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DEVELOPING A MARKET-DRIVING STRATEGY FOR FOREIGN MARKETS: INTERNAL CAPABILITIES AND EXTERNAL ACTIVITIES

Pervez N. Ghauri/Ulf Elg/Veronika Tarnovskaya/Fatima Wang*

ABSTRACT

Current research argues that a market-driving strategy leads to a competitive advantage. However, a market-driving strategy tries to change established rules in the marketplace and thus, is difficult to pursue. We argue that a market-driving strategy must be based on distinct capabilities and that firms using this strategy will perform a set of external activities and possess certain critical capabilities that are required to make the strategy successful. We develop a theoretical framework and propositions on the role of the learning, branding, resource configuration, and networking capabilities that support these activities.

JEL-Classification: L100.

Keywords: Capabilities; Conceptual Framework; Global Firms; Market Driving Strategy; Networks.

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CUSTOMER PARTICIPATION IN FIRMS' INTERNATIONALIZATION STRATEGY: LINKING AAA TO CCC

Zelal Ates/Christiane Prange*

ABSTRACT

International strategy research focuses on the fundamental choice between local adaptation, global aggregation, or cross-national arbitrage. The Adaptation-Aggregation-Arbitrage (AAA) triangle summarizes these options and suggests that the more firms balance the three strategies, the greater the success they experience in internationalization. We extend this AAA framework by investigating the role of customer participation. Based on a review of the relevant literature, we identify three stages of customer influence, i.e., customization, co-creation, and co-formation (CCC). These are used to develop a combined framework of AAA-CCC strategies. Four case examples illustrate that some combinations are more likely to yield success than others.

JEL-Classification: F23, M16, M30, M39.

Keywords: Co-Creation; Co-Formation; Customization; Customer Participation; Internationalization; Microfoundations.

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THE EFFECTS OF LIABILITIES OF FOREIGNNESS, ECONOMIES OF SCALE, AND MULTINATIONALITY ON FIRM PERFORMANCE – AN INFORMATION COST VIEW

Jan Hendrik Fisch/Miriam Zschoche*

ABSTRACT

Liabilities of foreignness and economies of scale are commonly used to substantiate the first (falling) and second (rising) segment of an S-shaped relationship between multinationality and performance. Our study shows that both are hardly specific to these segments of the S-curve. We develop an information cost model to justify an S-shaped relationship in which liabilities of foreignness and economies of scale exert separate influences on performance. Our empirical analysis of 3,122 German multinational corporations confirms the hypothesized effects and challenges previous notions of the multinationality-performance relationship.

JEL-Classification: C23, F21, F23, M16.

Keywords: Foreign Direct Investment; Information Cost Model; International Management; Multinationality-performance Relationship; Panel Analysis.

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PARENTING APPROACHES IN CORPORATE STRATEGY AN EXPLORATORY STUDY ON THE IMPACT OF PORTFOLIO STRUCTURE AND CULTURE

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ABSTRACT

We empirically analyze the parenting advantage concept's relevance for corporate strategy, identify different types of parenting approaches, and investigate the actual application of parenting advantage in corporate portfolio management. We find that parenting advantage is considered highly relevant for corporate strategy and portfolio management; that there are distinct types of parenting approaches in corporate practice; that portfolio structure and cultural differences strongly affect a company's choice of parenting approach; and that the main deterrent to more effectively applying the parenting advantage concept for corporate-level management is a lack of operationalization that specifies sources of parenting advantage, and which evaluates the effectiveness of different parenting approaches.

JEL-Classification: L10, L25, M10.

Keywords: Corporate Strategy; Culture; Parenting Advantage; Portfolio Management.

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INDIVIDUAL-LEVEL OUTCOMES IN POORLY MANAGED CROSS-BORDER MERGERS AND ACQUISITIONS: A HOLISTIC VIEW OF THE RELEVANT PROCESSES

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ABSTRACT

We explore the processes that lead to undesirable individual-level outcomes in cross-border mergers and acquisitions (M&As). Based on the empirical findings from an in-depth longitudinal case study that describes the unsuccessful integrative efforts between a German multinational company and an Austrian service provider, we develop a generic model that describes a holistic view of the processes and its relevant associated dynamics. These processes raise the awareness of aspects that significantly impact the integration process, but whose dynamics have not been linked. Our model provides an explanation of why traditional attempts to integrate mostly meet with failure.

JEL-Classification: M12, M14, M54.

Keywords: Case-Study Analysis; Cross-Border Mergers and Acquisitions; Post-Merger Integration; Organizational Culture; System Dynamics.

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CULTURAL AND INSTITUTIONAL SOURCES OF CONFLICT IN FOREIGN SUBSIDIARIES OF MULTINATIONAL CORPORATIONS**

Markus Pudelko/Helene Tenzer*

ABSTRACT

This paper investigates the importance of culturally and institutionally induced conflicts between home and host country nationals in foreign subsidiaries of multinational corporations (MNCs). Our comprehensive investigation of 617 foreign subsidiaries of US, Japanese and German multinationals firstly demonstrates that subsidiary managers attribute such conflicts to both cultural and institutional sources. We also find that cultural sources have a higher conflict potential compared to institutional sources. Further, we demonstrate that with increasing cultural and institutional distances between home and host countries, culturally induced conflicts become relatively more important than institutionally induced conflicts. These results indicate that although institutional differences matter as sources of conflicts between home and host country nationals in foreign subsidiaries, cultural differences matter somewhat more. Nevertheless, the paper stresses that both, cultural and institutional sources of conflicts should be considered in conjunction and in an integrative way.

JEL-Classification: M12, M16, M54.

Keywords: Conflict; Cultural Distance; Institutional Distance; Subsidiary.

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