

# **MGMT955 : Foundations of Multinational Management**

**Q4 (Spring), 2019. Tuesday 9:00am-12:00pm, TBD**

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## **Course Description:**

The goal of the course is to provide you with a foundation in some of the major research areas that underpin the study of Multinational Management. International Business (and the study of Multinational Corporations) is an interdisciplinary field. As such, our survey of the seminal articles in the field will span a number of different theoretical and empirical approaches (i.e., economic, managerial, organizational and institutional) as well as focus on different levels of analysis (i.e., country-, industry- and organizational-levels). Much of our seminar discussions will focus on identifying and developing interesting research questions raised by this interdisciplinary literature, which offers many opportunities for systematic empirical study.

## **Course Requirements**

The course grade will be based equally (i.e., 33%) on three components

- Individual class participation;
- Weekly team-based written summaries and analyses of articles; these are intended to be used to guide class discussion and, subsequently, by students as they prepare for MM field exams; and
- An Individual final paper proposal (10-12 double spaced pages that offer at one or two empirically testable hypotheses). Students taking both this course and MGMT 960 have the option of writing a single more extended 20-25 page theoretical research paper with three or four hypotheses to satisfy the paper requirement for both courses.

Readings. As a foundational course for the field, the reading list is necessarily extensive. Note that only the six emboldened readings are required each week. The remainder are provided primarily as a reference for students taking the multinational management field exam. Each week we will discuss the six emboldened papers (i.e., ~150-200 pages). My goal is to introduce you to the seminal theoretical arguments, authors and methodological approaches that define the field of multinational management. In the “anchor” readings, we will typically focus less on the empirical contribution and more on the first order theoretical arguments which carry forward into the more recent contributions. The perspectives readings provide a useful synthesis but typically do not offer original theoretical or empirical contributions. In the more recent contributions readings, we will focus on modifications, contingencies or boundary conditions offered to the “anchor” readings and an overview of the strengths and weaknesses (i.e., opportunities) at the current methodological frontier. As many students taking the course have not yet completed their methods training, we will not excessively weight methodological critiques though given the ever-increasing importance of methodological sophistication, we will address strengths and weaknesses in both theoretical argument and empirical analysis. I hope this perspective helps define my expectations for your approach to the readings.

**Participation.** Regular attendance and participation are critical to this course. You should complete the assigned readings and written assignments prior to each class. You are encouraged to prepare for class with your colleagues; however, each member of the class should be fully conversant in the material—expect to participate in every class.

**Written summaries and analysis.** Starting in week 2, each student will write a 1 page summary and critical analysis for each of 2-3 of the assigned readings for that class. The student will also be responsible for briefly presenting their write-up and leading a ~10 minute discussion of the readings. Distribution of the write-ups for the following class session will occur at the end of the preceding class. For each of the papers for which you do a write-up, your written report should outline the following:

- (a) a **succinct** statement of the research question(s) the reading seeks to address or its goal(s);
- (b) an outline of the research design including an assessment of the quality of the theoretical argument and/or empirical evidence (for one set of quality standards see <http://strategyresearchinitiative.wikispaces.com/High+Quality+Research>);
- (c) your assessment of the contribution of the reading to
  - a. the extant theoretical and/or empirical literature in international business
  - b. our understanding of relevant phenomena in international business;
- (d) your assessment of the limitations of the reading and;
- (e) your thoughts on feasible refinements or extensions to the reading and related research questions or that it prompts.

The written reports should be posted electronically in Canvas no later than 6am on the day of class and should also be distributed in hard copy to all participants at the beginning of the class session.

**Paper.** You should develop a high quality research proposal (for one set of quality standards see <http://strategyresearchinitiative.wikispaces.com/High+Quality+Research>) examining a topic of relevance to international management (i.e., drawing upon readings from one or more weeks of the course). Given the eight week time frame of this course, you will need to begin thinking about this paper early in the course. We will discuss this paper on the first day of class. In brief, I expect you to turn in a theory section that is between 10-12 pages that would be at the level of development that it would be suitable for submission to an academic conference. I do not expect you to have any data, but I expect you to develop at least one testable prediction in these 10-12 pages. Please feel free to discuss your ideas with me whenever you are ready to do so. For students wishing to submit a longer paper for MGMT 955 & 960, the extended paper requirement should expand in length to ~20 pages with 3-4 well-developed testable hypotheses.

### **Policy on Auditors**

Advanced students and/or visitors who do not wish to enrol as full participants are welcome to audit the course, under the following conditions: (1) you commit to attend at least 75% of the class sessions, and inform me in advance which sessions you will attend; (2) you participate fully in the sessions that you attend, including doing a “fair share” of summary writing and leading class discussion. Auditing students are excused only from assignments related to the class paper.

### **READING MATERIALS:**

There is no bulkpack for this class. PDF versions of the required readings (emboldened) are available in H:\henisz\phd\.

## **Class 1: 1/22/19: International Management: Introduction and Overview of the Field**

### **Readings:**

#### A. Anchors in the Field:

Hymer, S. A 1960. "Comparison of Direct and Portfolio Investment" and "The Theory of International Operations, The International Operations of National Firms. Cambridge, MA: MIT Press.

Robinson R.D. 1964. International Business Policy New York: Holt, Rinehart & Winston. Ch. 1.

Perlmutter, H. 1969. The Tortuous Evolution of the Multinational Corporation, *Columbia Journal of World Business*.

Buckley, Peter J. and Mark Casson. 1976. "A Long Run Theory of the Multinational Enterprise" and "Alternative Theories of the Multinational Enterprise," The future of the multinational enterprise. New York : Holmes & Meier Publishers.

Dunning, J.H. 1979. Explaining Changing Patterns of International Production: In Defence of the Eclectic Theory, *Oxford Bulletin of Economics and Statistics*, 41: 269-95.

#### B. Perspectives

Dunning, J.H., 2003. Some Antecedents of Internalization Theory. *Journal of International Business Studies*, 34: 108-115.

## **Class 2: 1/29/2019: Country-level**

### A. Anchors in the Field

Vernon, Raymond. 1971. *Sovereignty at Bay*. (New York: Basic Books) Chs 6-8

Moran, Theodore 1973. "Transnational Strategies of Protection and Defense by Multinational Corporations: Spreading the Risk and Raising the Cost for Nationalization in Natural Resources," *International Organization* 27(2):273-287.

### B. More Recent Contributions

Siegel, Jordan I 2007. Contingent Political Capital and International Alliances: Evidence from South Korea *Administrative Science Quarterly* 42(4): 621-666.

Siegel, Jordan I and Barbara Zepp Larson 2009. Labor Market Institutions and Global Strategic Adaptation: Evidence from Lincoln Electric *Management Science* 55(7): 1527-46.

Zelner, Bennet A. Witold J. Henisz and Guy L.F. Holburn. (2009), "Contentious Implementation and Retrenchment in Neoliberal Policy Reform: The Global Electric Power Industry, 1989 – 2001" *Administrative Science Quarterly* 54(3):379-412.

Heather Berry, MFG, and Nan Zhou. 2010 An Institutional Approach to Measuring Cross-National Distance." *Journal of International Business Studies* 41:1460-1480.

### **Class 3: 2/5/19: Industry-level forces of Product Life Cycle & Oligopolistic Reaction**

#### A. Anchors in the Field

Vernon, R., 1966. International Investment and International Trade in the Product Life Cycle, *Quarterly Journal of Economics*, 80: 190-207.

Knickerbocker, F, 1974. Introduction, Oligopolistic Reaction and Multinational Enterprise, Division of Research, Harvard Business School, Boston.

#### B. More recent Contributions

Gimeno, J. R. Hoskisson, B. Beal and W. Wan, 2005. Explaining the Clustering of International Expansion Moves: A Critical Test in the US Telecommunications Industry. *Academy of Management Journal* 84(2): 297-319.

Alcacer, J. 2006. Location Choices Across the Value Chain: How Activity and Capability Influence Agglomeration and Competition Effects, *Management Science* 52(10): 1457-1471.

Alcacer, Juan, Christian Dezso & Minyuan Zhao 2013 Firm Rivalry, Knowledge Accumulation and MNE Location Choices *Journal of International Business Studies* 44(5):504-520

Bilir, Kamran 2014 Patent Laws, Product Life-Cycle Lengths, and Multinational Activity *American Economic Review* 104(7):1979-2013

#### **Class 4: 2/12/19: Industry Level – Institutional Pressures and Fields**

Martin, X., A. Swaminathan, and W. Mitchell, 1998. Organizational Evolution in the Interorganizational Environment: Incentives and Constraints on International Expansion Strategy. *Administrative Science Quarterly* 43 (1998):566-601.

Henisz, W., and A. Delios. 2001. Uncertainty, Imitation and Plant Location: Japanese Multinational Corporations, 1990-96, *Administrative Science Quarterly*, 2001.

Guler, I., Guillén, M. and J.M. Macpherson, 2002. Global Competition, Institutions, and the Diffusion of Organizational Practices: The International Spread of ISO 9000 Quality Certificates. *Administrative Science Quarterly*, 47: 207-32.

Kostova, Tatiana and Kendall Roth 2002 Adoption of an Organizational Practice by Subsidiaries of Multinational Corporations: Institutional and Relational Effects *Academy of Management Journal* 45(1):215-233.

Kostova, Tatiana, Kendall Roth and M. Tina Dacin 2008 Institutional Theory in the Study of Multinational Corporations: A Critique and New Directions *Academy of Management Review* 33(4):994-1006.

Durand, Rodolphe and Anne Jacqueminet 2015 Peer Conformity, Attention and Heterogenous Implementation of Practices in MNEs *Journal of International Business Studies* 46(8):917-937

## **Class 5: 2/19/19: Organizational-Level – Experiential & Peer Learning and Internationalization**

### A. Anchors in the Field

Johnason, Jan, and Jan-Erik Vahlne. 1977. "The Internationalization Process of the Firm: A Model of Knowledge Development and Increasing Foreign Market Commitments." Journal of International Business Studies 8(1):23-32.

Zaheer, Srilata. 1995. Overcoming the Liability of Foreignness. *Academy of Management Journal*, 38(2):341-363.

### B. Perspectives

Johanson, Jan and Jan-Erik Vahlne 2009 The Uppsala Internationalization Process Model Revisited: From Liability of Foreignness to Liability of Outsidership *Journal of International Business Studies* 40(9):1411-1431.

### C. More Recent Contributions

Barkema, H., Bell, J.H.J. & Pennings, J.M. 1996. Foreign Entry, Cultural Barriers and Learning. *Strategic Management Journal*, Vol. 17: 151-166.

Zelner, Bennet and Guy Holburn 2010. Political Capabilities, Policy Risk and International Investment Strategy: Evidence from the Global Electric Power Generation Industry *Strategic Management Journal*

Perkins, Susan 2014 When Does Prior Experience Pay? Institutional Experience and the Multinational Corporation *Administrative Science Quarterly* 59(1):145-181.

## **Class 6: 2/26/19: Organizational Level – Transaction Cost / Internalization and Entry Mode**

### A. Anchors in the Field

J. F. Hennart, “The Model” in *A Theory of the Multinational Enterprise*, University of Michigan Press, 1982.

Anderson E. and H. Gatignon, 1986. Modes of Foreign Entry: A Transaction Cost Analysis and Propositions, *Journal of International Business Studies*, Vol. 17(3): 1-26

### B. More Recent Contributions

Shaver, J.M. 1998. Accounting for Endogeneity When Assessing Strategy Performance: Does Entry Mode Choice Affect FDI Survival? *Management Science*, 44 (4): 571-585.

Oxley, Joanne Elizabeth. 1999. Institutional environment and the mechanisms of governance: The impact of intellectual property protection on the structure of inter-firm alliances. *Journal of Economic Behavior and Organization*, 38(3):283-310.

Henisz, W. J. 2000. The Institutional Environment for Multinational Investment. *Journal of Law, Economics & Organization*, 16(2).

Macchiavallo, Rocco and Josepa Miquel-Florensa 2016 Vertical Integration and Relational Contracts: Evidence from the Costa Rica Coffee Chain *Working Paper*



## **Class 7: 3/12/19: Organizational-Level: Knowledge, Resources, Capabilities**

### A. Anchors in the Field

Kogut, B., & Zander, U. 1993. Knowledge of the Firm and the Evolutionary Theory of the Multinational Corporation. *Journal of International Business Studies*, 24 (4): 625-45.

### B. More Recent Contributions

Zhao, Minyuan 2006 Conducting R&D in countries with weak intellectual property rights protection. *Management Science*, 56 (7): 1185–99

Alcacer, Juan and Wilbur Chung (2007) Location Strategies and Knowledge Spillovers *Management Science* 53(5) 76-776.

Berry, Heather and Assem Kaul 2015. “Global Sourcing and Foreign Knowledge Seeking” *Management Science* 61(5):1052-1071.

Berry, Heather 2015, ‘Knowledge Inheritance in Global Industries: The Impact of Parent Firm Knowledge on the Performance of Foreign Subsidiaries’, *Academy of Management Journal*, vol. 58, no. 5, pp. 1438–1458

Exequiel Hernandez, WM Gerard Sanders and Tuschke, Anja, 2016 Network Defense: Pruning, Grafting and Closing to Prevent Leakage of Strategic Knowledge to Rivals *Academy of Management Journal* 58(4):1233-1260.

Balachandran, S.; Hernandez, E. (2018) “Networks and Innovation: Accounting for Structural and Institutional Sources of Recombination in Brokerage Triads”, *Organization Science*, 29(1): 80-99.

## **Class 8: 3/19/19: Organizational-Level – Process and Structure inside the MNC**

### A. Anchors in the Field

Ghoshal, S., Korine, H., & Szulanski, G. 1994. Interunit Communication in Multinational Corporations. *Management Science*, 40(1): 96-110.

Birkinshaw, J. & Morrison, A. J. 1995. Configurations of Strategy and Structure in Subsidiaries of Multinational Corporations. *Journal of International Business Studies*, 26(4): 729-53.

### B. More Recent Contributions

Zellmer-Bruhn, M. & Gibson, C.B. (2006) Multinational organizational context: Implications for team learning and performance. *Academy of Management Journal* 49(3): 501-518.

Haas, Martine 2006 “Acquiring and Applying Knowledge in Transnational Teams: The Roles of Cosmopolitans and Locals.” *Organization Science*, 17: 313-332

Haas, Martine 2010 “The Double-Edged Swords of Autonomy and External Knowledge: Analyzing Team Effectiveness in a Multinational Organization.” *Academy of Management Journal*, 53:989-1008.

Gatignon, Aline 2014 “There and Back Again: Coordination, Learning and Identity in Nonprofit Secondments to Emerging Markets” *Working Paper*.