

News / Information

10th Chemnitz East Forum 2011

Participation in CEE countries between Myth and Chance!

14 – 16 September 2011

Chemnitz

“Participation and management in CEE countries” was the topic of the 10th Chemnitz East Forum 2011. Participation was found to be a key issue for the further organizational and management development in CEE countries. The organizers of the 10th Eastforum, Rainhart Lang, Irma Rybnikova (Chemnitz/Germany) and Thomas Steger (Regensburg/Germany) decided therefore to put the various aspects of participation and management in the centre of this year’s forum.

Based on the call for papers 30 submissions of participants from 14 countries, namely Austria, Belgium, Bosnia-Herzegovina, Czech Republic, Germany, Hungary, Italy, Lithuania, Poland, Romania, Russia, Slovakia, Slovenia and UK, have been selected for the conference, where finally 34 participants, professors, senior researchers, and PhD students, met from 14th to 16th of September 2011 at Chemnitz University of Technology. The conference also included a special track with papers based on a research project led by Thomas Steger on participation and innovation in Saxonian companies, which provided the chance to relate the regional results to similar international developments in CEE countries. Moreover, a number of papers have been presented related to the GLOBE-Student project on values and leadership expectations of students.

The conference provided a lot of new insights in the current states and problems as well as future developments of participation in the frame of CEE management. Among others, presentations and discussions show that

- participation may be seen as a societal myth, positively connoted and helping to overcome or to cope with hierarchical differences in business companies (Wetzel)
- research results on participative leadership patterns point on regional differences between and in countries as well as on contradictory results regarding expectations and practices in companies of CEE countries (e. g. contributions of Bakasci/Heidrich; Szabo/Sehic; Szabo/Lang or Bogdanic);

- different patterns of participatory (or autonomy-based) relationships between companies are based on subsidiary vs. mother company relations, as exemplified in subsidiaries in CEE and parent companies in Italy (Pisoni et al.), or in cross-border co-operations (Obermeit/Prokopec), or in merger and acquisition processes (Gajda/Genkova), mainly influenced by the respective power relations;
- participation in critical economic situations like the financial crisis may lead to serious problems for participation (“too poor to be participative?”), since it allows the management to use crises as legitimation for more autocratic concepts of management (Kranz/Steger);
- future managers, like students of business studies and engineering, shows lower interests and levels of participative leadership expectations compared with managers, based on respective cultural values (e.g. Catana/Pucko; Lang et al.; Remisova, Lašáková/Krzykała-Schaefer; Szabo/Lang; Steger/Ciba).

Other contributions to the conference related participation with other concepts of management like Corporate Governance (Bordean/Pop; Nekrasov/Pivovarov), CSR (Gheres/Gogozan; Remisova/Buciova), identity (Soulsby/Clark), innovation (Schädlich et al.) or transformation (Balazs, Barabasz/Belz), or pointed on participation in fields like education and science, e.g. the education sector as a challenge for participative leadership because of prevailing paternalistic concepts in education (Mazurkiewicz), or publishing about CEE management in a non-participatory and from Western outsiders dominated way (Steger/Lang).

And finally, some paper presentations referred to problems as well as interesting and innovative ideas of research about participative practices, e.g. research pitfalls in cultural patterns of participative leadership (Szabo/Sehic, Cater et al.), the turn of research surveys constructed in a participatory way into intervention method in companies (Kranz/Schöneberg), the use of long-termed qualitative studies to reveal the development and changes in identity structures or mental models (Soulsby/Clark), and finally, the use of fairy tales as contested research method explaining cultural differences in participating practices (Rybnikova, Kubanek/Brehm)

A characteristic feature of the 11th Eastforum was an increasing number of international teams of authors and presenters. It also supported the deepening of existing co-operations between the partners and participants as well as the development of new ideas and projects of joint research. Two evenings in fancy locations of Chemnitz contributed to this objective of the East Forum.

Rainhart Lang / Irma Rybnikova

Third International Conference on Corporate Governance in Emerging Markets

28–29 June 2011

Seoul, Korea

The Third International Conference on Corporate Governance in Emerging Markets is one in a series of academic events organized by the Emerging Markets Corporate Governance Network (EMCGN). The Global Corporate Governance Forum at IFC endorses and supports the Network, which was first convened by Professor Stijn Claessens in 2001. The biannual academic conferences organized by the Network feature themes that are important to academics and practitioners interested in the role and effect of corporate governance in emerging markets. The Third International Conference on Corporate Governance in Emerging Markets included 38 papers authored by scholars from 18 countries. The papers, organized into 10 thematically different sessions, explore important topical areas in corporate governance research. They document how institutions can affect firm valuation, influence the extent of corporate governance problems, and affect firm performance and financial structure. Some papers report on how voluntary corporate governance mechanisms—ownership structures, boards, cross-listing, use of independent directors—affect firm performance and behavior. Other papers look at factors that influence countries' willingness to undertake corporate governance reforms. In keeping with the Network's tradition, the conference included two keynote lectures—on the political economy of governance, and on research issues in the corporate governance field—presented by members of the Network's scientific committee.

Summary of the first day

The conference began with welcoming speeches from Professor Jinkyu Lee (Dean of Korean University Business School) and Professor Hasung Jang (Chairman of the Organizing Committee) emphasizing the importance of corporate governance reforms in Korea's economic development and the role of research in supporting the reforms, followed by Professor Stijn Claessens's (IMF and University of Amsterdam) opening remarks. Stijn Claessens presented the evolution of the Emerging Markets Corporate Governance Research Network. He reminded attendees that the Network's primary purpose is to stimulate research on corporate governance in emerging markets as well as in transition and developing countries, with the objective of raising the academic quality of research, fostering international exchange among scholars in all

regions, and enhancing the dialogue of researchers with policy makers and the private sector. Areas that require continuing attention from researchers, Claessens noted, are ownership structures and their relationship to performance, internal corporate governance mechanisms and stakeholders' roles, and public and private enforcement. He also emphasized the increased importance of the governance of financial institutions in both developed and developing markets, and he suggested that lessons from corporate governance research can be applied to regulatory corporate governance.

The first day continued with two parallel sessions, on Institutions and Corporate Governance. Seven papers were presented in these sessions.

First Keynote Address: Randall Morck

Randall Morck's entertaining and thought-provoking keynote address provided an analysis of the relationship between economic development and religious and legal institutions, based on a review of the history of "corporatism." As a body of "normative economics," the professor explained, corporatism puts the police power of the state behind officially sanctioned corporations—elite-controlled industrial group cartels empowered to set wages, prices, employment, and quotas—thereby guaranteeing workers their customary jobs and incomes. Morck argued that countries that adopted corporatism most fully—those with Roman Catholic majorities or French-educated elites—experienced substantial financial development reversals. He further suggested that the legacy of corporatism promoted by the Roman Catholic Church in the late nineteenth century continues to retard financial development and growth even today.

Drawing parallels between socialism and corporatism, which presumed the continual reliability of a benevolent and competent elite, Morck noted that good intentions were no protection against abuse of authority. In the search for a perfect economic system, he explained, the genuine middle way would be the liberal democratic welfare state, which protects private property, enforces contracts, and perhaps even regulates financial institutions while letting markets signal prices and thus the incentives that, by coordinating economic activity efficiently, justify the existence of private property in a liberal free-market economy. Supervision of the economy is the job of the government; it must design and operate a system that mediates the control and redistribution of resources. Control over an economy's resources translates unfailingly into power over others; so, governments must acknowledge that they are charged with distributing, legitimizing, and limiting the power of some people over other people. Given the common acknowledgement of an increasing role for governments in the oversight of markets, Morck's remarks were timely.

Afternoon Sessions

Two parallel afternoon sessions—Family-Controlled Firms and Shareholders Rights and Corporate Control—addressed shareholders rights and implications of concentrated ownership for minority shareholders. The Conference continued with a special session on Green Financing and Corporate Social Responsibility, in addition to the traditional topical areas of previous conferences. Seven papers were presented in these sessions.

Summary of the second day

The second day started with three parallel sessions: CEO and the Board of Directors, Capital Markets and Corporate Governance, and Governance of Business Groups, with three papers for each session. Three more parallel sessions followed: Market for Corporate Control, Corporate Governance Mechanisms and Corporate Decisions, and Agency Problem and Managerial Incentives. Three papers were presented in each session.

Second Keynote Address: Bernard Black

The conference closed with Bernard Black's keynote speech on the challenges faced by researchers in investigating the relationship between governance indicators and firm performance. Based on his "Causal Inference Strategies in Corporate Governance Research," written jointly with Vladimir Atanasov and Inessa Love, the professor presented strategies that researchers can use in exploring and explaining whether corporate governance is associated with—and causes—a change in market value, accounting performance, or firm behavior.

Starting with the sources of the endogeneity problem (such as reverse causality, unobserved firm heterogeneity, and omitted variables) as the main obstacles to inferring causality, Black cited examples from his own research. He presented four requirements for a causal inference: that the causal effect is exogenous, that it causes governance change, that performance is predicted only through change in governance, and that a control group exists. He suggested six research strategies, applicable to different situations, that researchers can use, provided that the four conditions are met. Black's country studies on the causal relationship between governance and performance are good examples of how these strategies are used.

Closing

In his closing remarks, Phil Armstrong, Head of the Global Corporate Governance Forum, emphasized the importance of scientific research in supporting corporate governance reforms. Melsa Ararat, coordinator of the Network, asked for nominations for host of the Fourth International Corporate

Governance Conference, which is planned for 2013, and she thanked Korean University and AICG for their hospitality and flawless organization of the conference.

Synthesis of the findings

Perhaps the best way to understand the importance of specific governance issues discussed during the conference—and their relevance for economic development in emerging markets—is from the perspective of ownership structures and the related organizational form of business groups. Elements worth highlighting are the wide variety in ownership concentration across countries and the variation in business group structures. This diversity leads to a large variation in the nature of principal-agent problems and subsequently in corporate governance issues. What follows is a summary of the conference and highlights of research from this perspective. (See the end of this report for a list of papers presented at each session.)

Ownership Structures and Shareholder Rights

Although specific corporate governance problems vary from country to country, ownership structure is an important factor common to all countries, because it defines the nature of principal-agent issues. For instance, it is necessary to distinguish between direct ownership (also called cash-flow rights) and control rights (who has de facto control over the running of the corporation, also called voting rights). Even though family ownership is prevalent in many emerging market corporations, other owners are also important, either as dominant shareholders or as a device for monitoring the controlling families. Another key factor is group affiliation, especially in emerging markets, where business groups can dominate economic activity. Two full sessions were devoted to this topic, and other sessions also included papers that addressed different aspects of ownership structures. In the session on Family-Controlled Firms, John Nowland, En-Te Chen, and Stephen Gray presented a paper analyzing four mechanisms of family involvement in listed firms in Taiwan: through ownership, board representation, family chief executive officers, and family managers. For family directors and family managers, they found a negative relationship to firm performance, but they found no relationships to firm performance for family ownership and family chief executive officers.

Kee-Hong Bae, Seung-Bo Kim, and Woochan Kim reported a similar finding in the context of a special type of not-for-profit organization, Korean private universities. They found that measures of family commitment (proxy for good governance) are positively related to the university performance, and measures of family control (proxy for bad governance) are negatively related. They also found that poorly governed universities are more likely to undergo a dispute between the controlling family and other stakeholders.

An analysis of Russian firms, by Andrei Kuznetsov, Rostislav Kapelyushnikov, and Natalya Dyomina, also yielded findings in line with these two papers. Their paper cites evidence of a negative relationship between the size of the dominant owners' shareholding and performance variables of the firms. The findings also show that shared control (multiple large shareholders) increases efficiency.

The relationship between ownership structures and performance can change not only over time but also across different institutional settings, including cultural norms. In the session on Institutions and Corporate Governance, Raphael Amit, Yuan Ding, Belen Villalonga, and Hua Zhang presented their analysis of the impact of institutional development across the Chinese provinces, showing differences in cultural norms, law, and regulation. They found that, when institutional efficiency is low, family ownership and management increase value, but family control in excess of ownership reduces value. When institutional efficiency is high, however, none of these factors is significant.

In the same session, a paper by Rima Turk Ariss analyzed the extent to which differences in legal tradition, judicial efficiency, and investor protection affect debt financing and risk taking across developing economies. She reported that, when legal formalism is high, firms contract more debt but are less willing to undertake risky investments.

In the session on the Governance of Business Groups, two papers focused on the diversification of business groups in emerging markets. Raheel Gohar and Semra Karacaer showed the impact of diversification on firm value, comparing group-affiliated Pakistani firms with nonaffiliated ones. And Ayse Karaevli looked at four Turkish business groups and reported that the degree of unrelated diversification depends on several firm-specific factors (scale and scope, bank ties, and the strength of the distribution network) that stem from the characteristics of the founder (merchant versus industrialist background, risk-taking propensity) and the entrepreneurs' strategic choices at the time of founding and in early years of the group's development. A third paper, by Kaustav Sen, Jayati Sarkar, and Subrata Sarkar, looked at Indian groups and reported that the degree of opportunistic earnings management tends to increase with insider control.

Another aspect of ownership structure is the role of institutional investors, which to date is much less significant in most emerging markets than in developed countries. Two papers addressed the role of institutional investors in emerging markets. In the session on Shareholder Rights and Corporate Control, Assaf Hamdani and Yishay Yafeh reported that institutional investors, as minority shareholders, can play only a limited direct role in corporate governance in emerging markets. Moreover, the presence of powerful families who control many public companies through business groups creates new potential sources of conflicts of interest for institutional investors. For the session on Corporate Governance Mechanisms and Corporate Decision, Joseph A. McCahery,

Zacharias Sautner, and Laura T. Starks shared their findings that large differences in preferences for activism exist between institutional investors in the United States and the Netherlands, countries which differ considerably in their ownership structures. These two papers indicate that studies on the role of institutional investors in emerging markets are largely nonexistent to date.

Another paper, by Meijun Qian, Hongbo Pan, and Bernard Yeung for the session on Agency Problem and Managerial Incentive, focused on the role of political connections under concentrated ownership in China. The authors showed that expropriation by controlling shareholders through tunneling or self-dealing is far more severe in firms that are politically connected than in those that are not politically connected. The paper notes that this severity results more from the politically connected firms' lesser concern with capital market punishment than from the possibility that such firms tend to establish political connections for protection.

Corporate Governance Reforms

Some papers presented at the conference provided examples of important corporate governance reforms and their effects, and another set of papers examined the various voluntary mechanisms of governance that firms have adopted.

Korea has been frequently studied because of its dramatic reforms in the aftermath of the global financial crisis. These reforms triggered restructuring activities by Korean firms. One such reform was the removal of statute-based antitakeover provisions (ATPs) during the aftermath of the Asian financial crisis, prompting a significant number of Korean firms to introduce charter-based measures. Woochan Kim and Sunwoo Hwang presented a paper on this issue for the session on Market for Control. They found that firms with charter-based antitakeover provisions are smaller in size, have lower inside and foreign ownerships, and, upon adoption of ATPs, experience lower share prices, which drop with inside ownership. They also showed that ATP adoptions are followed by lower profitability and lower dividend payouts, and that firms with ATPs also experienced greater delistings during the global financial crisis. In the same session, the paper by Hee Sub Byun, Woojin Kim, Eun Jung Lee, and Kyung Suh Park complemented these findings by showing that the market for corporate control in Korea does not function as a disciplining mechanism but rather as a potential tunneling channel that raiders take advantage of. The third paper in this session, by Natasha Burns and Ivonne Liebenberg, was also related to the market for corporate control and showed the differential effects of U.S. takeovers in emerging and developed markets.

Another set of reforms aims to strengthen the board structures by introducing a mandatory quota for outsiders or independent outsiders. Three papers presented in the session on CEO and the Board of Directors analyzed the impact of board

reforms and related issues. The first paper, by Sung Wook Joh and Jin Young Jung, showed that independent outside directors in Korea improve firm value, on average, but friendly outside directors have negative impact. Independent boards perform better in large firms and in firms with less information asymmetry and high transparency. However, friendly boards increase firm value more than independent boards, when their firms face financial volatility and threats of mergers and acquisitions. The paper by Qianru Qi and Lu Xu examined methods of strategic network formation to estimate the impact of board interlock networks on directorship, market outcomes, and firm values. This study highlighted the dominant role of ties to other board members in the appointment of directors. It also reported that interlock connections decreased firms' values pre-SOX (Sarbanes-Oxley Act of 2002) and increased them post-SOX. On the other hand, boards appear ineffective—or even hurt minority shareholders—in countries where some arbitrarily low level of board independence is recommended by existing codes of governance. The third paper, by Melsa Ararat, Hakan Orbay, and Burcin Yurtoglu, showed that board independence is ineffective in Turkey, where the level of board independence is quite low (about 7 percent of all directors are independent). All three papers used appropriate techniques to deal with endogeneity problems—that better firms are more likely to adopt more independent boards.

Findings presented by Hee Sub Byun, Ji Hye Lee, and Kyung Suh Park in the session on Institutions and Corporate Governance showed that the effectiveness of the board of directors (as well as other internal governance mechanisms) improves with a higher degree of product market competition. Their findings suggested that corporate governance and market competitiveness are complementary.

In the session on Agency Problem and Managerial Incentive, Yang Qing and Burcin Yurtoglu documented a similar positive impact from improvements in the regulatory regime in China. During 2005–2006, Chinese regulators used a decentralized process to eliminate nontradable shares (NTS)—long recognized by investors as one of the major hurdles to corporate governance—in the capital of listed firms. According to the authors, one channel through which the NTS reform fortified corporate governance in Chinese firms is by strengthening the direct link between incentive-based compensation and firm performance in China.

Another reform in China was the January 2002 introduction of mandatory cumulative voting in director elections. In the session on Shareholder Rights and Corporate Control, Jun “QJ” Qian and Shan Zhao presented a paper showing that, relative to other firms, firms with cumulative voting experienced less expropriation and improved investment efficiency and performance. In the same session, Zhihong Chen, Bin Ke, and Zhifeng Yang shared their analysis of the impact of a 2004 Chinese securities regulation that requires equity-offering

proposals to seek the separate approval of minority shareholders. They reported that the effectiveness of this reform depends on the composition of minority shareholders.

Voluntary Adoption of Corporate Governance Practices

Empirical evidence shows that firms adapt to weaker environments by adopting voluntary corporate governance measures, that these mechanisms can add value, and that they are appreciated by investors in a variety of countries. At the same time, a country's legal and enforcement environment can still reduce their effectiveness. The following papers analyze these mechanisms.

In the last decade, many researchers have linked firms' actual corporate governance practices to their market valuation and performance. In the session on Corporate Governance Mechanisms and Corporate Decision, Bernard S. Black, Antonio Gledson de Carvalho, and Érica Gorga presented a paper illustrating that the magnitude of the effects of corporate governance can be quite substantial. By comparing effects in Brazil, India, Korea, and Russia, they found that different practices are important in different countries for different types of companies. Country characteristics thus influence which aspects of corporate governance affect market value for which firms. These results support a flexible approach to governance, with ample room for firm choice, rather than a top-down regulatory approach.

In the same session, Vitaliy Zheka reported similar results, showing that Ukrainian firms that practice better corporate governance benefited the most from the improved liquidity in 2000–2007, because they adjusted their financial structures at higher rates.

In the session, Agency Problem and Managerial Incentive, David Oesch, Manuel Ammann, and Markus M. Schmid used firm-level data from Governance Metrics International to show that firms with poor firm-level governance hold significantly more cash than firms with better firm-level governance. They also documented a positive effect of cash holdings on firm value for firms with good firm-level corporate governance.

Another cross-country, firm-level study, presented by Mark Lang and Mark Maffett in the session on Institutions and Corporate Governance, showed that firms with greater transparency (based on accounting standards, auditor choice, earnings management, analyst following, and analyst forecast accuracy) experience less liquidity volatility, fewer extreme illiquidity events, and lower correlations between firm-level liquidity and both market liquidity and market returns. These results are particularly pronounced during crisis periods.

Cross-listing securities on foreign markets is a specific way to access international financial markets and can relate to and affect firms' corporate governance practices. The "bonding" argument, for example, claims that by

cross-listing in a stronger environment, firms commit to tough disclosure and corporate governance rules. In the session on Capital Markets and Corporate Governance, however, Jaiho Chung, Hyejin Cho, and Woojin Kim challenged the bonding argument by showing that firms are more likely to choose cross-listing destinations that are less strict on self-dealing or that exhibit higher block premiums than the origin country. Amir Licht, Xi Li, and Jordan Siegel reported similar findings from their analysis of markets' reactions to a sudden radical change in the regulations for U.S.-listed foreign firms. These papers indicated that there is considerable debate on the corporate governance motivations for and benefits of cross-listing.

Corporate Social Responsibility and Green Financing

Recent years have witnessed a growing interest in corporate social responsibility (CSR). Firms' greater emphasis on CSR activities can be interpreted as a shift in the interaction between firms, their institutional environment, and important stakeholders. But, it is less clear whether participation in social issues is also related to good firm performance. To address this issue, the conference introduced a special session on Green Financing and Corporate Social Responsibility. A paper by Kenneth Amaeshi, Onyeka K. Osuji, and Jonathan P. Doh argued that CSR complements existing public and informal governance configurations and thus creates a better chance that both the public and private governance modes will compensate for each other's weaknesses in the governance of corporate externalities. In other words, CSR becomes a private initiative or voluntary effort by firms to fill some governance voids or to complement existing governance modes within specific institutional configurations, especially in developing economies with weak capitalist institutions.

Another paper, by Muhammad Asif Paryani, offered a case study of Pakistan. It revealed various deficiencies of uniform lawmaking for the promotion of CSR activities with the involvement of all the stakeholders in the country. The role of stakeholders is required to be more focused, effective, and efficient toward good corporate governance and implementation of CSR.

An empirical study by Ligu Lin, Jon J. Moon, and Haitao Yin found that, among Chinese firms, those with international links are more likely to exhibit better compliance with environmental regulation than are those with no international links. These results indicate that financing foreign investment into emerging economies could serve a "green" purpose, leading to better corporate environmental performance. In another case study, this time on Korea, Deokkyo Oh drew attention to the importance of public financial participation for the development of green financing. He argued that credit guarantees for green technologies in small and medium enterprises will be pivotal.

Hyoungh Goo Kang offered a theoretical analysis of the capital budgeting decisions for green projects. He argued that green projects are usually subject to high uncertainty or social controversy and that existing approaches are polarized: financial economists tend to apply the variations of traditional discounted cash flow models, but strategy and organization researchers emphasize social and environmental responsibilities over qualitative sociopolitical processes of valuation. His paper attempted to reconcile these two approaches by showing that their applicability depends on the degree of uncertainty or social controversy surrounding the project. The session demonstrated that substantial theoretical and empirical research is necessary for a full understanding of these important issues.

Papers are available at: http://www.gcgf.org/ifcext/cgf.nsf/Content/Korea_RN_May2011.

Melsa Ararat / Stijn Claessens / B. Burcin Yurtoglu



Call for Papers

European Journal of Development Research

The Development Effects of Multinational Enterprises from Developing Countries

Deadline 1 December 2011

Guest Editors

Ari Kokko, Copenhagen Business School

Rajneesh Narula, Henley Business School, University of Reading

The increasing prominence of MNEs from the developing countries (DC MNEs) has triggered an intensive debate in both the academic and popular press about its potential to influence growth and development, not just in their home and host countries, but also in the global economy at large. Despite being the subject of research for three decades, there is surprisingly little consensus in this regard.

Nonetheless, the following facts seem to survive scrutiny. First, that DC MNEs typically invest less in R&D and have weaker ownership assets than 'conventional' MNEs. Second, their internationalization tends to rely more on leveraging country-specific advantages and organizational innovations than firm-specific ownership assets. Third, the institutional environment in the home countries of DC MNEs influences their organization and governance. DC MNEs

are often organized in diversified business groups and aim for more horizontal and vertical integration than what would be optimal in a more developed market (Khanna/Yafeh 2007; Hemrit 2011). Fourth, long-term linkages and networks characterize the relationships between firms. DC MNEs often rely on networks with ethnic, linguistic or cultural affinities that tend to be relatively closed and built on personalized governance and control systems. Fifth, DC MNEs exhibit a more mixed pattern of ownership than MNEs from developed countries. Many DC MNEs are either privately held (e.g. family-owned business groups) or wholly or partly owned by the state. Sixth, home governments support support the internationalization of domestic firms in order to strengthen the home economy's international competitiveness (Rasiah et al. 2010).

The importance of FDI to development and growth is a much studied area (e.g., Lall/Narula 2004, Narula/Dunning 2010). In principle, FDI can raise labor productivity, output, employment, and incomes (Blomström et al. 1996). In addition, the literature suggests that further gains may arise because of the increased competition and discipline generated by foreign firms, from technological, managerial, and organizational spillovers, and from learning-by-doing effects in local suppliers (Hirschman 1958, De Mello Jr. 1997; Blomström/Kokko 1998). Most contemporary analyses and national strategies tend to emphasize the positive potentials inherent in FDI, but the positive assessment is not unanimous and many debates remain unsettled (Narula and Dunning 2010). FDI flows may also have negative effects on growth when there is a mismatch between the investment projects and the host country's socio-economic conditions and absorptive capacity. The net effect of FDI also depends on a variety other factors such as the host country's policy environment, and the structure of its political and social institutions. If DC MNEs do differ from conventional MNEs, it is likely that the development effects of DC MNEs are also different.

The purpose of this special issue of the European Journal of Development Research is to explore the development effects of MNEs from developing economies. Broadly speaking, the literature on DC MNEs has taken an Economics, International Business (IB) or Management perspective, but we will deliberately to seek alternative, more pluralistic (and cross-disciplinary) approaches, including contributions from political economy, sociology and anthropology. The empirical evidence on the developmental effects of outward FDI/DC MNEs remains fragmented and inconclusive: What are the developmental effects of DC MNEs? Are there tangible differences between DC MNEs and conventional MNEs in host countries? Are there important variations across and between industries, home countries, and host countries? How have geopolitical circumstances shaped their activities? Particular emphasis should be placed on the development effects that can be traced from the special characteristics and behavior of DC MNEs.

Key questions

We welcome papers from a variety of contexts that advance our theoretical and empirical understanding of the processes that shape and determine the developmental dimensions of DC MNEs, whether from a sociological, political, or economic perspective. The special issue welcomes a broad range of methodologies in enhancing our understanding of the aforementioned processes. These include quantitative studies, qualitative and case studies, multi-country comparative studies, replication studies and studies of specific projects. Key questions that may be addressed include:

- What are the political economy and sociological causes and implications of the growth of DC MNE activity?
- How do the operations of DC MNEs in developing countries differ from “conventional” MNEs? These differences can refer to technology as well as organizational capabilities, marketing, labor relations, and other operational dimensions.
- Are the linkages between DC MNEs and local firms different from linkages between local firms and conventional MNEs?
- What role do home governments play in supporting to DC MNEs?
- What are political and sociological effects of DC MNE activity, relative to conventional MNEs?
- Do DC MNEs affect migration patterns, both within countries and between countries?
- Do DC MNEs follow different strategies in engaging in resource-seeking activities? What are the consequences of DC MNE investments in natural resources?
- What are the links between FDI and trade for investors from developing countries? Do DC MNEs export back to their home countries, or are their exports directed towards third countries (e.g. the developed economies)?
- What are the home country effects of FDI from developing countries? Are the spillover effects in the home countries, i.e., is technology and knowledge diffused from DC MNEs to other firms in the home country?

Proposed time table

The time table for the proposed special issue is as follows:

We invite proposals/abstracts/papers to be submitted to the guest editors by **December 1, 2011**. First full drafts of the papers should be submitted to EJDR’s website by March 2012 for formal review. Revised drafts will be presented and discussed at the bi-annual OFDI Conference at Copenhagen Business School in November 2012. Final manuscripts will be delivered in early 2013, for publication in Volume 24 (2013) of EJDR. All submissions need to follow the EJDR guidelines, and will be subject to a double-blind review. See www.palgrave-journals.com/ejdr for details.

Call for Papers

Special Issue of International Small Business Journal

Entrepreneurship in Emerging Market Economies: Contemporary Issues and Perspectives

Deadline (Abstract) 16 December 2011

Editors

David Smallbone, Friederike Welter, Jovo Ateljevic

Significance of the Topic

Entrepreneurship is increasingly becoming a global phenomenon, although its nature, extent and contribution to economic development, varies according to the context in which it occurs. However, most of the conceptual development in the field of entrepreneurship has occurred in, or assumed, mature market conditions. Although there is a growing literature on entrepreneurship in emerging market economies, much of it pays insufficient attention to contextual influences which limits its contribution to mainstream entrepreneurship theories. Alongside this, recognition of the importance of context is also often missing from the policy orientated literature, which is important if inappropriate policy transfer is to be avoided.

Scope

In focusing on emerging market economies, we include former Soviet republics; Central and Eastern European countries that are now part of the EU; economies in the Western Balkans; developing countries around the world, and countries such as Vietnam and China, where entrepreneurship has exploded in recent years. Papers should explicitly recognize the role of context. Policy oriented contributions are also welcome, particularly those which take a critical stance to policy transfer. The aim is to encourage new perspectives on the role of entrepreneurship and its contribution to economic and social development in emerging market economies. Both conceptual and empirical papers are welcome. We are particularly interested in the following issues:

- Balance between state and private capital in supporting entrepreneurial activity
- The potential role of social enterprise in emerging market economies
- Addressing the challenge of institutional change

- Does entrepreneurship really reduce poverty in emerging market economies? If so under what conditions?
- The impact of corruption, and other institutional deficiencies on entrepreneurship

Timescale

- 16 December 2011: Closing date for abstracts to be submitted by email to guest editors
- 13 January 2012: Decisions on abstracts notified to authors
- 1 May 2012: Deadline for submission of full papers submitted to Sage Track for full refereeing process.



Call for Papers

2nd International Conference on Management and Organization

Organizational Changes For Dynamic Stability

Deadline (Abstract) 19 December 2011

It is the fact that we live in an era of revolutionary and continuous changes in all the areas of human activities. They all are interconnected. Social responsibility and ethics instead of profitability, the increasing role of stakeholders, the changing role and importance of ownership, the cooperation instead of (or at least hand in hand with) competition, the increasing importance of knowledge, the globalization, unexpected development of information technology, unlocking power of creativity and innovation are only a few examples of revolutionary changes.

Do these changes, to be successful, cause and require changes of organization of social units, too? The answer is yes. And on the other hand, the organization of social units facilitates such a development, enables and maintains it. The organizational changes are basic for the development and growth. They might in the short-run make the social units, such as enterprises and others, unstable, but lead us through many instabilities to dynamic stability, progress and growth. Therefore, it is of utmost importance to understand and conduct the organizational changes in a rational and efficient way.

It is the intention of this conference to discuss the organizational changes: changes within the organizational structures and organizational processes. We can even argue that major changes nowadays happen within organization. In the past maximizing the macro concept (e. g. national economy) took place. After that our attention was paid to micro concept (e. g. optimizing the enterprise). Nowadays we try to optimize the relationships among people. For this reason the organization is at the very heart of changes.

Four main streams of discussion

- changes of the socioeconomic system and their influence on the organization, especially changes in corporate governance
- long-term organizational changes, which are similar in most organizations, like development of team structures, networks, increasing importance of cooperation, role of trust, etc;
- short-term organizational changes, which happen within organizational structures and processes in different organizations, and
- the change process itself, supporting or hindering the organizational changes.

More detailed information about the conference and suggested topics can be found on the web pages of the Slovenian Academy of Management: <http://sam-d.si/>.

We invite you to participate and to submit the abstract and later the paper. The abstract should not exceed 500 words and should include the names and affiliation of the author(s). The abstracts should explain the problem, the purpose and goals of the paper, the approach taken and the main contribution. They can be submitted as a .pdf file, a .doc file or a .docx file. The number of submissions is limited to one individual paper, one individual and one co-authored paper or two co-authored papers. The abstracts ought to be submitted online.

Process of submission of abstracts

- open the website: <http://sam-d.si/>
- select the English version
- look for the 2nd international management and organization conference
- start the submission of the abstract.

When submitting the abstract you are asked to follow the required process. In the case of co-authors the data are required only for the main author (or one of the authors). However, in the abstract all co-authors should be included (their names, titles, institution, e-mail addresses). When you have submitted your

abstract successfully you will receive an immediate confirmation. In the case of any problems, please contact tomaz.hovelja@fri.uni-lj.si.

Important Deadlines

- Formal announcement of the conference and call for papers: October, 2011.
- Abstracts submission: from 3rd November to 19th December, 2011.
- Acceptance/rejection of abstracts: 11th January, 2012.
- Papers submission: 25th April, 2011.
- Notification of papers acceptance: 4th May, 2012.
- Registration: May-June, 2012.
- Conference: 8-9th June, 2012.

The conference will be held at the Congress center Brdo, Brdo pri Kranju, Slovenija. It is located near the Ljubljana airport and app. 30 km from Ljubljana. The Congress center is located in a woods and park area. It is also the place of Protocol events of the Government of Slovenia. The congress center offers all the facilities to successful organization of the conference as many congresses and conferences are held here. The hotel offering nice accommodation is located very nearby.

We sincerely invite participants and papers to participate in discussing organizational changes and the change processes. Theoretical and empirical papers as well as practical cases are equally welcome. Quality papers will be published in our journals. Please, do not hesitate to ask for further information (rudi.rozman@ef.uni-lj.si).

Other issues

Venue

The conference will be held at the Congress center Brdo, Brdo pri Kranju, Slovenija. It is located near the Ljubljana airport and app. 30 km from Ljubljana. The congress center is located in a woods and park area. It is also the place of Protocol events of the Government of Slovenia. The presidency of European Union conducted for a half year period by Slovenia was held at Brdo. Many important state leaders e. g. Bush, Clinton, Putin, and others have been hosted here. The congress center offers all the facilities needed for a successful organization of the conference as many congresses and conferences are held here. Hotel Kokra offers very comfortable accommodation and is located very nearby.

Registration fee

EUR 230 (including a gala dinner) for authors and members of the Slovenian Academy of Management and EUR 270 for non-members.

Hotel accommodation (current rates)

- single room, including breakfast: 105 EUR
- twin room/per person including breakfast: 85 EUR

Social events

- Sightseeing of the Brdo area (included in the registration fee)
- A gala dinner (included in the registration fee for participants; for accompanying persons EUR 40);
- Sightseeing of Ljubljana and/or Bled (optional, not covered by the fee).



Call for Papers

Special Issue of Journal of Product Innovation Management

Innovations for and from Emerging Markets

Deadline 31 December 2011

Guest Editors

Prof. Dr. Holger Ernst, WHU – Otto Beisheim School of Management

Prof. Dr. Mohan Subramaniam, Boston College

Anna Dubiel, WHU – Otto Beisheim School of Management

In recent years emerging markets have transformed the global competitive landscape. With an explosion in market growth rates, a burgeoning pool of fervent skilled labor, and low factor costs, countries such as China and India have beckoned almost every single developed country multinational (DMNC) to pay serious attention to the new opportunities they have unleashed. In addition, their home conditions are now a catalyst for spawning a new set of emerging country multinationals (EMNCs), fast becoming formidable competitors to DMNCs. With these trends, the need to develop new and exciting products has never been greater. These changes also portend profound implications to the

management of innovation in global firms. Older mind sets in the DMNCs that relied on extending product life-cycles or making superficial adaptations to meet emerging country demands beg to be replaced by newer approaches. Firms in emerging markets may no longer survive without learning how to serve global customers. And indeed we are now witnessing some pioneers in the developed world using emerging markets as a crucible for ideas to generate high value/low cost innovations or reverse innovations that have a global impact. Similarly, some pioneering EMNCs are fast learning what it takes to innovate for customers in the developed world.

To understand these new trends in innovation, this special issue aims to present research on the state of the art practices of innovating for and from emerging markets. Contributions may address but are not limited to the following topics:

- Success factors for developing innovations for emerging markets
- Innovations along the value chain to cater to the needs of emerging markets
- New business models for emerging markets
- Managing R&D in emerging markets
- Implementation of global innovation processes
- Disruptive innovations from emerging markets
- Initiating and managing reverse innovation
- Innovation strategies of EMNCs
- Overcoming intra-company obstacles to low cost innovations
- Differences in the internationalization of innovation between DMNCs and EMNCs

We would like to encourage submissions that can provide a unique perspective using diverse methodological approaches, and interdisciplinary / international / industry-academic co-author teams. All submissions will be subject to the standard double-blind review process followed by JPIM. All manuscripts must be original, unpublished works that are not concurrently under review for publication elsewhere. An electronic copy of the paper should be submitted to hernst@whu.edu, mohan.subramaniam@bc.edu, or anna.dubiel@whu.edu by **December 31 2011**. All submissions should conform to the JPIM manuscript submission guidelines available at

<http://www.wiley.com/bw/submit.asp?ref=0737-6782&site=1>

Call for Papers

28th EGOS Colloquium

Subtheme 27:

Revealing Processes of Design and Change: Organizing and Organizations in Transforming Societies and Emerging Economies

Deadline 16 January 2012

Convenors:

Anna Soulsby

(Nottingham University Business School, Nottingham, United Kingdom:
anna.soulsby@nottingham.ac.uk)

Rebecca Piekkari

(Aalto University, School of Economics, Helsinki, Finland
rebecca.piekkari@aalto.fi)

Rainhart Lang

(Chemnitz University of Technology, Chemnitz, Germany.
r.lang@wirtschaft.tu-chemnitz.de)

Call for Papers

This sub-theme seeks to bring together researchers from all over the world who have studied organization and management in transforming societies and emerging economies from a multiplicity of disciplines. We invite empirical industry-based and organizational research grounded in any methodological stance, but also encourage purely theoretical contributions. We believe that the ambiguous and turbulent nature of transforming and emerging societies offers a valuable research opportunity for scholars to study processes of organizing as the normally hidden and taken-for-granted assumptions and understandings are either not yet in place or are still being negotiated.

Studying processes of change in transforming societies and emerging economies enables scholars to explore, in a more detailed way, the successful and unsuccessful processes of organizations stuck in historical routines maladapted to current circumstances. At the same time, it is also important to examine the real problems of actors in choosing between strategies and attempting to organize changes in structure and process. We need to be sensitive to the influence of differences in national culture, institutional environment, industrial

sector specifics, organizational form, and so on. To gain additional insight into these effects, the convenors seek participation from different countries and regions across the world, including Asia, South America and Africa. We are convinced that studies of the various forms of experimental change and process involved in organizational transformation within the wider, challenging context of transforming and emerging societies can serve to advance organization theory in a significant way.

Areas of interest

Studies on organizational changes in transformational settings, such as European post-socialism, and Asian, African and South American transitions, other developing countries and emergent market economies.

Topics might include

- Studies on the active role of owners, managers, and other actors and their alliances in designing processes and the re-institutionalisation of management structures, systems and practices.
- Studies of new, emergent forms of organization and organizing under conditions of radical environmental change, resulting from international, regional and national pressures, including influences such as foreign direct investment, joint ventures, knowledge transfers and organizational learning.
- Power, resistance and micro political responses to imposed organizational forms.
- Processes of organizational identity change.
- Processes of co-operation and trust in international joint ventures.
- Privatization processes and changing structures of organizational and managerial control.
- Processes of organizational restructuring and cultural change.
- Comparative studies across different countries and different organizational forms.
- Process studies of language-based shadow structures and informal communication flows in organizations.
- Methodological papers on the issues surrounding the study of organizational process and change in these challenging contexts.

We would welcome papers from researchers working across a range of qualitative and quantitative methodologies and methods in the above mentioned fields.

Anna Soulsby is an Associate Professor of Organizational Behaviour at Nottingham University Business School. Her research focuses on organizational transformation in transforming and emerging societies. Her work has been published in journals such as *Organization Studies*, *Journal of Management*

Studies and International Journal of Human Resource Management. In 2007, she was the guest editor (with E. Clark) of a special issue of Human Relations: “Organization Theory and the Post-Socialist Transformation”. She was a member of the SWG ‘Organizational Change in Transforming Societies’ and a sub-theme convenor at the Ljubljana and Berlin EGOS colloquia.

Rebecca Piekkari is Professor of International Business at the Aalto University, School of Economics. Her primary research interests focus on the challenges of managing people in multinational organizations. She has also written about the use of qualitative research methods, particularly case studies in international business and management. Her work has been published in the Journal of International Business Studies, Management International Review and Organizational Research Methods. She was a sub-theme convenor at the EGOS colloquium in Lisbon.

Rainhart Lang is Professor of Organization Studies at the Chemnitz University of Technology. His research focuses on organizational culture, leadership and organizational transformation in transforming and emerging societies. His work has been published in journals such as Journal of World Business, Scandinavian Journal of Management and Human Resource Development International. He was the editor-in-chief of the Journal for East European Management Studies. He was one of the founding members and convenor of several sub-themes of the SWG ‘Organizational Change in Transforming Societies’ at EGOS colloquia.

Deadline

Please submit a short paper of not more than 3,000 words (incl. references and all other materials) by **January 16, 2012** at the EGOS website: <http://www.egos2012.net>

Call for Papers

Management, Knowledge and Learning International Conference 2012

Knowledge and Learning: Global Empowerment

Deadline 15 February 2012

International School for Social and Business Studies with co-organizers Kasetsart University, Thailand, Maria Curie-Skłodowska University, Poland and Al Akhawayn University, Morocco would like to cordially invite you to participate in the Management, Knowledge and Learning (MakeLearn) International Conference 2012. Conference will be held in **Celje, Slovenia 20-22 June 2012**. The MakeLearn 2012 will have very broad appeal, drawing many scholars and colleagues from around the globe.

The title of the MakeLearn 2012 is Knowledge and Learning: Global Empowerment. We welcome topics on the content of general management, business process management, management of education and training, human resource management, information technology management, knowledge management and especially in the following areas:

- knowledge and learning as means of individual, organisational and societal performance
- globalisation as an opportunity and threat for innovation
- cooperation, integration and networking as key factors of success in the globalised world

The conference programme features two Keynote Addresses, Academic Leadership Forum, Editorial Panel, Business Excellence forum, Exhibition of Journals and high-quality research paper presentations in concurrent sessions. MakeLearn 2012 registered delegates will have opportunity to meet face to face with editors of several academic journals.

All submitted papers will be double-blind reviewed. Conference Programme Booklet will be available in printed edition. Accepted papers will be included in the Conference Proceedings in CD form and published online.

Authors of selected full-length papers will be given the opportunity to revise their papers for possible inclusion in a future issue of several highly regarded academic journals according to the guidelines for publication and editorial decision as specified in each journal

Important Dates

Abstract or full paper submission due: **15 February 2012**

Notification of acceptance: 15 March 2012

Final (revised) paper submission due: 15 April 2012

Early registration: 1 April 2012 (250 €; Student Registration Fee 150 €)

Regular registration: 10 June 2012 (300 €; Student Registration Fee 180 €)

Conference dates: 20-22 June 2012

Guided tour of Celje: 22 June 2012

Post-conference programme: 22-23 June 2012

Post-conference programme includes Doctoral Students' Workshop on Academic Writing for Publishing Scientific Papers in International Journals. The workshop will be held 22-23 June 2012 in Celje, Slovenia by internationally recognized scholar Prof. Dr. Binshan Lin (College of Business Administration, Louisiana State University, USA).

Please visit <http://makelearn.issbs.si/index.php?id=153> for more information regarding the workshop.

Venue and Accommodation

Conference will be held at International School for Social and Business Studies in Celje, Slovenia. Located half way between Venice and Vienna, Celje is a small but quickly developing town where one is never bored. Learn about the famous Counts of Celje, relax in one of the many nearby spa centres, play a round of golf in the heart of a vineyard or simply enjoy a glass of lovely Slovene wine.

Please visit <http://makelearn.issbs.si/index.php?id=138> for more information regarding the venue. Several hotels are offered with price of bed&breakfast room for 40-80€/day. More information on accommodation is available on <http://makelearn.issbs.si/index.php?id=141>

All details of the conference are available online - please check the following webpage: <http://makelearn.issbs.si/>.

We look forward to receiving your contributions and kindly ask you to disseminate the call to other possible interested participants or institutions.

Please do not hesitate to contact us if you need any further information (goran.dakovic@mfdps.si).

Organized by

International School for Social and Business Studies: <http://mfdps.si/en>

Co-organizers

Kasetsart University, Thailand: <http://www.ku.ac.th/english/>

Maria Curie-Skłodowska University in Lublin, Poland:
<http://www.umcs.lublin.pl/articles.php?aid=1113>

Al Akhawayn University in Ifrane, Morocco: <http://www.aui.ma/>

Contact

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Call for papers

Special issue of Management Revue

Financial Participation in Europe

Deadline (Abstract) 31 January 2012

Editors:

Wenzel Matiaske, Helmut-Schmidt-University Hamburg (Germany)

Andrew Pendleton, University of York (United Kingdom)

Erik Poutsma, Radboud University Nijmegen (The Netherlands)

Financial participation - e.g. profit sharing, employee share ownership or stock options and worker's self-management - has been a feature of employee participation for many years. There is a wide divergence in approaches among countries, which have influenced financial participations' prevalence and characteristics as well as employees, employer, and work councils/trade unions view (e.g. through tax incentives and other forms of legislation). In the special issue and the corresponding seminar (IUC Dubrovnik, 26 – 30 March 2012), we would like to discuss financial participation in an adequately broad and interdisciplinary way.

We are particularly interested in questions such as:

- There is a great variety of financial participation schemes among companies. How do different forms of financial participation work?
- What are employers' motivation introducing financial participation schemes?
- Social partners have a crucial role in introduction and development of employee financial participation. What are the positions and roles of trade unions and work councils on financial participation?
- During the socio-economic transformation the New Member States of the European had the chance to choose employee financial participation as an institution. Under which conditions did they follow this path and how did financial participation develop?
- 'A Piece of the Cake for Social Justice' is the slogan of an European initiative and platform to promote financial participation in Europe. Does financial participation address social justice?
- The relationship between financial participation and productivity has been a main focus among researchers, but have not been answered finally.
- Research on industrial democracy has a long tradition. Which role do worker-owned enterprises like Mondragon play in the discussion about employee financial participation? What are their advantages and disadvantages?

This is not an exhaustive list.

Deadline

Potential contributors to the workshop at the IUC Dubrovnik (26 - 30 March 2012, <http://www.iuc.hr>) are encouraged to contact the guest editors directly with an abstract of 1-2 pages **before January 31st 2012**. A limited amount of travel grants for scholars from German universities are available.

Full papers for a special issue of management revue (<http://www.managementrevue.org/>) must be with the editors by **May 31st 2012**. All contributions will be subject to a double-blind review. Papers invited to a 'revise and resubmit' are due July 31st 2012. Please submit your papers electronically to matiaske@hsu-hh.de at using as subject 'IUC Dubrovnik: SER'.