

The Multiple Dimensions of Institutional Complexity **in International Business Research**

EDITED BY

Alain Verbeke • Rob van Tulder
Elizabeth L. Rose • Yingqi Wei

THE MULTIPLE DIMENSIONS
OF INSTITUTIONAL COMPLEXITY
IN INTERNATIONAL BUSINESS
RESEARCH

This page intentionally left blank

PROGRESS IN INTERNATIONAL BUSINESS RESEARCH
VOLUME 15

THE MULTIPLE DIMENSIONS OF INSTITUTIONAL COMPLEXITY IN INTERNATIONAL BUSINESS RESEARCH

EDITED BY

ALAIN VERBEKE

*University of Reading, United Kingdom; Vrije Universiteit
Brussel, Belgium; University of Calgary, Canada*

ROB VAN TULDER

Erasmus University, The Netherlands

ELIZABETH L. ROSE

*University of Leeds, United Kingdom;
Indian Institute of Management Udaipur, India*

YINGQI WEI

University of Leeds, United Kingdom



United Kingdom – North America – Japan
India – Malaysia – China

Emerald Publishing Limited
Howard House, Wagon Lane, Bingley BD16 1WA, UK

First edition 2021

Copyright © 2021 Emerald Publishing Limited

Reprints and permissions service

Contact: permissions@emeraldinsight.com

No part of this book may be reproduced, stored in a retrieval system, transmitted in any form or by any means electronic, mechanical, photocopying, recording or otherwise without either the prior written permission of the publisher or a licence permitting restricted copying issued in the UK by The Copyright Licensing Agency and in the USA by The Copyright Clearance Center. Any opinions expressed in the chapters are those of the authors. Whilst Emerald makes every effort to ensure the quality and accuracy of its content, Emerald makes no representation implied or otherwise, as to the chapters' suitability and application and disclaims any warranties, express or implied, to their use.

British Library Cataloguing in Publication Data

A catalogue record for this book is available from the British Library

ISBN: 978-1-80043-245-1 (Print)

ISBN: 978-1-80043-244-4 (Online)

ISBN: 978-1-80043-246-8 (Epub)

ISSN: 1745-8862 (Series)



Certificate Number 1985
ISO 14001

ISOQAR certified
Management System,
awarded to Emerald
for adherence to
Environmental
standard
ISO 14001:2004.



INVESTOR IN PEOPLE

CONTENTS

<i>List of Figures</i>	<i>ix</i>
<i>List of Tables</i>	<i>xi</i>
<i>List of Contributors</i>	<i>xv</i>

INTRODUCTORY SECTION

D. Eleanor Westney: A Biography <i>Elizabeth L. Rose</i>	<i>xvii</i>
Chapter 1 Institutions 2.0: Which Institutions Matter in IB Research? <i>Alain Verbeke, Rob van Tulder, Elizabeth L. Rose and Yingqi Wei</i>	<i>1</i>

PART I

THE GREAT NEW CHALLENGES FOR IB RESEARCH – ESSAYS IN HONOR OF D. ELEANOR WESTNEY

Chapter 2 International Business and Multi-level Institutional Change: Looking Back and Facing Forward <i>D. Eleanor Westney</i>	<i>23</i>
Chapter 3 Global Strategic Analysis and Multi-level Institutional Change <i>Donald R. Lessard</i>	<i>45</i>
Chapter 4 Is a Networked World Economy Sustainable? <i>Stephen J. Kobrin</i>	<i>63</i>
Chapter 5 Network Effects and Multi-level Dynamics in the Internationalization of Digital Platforms: A Reflection <i>Mauro F. Guillén</i>	<i>71</i>

Chapter 6	Renewing the Relevance of IB: Can Some History Help?	
	<i>Geoffrey Jones</i>	77

PART II

HOME COUNTRY INSTITUTIONS AND INTERNATIONAL BUSINESS

Chapter 7	Managing Around Populism	
	<i>Timothy M. Devinney and Christopher A. Hartwell</i>	95

Chapter 8	Institutions, Corporate Governance, and Internationalization of State-owned Enterprises in a Varieties of Capitalism Framework	
	<i>Sergio Mariotti and Riccardo Marzano</i>	107

Chapter 9	Business Group Affiliation and Export Propensity in New Ventures	
	<i>Jonas Eduardsen, Svetla Marinova, Božidar Vlačić and Miguel González-Loureiro</i>	129

Chapter 10	Product and Process Innovations and the Institutional Context of Transition Economies: The Effects of External Knowledge	
	<i>Virginia Hernández, María Jesús Nieto and Alicia Rodríguez</i>	155

PART III

HOST COUNTRY INSTITUTIONS AND INTERNATIONAL BUSINESS

Chapter 11	Corporate Anti-corruption Policy, Investment Motives, and Foreign Location Choice	
	<i>Guoliang Frank Jiang and Michael A. Sartor</i>	173

Chapter 12	Host Government Intervention and FDI Inflow: An Empirical Investigation	
	<i>Gilbert Kofi Adarkwah</i>	193

Chapter 13	Stakeholder Responses and the Interplay Between MNE Post-entry Behavior and Host Country Informal Institutions	
	<i>Elina Pelto and Anna Karhu</i>	219

Chapter 14	Old Risks, New Reference Points? An Organizational Learning Perspective into the Foreign Market Exit and Re-entry Behavior of Firms	
	<i>Irina Surdu and Edith Ipsmiller</i>	239
Chapter 15	Intangible Assets of MNE Foreign Subsidiaries: The Role of Internal Financial Resources and Host Country Institution	
	<i>Quyen T. K. Nguyen</i>	263
Chapter 16	How Do SMEs Face Institutional Challenges in China?	
	<i>Noémie Dominguez and Ulrike Mayrhofer</i>	287
PART IV		
MULTI-COUNTRY AND BELOW-COUNTRY LEVEL INSTITUTIONS AND INTERNATIONAL BUSINESS		
Chapter 17	International Services: The Interface between Service Characteristics, Policy, and Institutions	
	<i>Kristin Brandl, Peter D. Ørberg Jensen, Andrew Jones and Patrik Ström</i>	299
Chapter 18	Creating a Typology of International Alliances with City-level Distance Measures	
	<i>Juliane Engsig, Bo B. Nielsen, Paul Chiambaretto and Andry Ramarason</i>	311
Chapter 19	Successful and Unsuccessful Radical Transformation of Multinational Mobile Telephony Companies: The Role of Institutional Context	
	<i>Frank Elter, Paul N. Gooderham and Inger G. Stensaker</i>	339
Chapter 20	A Note on Changing Regulation in International Business: The World Intellectual Property Organization (WIPO) and Artificial Intelligence	
	<i>Aldo Alvarez-Risco and Shyla Del-Aguila-Arcentales</i>	363

PART V

INSTITUTIONS AND SUSTAINABILITY STRATEGIES

Chapter 21 Environmental Sustainability Strategy and International Performance: A Review of Literature and a Conceptual Model <i>Leonardo B. Barbosa, Jorge Carneiro, Camila Costa, Filip De Beule, Rafael Goldszmidt and T. Diana Macedo-Soares</i>	375
Chapter 22 Embeddedness and Interactions in New Public Environmental Management Governance: International and Intertemporal Evidence on Voluntary Standards <i>Marcus Wagner</i>	399
Chapter 23 Environmental Concerns – Uniting Generations for a Global Cause in Turbulent Times <i>Susana C. Silva, Paulo Duarte, Carla Martins and Paulo Collaço</i>	417
Chapter 24 The Diffusion of Corporate Sustainability in Global Supply Networks: An Empirical Examination of the Global Automotive Industry <i>Bruno Barreto de Góes, Masaaki Kotabe and José Mauricio Galli Geleilate</i>	435
<i>Index</i>	459

LIST OF FIGURES

CHAPTER 3

Fig. 1.	Interconnected Levels of Analysis for Global Strategic Management (Lessard, 1998).	50
Fig. 2.	RAT Framework: Relevant, Appropriable, Transferable (Westney, 2017).	51
Fig. 3.	CAT Framework: Complementary, Appropriable, Transferable (Westney, 2017).	51
Fig. 4.	RATs in Relation to Key Strategic Activities (Thun & Samel, 2020).	52
Fig. 5.	Sources of Value from Going Global and Being Global (Lessard, 2016).	54
Fig. 6.	RATs/CATs and the Value of Internationalization (Lessard, 2016).	55
Fig. 7.	Multiple Layers of Institutions, Markets, and Technologies Affecting Global Manufacturing (Lessard, 2014).	56
Fig. 8.	Change Over Time of Multi-level International Business Contexts.	58

CHAPTER 7

Fig. 1.	Average Vote Share of Populist Parties in Europe, 1990–2018.	96
---------	--	----

CHAPTER 8

Fig. 1.	Joint Effect of Corporate Governance and Variety of Capitalism on the Internationalization of State-owned Enterprises.	120
---------	--	-----

CHAPTER 9

Fig. 1.	Average Marginal Effect of Business Group Affiliation at Various Firm Sizes.	143
---------	--	-----

CHAPTER 12

Fig. 1.	Growth of Investment Agreements and ICSID Cases 1972–2017.	195
Fig. 2.	Inverted U-shaped Relationship between Host Government Interference and FDI.	207
Fig. 3.	Inverted U-shaped Relationship between Host Government Interference and FDI by Income Group.	209

CHAPTER 13

- Fig. 1. The Role of Stakeholder Responses in the Interplay between an MNE and Informal Institutions in the Host Field. 224
- Fig. 2. Stakeholder Responses to Lidl's Entry into Finland and the Interplay between Company Activities and Informal Institutions. 232
- Fig. 3. Stakeholder Responses to Fazer's Entry into Russia and the Interplay between Company Activities and Informal Institutions. 233

CHAPTER 14

- Fig. 1. Foreign Market Entry–Exit–Re-entry Decision-making Map. 243

CHAPTER 18

- Fig. 1. Predicted Means of the Five Identified Classes at the City Level. 323

CHAPTER 19

- Fig. 1. An Overview of Telenor Group Holding (January 2020). 351

CHAPTER 21

- Fig. 1. Descriptive Summary of Selected Studies for this Literature Review. 382
- Fig. 2. Generic Conceptual Model of the Determinants and Consequences of the Adoption of Environmentally Sustainable Strategies. 390

CHAPTER 24

- Fig. 1. Network-related Firm Attributes and Corporate Sustainability Diffusion. 440
- Fig. 2. Power Structures Within Buyer–Supplier Relationships Based on Resource Dependence Asymmetries. 441
- Fig. 3. Relative Network Position. 444
- Fig. 4. Network Data Structure. 446
- Fig. 5. Degree versus Eigenvector Centrality. 448

LIST OF TABLES

CHAPTER 3

Table 1	Eleanor Westney’s Multi-level Framing of International Strategy (Westney, 2017).	53
---------	--	----

CHAPTER 9

Table 1	Variables Included in the Analysis.	140
Table 2	Correlations.	141
Table 3	Results from Logistic Regression (Baseline = Independent SMEs).	142

CHAPTER 10

Table 1.	Correlation Matrix and Descriptive Statistics.	163
Table 2.	Results – Product and Process Innovations.	165

CHAPTER 11

Table 1.	Descriptive Statistics and Bivariate Correlations.	183
Table 2.	Mixed Logit Models of Location Choices for Production Entries.	184

CHAPTER 12

Table 1.	Variables, Definitions, and Data Source.	200
Table 2.	Countries with the Most Frequent Number of HCDS Cases.	201
Table 3.	Descriptive Statistics and Correlations.	204
Table 4.	Results of 2SLS Regression of Host Government Intervention and FDI Inflow.	205
Table 5.	Results by Income Groups.	208
Table 6.	Estimation with Lagged Dependent Variable.	211

CHAPTER 14

Table 1.	Summary Statistics and Correlations.	252
Table 2.	Sample Key Characteristics.	253
Table 3.	OLS Regression Results for ALL Firms.	254
Table 4.	OLS Regression Results for LowEXP and HighEXP.	255

CHAPTER 15

Table 1. Descriptive Statistics and Pearson Correlations.	273
Table 2. Multiple Regression Results.	275
Table 3. Two-stage Least Square (2SLS) Regression Results.	277

CHAPTER 18

Table 1. Levels of ISA Predictors.	317
Table 2. Variable Presentation.	321
Table 3. Model Selection.	321
Table 4. Latent Class Marginal Probabilities.	322
Table 5. Typology of International Alliances with City-level Distance Measures.	327

CHAPTER 21

Table 1. Patterns of Conceptualization of Environmental Sustainability Strategies.	383
Table 2. External Factors Influencing the Adoption of Environmental Sustainability Strategies.	385
Table 3. Internal Factors Influencing the Adoption of Environmental Sustainability Strategies.	386
Table 4. Competitive Advantages Arising from the Adoption of Environmental Sustainability Strategies.	388
Table 5. Performance Indicators Most Used in Environmental Sustainability Strategy Studies.	389

CHAPTER 22

Table 1. Items Used for Calculation of the Dependent Variable.	404
Table 2. Pooled Estimation in Europe for 2001	407
Table 3. Estimations by Country in Europe for 2001	408
Table 4. Pooled Estimations in Germany for 2001–2016 and 2001/2011, respectively.	409
Table 5. Estimations by Year in Germany for 2001 and 2011	410

CHAPTER 23

Table 1. Hypotheses.	425
Table 2. Constructs and Items.	426
Table 3. Sample Characterization.	427
Table 4. Item and Scale Statistics.	428
Table 5. Hypothesis Analysis.	428

CHAPTER 24

Table 1. Ranking of Auto Manufacturers by Motor Vehicle Production (2014).	446
Table 2. OLS Regression Results: Effects of Resource Dominance, Resource Substitutability, and Network Centrality on Corporate Sustainability Diffusion Performance.	451

This page intentionally left blank

LIST OF CONTRIBUTORS

<i>Gilbert Kofi Adarkwah</i>	BI Norwegian Business School, Norway
<i>Aldo Alvarez-Risco</i>	Universidad de Lima, Perú
<i>Leonardo B. Barbosa</i>	FGV EAESP Sao Paulo School of Business Administration, Brazil
<i>Kristin Brandl</i>	University of Victoria, Canada
<i>Jorge Carneiro</i>	FGV EAESP Sao Paulo School of Business Administration, Brazil
<i>Paul Chiambaretto</i>	Montpellier Business School/Ecole Polytechnique, France
<i>Paulo Collaço</i>	Universidade Católica Portuguesa, Portugal
<i>Camila Costa</i>	BNDES – Brazilian Development Bank, Brazil
<i>Filip De Beule</i>	University of Leuven, Belgium
<i>Bruno Barreto de Góes</i>	University of New Haven, USA
<i>Shyla Del-Aguila-Arcentales</i>	Escuela Nacional de Marina Mercante “Almirante Miguel Grau” and Universidad Nacional de la Amazonia Peruana, Perú
<i>Timothy M. Devinney</i>	University of Manchester, UK
<i>Noémie Dominguez</i>	University of Lyon, France
<i>Paulo Duarte</i>	Universidade da Beira Interior, Portugal
<i>Jonas Eduardsen</i>	Aalborg University, Denmark
<i>Frank Elter</i>	NHH Norwegian School of Economics, Norway
<i>Juliane Engsig</i>	Toulouse Business School, France
<i>José Mauricio Galli Geleilate</i>	University of Massachusetts – Lowell, USA
<i>Rafael Goldszmidt</i>	FGV EBAPE Brazilian School of Public and Business Administration, Brazil
<i>Miguel González-Loureiro</i>	University of Vigo, Spain and Politécnico do Porto, Portugal
<i>Paul Gooderham</i>	NHH Norwegian School of Economics, Norway
<i>Mauro F. Guillén</i>	University of Pennsylvania, USA
<i>Christopher A. Hartwell</i>	Bournemouth University, UK and Akademia Leona Koźmińskiego, Poland
<i>Virginia Hernández</i>	Universidad Carlos III de Madrid, Spain
<i>Edith Ipsmiller</i>	Vienna University of Economics and Business, Austria
<i>Peter D. Ørberg Jensen</i>	Copenhagen Business School, Denmark
<i>Guoliang Frank Jiang</i>	Carleton University, Canada
<i>Geoffrey Jones</i>	Harvard Business School, USA
<i>Andrew Jones</i>	City University of London, UK
<i>Anna Karhu</i>	University of Turku, Finland
<i>Stephen J. Kobrin</i>	University of Pennsylvania, USA
<i>Masaaki Kotabe</i>	Temple University, USA
<i>Donald R. Lessard</i>	Massachusetts Institute of Technology, USA

<i>Svetla Marinova</i>	Aalborg University, Denmark
<i>Sergio Mariotti</i>	Politecnico di Milano, Italy
<i>Carla Martins</i>	Universidade Católica Portuguesa, Portugal
<i>Riccardo Marzano</i>	Sapienza University of Rome, Italy
<i>Ulrike Mayrhofer</i>	Université Côte d'Azur, France
<i>Quyen T. K. Nguyen</i>	University of Reading, UK
<i>Bo B. Nielsen</i>	University of Sydney, Australia
<i>Maria Jesús Nieto</i>	Universidad Carlos III de Madrid, Spain
<i>Elina Peltó</i>	University of Turku, Finland
<i>Andry Ramaroson</i>	Centre Universitaire de Mayotte, France
<i>Alicia Rodríguez</i>	Universidad Carlos III de Madrid, Spain
<i>Elizabeth L. Rose</i>	University of Leeds, UK and Indian Institute of Management Udaipur, India
<i>Michael A. Sartor</i>	Queen's University, Canada
<i>Susana C. Silva</i>	Universidade Católica Portuguesa, Portugal
<i>T. Diana Macedo-Soares</i>	Pontifical Catholic University of Rio de Janeiro, Brazil
<i>Inger G. Stensaker</i>	NHH Norwegian School of Economics, Norway
<i>Patrik Ström</i>	University of Gothenburg, Sweden and Stockholm School of Economics, Sweden
<i>Irina Surdu</i>	The University of Warwick, UK
<i>Rob van Tulder</i>	Erasmus University, the Netherlands
<i>Alain Verbeke</i>	University of Reading, UK; Vrije Universiteit Brussel, Belgium; and University of Calgary, Canada
<i>Božidar Vlačić</i>	Universidade Católica Portuguesa, Portugal
<i>Marcus Wagner</i>	University of Augsburg, Germany
<i>Yingqi Wei</i>	University of Leeds, UK
<i>D. Eleanor Westney</i>	Massachusetts Institute of Technology, USA

D. ELEANOR WESTNEY: A BIOGRAPHY

Elizabeth L. Rose

This volume is in honor of Professor D. Eleanor Westney, who is Sloan Fellows Professor of Strategy and International Management Emerita at MIT Sloan School of Management (U.S.) and Professor Emerita at York University (Canada), where she was the Scotiabank Professor of International Business and Professor of Organization Studies at the Schulich School of Business at York University (Canada) from 2007 to 2014. It is my pleasure to provide a brief introduction to a scholar who is widely respected – and widely beloved – with in the International Business (IB) community.

Like so many of the key contributors to IB, Eleanor entered the field as something of an “academic immigrant”. An organizational sociologist who had combined Sociology with Japanese Studies throughout her undergraduate, masters, and doctoral programs, she found that her knowledge of Japan provided a natural segue into IB in the early 1980s, at a time when academic and managerial interest in the success of Japanese multinational enterprises (MNEs), especially relative to U.S.-based companies, was very strong. Her sociological research on how Japanese organizations emulated western models in the Meiji period provided a useful base for addressing how western companies might then learn from Japan. She has gone on to make deep and lasting contributions to her adopted field, bringing a sociological perspective to various aspects of cross-border organizational learning, including the internationalization of research and development activities, with an emphasis on the evolutionary and institutional theoretical lenses for studying the MNE.

Although she has spent most of her adult life in the U.S., Eleanor is proudly and resolutely Canadian. She was raised on a dairy farm near Toronto. (This is a fact that I learned during a dinner when she and another person at the table – also with farming experience – were discussing silage. Having grown up in suburban New York, I finally had to ask, sheepishly, what on earth silage was.) She studied at the University of Toronto, earning a BA and an MA in Sociology and Japanese studies. After a stint working at the Canadian pavilion at Expo’70, the World’s Fair in Osaka (she learned Japanese as an undergraduate) she headed to the U.S. – specifically, Princeton University, where she earned a PhD in Sociology. Her first academic position was in the Department of Sociology at Yale University. She then shifted to MIT, which served as her academic home for most of her career, before returning to Canada to join the Schulich School of Business at

York University and be closer to her family. She has held visiting appointments at Hitotsubashi University, University of Tokyo, University of Michigan, and Aalto University.

Throughout her career, Eleanor has engaged deeply with the academic community, through a variety of organizations, with a strong focus on helping to develop the next generation of scholars. She served as Chair of the International Management Division of the Academy of Management, and was named the Division's Eminent Scholar in 2013. She was elected a Fellow of the Academy of International Business (AIB) in 1997, and served as Dean of the AIB Fellows from 2008 to 2011. Among her other honors, Eleanor has been awarded an honorary doctorate from the Stockholm School of Economics.

Eleanor is renowned for her remarkable ability to synthesize apparently disparate lines of discussion; this is informed by the fact that she is a voracious reader with extremely eclectic tastes. She is unfailingly generous with ideas and comments, and has a well-deserved reputation for being able to frame questions in ways that provide stunning clarity to students who are struggling with their research, while simultaneously offering a wealth of ideas for future research that have the potential to drive a full postdoctoral research agenda. I have lost count of the number of times that students have referred to suggestions that Eleanor had made to them years earlier; her impact on young researchers around the world is both vast and deep.

Perhaps the best way in which I can convey the esteem in which I hold Eleanor Westney is to share what I consider to be the best compliment that I have ever received in a professional context – being told that I have done something that reminds a colleague of Eleanor.

On behalf of my co-editors of this volume – Rob van Tulder, Alain Verbeke, and Yingqi Wei – it is a real pleasure to honor Eleanor with Volume 15 of the *Progress in International Business Research (PIBR)* series. Like the scholars to whom previous *PIBR* volumes have been dedicated (Danny Van Den Bulcke, Alan Rugman, Lou Wells, Rosalie Tung, Lorraine Eden, and Peter Buckley), Eleanor Westney has made – and she continues to make – an indelible mark on the field of International Business.