

MGMT 955: Foundations of Multinational Management
Q3 (Spring) 2024
Wednesday 3:30pm – 6:30pm, Room 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 on the following components:

- Individual class participation (40%)
- Five reaction papers (50% or 10% each) for sessions discussing: (a) the main insights offered by the readings and the strengths and weaknesses of the means by which they deliver them, and (b) some research questions in your specific area of interest that use the insights. Papers should be 1-2 pages in length (single-spaced) and are due at the beginning of class.
- One data exercise (10%) due before class on 2/14 (more details later)

Students should read every assigned reading for each meeting, but students will be responsible for outlining and leading the discussion on one of the assigned readings for each meeting, which they should read particularly closely.

Readings. Each week we will discuss ~six papers (i.e., ~150-200 pages). Our goal is to introduce

you to the seminal theoretical arguments, authors and methodological approaches that define the field of multinational management.

There is no course pack for this class. PDF versions of the readings will be made available.

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.

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 class discussion.

Class 1 (1/17/24): International Management: Introduction and Overview of the Field (Vit)

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.

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

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.

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

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.

Class 2 (1/24/24): Political Risks, Stakeholders and Strategy (Vit)

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

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

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*

Dorobantu, S., Henisz, W. J., & Narthey, L. (2017). Not all sparks light a fire: Stakeholder and shareholder reactions to critical events in contested markets. *Administrative Science Quarterly*, 62(3), 561-597.

Ganson, B., He, T. L., & Henisz, W. J. (2022). Business and Peace: The Impact of Firm-Stakeholder Relational Strategies on Conflict Risk. *Academy of Management Review* 47(2):259-81.

Narthey, Lite, Sinziana Dorobantu and Witold J. Henisz (2023) "Reciprocity in Firm Stakeholder Dialogue: Timeliness, Valence, Richness, And Topicality" Journal of Business Ethics 183(2):429-451.

Class 3 (1/31/24): Institutional Pressures and Fields (Vit)

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 4 (2/7/24): Transaction Cost / Internalization and Entry Mode (Vit)

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.

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

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).

Class 5 (2/14/24): Organizational-Level: Knowledge, Resources, Capabilities (Zeke)

DATA ASSIGNMENT: Several of the papers you'll read this week use conditional choice models to estimate firm's geographic location choices. To help you understand the basic structure of those models, I will give you a (relatively) brief data task that **you must complete before class**. I'll post the assignment on Canvas at least two weeks early.

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.

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.

Hernandez E (2014) "Finding a Home Away from Home: Effects of Immigrants on Firms' Foreign Location Choice and Performance" *Administrative Science Quarterly* 59 (1)73–108.

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 6 (2/21/24): Global Strategy (Zeke)

Global diversification & performance

Chang S, Kogut B, Yang J-S. 2016. Global diversification discount and its discontents: A bit of self-selection makes a world of difference. *Strategic Management Journal* 37(11): 2254–2274.

Berry, H., & Kaul, A. (2016). Replicating the multinationality-performance relationship: Is there an S-curve? *Strategic Management Journal*, 37(11), 2275-2290.

Location strategy (agglomeration/location choice)

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

Nachum L, Zaheer S, Gross S. 2008. Does It Matter Where Countries Are? Proximity to Knowledge, Markets and Resources, and MNE Location Choices. *Management Science* 54(7): 1252–1265.

Adaptation, aggregation, arbitrage strategies

Ghemawat, P. (2008). Reconceptualizing international strategy and organization. *Strategic Organization*, 6(2), 195–206.

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.

Class 7 (2/28/24): Organizational-Level – Process and Structure inside the MNC (Zeke)

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.

Gupta AK, Govindarajan V. (2000) Knowledge flows within multinational corporations. *Strategic management journal* 21(4): 473–496.

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

Mell JN, Jang S, Chai S. (2021) Bridging Temporal Divides: Temporal Brokerage in Global Teams and Its Impact on Individual Performance. *Organization Science*. INFORMS 32(3): 731–751.

Bahar D, Carlson N, Hernandez E. (2024) Global Palette: The Impact of Immigrant Talent on Multinational Product Strategy, working paper.