

1
3
5
7
9

EMBRACING DEBATES TO ADVANCE GLOBAL STRATEGY RESEARCH

11 Erin G. Pleggenkuhle-Miles and Mike W. Peng

13

15 Much of the truly interesting and provocative research of today stems from
17 the current debates in our field. In both research and practice, debates help
19 drive the field forward (Meyer, 2007; Peng, 2004, 2009). This chapter, with a
21 focus on *global strategy* research,¹ addresses two related questions. First,
23 what are the scale and scope of research embracing debates as manifested in
competing hypotheses in leading management journals? Second, how can two
areas of global strategy research – (1) convergence versus divergence in
corporate governance and (2) domestic versus overseas corporate social
responsibility (CSR) – benefit from engaging in debates?

25 We start by identifying how competing hypotheses have been used in
27 articles published in 24 leading management journals between 1990 and 2008.
29 We discuss how identification of boundary conditions can push the field
31 ahead. We then use the two debates in global strategy as exemplars that can
33 benefit from the competing hypothesis approach. Three reasons are behind
our selection of these two particular debates. First, it is important to pick
debates that are fairly distinct from one another. These two debates meet this
criterion in that while each is associated with the broadly defined strategy
audience, each speaks to a different group of researchers. Our second
criterion is based on a historical aspect. In the literature, although there are a

35
37

Research Methodology in Strategy and Management, Volume 5, 305–322
39 **Copyright © 2009 by Emerald Group Publishing Limited**
All rights of reproduction in any form reserved
ISSN: 1479-8387/doi:10.1108/S1479-8387(2009)0000005012

1 number of debates that have a rich history (i.e., internationalization and firm
2 performance), much of the discourse has been more recent for the two
3 debates we selected. This leads us to our third criterion, identifying *current*
4 debates that can inform future research (Peng & Pleggenkuhle-Miles, 2008).
5

7 **TECHNIQUES IN UNRAVELING DEBATES**

9 Finding answers to questions raised in a given debate presents scholars with
10 the opportunity to not only provide a firmer path toward a resolution to the
11 debate at hand, but also the opportunity to employ somewhat atypical
12 methodological approaches. Specifically, when investigating different facets
13 of a given debate, the opportunity presents itself to (1) employ competing
14 hypotheses, (2) integrate theoretical frameworks, and (3) identify boundary
15 conditions.

17 *Competing Hypotheses*

19 Although not a common occurrence, employing competing hypotheses in
20 the management field is not a new phenomenon (Poppo & Zenger, 1998;
21 Goerzen & Beamish, 2005). However, we argue in this chapter that this
22 atypical approach holds much potential in advancing the field. Not only
23 does this approach allow for the testing of competing theories, but also
24 identifies boundary conditions for theories.

25 In the 1970s, the Central Intelligence Agency (CIA) implemented the
26 “Analysis of Competing Hypotheses” (ACH), an unbiased methodology for
27 evaluating competing hypotheses in an effort to minimize errors by analysts
28 who face a high risk of error in reasoning (CIA, 2008). Researchers are often
29 guilty of finding what they are looking for (confirmatory bias) and ignore or
30 overlook the fact that the evidence may be consistent with several theoretical
31 explanations (Wason, 1960). For these reasons, following the ACH process
32 (see Table 1) not only leads to less biased output, but also pushes the field
33 forward. AU 2

Essentially applying this approach, Carr (2005) investigates comparative
35 strategic decision styles in Germany, Japan, Britain, and the United States
36 to explore the extent of convergence. He tests whether national institutional
37 and cultural factors exert profound differences (Hypothesis 1), or if they
38 respond to convergence pressures (Hypothesis 2) (Carr, 2005, p. 118).
39 Interestingly, while Carr finds support for the convergence hypothesis when
studying German firms, he finds support for the continued profound

Table 1. Step-by-Step Outline for Analysis of Competing Hypotheses (ACH).

-
1. Identify the possible hypotheses to be considered. Use a group of analysts with different perspectives to brainstorm the possibilities.
 2. Make a list of significant evidence and arguments for and against each hypothesis.
 3. Prepare a matrix with hypotheses across the top and evidence down the side. Analyze the “diagnosticity” of the evidence and arguments – that is, identify which items are most helpful in judging the relative likelihood of the hypotheses.
 4. Refine the matrix. Reconsider the hypotheses and delete evidence and arguments that have no diagnostic value.
 5. Draw tentative conclusions about the relative likelihood of each hypothesis. Proceed by trying to disprove the hypotheses rather than prove them.
 6. Analyze how sensitive your conclusion is to a few critical items of evidence. Consider the consequences for your analysis if that evidence were wrong, misleading, or subject to a different interpretation.
 7. Report conclusions. Discuss the relative likelihood of all the hypotheses, not just the most likely one.
 8. Identify milestones for future observation that may indicate events are taking a different course than expected.
-

Source: Central Intelligence Agency (<https://www.cia.gov/library/center-for-the-study-of-intelligence/csi-publications/books-and-monographs/psychology-of-intelligence-analysis/art11.html>, accessed October 1, 2008).

difference hypothesis with regard to Japanese firms. Such findings lend support to both camps in the convergence–divergence debate.

In another paper testing convergence, Lubatkin, Ndiaye, and Vengroff (1997) test a universalist hypothesis using competing hypotheses. In this paper, the authors examine whether the nature of managerial work (certain activities) is universal. Although often assumed to be true, endorsed by many organizations involved in economic development (United Nations, World Bank, and International Monetary Fund), before this study little research had tested whether Western management models are valid in all types of nations. Although the authors find support for the universalist hypothesis, they do not equate a universal approach with convergence, thereby entering another tenet into the convergence–divergence debate.

These are but two examples of a number of studies that have used this approach (Ebben & Johnson, 2005; Goerzen & Beamish, 2005; Rhee & Haunschild, 2006; Goerzen, 2007; Rothaermel & Hess, 2007). To obtain a more systematic picture of the scale and scope of research embracing debates via competing hypotheses, we searched 24 top management journals listed under the University of Texas at Dallas Top 100 Business School Research Rankings™ (see top100.utdallas.edu for a list of the journals) for

Table 2. Journals Publishing Competing Hypotheses Articles (1990–2008)^{a,b}.

Source Title	Articles	Total
<i>Management Science</i>	9	17.31
<i>Strategic Management Journal</i>	8	15.38
<i>Organization Science</i>	7	13.46
<i>Marketing Science</i>	5	9.62
<i>Accounting Review</i>	4	7.69
<i>Academy of Management Review</i>	3	3.85
<i>Journal of Consumer Research</i>	2	3.85
<i>Journal of Finance</i>	2	3.85
<i>Journal of International Business Studies</i>	2	3.85
<i>Academy of Management Journal</i>	2	3.85
<i>Journal of Financial Economics</i>	2	3.85
<i>Journal of Marketing Research</i>	2	3.85
<i>Administrative Science Quarterly</i>	1	1.92
<i>Information Systems Research</i>	1	1.92
<i>Journal of Accounting Research</i>	1	1.92
<i>Journal of Marketing</i>	1	1.92
<i>MIS Quarterly</i>	1	1.92
	51	100.00

^aThe universe of the journals that we searched was the 24 leading journals in the University of Texas at Dallas Top 100 Business School Research Rankings™ (see top100.utdallas.edu for a list of the journals). Journals on the list that did *not* publish any article that tested competing hypotheses are: *Journal of Accounting and Economics*; *Review of Financial Studies*; *Journal on Computing*; *Operations Research*; *Journal of Operations Management*; *Manufacturing and Service Operations Management*; *Production and Operations Management*.

^bThe search was conducted as of September 30, 2008.

years 1990–2008 (as of September 30). Specifically, we performed a Boolean search using the Social Science Citation Index (SSCI) database for each of the 24 journals.² Out of thousands of articles published, only a total of 51 papers published between 1990 and 2008 applied this technique (see Table 2). Shown in Fig. 1, since 1990, an average of 2.6 papers each year use a form of competing hypotheses in all 24 journals – roughly one paper a year for 10 journals (!). Interestingly, using the EBSCOhost database and searching only abstracts and subject terms as a more conservative approach, we can only locate 21 articles in the 24 journals.

While these findings do suggest an acceptance for this competing hypotheses methodology, its use is clearly not widespread. This is unfortunate, since this approach can help solve theoretical debates. For example, Goerzen

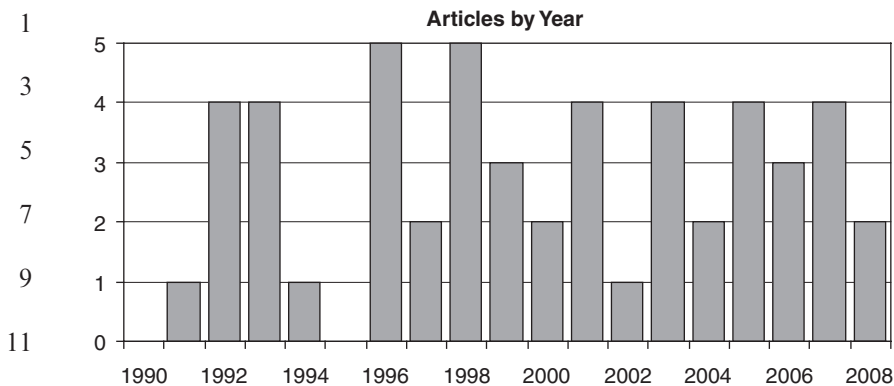


Fig. 1. Articles Testing Competing Hypotheses Articles by Year (1990–2008). **A** **AU :1**
 Total of 51 Articles were Identified between the Years 1990 and 2008, Using the
 SSCI Search Engine. The Universe of the Journals that We Searched was the 24
 Leading Journals in the University of Texas at Dallas Top 100 Business School
 Research Rankings (See top100.utdallas.edu for a List of the Journals).

(2007) uses competing hypotheses from transaction cost and network perspectives and identifies complementarity facets of these two perspectives. This approach can also disaggregate conflicting debates within a particular theory. For instance, Kochhar and David (1996) test three competing hypotheses to unravel the debate about the effect of institutional investors on firm innovation. By disaggregating institutional investors into specific types, they are able to shed light on why there is such a controversy regarding the effects of institutional investors on firm innovation. These examples show the potential this method has in resolving debates in the literature. Moreover, such resolution identifies the constraints of the findings – meaning that the other side is not necessarily totally wrong.

Theory Complementarity

Unlike the natural sciences, the strategy field has few (if any) theories that are universal (Peng, Lee, & Wang, 2005). Therefore, it is important to investigate circumstances where the theories we do have work, and what constraints may exist. To achieve this, a much more common approach uses multiple theories to glean insight on existing theoretical debates. Scholars using this approach draw on different theories to build their argument(s) in an effort to unravel a particular paradox or debate.

1 Contributing to the governance literature, Jaskiewicz and Klein (2007)
2 draw from agency and stewardship theories to test how goal alignment
3 affects board composition and board size. Although this study does not
4 specifically test a convergence hypothesis, it speaks to followers of this
5 debate by providing another tool (an integrative or complementary
6 framework) that can be implemented for further investigation. In another
7 example, Greening and Gray (1994) propose a new contingency model of
8 CSR after finding that explanations using institutional and resource
9 dependence theories, though distinct, are complementary. An interesting
10 feature of this study is the inclusion of issue-related media exposure as one
11 of the institutional factors. The media plays an active role in assigning
12 importance to social issues as well as exposing gaps between society's
13 expectations and business practices (Greening & Gray, 1994, p. 475). More
14 recently, CSR scholars have begun exploring the roles that activists and
15 nongovernmental organizations (NGOs) play as well as their effects (Spar &
16 La Mure, 2003; den Hong & de Bakker, 2007). Exploration of nontradi-
17 tional actors and variables generated as a result of theory complementarity
18 is another way scholars can advance the field.

19

21

Boundary Conditions

23 Our final technique that bears mentioning actually incorporates the two
24 previous approaches: identifying boundary conditions. It is unlikely that a
25 clear-cut winner exists in any debate. Rather, it is more probable that each
26 side is correct when either certain conditions are met or certain circumstances
27 exist. In other words, when certain boundary conditions are identified.

28 To illustrate, consider Barnett and Salomon (2006), who push the debate
29 between CSR and financial performance forward by investigating the
30 financial–social performance link within a specific context: socially respon-
31 sible mutual funds. Utilizing modern portfolio and stakeholder theories,
32 Barnett and Salomon employ additional boundary conditions by examining
33 the effects of different social screening strategies. Similar to how Kochhar
34 and David's (1996) study using competing hypotheses is able to disaggregate
35 the individual effects of the different types of institutional investors, Barnett
36 and Salomon identified specific boundaries within a specific context and
37 pushed forward this debate finding a curvilinear relationship.

38 In another example, Aguilera and Cuervo-Cazurra (2004) find support for
39 convergence of corporate governance practices, but more importantly find
40 support for both efficiency and legitimacy arguments, two views that are

1 often in conflict. ~~While on~~ the other hand, Skeel (1998) predicts that
2 corporate governance patterns will remain stable (in Germany, Japan, and
3 the United States), despite the increasing internationalization of markets.
4 He integrates corporate law and corporate bankruptcy in his investigation
5 of the convergence–divergence debate.

6 In summary, debates are a fact in life as well as research. While clearly not
7 every paper needs to be framed by competing hypotheses, we believe that
8 the competing hypotheses approach has been *under*-utilized. In general,
9 embracing debates will be especially beneficial when dealing with cutting-
10 edge debates, such as the two debates in global strategy that we will outline
11 in the next two sections: (1) convergence versus divergence in corporate
12 governance and (2) domestic versus overseas CSR.

13

14

15 CONVERGENCE OR DIVERGENCE IN 16 CORPORATE GOVERNANCE

17

18 The convergence–divergence debate was recognized decades ago by Webber
19 (1969) as contrasting explanations of values formation. Researchers have
20 searched for similarities in consumption patterns and culture-specific beliefs
21 and attitudes (Leung, Bhagat, Buchan, Erez, & Gibson, 2005) since the
22 publication of *Industrialism and Industrial Man* by Kerr, Dunlop, Harbison,
23 and Myers (1960). The underlying issue behind this debate is whether
24 economic ideology or national culture drives values. Those who argue that
25 economic ideology drives values follow the convergence perspective,
26 whereas those who argue that national culture drives values follow the
27 divergence perspective (Ralston, Holt, Terpstra, & Yu, 1997; Beekun,
28 Westerman, & Barghouti, 2005). While this debate has been around for
29 some time, we are no closer to an answer. In fact, there seems to be an ever-
30 widening gap between the two schools of thought. We focus on this debate
31 with specific regard to *corporate governance*.

32

33 Questions within the corporate governance literature concerning whether
34 corporate governance is converging or diverging globally lay the foundation
35 for this debate. The leading argument for the convergence advocates is that
36 globalization unleashes a “survival-of-the-fittest” process by which firms
37 will be forced to adopt globally best (essentially Anglo-American) practices
38 (Rubach & Sebor, 1998; Aguilera & Cuervo-Cazurra, 2004; Witt, 2004).
39 Many of the recent governance codes, enacted in numerous countries around
the world, draw largely from core Anglo-American concepts centered on

1 shareholder wealth of multinational enterprises (MNEs). Convergence
2 advocates attribute this to the fact that global investors are willing to pay
3 a premium for stock in firms that follow Anglo-American-style governance
4 procedures (Hebb & Wojcik, 2005; Young, Ahlstrom, & Bruton, 2004).
5 Due to this trend toward corporate governance conformity, shareholder
6 activism – an unheard of phenomenon in many parts of the world – is
7 becoming more visible (Dharwadkar, George, & Brandes, 2000; Sarkar &
8 Sarkar, 2000; Yoshikawa & McGuire, 2008). The primary argument driving
9 this side of the debate uses an economic rationale and puts forward
10 that market forces enhance cross-national convergence on international
11 standards. Following this argument, compliance with international (primarily
12 Anglo-American) regulatory standards constitutes a competitive advantage
13 (Simmons, 2001).

14 Unsatisfied with this market-based explanation as to why countries not
15 participating in the establishment of international standards still choose to
16 conform, Chey (2007) suggests and finds support for the enactment of a
17 diverse set of pressures (market, nation-state, and foreign state) that lead to
18 an increase of firm's voluntarily adopting international standards. More-
19 over, market pressures are not the main driver of such conformity; instead,
20 adoption was found to be mainly driven by a nation-state's regulatory
21 authorities' concern about the potential risk of foreign market closure to
22 noncompliant firms. Thus, voluntary adoption of key international standards
23 comes from the inherent threat of market compliance pressures.

24 The phenomenon of cross-listing – listing shares on foreign stock
25 exchanges – is yet another example convergence advocates often cite.³ The
26 primary reason for a firm to cross-list is its desire to tap into larger pools of
27 capital (Coffee, 2002; Doidge, Karolyi, & Stulz, 2003). However, a foreign
28 firm must comply with securities laws and adopt Anglo-American corporate
29 governance norms before it may cross-list in the United States or United
30 Kingdom. Thus, when we consider that Indian firms listed in New York or
31 London, compared with those listed at home, are relatively more concerned
32 about shareholder value, convergence advocates have a fairly strong
33 argument (Yoshikawa & Gedajlovic, 2002). Furthermore, a US or UK
34 listing can be viewed as a signal of the firm's commitment to strengthen
35 shareholder value, thus resulting in higher valuations (Vaaler & Schrage,
36 2006). Overall, cross-listed firms are often viewed as carriers of Anglo-
37 American corporate governance norms and values around the world.

38 On the other side of the debate, divergence advocates contend that
39 governance practices will continue to diverge throughout the world (Aguilera
& Jackson, 2003; McCarthy & Puffer, 2003). In theory, corporate governance

1 concerns “the structure of rights and responsibilities among the parties with
a stake in the firm” (Aoki, 2000, p. 11). Yet, in practice, the diversity of
3 practices around the world “nearly defies a common definition” (Aguilera &
Jackson, 2003, p. 447). Rather, the two models (Anglo-American and
5 Continental European) used to classify countries only partially fit the
majority of countries (Aguilera & Jackson, 2003). Divergence advocates
7 highlight the contradiction of the recommendation given in the following
scenario to reiterate their stance (cf. Peng, 2006, p. 470). Promoting more
9 concentrated ownership and control is often recommended as a solution to
combat principal–agent conflicts in US and UK firms. However, making
11 the same recommendation to reform firms in continental Europe, Asia, and
Latin America may be counterproductive. This is because typically the main
13 problem in these countries is that controlling shareholders already have too
much ownership and control (Young, Peng, Ahlstrom, Bruton, & Jiang,
15 2008). The solution may instead lie in how to reduce the concentration of
ownership and control.

17 Responding to the case of cross-listed firms, divergence advocates make two
points. First, when compared to US firms, cross-listed foreign firms typically
19 have significantly larger boards, more inside directors, lower institutional
ownership, and more concentrated ownership (Davis & Marquis, 2003). In
21 other words, cross-listed foreign firms do not necessarily adopt US governance
practices before or after listing. Second, despite the notion that US and UK
23 securities laws apply to cross-listed foreign firms, in practice, these laws have
rarely been effectively enforced against those firms (Siegel, 2005).

25 What we take away from this debate is that while convergence advocates
note the similarity of governance regulations being implemented around the
27 globe, divergence advocates maintain that while it is possible to export
formal US/UK-style regulations to other countries, it is much more difficult
29 to transplant the informal norms, values, and traditions around the world
without changing the underlying structure of concentrated ownership and
31 control (Bruton, Ahlstrom, & Wan, 2003; Carney & Gedajlovic, 2001). In
sum, the two sides are beginning to identify boundary conditions that
33 suggest both sides are partially right.

Overall, in a global economy, complete convergence or divergence is
35 probably unrealistic (Yoshikawa & McGuire, 2008).⁴ Instead, scholars at the
frontier of this debate suggest that some sort of crossvergence that balances
37 the expectations of global investors and local stakeholders is more likely
(Young et al., 2004, 2008). Convergence and divergence identify polar
39 extremes, whereas crossvergence argues that neither of these views adequately
explains the dynamic interaction at play (Ralston et al., 1997). Such a view is

1 supported by Khanna, Kogan, and Palepu (2006) who examine the similarities
in corporate governance across developed and developing countries. Khanna
3 et al. explicitly distinguish between and empirically test the differences of de
jure and de facto convergence – in essence, identifying boundary conditions to
5 complete convergence. While de jure convergence is the convergence of legal
rules and institutions through the adoption of similar corporate governance
7 laws across countries, de facto convergence refers to the convergence and
adaptation of actual practices (Khanna et al., 2006, p. 71). Although findings
9 support the de jure convergence among interacting countries, the study fails to
find support for convergence on the de facto level. Thus, we infer that a sort
11 of crossvergence is taking place, whereby certain governance practices are
adapted on a global scale, but not implemented locally. This study is conducted
13 at the country level of analysis; thus, more fine-grained analysis could be
done to determine how this is translated into actions of international firms.

15 The Organization for Economic Co-operation and Development
(OECD), which has traditionally promoted the Anglo-American governance
17 principles, recently revised its “Principles of Corporate Governance” to
reflect the experiences of OECD countries as well as emerging and
19 developing economies (Jesover & Kirkpatrick, 2005). These principles have
“gained worldwide recognition as an international benchmark for sound
21 corporate governance” and represent a particularly relevant example of
crossvergence (Jesover & Kirkpatrick, 2005, p. 127). Ralston et al. (1997)
23 raised the question of whether crossvergence is a temporary, transitional
state between convergence and divergence. This question not only remains
25 unanswered, but raises a number of additional queries. If it is a transitional
state, how long is the transition process? According to McCarthy and Puffer
27 (2008), whether firms converge toward “global” governance practices may
depend on their international strategy.

29 Clearly, the unresolved nature of the convergence versus divergence debate
in corporate governance, in combination with its timeliness given the global
31 economic and financial turmoil, calls for more innovative approaches to
advance research in this area. We believe that embracing this debate, instead
33 of making one-sided arguments, will be a particularly fruitful approach.

35

DOMESTIC VERSUS OVERSEAS CORPORATE SOCIAL RESPONSIBILITY

37

39 CSR has been a continuous source of debate among scholars, practitioners,
and the community as a whole (Aguilera, Rupp, Williams, & Ganapathi,

1 2007; Campbell, 2007; Mackey, Mackey, & Barney, 2007; Marquis, Glynn,
2 & Davis, 2007). Scholars have attempted to understand the relationship
3 between a firm's social performance and its financial performance for over
4 40 years (Walsh, Weber, & Margolis, 2003). Yet, there is still no definitive
5 conclusion (Margolis & Walsh, 2003; Orlitzky, Schmidt, & Rynes, 2003).
6 The CSR debate stems from two viewpoints of the responsibility of the firm.
7 One view states that managers should make decisions that maximize the
8 wealth of the firm's equity holders (Friedman, 1962). On the other hand,
9 because corporations draw resources from society, a second viewpoint
10 argues that firms have a duty to society that goes beyond simply maximizing
11 the wealth of equity holders (Hinings & Greenwood, 2002; Swanson, 1999).

12 Although there is likely no end in sight regarding the debate on whether it is
13 the obligation of an organization to engage in CSR, the more interesting and
14 more important question today is why, despite the lack of confirmatory results
15 on whether CSR helps the economic bottom line, CSR is an "almost universal
16 practice" for for-profit firms (Barnett, 2007; Rowley & Berman, 2000)? To
17 answer this question, some academics have turned to stakeholder theory
18 (Freeman, 1984), which highlights the importance of a firm's relationships
19 with a broad set of individuals and organizations – beyond the shareholders.
20 Others look toward the increasing internal and external pressures that direct a
21 firm's attention to societal needs (Campbell, 2007; Logsdon & Wood, 2002).
22 Recent articles have examined the roles that activists (den Hong & de Bakker,
23 2007), environmental groups (King, 2007), community isomorphism (Marquis
24 et al., 2007), and voluntary social initiatives (Terlaak, 2007) have in explaining
25 why firms engage in CSR. With the increased awareness of social aspects
26 surrounding organizations today, this area is likely to see much attention in
27 the near future. In this chapter, we focus on an increasingly important subset
28 of the larger debate on CSR: How can firms balance the often conflicting
29 demands between domestic and overseas CSR?

30 If we assume corporate resources to be limited, resources devoted to
31 overseas CSR often mean fewer resources devoted to domestic CSR
32 (Barnett, 2007). Following this assumption, the debate stems from identifying
33 whose interests are more important – domestic employees and
34 communities or overseas employees and communities? While we could argue
35 that both are important and multinational should be socially responsible to
36 all its constituencies, the issue becomes what is fair? How should resources
37 be divided? And how responsible or liable is the multinational in overseas
38 operations?

39 Consider two primary stakeholder groups: domestic employees and
40 communities (Peng, 2006, p. 506). When a firm expands overseas, especially

1 toward emerging economies, not only does it increase corporate profits and
2 shareholder returns, but it also provides employment to host countries and
3 develops those economies at the “base of the pyramid” (BOP) – all of which
4 have noble CSR dimensions. However, given the institutional pressures at the
5 community and national levels, this presents a dilemma for the multinational
6 since this expansion is often done at the expense of domestic employees and
7 communities (Teegen, 2003). Between 2000 and 2005, US MNEs cut more
8 than 2 million jobs at home, while significantly growing their non-US
9 presence and workforce (Mandel, 2008, p. 41). Yet, while many studies have
10 analyzed the role of MNEs in CSR (Dunning, 2003; Hooker & Madsen, 2004;
11 Logsdon & Wood, 2002; Snider, Paul, & Martin, 2003), little attention has
12 been paid to the CSR dualities or trade-offs that MNEs face.

13 Ideally, when companies have enough resources, it would be preferable to
14 take care of both domestic and overseas employees and communities.
15 However, in reality, managers are confronted with relentless pressures for cost
16 cutting and restructuring, and in the end must prioritize (Sundaram & Inkpen,
17 2004). Paradoxically, in this age of globalization, while the CSR movement is
18 on the rise, the migration of jobs away from developed economies is also
19 accelerating. While people and countries at the BOP welcome such migration,
20 domestic employees, communities, unions, and politicians in developed
21 economies struggle to understand. An exchange between Uchitell, Battenberg,
22 and Kochan (2007)⁵ and Rousseau and Batt (2007) following the 2006
23 Academy of Management meeting highlights this struggle. In fact, Rousseau
24 and Batt describe the emergent tensions as a “perfect storm.” They underscore
25 the threat globalization represents to American workers, and bring to point
26 the responsibility of the MNE toward its domestic employees and
27 communities. Given the lack of a clear solution, this politically explosive
28 debate is likely to heat up in the years to come (Mandel, 2008).

29 Around the world, an increasing number of MNEs are not only involving
30 themselves in overseas CSR practices, but are also reformulating strategies
31 and working with NGOs especially at the BOP (Doh & Guay, 2006;
32 Prahalad, 2004; Teegen, 2003). This has led to a developing literature within
33 the strategy and international business domain with recent articles
34 examining activists (den Hong & de Bakker, 2007), environmental groups
35 (King, 2007), community isomorphism (Marquis et al., 2007), and voluntary
36 social initiatives (Terlaak, 2007). Untangling the relationships among
37 MNEs, NGOs, CSR, and the BOP is an area that poses great opportunity
38 to push the field forward by embracing the debate. Furthermore, the CSR
39 dualities firms face set forth a natural setting to employ competing
40 hypotheses as well as an opportunity to integrate theoretical frameworks.

1 As previously, scholars have argued (Allison, 1971; Kuhn, 1970), integrating
 3 multiple perspectives contributes to robustness in explaining a phenomenon
 by emphasized complementary facets (Eisenhardt, 1988, p. 490).

5 CONCLUSION

7 This chapter has two simple but (hopefully) powerful messages. First, debates
 9 help drive the field ahead. By surveying publications in 24 leading journals
 during the last 18 years, we find that only 51 articles have embraced debates
 11 as exemplified by competing hypotheses. The unresolved nature of a lot of
 our inquiries can obviously benefit from competing hypotheses, which,
 13 overall, have been *under-utilized* by researchers. Second, within the global
 strategy literature, the two debates on (1) convergence versus divergence in
 15 corporate governance and (2) domestic versus overseas CSR can be fertile
 ground within which efforts to embrace debates will be particularly fruitful.
 17 In conclusion, if this chapter can only contain one message, we would like it
 to be a call for strategy researchers to embrace debates in general, and for
 19 global strategy researchers to leverage competing hypotheses to advance
 research on corporate governance and CSR in particular.

21 UNCITED REFERENCES

23 ~~Bruton, Lohrke, and Lu (2004); Kochhar and Parthiban (1996).~~
 25

27 NOTES

29 1. We acknowledge that there are debates regarding the definition of “global
 31 strategy.” Three leading definitions are: (1) a particular type of multinational
 enterprise strategy that treats the world as one marketplace, (2) international
 strategic management, and (3) strategy of firms around the globe (Peng &
 33 Pleggenkuhle-Miles, 2008). Debating these definitions is beyond the scope of this
 chapter. We follow the definition of global strategy in the leading global strategy
 textbook (Peng, 2006, 2009) and view global strategy as “strategy of firms around the
 35 globe.”

37 2. Using a series of key word combinations, we searched using the topic function
 in SSCI, which searches the title, abstract, keywords, and keywords plus.

39 3. See Benos and Weisbach (2004) for a review on the private benefits firms receive
 by cross-listing in the United States.

4. More recently, the SEC has begun discussions of adopting simpler accounting
 rules – specifically, the International Financial Reporting Standards (IFRS) (Henry,

1 2008). Currently the US follows the generally accepted accounting principles, whose
 3 rules have 25,000 pages, while IFRS rules number 2,500 pages. Adoption of IFRS
 would be a “major step toward a single worldwide standard” and provide further
 ammunition for convergence believers (Henry, 2008, p. 35).


5 5. Uchitell et al. (2007) is a compilation of the three presentations at the Academy
 of Management made by (1) Louis Uchitelle, author of *The Disposable American:
 Layoffs and Their Consequences*, (2) J. T. Battenberg III, former chairman and CEO
 7 of Delphi, and (3) Thomas Kochan, a management professor.

9 ACKNOWLEDGMENTS

11 We thank Don Bergh and Dave Ketchen for their support and encourage-
 13 ment. This research was supported in part by the National Science Foundation
 (CAREER SES 0552089) and the Provost’s Distinguished Professorship at the
 15 University of Texas at Dallas. All views expressed are those of the authors and
 not necessarily those of the sponsoring organizations.
 17

19 REFERENCES

- 21 Aguilera, R. V., & Cuervo-Cazurra, A. (2004). Codes of good governance worldwide: What is
 23 the trigger? *Organization Studies*, 25, 415–443.
- Aguilera, R. V., & Jackson, G. (2003). The cross-national diversity of corporate governance:
 Dimensions and determinants. *Academy of Management Review*, 29, 447–465.
- 25 Aguilera, R. V., Rupp, D. E., Williams, C. A., & Ganapathi, J. (2007). Putting the S back in
 corporate social responsibility: A multilevel theory of social change in organizations.
 27 *Academy of Management Review*, 32, 836–863.
- Allison, G. T. (1971). *Essence of decision*. Boston, MA: Little, Brown & Co.
- 29 Aoki, M. (2000). *Information, corporate governance, and institutional diversity: Competitiveness
 in Japan, the USA, and the transitional economies*. Oxford: Oxford University Press.
- Barnett, M. L. (2007). Stakeholder influence capacity and the variability of financial returns to
 corporate social responsibility. *Academy of Management Review*, 32, 794–816.
- 31 Barnett, M. L., & Salomon, R. M. (2006). Beyond dichotomy: The curvilinear relationship
 between social responsibility and financial performance. *Strategic Management Journal*,
 33 27, 1101–1122.
- 35 Beekun, R. I., Westerman, J., & Barghouti, J. (2005). Utility of ethical frameworks in
 determining behavioral intention: A comparison of the US and Russia. *Journal of
 Business Ethics*, 61, 235–247.
- 37 Benos, E., & Weisbach, M. S. (2004). Private benefits and cross-listings in the United States.
Emerging Markets Review, 5, 217–240.
- 39 Bruton, G., Ahlstrom, D., & Wan, J. (2003). Turnaround in East Asian firms. *Strategic
 Management Journal*, 24, 519–540.


- 1 Bruton, G., Lohrke, F., & Lu, J. W. (2004). The evolving definition of what comprises
international strategic management. *Journal of International Management*, 10, 413–429.
- 3 Campbell, J. L. (2007). Why would corporations behave in socially responsible ways? An
institutional theory of corporate social responsibility. *Academy of Management Review*,
32, 946–967.
- 5 Carney, M., & Gedajlovic, E. (2001). Corporate governance and firm capabilities. *Asia Pacific
Journal of Management*, 18, 335–354.
- 7 Carr, C. (2005). Are German, Japanese and Anglo-Saxon strategic decisions styles still
divergent in the context of globalization? *Journal of Management Studies*, 42, 1156–1188.
- 9 Chey, H. K. (2007). Do markets enhance convergence on international standards? The case of
financial regulation. *Regulation & Governance*, 1, 295–311.
- 11 CIA. (2008). Analysis of competing hypotheses. Available at: [https://www.cia.gov/library/
center-for-the-study-of-intelligence/csi-publications/books-and-monographs/psychology-
of-intelligence-analysis/art11.html](https://www.cia.gov/library/center-for-the-study-of-intelligence/csi-publications/books-and-monographs/psychology-of-intelligence-analysis/art11.html) (accessed September 30).
- 13 Coffee, J. C. (2002). Racing towards the top? The impact of cross-listings  stock market
competition on international corporate governance. *Columbia Law Review*, 102, 1757–1831.
- 15 Davis, G., & Marquis, C. (2003). The globalization of stock markets and convergence in
corporate governance. In: R. Swedberg (Ed.), *Economic sociology of capitalist institutions*.
Cambridge, UK: Cambridge University Press.
- 17 den Hong, F., & de Bakker, F. G. A. (2007). Ideologically motivated activism: How activist
groups influence corporate social change activities. *Academy of Management Review*, 32,
901–924.
- 19 Dharwadkar, R., George, G., & Brandes, P. (2000). Privatization in emerging economies: An
agency theory perspective. *Academy of Management Review*, 25, 650–669.
- 21 Doh, J. P., & Guay, T. R. (2006). Corporate social responsibility, public policy, and NGO
activism in Europe and the United States: An institutional-stakeholder perspective.
23 *Journal of Management Studies*, 43, 47–73.
- Doidge, C., Karolyi, K. A., & Stulz, R. (2003). Why are foreign firms listed in the US worth
more? *Journal of Financial Economics*, 71, 205–238.
- 25 Dunning, J. H. (2003). *Making globalization good: The moral challenges of global capitalism*.
Oxford: Oxford University Press.
- 27 Ebben, J. J., & Johnson, A. C. (2005). Efficiency, flexibility, or both? Evidence linking strategy
to performance in small firms. *Strategic Management Journal*, 26, 1249–1259.
- 29 Eisenhardt, K. M. (1988). Agency- and institutional-theory explanations: The case of retail sales
compensation. *Academy of Management Journal*, 31, 488–511.
- Freeman, R. E. (1984). *Strategic management: A stakeholder perspective*. Boston, MA: Pitman.
- 31 Friedman, M. (1962). *Capitalism and freedom*. Chicago, IL: University of Chicago Press.
- Goerzen, A. (2007). Alliance networks and firm performance: The impact of repeated
partnerships. *Strategic Management Journal*, 28, 487–509.
- 33 Goerzen, A., & Beamish, P. W. (2005). The effect of alliance network diversity on multinational
enterprise performance. *Strategic Management Journal*, 26, 333–354.
- 35 Greening, D. W., & Gray, B. (1994). Testing a model of organizational response to social and
political issues. *Academy of Management Journal*, 37, 467–498.
- 37 Hebb, T., & Wojcik, D. (2005). Global standards and emerging markets: The institutional-
investment value chain and the CalPERS investment strategy. *Environment and Planning
A*, 37, 1955–1974.
- 39 Henry, D. (2008). A better way to keep the books? *BusinessWeek*, September 15, 35.

- 1 Hinings, C. R., & Greenwood, R. (2002). Disconnects and consequences in organization
theory? *Administrative Science Quarterly*, 47, 411–421.
- 3 Hooker, J., & Madsen, P. (2004). *International corporate social responsibility: Exploring the
issues*. Pittsburgh, PA: Carnegie Mellon University Press.
- 5 Jaskiewicz, P., & Klein, S. (2007). The impact of goal alignment on board composition and
board size in family businesses. *Journal of Business Research*, 60, 1080–1089.
- 7 Jesover, F., & Kirkpatrick, G. (2005). The revised OECD Principles of Corporate Governance
and their relevance to non-OECD countries. *Corporate Governance*, 13, 127–136.
- 9 Kerr, C., Dunlop, J. T., Harbison, F. H., & Myers, C. A. (1960). *Industrialism and industrial
man*. Cambridge, MA: Harvard University Press.
- 11 Khanna, T., Kogan, J., & Palepu, K. (2006). Globalization and similarities in corporate
governance: A cross-country analysis. *Review of Economics and Statistics*, 88, 69–90.
- 13 King, A. (2007). Cooperation between corporations and environmental groups: A transaction
cost perspective. *Academy of Management Review*, 32, 889–900.
- 15 Kochhar, R., & Parthiban, D. (1996). Institutional investors and firm innovation: A test of
competing hypotheses. *Strategic Management Journal*, 17, 73–84.
- 17 Kuhn, T. (1970). *The structure of scientific revolutions*. Chicago, IL: University of Chicago
Press.
- 19 Leung, K., Bhagat, R. S., Buchan, N. R., Erez, M., & Gibson, C. B. (2005). Culture and
international business: Recent advances and their implications for future research.
Journal of International Business Studies, 36, 357–378.
- 21 Logsdon, J., & Wood, D. J. (2002). Business citizenship: From domestic to global level of
analysis. *Business Ethics Quarterly*, 12, 155–188.
- 23 Lubatkin, M. H., Ndiaye, M., & Vengroff, R. (1997). The nature of managerial work in
developing countries: A limited test of the universalist hypothesis. *Journal of
International Business Studies*, 28, 711–733.
- 25 Mackey, A., Mackey, T. B., & Barney, J. B. (2007). Corporate social responsibility and firm
performance: Investor preferences and corporate strategies. *Academy of Management
Review*, 32, 817–835.
- 27 Mandel, M. (2008). Multinationals: Are they good for America? *BusinessWeek*, March 10,
41–46.
- 29 Margolis, J. D., & Walsh, J. P. (2003). Misery loves companies: Rethinking social initiatives by
business. *Administrative Science Quarterly*, 48, 268–305.
- 31 Marquis, C., Glynn, M. A., & Davis, G. F. (2007). Community isomorphism and corporate
social action. *Academy of Management Review*, 32, 925–945.
- 33 McCarthy, D., & Puffer, S. (2003). Corporate governance in Russia. *Journal of World Business*,
38, 397–415.
- 35 McCarthy, D., & Puffer, S. (2008). Interpreting the ethicality of corporate governance decisions
in Russia: Utilizing integrative social contracts theory to evaluate the relevance of agency
theory norms. *Academy of Management Review*, 33, 11–31.
- 37 Meyer, K. (2007). Asian contexts and the search for general theory in management research:
A rejoinder. *Asia Pacific Journal of Management*, 24, 527–534.
- 39 Orlitzky, M., Schmidt, F. L., & Rynes, S. L. (2003). Corporate social and financial performance:
A meta-analysis. *Organization Studies*, 24, 403–441.
- Peng, M. W. (2004). Identifying the big question in international business research. *Journal of
International Business Studies*, 35, 99–108.
- Peng, M. W. (2006). *Global strategy*. Cincinnati, OH: South-Western Thomson.

- 1 Peng, M. W. (2009). *Global strategy* (2nd ed.). Cincinnati, OH: South-Western Cengage Learning.
- 3 Peng, M. W., Lee, S.-H., & Wang, D. (2005). What determines the scope of the firm over time? A focus on institutional relatedness. *Academy of Management Review*, *30*, 622–633.
- 5 Peng, M. W., & Pleggenkuhle-Miles, E. G. (2008). Current debates in global strategy. *International Journal of Management Reviews*, in press. **AU 4**
- 7 Poppo, L., & Zenger, T. (1998). Testing alternative theories of the firm: Transaction cost, knowledge-based, and measurement explanations for make-or-buy decisions in information services. *Strategic Management Journal*, *19*, 853–877.
- 9 Prahalad, C. K. (2004). *The fortune at the bottom of the pyramid: Eradicating poverty through profits*. Philadelphia, PA: Wharton School Publishing.
- 11 Ralston, D., Holt, D. H., Terpstra, R. H., & Yu, K.-C. (1997). The impact of national culture and economic ideology on managerial work values. *Journal of International Business Studies*, *28*, 177–207.
- 13 Rhee, M., & Haunschild, P. R. (2006). The liability of good reputation: A study of product recalls in the US automobile industry. *Organization Science*, *17*, 101–117.
- 15 Rothaermel, F. T., & Hess, A. M. (2007). Building dynamic capabilities: Innovation driven by individual-, firm-, and network-level effects. *Organization Science*, *18*, 898–921.
- 17 Rousseau, D. M., & Batt, R. (2007). Global competition's perfect storm: Why business and labor cannot solve their problems alone. *Academy of Management Perspectives*, *21*, 16–23.
- 19 Rowley, T., & Berman, S. (2000). A brand new brand of corporate social performance. *Business and Society*, *39*, 397–418.
- 21 Rubach, M., & Sebor, T. (1998). Comparative corporate governance. *Journal of World Business*, *33*, 167–184.
- 23 Sarkar, J., & Sarkar, S. (2000). Large shareholder activism in corporate governance in developing countries: Evidence from India. *International Review of Finance*, *1*, 161–194.
- 25 Siegel, J. (2005). Can foreign firms bond themselves effectively by renting US securities laws? *Journal of Financial Economics*, *75*, 319–359.
- 27 Simmons, B. (2001). The international politics of harmonization: The case of capital market regulation. *International Organization*, *55*, 589–620.
- 29 Skeel, D. A., Jr. (1998). An evolutionary theory of corporate law and corporate bankruptcy. *Vanderbilt Law Review*, *51*, 1325–1365.
- 31 Snider, J., Paul, R. H., & Martin, D. (2003). Corporate social responsibility in the 21st century: A view from the world's most successful firms. *Journal of Business Ethics*, *48*, 175–188.
- 33 Spar, D. L., & La Mure, L. T. (2003). The power of activism: Assessing the impact of NGOs on global business. *California Management Review*, *45*, 78–101.
- 35 Sundaram, A., & Inkpen, A. (2004). The corporate objective revisited. *Organization Science*, *15*, 350–363.
- 37 Swanson, D. L. (1999). Toward an integrative theory for business and society: A research strategy for corporate social performance. *Academy of Management Review*, *24*, 506–521.
- 39 Teegen, H. (2003). International NGOs as global institutions. *Journal of International Management*, *9*, 271–285.
- Terlaak, A. (2007). Order without law? The role of certified management standards in shaping socially desired firm behaviors. *Academy of Management Review*, *32*, 968–985.
- Uchitell, L., Battenberg, J. T., III., & Kochan, T. (2007). Employer–employee social contracts: Fashioning a new compact for workers. *Academy of Management Perspectives*, *21*, 5–16.

- 1 Vaaler, P., & Schrage, B. (2006). *Legal systems and rule of law effects on US cross-listing to*
2 *bond by emerging-market firms*. Working Paper no. 06-0126, University of Illinois at
3 Urbana-Champaign.
- 4 Walsh, J. P., Weber, K., & Margolis, J. D. (2003). Social issues and management: Our lost cause
5 found. *Journal of Management*, 18, 303–319.
- 6 Wason, P. C. (1960). On the failure to eliminate hypotheses in a conceptual task. *Quarterly*
7 *Journal of Experimental Psychology*, 12, 129–140.
- 8 Webber, R. A. (1969). Convergence or divergence? *Columbia Journal of Word Business*, 4,
9 75–83.
- 10 Witt, P. (2004). The competition of international corporate governance systems. *Management*
11 *International Review*, 44, 309–333.
- 12 Yoshikawa, T., & Gedajlovic, E. (2002). The impact of global capital market exposure and
13 stable ownership on investor relations practices and performance of Japanese firms.
14 *Asia Pacific Journal of Management*, 19, 525–540.
- 15 Yoshikawa, T., & McGuire, J. (2008). Change and continuity in Japanese corporate governance.
16 *Asia Pacific Journal of Management*, 25, 5–24.
- 17 Young, M., Ahlstrom, D., & Bruton, G. (2004). Globalization and corporate governance in
18 East Asia. *Management International Review*, 44, 31–50.
- 19 Young, M., Peng, M. W., Ahlstrom, D., Bruton, G., & Jiang, Y. (2008). Corporate governance
20 in emerging economies: A review of the principal–principal perspective. *Journal of*
21 *Management Studies*, 45, 196–220.
- 22
- 23
- 24
- 25
- 26
- 27
- 28
- 29
- 30
- 31
- 32
- 33
- 34
- 35
- 36
- 37
- 38
- 39

1 **AUTHOR QUERY FORM**

	<p>3 Book: RMSM-V005</p> <p>5 Chapter: 12</p>	<p>Please e-mail or fax your responses and any corrections to:</p> <p>E-mail:</p> <p>Fax:</p>
---	---	--

7 Dear Author,

9 During the preparation of your manuscript for typesetting, some questions may have arisen. These are listed below. Please check your typeset proof carefully and mark any corrections in the margin of the proof or compile them as a separate list.

11 **Disk use**

13 Sometimes we are unable to process the electronic file of your article and/or artwork. If this is the case, we have proceeded by:


- 15 Scanning (parts of) your article Rekeying (parts of) your article
- 17 Scanning the artwork

19 **Bibliography**


If discrepancies were noted between the literature list and the text references, the following may apply:

- 21 **The references listed below were noted in the text but appear to be missing from your literature list. Please complete the list or remove the references from the text.**
- 23 ***UNCITED REFERENCES:* This section comprises references that occur in the reference list but not in the body of the text. Please position each reference in the text or delete it. Any reference not dealt with will be retained in this section.**

27 **Queries and/or remarks**

Location in Article	Query / remark	Response
AU:1	In the caption of Fig. 1, do we mean "Articles Testing Competing Hypotheses by Year (1990–2008)". Please review.	
AU:2	Please check since Fig. 1 was given in a table format, it has been changed to a table and therefore figures and tables have been renumbered in the following way: Fig. 1 has been renumbered	

1
3
5
7
9
11
13
15
17
19
21
23
25
27
29
31
33
35
37
39

	as Table 1; Fig. 2 has been renumbered as Fig. 1; and previous Table 1 has been renumbered as Table 2.	
AU:3	Reference citation Kochhar and David (1996) is not listed in the reference list. Please provide complete details.	
AU:4	Please update reference Peng and Pleggenkuhle-Miles (2008) with further publication details.	