

MGMT960 : Institutions and Multinational Management

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

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Course Description:

This course builds on the foundational material presented in MGMT 955 with a deeper focus on current research examining institutional influences on multinational management. These include regulative supports (e.g., laws, regulations, contracts and their enforcement through litigation, arbitration of incentive compatible self-regulation) but also normative (e.g., socially shared expectations of appropriate behavior, and social exchange processes) and cognitive (e.g., creating shared identity to bridge differences in values, beliefs and framing) elements of the institutional environment. We will examine not only strategic responses in the market environment but also influence strategies of multinational and domestic firms that seek to alter the institutional environment in which they operate. We will draw not only upon the international business literature but also related literatures including political economy, sociology, law, finance, communications, institutional theory, strategic corporate social responsibility, social movements, network theory and the management of extractive industries.

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 least one empirically testable hypothesis)

Students taking both this course and MGMT 955 have the option of writing a single more extended 20-30 page theoretical research paper or empirical proposal (i.e., a paper that identifies and describes relevant data to test theoretically propositions and, if the data is readily obtainable, begins preliminary analysis or specifies clearly the process of acquisition) to satisfy the paper requirement for both courses.

Readings. As an advanced topics course, the required and optional readings are more wide ranging and interdisciplinary than in the Foundation Course (MGMT 955). They focus on recent readings in related fields and disciplines that offer the opportunity of arbitrage for the scholars in multinational management who wish to incorporate a more sophisticated treatment of the institutional environment into their research program. Where possible, the reading list also includes preliminary efforts at undertaking that arbitrage from scholars in (multinational) management. Each set of readings is organized around an “integrative question” provided at the beginning of each week’s section in the syllabus that follows. Please read this question carefully and return to it frequently as you read the required articles for the given week.

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. Each week, each student will write a 2-3 page response to that week's integrative question that integrates insight from the required readings. Partners should confer electronically or in person and arrive at a mutually acceptable joint submission and presentation plan (there is no need to “share” the presentation though presentations should be balanced across students over the quarter). These reports should be posted on Canvas no later than 6am the morning of class and should also be distributed in hard copy to all participants at the beginning of the class session.

In addition, you should be prepared to engage in a discussion on each individual reading on topics such as:

- (a) the dominant research question;
- (b) 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) the contribution of the research to
 - a. the extant theoretical and/or empirical literature
 - b. our understanding of relevant phenomena in international business;
- (d) limitations of the research and;
- (e) *most importantly*, feasible refinements or extensions to the empirical study and related research questions that are prompted by your reading of the paper.

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 take the form either of a conference submission ready theoretical paper or a detailed empirical research proposal that includes the identification of a data source, the operationalization of the theoretical constructs of interest and the discussion of an appropriate methodology for empirical testing that should lead to generalizable inference. The inclusion of preliminary empirical results is welcome but by no means required.

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 are available at H:\henisz\PhD\ Additional/supplementary readings are listed below for the purposes of providing a starting point for students wishing to go into greater depth.

1. TBD During Week of April 18: Introduction

Integrative Question (NB: Your response should include references to evidence from multiple readings)

What are the country-, industry-, and firm-level determinants of a project's or firm's potential exposure to political risks or political opportunities? Why can't these be hedged?

Required

Hill, Claire A., 1998. How Investors React to Political Risk. *Duke Journal of Comparative & International Law* 8:283-313.

<http://www.law.duke.edu/shell/cite.pl?8+Duke+J.+Comp.+&+Int'l+L.+283+pdf>

Kobrin S. 2005. Multinational enterprise, public authority, and public responsibility: the case of Talisman Energy and human rights in Sudan. In *International Business-Government Relations in the 21st Century*, Grosse R (ed). Cambridge University Press: New York; 191–216.

Woodhouse, Erik J. 2006. "The Obsolescing Bargain Redux? Foreign Investment in the Electric Power Sector in Developing Countries" *International Law and Politics* 38:121-219.

http://iis-db.stanford.edu/pubs/21279/JILP_Obsolescing_Bargain.pdf

Henisz WJ, Dorobantu S, Nartey L. 2014. Spinning Gold: The Financial and Operational Returns to External Stakeholder Engagement. *Strategic Management Journal* 35(12): 1727-1748.

Henisz, Witold J 2016 The Dynamic Capability of Corporate Diplomacy *Global Strategy Journal* Forthcoming.

Henisz, Witold 2018 Political Risk: A Review *Working Paper*

2. 4/2/19: Non-Market Strategy and the MNE

Integrative Question (NB: Your response should include references to evidence from multiple readings)

How can the non-market strategy literature with its strong roots in political economy inform the study of political risk (i.e., what constructs, theoretical relationships and modeling tools should international business scholars and practitioners grappling with political risk draw upon from the field of non-market strategy)?

Required

Baron, David 2016 Strategy Beyond Markets *Advances in Strategic Management* 34: 1-57.

<https://books.google.com/books?id=jgYvDAAAQBAJ&lpg=PA1&ots=F2cHX2EV5H&lr&pg=PA81#v=onepage&q&f=false>

Baron David and Daniel Diermeier 2007 Strategic Activism and Nonmarket Strategy *Journal of Economics and Management Strategy* 16:599-634

Jha, Saumitra. 2013. Analyzing political risks in developing countries: a practical framework for project managers. In *Business and Politics*, 117.

Henisz WJ. 2013. Preferences, Structure and Influence: The Engineering of Consent. *Global Strategy Journal* 3(4): 338-359.

Shotts, Kenneth 2016 Political Risk as a Hold-Up Problem *Advances in Strategic Management* 34: 57-85

Baron, David, Margaret Neale and Hayagreeva Rao 2016 Extending Nonmarket Strategy: Political Economy and the Radical Flank Effect in Private Politics *Strategy Science* 1(2):105-126.

3. 4/9/19. Structural Perspective in Political Sociology

Integrative Question (NB: Your response should include references to evidence from multiple readings)

How can the structural perspective within sociology inform the study of political risk (i.e., what constructs, theoretical relationships and modeling tools should international business scholars and practitioners grappling with political risk draw upon from structural perspective within sociology)?

Required

Van Wijk, Jakomijn, Wouter Stam, Tom Elfring, Charlene Zietsma, and Frank Den Hond. 2013. "Activists and incumbents structuring change: The interplay of agency, culture, and networks in field evolution." *Academy of Management Journal* 56(2):358-86.

Nartey, Lite, Witold Henisz and Sinziana Dorobantu 2018. Status Climbing vs. Bridging: Multinational Stakeholder Engagement Strategies *Strategy Science* 3(2): 367-392

Aydin, Cem Iskender, Begum Ozkaynak, Beatriz Rodríguez-Labajos, and Taylan Yenilmez. 2017. "Network effects in environmental justice struggles: An investigation of conflicts between mining companies and civil society organizations from a network perspective." *PloS one* 12(7):e0180494.

Amengual, Matthew. 2017. "Buying Stability: The Distributive Outcomes of Private Politics in the Bolivian Mining Industry." *World Politics* Forthcoming.

Odziemkowska, Kate and Witold Henisz 2018 Webs of Influence *Working Paper*

Henisz, Witold 2018 Business, Insular Stakeholder Relations and Conflict *Working Paper*

4. 4/16/19: Social Movements, Ideas and Contestation

Integrative Question (NB: Your response should include references to evidence from multiple readings)

How can the study of social movements, ideas and contestation within sociology inform the study of political risk (i.e., what constructs, theoretical relationships and modeling tools should international business scholars and practitioners grappling with political risk draw upon from the study of social movements, ideas and contestation within sociology)?

Required

Keck, Margaret E. and Kathryn Sikkink 1999. "Transnational Advocacy Networks in International and Regional Politics." *International Social Science Journal* **51**(159):89-101.

McAdam D, Boudet HS, Davis J, Orr RJ, Richard Scott W, Levitt RE. 2010. "Site Fights": Explaining Opposition to Pipeline Projects in the Developing World. *Sociological Forum* **25**(3): 401-427.

Yue LQ, Rao H, Ingram P. 2013. Information Spillovers from Protests against Corporations: A Tale of Walmart and Target. *Administrative Science Quarterly* **58**(4): 669-701.

McDonnell, Mary-Hunter. 2015. Radical Repertoires: The Incidence and Impact of Corporate-Sponsored Social Activism. *Organization Science*.

McDonnell, Mary-Hunter, Brayden G King, and Sarah A Soule. 2015. A Dynamic Process Model of Private Politics Activist Targeting and Corporate Receptivity to Social Challenges. *American Sociological Review* **80** (3): 654-78.

Dorobantu, Sinziana, Witold J. Henisz and Lite Nartey 2016. "Not All Sparks Light A Fire: Stakeholder And Shareholder Reactions To Critical Events In Contested Markets" *Working Paper*

5. 4/23/19: Cognition and Identity

Integrative Question (NB: Your response should include references to evidence from multiple readings)

How can the study of cognition and identity in psychology inform the study of political risk (i.e., what constructs, theoretical relationships and modeling tools should international business scholars and practitioners grappling with political risk draw upon from the study of cognition and identity in psychology)?

Required

Crilly, Donal, and Pamela Sloan. 2012. Enterprise logic: explaining corporate attention to stakeholders from the 'inside-out'. *Strategic Management Journal* 33 (10): 1174-93.

Bhanji, Z. and Oxley, J. 2013 "Overcoming the Dual Liabilities of Foreignness and Privatness in International Corporate Citizenship Partnerships". *Journal of International Business*, 44: 290-311

Jay, J. 2013 "Navigating Paradox as a Mechanism of Change and Innovation in Hybrid Organizations". *Academy of Management Journal*, 56:1 137-159

Hahn, Tobias, Lutz Preuss, Jonatan Pinkse, and Frank Figge. 2014. Cognitive Frames in Corporate Sustainability: Managerial Sensemaking with Paradoxical and Business Case Frames. *Academy of Management Review* 39 (4): 463-87.

Bode, Christiane, Jasjit Singh, and Michelle Rogan. 2015. Corporate Social Initiatives and Employee Retention. *Organization Science* 26 (6): 1702-20.

Wry, T., & York, J. 2017. An Identity-Based Approach to Social Enterprise. *The Academy of Management Review*, 42(3), 437-460.

6. 4/30/19: Legitimacy, Fairness and Due Process

Johnson, James P., M. Audrey Korsgaard, and Harry J. Sapienza. 2002. Perceived fairness, decision control, and commitment in international joint venture management teams. *Strategic Management Journal* 23 (12): 1141-60.

Sen, Sankar, CB Bhattacharya & Daniel Korschun 2009 “Strengthening Stakeholder-Company Relationships Through Mutually Beneficial Corporate Social Responsibility Initiatives” *Journal of Business Ethics* 85: 257-72.

Thomson, Ian and Robert G. Boutilier (2010) “Social License to Operate,” *SME Mining Engineering Handbook*, Chapter 17.2.

Kemp, Deanna, John R. Owen, Nora Gotzmann, and Carol J. Bond. 2011. Just Relations and Company–Community Conflict in Mining. *Journal of Business Ethics* 101 (1): 93-109.

Murphy, M., & Vives, J. 2013. Perceptions of Justice and the Human Rights Protect, Respect, and Remedy Framework. *Journal of Business Ethics*, 116(4), 781-797.

Stevens, Charles, En Xie and Mike Peng 2016 Toward a Legitimacy-Based View of Political Risk: The Case of Google and Yahoo in China *Strategic Management Journal* 37(5): 945-963.