



Call for Papers for a Special Issue

### **Ownership and Global Strategy**

Submission deadline: July 11, 2022

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### **Background and Purpose**

Who owns the firm (local or foreign shareholders, governments or private investors, concentrated or diffused shareholders, traditional or alternative investors) has long been an essential topic for research on organizations. At the same time, our conceptualization of ownership has widened over time to incorporate owners as strategists (most prominently in the case of entrepreneurial financiers), sources of capital (as in the case of large joint-stock companies), and mechanisms of control (direct or via institutional intermediaries). The linkages and tensions amongst these conceptual foundations (for instance, the tension between ownership, ownership structures, and control) have been the focus of a large literature in global strategy (Cuervo-Cazurra et al., 2019; Ferreira & Matos, 2008; Mudambi & Navarra, 2004; Shi et al., 2021). At the same time, this diversity in conceptual foundations provides numerous opportunities for advancing our understanding of the role of ownership in global strategy. This is the objective of this special issue: analyzing how ownership affects global strategy and, by extension, how strategies are employed to accommodate owners.

The different conceptual foundations of ownership have received unbalanced attention in the global strategy literature. Most of that literature has studied the behavior of multinational enterprises, including work on business groups and investments by state-owned and governmental actors (Benito et al., 2016; Castaldi et al., 2019; Cuervo-Cazurra et al., 2014; Inoue et al., 2013; Wright et al., 2021). In contrast, the literature on what happens when institutional investors and alternative investors internationalize through acquiring stakes in firms as yet is both much smaller and more fragmented (Bacon et al., 2008; Bertoni & Lugo, 2014; Bonini et al., 2018; Cumming & Johan, 2013; Panicker et al., 2019). Large institutional investors pool the money of savers and investors and make investment choices on their behalf, while alternative investors represent an increasingly important sub-category of investors, encompassing private equity, hedge funds, venture capital, sovereign wealth funds, foundations, impact investors, and crowdfunding (Budhwar et al., 2021). Insights on such investors and their international investments can be found among others in various areas of economics (Jara-Bertin et al., 2012; Widmer, 2011), economic geography (Haberly, 2014), finance (Aggarwal et al., 2011; Dyck et al., 2019), and Human Resource Management/ Industrial Relations (Guery et al., 2017). Nonetheless, this topic has received rather less attention in strategy and general management

journals (with notable exceptions such as Tihanyi et al., 2003). Yet, these types of institutional investors can exercise profound effects on target firms' strategies and organizational practices and, indeed, on the economies in which they invest. For example, the Government Pension Fund Global, Norway's sovereign wealth fund, the world's single biggest owner of shares with holdings equating to about 1.5% of shares in publicly listed companies globally, has a stated policy of wanting to contribute actively to the 'development of international standards on responsible business conduct' (NBIM, 2021). Such policies directly affect strategic decisions in firms across the globe and those that do not comply may receive less investment. This is but one example of foreign institutional ownership, a phenomenon that runs into trillions of US dollars and has many different faces (Desender et al., 2016; Sethuram et al., 2021; Shi et al., 2020). Most sovereign wealth funds have an explicitly global brief, whilst private equity and hedge funds have become increasingly willing to cross national boundaries, raising questions as to their impacts on national business systems different from that encountered in their country of origin (Cumming et al., 2021). In turn, this has led to pressures for increased financial protectionism, as well as sparking counter-reactions by domestic investors and firms (Guery et al., 2017).

From a scholarly perspective, there are two sides to the study of ownership and global strategy. One can study the impact of owners on firm strategies, what we might call '*owners as strategists*'. Alternatively, one can study how firm strategies and other characteristics affect investment choices, which we might phrase '*firms accommodating ownership*'. There is an increasing trend of research in strategic entrepreneurship on early-stage institutional investors and their decision-making processes (Cumming & Johan, 2017). Another stream deals with the effects of international institutional investors on local firms, such as a push towards international strategy (Ray et al., 2016), or increased exposure to a foreign government and a propensity to engage in nonmarket strategies as a result (Desender et al., 2016; Shi et al., 2020). However, opinion is divided as to whether the consequences occur at the target firm-level only or challenge entire systems, and whether the observed effects are due to the country of origin (Guery et al., 2017), or rather the intrinsic nature of an investor (Kacperczyk et al., 2021). Through this special issue, we solicit papers that can bridge extant streams of literature, as firms' internationalization strategies and investors' portfolios allocations are increasingly intertwined.

At a theoretical level, there is much eclecticism in the explanations, offering ample opportunities for advancing theories. Some influential accounts have used comparative institutional analysis to explore the extent to which such investors bring in new models of entrepreneurship that challenge traditional ways of doing things (Dunlap-Hinkler, et al., 2010; Widmer, 2011). Other work has used agency theory to argue that investors may impart greater efficiencies and a closer focus on the bottom line (Bebchuk et al., 2017). Research in this area could also look at how ownership may not produce full control and associated property rights questions (Burkart et al., 1997). The undeniably diverse literature on financialization encompasses accounts in journals that range from mainstream finance (Basak & Pavlova, 2016; Henderson et al., 2018) to radical political economy (Schelkle & Bohle, 2020). However, what this literature has in common is an assumption that both traditional institutional and alternative investors, as defined above, exercise profound effects on what organizations do, and that financialization represents a global phenomenon, even if its effects are polyvalent, with consequences in the economic, social, and cultural spheres (Clark & Monk, 2017). Related to that, an emerging stream of literature focuses on sustainable finance and how international investors respond to increased environmental pressures (Bolton & Kacperczyk, 2021), which leads to a theoretical overhaul as to what their general purposes are, beyond achieving purely financial goals (Henderson, 2020). Firms might cater to a particular type of institutional investor, who may focus on growth and returns, such as generous dividend payouts, and be rather unconcerned with sustainability issues and/or the moral consequences of investments (Driver et al., 2020). Conversely, investors could be lured by firms showcasing their good practices, a phenomenon theorized through the 'firm signaling view' (Schnyder et al., 2021).

Through positing ownership and global strategy as a phenomenon for this special issue, we are keen on attracting work on the rationale, nature, and effects of investors venturing abroad, that, whilst rigorous in theory, has a strong practical orientation. In terms of the strategies and practices that international institutional investors (traditional or alternative) follow and disseminate, submissions could, for instance, address ownership changes and continuity, the limits of ownership and property rights, location-specific financial advantages, and strategic change inside individual firms. Further, issues could include effects that ripple through to the wider system, norm entrepreneurship and host vs. home country pressures, and the pursuit of sustainable practices in target firms.

We also welcome studies that look at the other side of the coin, i.e., what firms might do to receive outside international investments, as well as methodological or other contributions that seek to disentangle the endogenous relationship that exists between investors and firms. Studies of the investment behaviors of multinational companies expanding abroad (e.g., when investing in their own subsidiaries) do not constitute part of the scope of the special issue, as we seek the best work on the effects of institutional investors crossing national boundaries. We are open to a variety of methodologies (large samples, case studies, conceptual, etc.) and theoretical approaches, and seek work focusing on the impact of the context on strategy in line with the mission of the journal. Authors are encouraged to contact the special issue editors if they have questions about this special issue and the suitability of their work.

## Research Questions

Although not an exhaustive list, we would particularly welcome papers that have a scope that *goes beyond national boundaries* and look at questions such as those listed below.

Owners as strategists:

1. International private equity:
  - a. When does private equity invest abroad, and how does this change depending on home and host country characteristics?
  - b. Do private equity investments differ across countries in terms of their effects on firm strategies and outcomes?
2. Sovereign wealth funds:
  - a. To what extent and how do strategies and organizational practices pursued by sovereign wealth funds diffuse to their investee firms?
  - b. How do board members from sovereign wealth funds alter the organizational and corporate governance processes of their investee firms?
  - c. What is the effect on strategies and organizational practices of the degree of government influence on foreign portfolio firms? For instance, on portfolio investments by sovereign wealth funds?
3. International venture capital:
  - a. When and why do venture capital investors make international investments?
  - b. What are the valuation and performance differentials between home and cross-border investments?
4. International crowdfunding:
  - a. What is the likelihood of crowdfunding being international, rather than domestic?
  - b. What agendas do crowdfunders seek when they venture further afield?
  - c. How do property rights and control change as crowdfunding becomes international?
5. International hedge funds:
  - a. What is the effect of hedge fund activism on managerial behavior in investee firms?
  - b. How do hedge funds impact the management of the overseas firms they invest in?
  - c. What is the impact of the increased usage of high-frequency trading by international hedge funds in different national systems on target firm policies and practices?

- d. What is the impact of co-investment by hedge funds and other alternative investors on investee firms?
6. What are emerging regulatory responses, perhaps as a form of financial protectionism, to alternative and institutional investors at the national and supranational levels, and how do these affect investors and investees?
7. Why do firms acquire strategic assets across borders in a portfolio manner (as opposed to direct ownership)? What are the implications for ownership and control, and how does this affect strategy in investee firms?
8. What is the effect of country of origin on corporate control by institutional investors from abroad?
9. How do United Nations' sustainable development goals reshape the investment strategy of international investors?

#### Firms accommodating ownership:

1. Across the various types of international investors, how do investor characteristics (size, investment horizons, risk-taking, government involvement, degree of activism, and so on) affect the strategic decision-making of managers in firms they invest in?
2. What determines whether firms attract investment from different types of international investors and how do managerial behaviors affect the likelihood of such investments?
3. What is the effect of foreign institutional ownership (e.g., venture capital, private equity, hedge funds, crowdfunding) on firm strategy in family or entrepreneurial firms?
4. What legal and organizational structures across institutional settings are put in place to optimize the property rights of institutional and alternative investors?
5. What is the causality and sequence in the relationship between investor decisions and firm strategies? How do these two types of actors interact?

### **Deadline and Submission Instructions**

Authors should submit their manuscripts between June 1 and 15, 2022, via the Global Strategy Journal submission system at <https://mc.manuscriptcentral.com/gsj>. To ensure that all manuscripts are identified correctly for consideration for this Special Issue, please click the “Special Issue Article” when selecting the “Article Type.” Manuscripts should be prepared in accordance with Global Strategy Journal’s Guide for Authors available at [http://onlinelibrary.wiley.com/journal/10.1002/\(ISSN\)2042-5805/homepage/ForAuthors.html](http://onlinelibrary.wiley.com/journal/10.1002/(ISSN)2042-5805/homepage/ForAuthors.html).

All submissions will go through the journal’s double-blind review process. The guest editors intend to conduct a paper development workshop for manuscripts moving forward after the first or second round of reviews in early 2023. The aim of the workshop will be to provide additional inputs to authors regarding their manuscripts (after revision based on the reviews and feedback) with the intent of enhancing and sharpening the potential value of the contribution. Presentation of an author’s work at the workshop is neither a requirement nor a promise of final acceptance of the paper.

Questions about the Special Issue may be directed to the guest editors:

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## Bios of the editorial team

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Dr. **Anna Grosman** is an Associate Professor of Innovation and Entrepreneurship in the Institute for Innovation and Entrepreneurship at Loughborough University London, UK. Anna received her Ph.D. from Imperial College London. Her research examines corporate governance processes, with a special emphasis on contemporary state capitalism, and corporate governance issues of state-affiliated organizations. She is working on various research projects in the areas of state firms' internationalization, corporate bailouts, health technology usage by the governments, nonmarket strategies, corporate governance and sustainability for innovation, and topics pertaining to the Russian economy. She has published in leading journals such as the *Journal of World Business*, *British Journal of Management*, *Corporate Governance: An International Review*, and *Journal of Comparative Economics*. She is a Co-Editor of the forthcoming *Oxford University Press Handbook on State Capitalism and the Firm*. She is also on the editorial review boards of the *Global Strategy Journal* and *Journal of World Business*. She received external research grants and scholarships from EPSRC, British Academy and Society for Advanced Management Studies. Before her academic career, Dr. Grosman worked for the US multinational Georgia-Pacific (part of Koch Industries conglomerate) as a Director of Corporate Strategy and M&A for four years. Prior to that, she worked for six years in investment banking and corporate finance for CIBC World Markets, Citigroup and Close Brothers.

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