three questions – two on individual streams, and one “integrative” question. The purpose of this examination is to prepare you for the International Business comprehensive examination in May of your second year. I will provide you with a listing of sample questions from which this final exam will be drawn prior to the examination.

## **Appendix 2: Student Integrity/Honor Code**

This seminar is not just an intellectual endeavor – it also is a chance for you to develop emotional and morally. Doctoral work can be stressful, and sometimes students are tempted to cut corners such as using other’s work and representing it as their own. This practice is known as “plagiarism” and it represents a moral failure on the part of the person who does this. While I hope and expect that this practice will not be used by you when preparing your term paper and/or answering your final examination, sometimes there are “grey” areas that need to be clarified in order to avoid any future programs. Toward that end, please read and be familiar with the following facts associated with plagiarism.

### **ODU Definition to Plagiarism**

The ODU Catalogue (2004-2006, p. 14, F) defines “plagiarism” as follows:  
*A student will have committed plagiarism if he or she reproduces someone else’s work without acknowledging its source; or if a source is cited which the student has not cited or used. Examples of plagiarism include: submitting a research paper obtained from a commercial research service, the Internet, or from another student as if it were original work; making simple changes to borrowed materials while leaving the organization, content, or phraseology intact; or copying material from a source, supplying proper documentation, but leaving out quotation marks. Plagiarism also occurs in a group project if one or more of the members of the group does none of the group’s work and participates in none of the group’s activities, but attempts to take credit for the work of the group.*

### **Hints for Preserving Academic Honesty:**

- More than three words is plagiarism. This is a good yardstick to use when wondering whether or not quotes are appropriate.
- One source is not “common knowledge.” Common knowledge does not require citation. But something is not common knowledge if you have found just one source for the information.
- When in doubt, cite! If you have any doubt about whether or not to cite a source, err on the side of making the attribution.
- Look away. When you are writing, do not have open books or papers in front of you as you type. Read your sources, and then put what you have read into your own words.
- Writing is hard work. Paraphrasing is relatively easy, writing is hard. Learning to be a good writer is part of what your college education is about. Staring at an empty screen in MS Word does become less daunting over time!
- Use a Style Guide. Purchase a style guide and refer to it. Popular and timeless guides are provided by the American Psychological Association or Strunk and White.

### **The High Value of Academic Integrity:**

In your professional career, you will find that your personal reputation is extremely important. Plagiarism can ruin your reputation and cost you your professional career, along with the respect of your peers and family. Plagiarism at Old Dominion University is an act of academic dishonesty that has serious consequences. Academic integrity takes a lifetime to build and is highly valuable, but a single act of plagiarism can destroy it. Refer to the Student Handbook and Student Affairs for details about sanctions and penalties for this behavior. I do take academic honesty seriously and hope you will also.

### **Appendix 3: Term Project Deliverables**

Specific written milestones and deliverables are expected for your term project. I will provide feedback for each of your deliverables. It is okay to change your research questions based on this feedback, but try not to. Listed below are the specific term project deliverables and what needs to be included:

#### **Deliverable 1: February 24 – Basic idea**

1. Research question formally stated. Question should deal with some international strategic management issue.
2. Definition of key concept(s) in research question that are precise and drawn from the literature wherever possible.
3. Type of study: (a) Conceptual, or (b) Front end of empirical study.
4. Relevance: 1 to 3 sentences on why is this research question important/relevant to the practice of international strategic management? In other words, why would managers care if we got some answers to this question?
5. References: 3 to 6 key citations that you plan to build your study around

#### **Deliverable 2: March 24 – Outline of paper**

1. Research question
2. Definitions
3. Type of study
4. Research Motivation: Where the literature falls short and what gaps in the literature that this study hopes to address.
5. Theoretical Development
  - a. Theoretical framework
  - b. Specific, testable hypotheses or new research propositions
6. Research Design (if an empirical study)
  - a. Sample
  - b. Variables & Measures
  - c. Data collection
  - d. Data analysis
7. References: This should grow to 10 to 20 citations at this point.
8. Research Model (optional): Graphical depiction of the constructs and relationships

#### **Deliverable 3: April 21 – Final paper**

1. 25-35 page double-spaced paper with 12 point Times New Roman font and 1 inch margins used throughout.
2. First page is title page and author and contact information and date.
3. Second page is 200 words or less abstract, summarizing key points in study.
4. Third+ pages are a narrative discussion of paper that “fleshes out” the outline in the second deliverable. If empirical, include discussion of limitations at conclusion. If conceptual, provide some suggestions for testing the ideas at conclusion as well as theoretical and practical implications. Please, no bullet points.
5. References listed alphabetically by first letter last name for first author (double-spaced with indents after first line).
6. Be sure to insert tables/figures at the end – one page per graphic.
7. Please use APA formatting style (same as Academy of Management Journal)

**Appendix 4:  
Academy of Management Journal  
Manuscript Evaluation Form**

**Manuscript #** and title

**REVIEWER #** and name \_\_\_\_\_ **DUE DATE:**

**Instructions:** Please rate this manuscript on the following criteria (place X under appropriate category):

CRITERIA	EVALUATION OF CRITERIA				
	Completel y inadequat e	Weak	Marginal	Satisfactor y	Strong
A. Conceptual adequacy					
B. Technical adequacy					
C. Appropriateness of the topic for AMJ					
D. Clarity of exposition					
E. Implications for practical application					
F. Potential significance of contribution					

**Your recommendation:**

1. \_\_\_\_\_ Clear reject
2. \_\_\_\_\_ Doubtful, needs major revision for me to tell
3. \_\_\_\_\_ Promising, but needs major revision
4. \_\_\_\_\_ Accept with minor revision
5. \_\_\_\_\_ Accept as is

**If you recommend revision:** Most suitable as:

- \_\_\_\_\_ Regular full length article  
 \_\_\_\_\_ Shorter paper ("research note")

**Comments to editor:** Those that you DO NOT wish the author to see.

**Comments to author:**