Global Strategy:
The World is your Oyster
(if you can shuck it!)
Global Strategy: The World is your Oyster (if you can shuck it!)

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Abstract

In this inaugural address, I will briefly talk about the disciplinary background, central research questions and themes of Global Strategy. I also present what may be the dominant framework of understanding how global strategy works and what determines its success: i.e., the formation and implementation of global strategies involves intricate connections between – and savvy decision-making about – resources, relations, and rules. I call this the R³ of Global Strategy. What comes into play particularly in the international context is the role of rules. My goal here today is to spur your interest in the variety of forms, functions, and forces of rules. Many kinds of rules matter in Global Strategy, and they are housed at the supranational, national, organizational, individual, and other levels to shape how people and firms behave in a global context, how they differ, what determines their success or failure, and how strategic decisions, practices, and processes are conditioned. To illustrate the diverse roles of rules, I will discuss the international acquisition process – one of the most important and consequential strategic events for firms. This illustration seems to suggest that success in Global Strategy relies for an important part on a curiosity, or a desire to know about how rules – both our own and others, both local and foreign – influence who we and others are as individuals and as organizations.
Content

Samenvatting 4
Abstract 5
Content 7
1. Introduction 9
2. Domain of the Global Strategy Field 11
3. The Global Strategy R3 – Resources, Relations & Rules 15
4. The Many Forms, Functions, and Forces of Rules in Global Strategy 19
5. Conclusions 27
6. Words of thanks 29
7. References 31

Erasmus Research Institute of Management - ERIM 33
1. Introduction

Dear Rector Magnificus,
Dear Dean,
Dear colleagues,
Lieve vrienden en familie,
Dear distinguished guests.

Why then the world’s mine oyster,
Which I with sword will open.
—William Shakespeare,
The Merry Wives of Windsor Act 2, scene 2, 2–5 (c. 1600)

What differentiates today’s executives from previous generations is their elevated global scope. In the times we live, exploring and exploiting opportunities occur increasingly across dispersed geographic markets. Many of the largest companies have most of their assets and sales abroad – an increasing number upwards of 90 percent. And the global scope is not limited to the largest companies. Start-ups may be able to sell to only a few hundred buyers locally, which give them little chance of survival, but across borders, tens of thousands of potential buyers can make their business sustainable overnight. Indeed, today, the world truly is our oyster, the world is ours to enjoy.

Yet, global positioning and expansion is not easy. Having a worldwide web of activities involves navigating through a widely, and at times wildly, scattered terrain, which often comes with many pitfalls and great uncertainty. Moreover, the global reach of competition also looms large and creates immense pressure to succeed. In this context, forming and implementing strategies for a global landscape have become inevitable.

How do strategists make decisions in a global landscape? What factors are core to implementing these cross-border schemes? How are firms influenced by their backgrounds in their attempts to expand abroad? And how are global dynamics, such as regional and worldwide integration and tensions, global environmental challenges, the rise of emerging markets, and the expansive reach of multinationals from emerging markets changing the competitive landscape for firms? Why can some firms maneuver so effectively across the wild global landscape, while others seem to falter and fail in their attempts? These
are some of the highly important and current questions that the field of global strategy aims to address.

In my talk today, I would like to describe the domain of this still emerging research field, and its disciplinary background. I will also briefly situate this Trust Fund Chair in Global Strategy in its local context – the Netherlands and the Rotterdam School of Management. Then, I will outline what may be the dominant framework of understanding how global strategy works and what determines its success. In a nutshell,形成ing and implementing global strategies involves intricate connections between – and savvy decision-making about – resources, relations, and rules. While this triplex of Rs (or R³) seems simple, it actually reflects the core dimensions of a highly complex, dynamic, and ambiguous global strategy process. While resources and relations are clearly crucial for global strategies, what comes into play particularly in the international context is the role of rules. Discussing these rules with colleagues and executives generated more questions than answers. One important reason for this is that the forms, functions, and forces of rules seem to be more diverse and intricate then we are generally able to grasp. So, one of my aims today is to trigger your interest in the diverse roles of rules. I hope to do so by giving you an example of the roles of rules in the international acquisition process.

As a prelude to this discussion, I would like to emphasize three conundrums that every global strategist seems to face:
1. Value added from foreign endeavors comes with added, and quite often exponentially more, uncertainty.
2. Local strategies are not really local, and global strategies are not really global.
3. Analyses to determine global strategies can be very thorough and diligent but are often fraught with shortcuts, biases, stereotypes, and emotion.

Moreover, if the world is our oyster, then opening the shell (or “shucking the oyster” as Americans like to say), requires not just identifying the obviously increasing potential all around the world, but also fostering a global sense and curiosity in the diverse roles of rules. Too often it seems that while we all spot the oyster, we have a hard time shucking it without crushing at least some of the treasures inside. With that let me start by outlining the domain of the global strategy field.

### 2. Domain of the Global Strategy Field

The Strategic Management Society describes the domain of Global Strategy as “the study of any and all aspects of the environment, organizations, institutions, systems, individuals, actions, and decisions that are a part of, or impinge on, the practice of strategy and strategic management of business and non-business organizations in the global context.” The “global” focus of the field emphasizes the domain’s interest in the study of cross-border business activities and in the comparative analysis of business activities to the extent that they materialize differently in different national contexts. As such, the term “global” captures all forms of “cross-border activities [commonly] described as global, international, transnational, multinational, regional, multi-regional or by any other term that substantially implies that activities take place in multiple countries and are integrated across borders.”

The “strategy” focus of the field alludes to organizations’ expansive worldviews, plans, and decisions to consider foreign locations as potential financial, factor, and product markets, and as sources of knowledge, learning, and competitive advantage in their own right. The field addresses the global aspects of the four central questions in strategic management: How do firms behave in a global context? Why do firms differ in a global context? What is the function of the head office in a globally diversified firm? And what determines success or failure in global competition?

The roots of Global Strategy can be traced back to the strategic moves and global location decisions made by the very first multinational companies, such as the Dutch East India Company. However, the academic roots of the field are much younger. With the advent of increased internationalization of companies following WWII, scholars began to consider the Multinational Company (MNC) as an important research object. Many seminal contributors have developed the field since. For example, Bartlett and Ghoshal (1989) considered the intermingled challenges of local responsiveness, global efficiency, and continued learning of MNCs in a global environment, and Michael Porter (1990) emphasized the role of MNCs in shaping the competitive advantage of nations.

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2 With this use of the term global I follow the vision statement of the Global Strategy Journal.
**Strategic Management Society**

This Trust Fund Chair stretches this sub-discipline in Strategic Management. Over the last two decades, Global Strategy has become an essential pillar within the Strategic Management field, and is recognized as such by the field’s leading scholarly association, the Strategic Management Society, with the introduction of the Global Strategy Journal. This journal is quite unique as it is just one of two journals (the other being the Strategic Entrepreneurship Journal) focusing on sub-disciplines within the broader field of strategic management. It is also a testimony of the strength of the academic community and practical relevance of the Global Strategy sub-field.

**The Netherlands**

The practical relevance of global strategy research and teaching is especially strong in countries like the Netherlands, which are highly dependent on the ability of their firms to internationalize their business, adapt to local conditions in a broad variety of host environments, and leverage knowledge and capabilities of local subsidiaries across all nodes in transnational networks. The Netherlands, in particular, has been a fertile ground for global businesses and for Global Strategy thinking. Dutch politicians and business men have long promoted and thrived on modern free trade. In particular, international experiences of Philips have stood at the basis of much global strategy thinking, and global strategy cases on companies such as Unilever and Shell have enriched our field of research.

**Rotterdam School of Management, Erasmus University**

I am very proud to be part of the Rotterdam School of Management, Erasmus University. It is not only one of Europe’s largest international business schools with a very international audience of future and current leaders, it also is one of the strongest research schools which provides a very stimulating environment and is a great place to work. The founding fathers of its predecessor, the Foundation for Business Administration, were the biggest Dutch multinationals – Royal Dutch Shell, Akzo Nobel, ABN AMRO, Unilever, Philips, and Tata Steel. As such, the multinational company and an international orientation have been part and parcel to our school since the very beginning. The school provides an extremely resourceful platform to study and teach Global Strategy. Across the academic field, we are connected with worldwide centers of gravity in Global Strategy research, and, particularly through our participation in CEMS, in Global Strategy teaching. With these connections and our own research programs and course curricula, the quality of research and teaching in Global Strategy is very impressive at the Rotterdam School of Management.

Now that I have sketched the domain and context of this professorship, let me discuss what may be the dominant framework to understand Global Strategy.
3. The Global Strategy R³ – Resources, Relations & Rules

Following others, such as the highly prolific scholars Tatiana Kostova and Mike Peng, I view the field of Global Strategy to be heavily influenced by resource-based, industry-based, and institution-based views. However, I like to refer to resources, relations, and rules, which together comprise the Global Strategy R³ – that is the Global Strategy Toolbox.

Global Strategy R³: Resources

Seminal researchers, such as Edith Penrose (1959), Birger Wernerfelt (1984), and Jay Barney (1991), have generated a tremendous stream of research that focuses on a resource-based view of the firm. This body of work emphasizes that firms differ both in DNA and in performance because of the unique resources they hold, develop, or are able to acquire. However, with the increasing turbulence in the global landscape of firms, scholars began to argue that most resources rapidly decay or, at least, are constantly at risk of becoming imitable or threatened by substitutes, and as a result they can quickly lose their status as source for sustainable competitive advantage. You cannot outlast the competition for long with static resources even if they seem uniquely superior. In this dynamic global environment, competitive advantage mainly depends on the development of dynamic capabilities to integrate and reconfigure competencies to deal with diverse and rapidly changing environments (e.g., Teece, Pisano, & Shuen, 1997). Many scholars (e.g., Bresman, Birkinshaw, & Nobel, 1999) have suggested that knowledge – particularly know-how and expertise – may be the most important resource in this context, but even that could walk out of a firm any day because it resides in the heads of individuals or groups. Rather, it is the ability to transfer, integrate, build, and at times destroy knowledge that is the most critical dynamic capability. This can be challenging in a global context because when an activity crosses borders, it calls for the integration of widely dispersed bits of incomplete and frequently contradictory knowledge that all fight for attention (cf. Hayek, 1945).

Some firms seem to be very good at this challenging activity. For example, industry experts have richly described Nokia’s source of sustained competitive
advantage as its ability to attract clever people with unique experience and creative skills not only from Finland or Scandinavia but from around the world. It was an important reason why the company was able to hold over half of the global smartphone market share in 2007. Yet, even these attractive dynamic capabilities only seem to keep a company on top temporarily. Within just two dramatic years, Nokia lost much of its smartphone market share, and was largely acquired by Microsoft.

So, continuously developing, acquiring, managing, and particularly transforming resources is a very complex part of formulating and implementing Global Strategies.

**Global Strategy R2: Resources and Relations**

Apart from resources, global strategists also smartly have to shape industry relations with other firms, organizations, and governments. The work by Michael Porter (e.g.,1980, 1990) has been particularly influential in this regard. He emphasized that firms need to consider their position in relation to suppliers, buyers, rivals, and firms from related industries in such a way that they can reap the highest returns. In a global context, this positioning within a network of relations becomes exponentially more complex and dynamic. Consider again Nokia’s set of relations. The former CEO, Kallasvuo, underlined that “nowhere in business history has a competitive environment changed so much as it did with the converging of several industries – to the point that no-one knows what to call the industry anymore. Mobile telephony converged with the mobile computer, the internet industry, the media industry and the applications industry – to mention a few… and today they’re all rolled into one.”

The network of relations in a global landscape is developing constantly and can create radical shifts in opportunities and threats that are often extremely difficult to anticipate.

**Global Strategy R3: Resources, Relations and Rules**

As I already mentioned, while resources and relations are clearly crucial for global strategies, in the international context, rules in particular play an important role. In the academic world, we call these rules institutions but I will not use this word here. I like to stick with the term rules, not just because it is the term that most people on the street would use, but also because I think it helps to consider their forms, functions, and forces from more diverse angles. In a local context, rules are often in the background; everybody takes them for granted. But if you go abroad – cross just one border – you will often quickly experience how different rules can be on the other side. The global strategy field is therefore dominated by research that considers this role of rules. This extraordinary interest in rules is what distinguishes global strategic management from general strategic management.

To give you a sense of the importance of rules, please recall this year’s FIFA World Cup in Brazil that brought together teams from 32 countries. The FIFA has a clear rulebook in place. Some players may disagree with the rules, some may purposefully violate them – which can have consequences – and some may accidentally violate them because they get a bit too worked up (again possibly with consequences). However, in general, most players understand how the game should be played and how to win within the confines of the rules.

Now consider if we could travel back in time to the pre-football era when nobody had heard of this peculiar game and we had invited the wisest German and Greek philosophers to play against each other. There is actually old footage that provides insight into what would have happened…4 Monty Python revealed that even the most resourceful, well-connected, wisest men are quite vulnerable if they do not know the rules of the game. They would not know how to play the game, how to score, or even why to score. In such a context, a Eureka-moment makes it easy to win the game.

Like the ancient philosophers in an unfamiliar football context, global strategists face complex foreign games, which can cause considerable uncertainty and ambiguity. What’s more, global strategists often have to play simultaneous games, which are particularly challenging because they are not always familiar with the rulebooks of all these different games.

As the role of rules is so important to global strategy, I would like to focus on this part of the Global Strategy R3 a bit more.

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3 From an interview of Quy Huy and Timo Vuori. Read more at http://knowledge.insead.edu/strategy/what-could-have-saved-nokia-and-what-can-other-companies-learn-3220950522vuHRITZQ3EC99

4 Monty Python’s Flying Circus footage of Philosopher Football: http://www.youtube.com/watch?v=ZjiWnguUh84
4. The Many Forms, Functions, and Forces of Rules in Global Strategy

Nobel Prize winner, Professor Douglas North, explained that rules are “humanly devised constraints that structure political, economic and social interaction.” It is important to note that the term “constraint” does not mean that rules just limit interactions, but rather that rules limit some behaviors and practices, and facilitate, even enforce, other behaviors and practices. They determine what is or what is not allowed, accepted, and valued. Clearly, there are many kinds of rules that we, and the organizations we work for, follow. Just to illustrate, consider traffic light rules. They facilitate the flow of traffic and enforce certain driving behaviors, but they also constrain us by limiting our ability to go really fast. And, think about the cyclists that rule our streets, and surprise foreigners when they visit. Or, consider measurement rules that help us understand and communicate the geographic distance between two points. We accept these rules but others may not. We can distinguish between formal rules that are explicit, such as laws, regulations, and other formal agreements that can be written down, and informal rules that relate to more tacit understandings, habits, cultural norms, routines, broadly shared expectations, and deeply ingrained viewpoints. All these forms of formal and informal rules limit some and facilitate other behaviors and practices.

You could say that Global Strategy scholars (including myself) are a bit overly intrigued by differences in informal cultural rules. Interestingly, there is quite a diverse collection of arguments about their influence on cross-border success. The most dominant view adopts a culture clash argument emphasizing that cultural differences lead to misunderstandings, conflict, and distrust between groups of people that are used to a different set of informal rules. Contradicting this argument, some scholars advance a cultural enrichment argument stressing that experiences with differences in rules lead to opportunities to learn how to approach tasks, activities, and practices in a different way, fostering success through enhanced creativity and learning from cross-border activities. A cultural complementarity argument combines the culture clash and enrichment arguments, and states that it is better for firms to expand into regions with cultures that are neither too similar because there would not be many learning opportunities, nor too different because it would be too difficult to understand the foreign context. A cultural adaptation argument is a mirror image of the cultural complementarity argument. It argues that firms perform cross-border activities better when cultures are very similar because fewer misunderstandings will occur, but also when cultures are very different because the people
involved expect and more readily accept the differences, and will prepare for them more carefully in advance. This argument suggests that when cultures are moderately different, people expect similarities while facing unexpected differences.

Considering all these different arguments together, perhaps not surprisingly, most studies actually find the relationship between cultural differences and cross-border success to be insignificant. Together we get rather a confusing picture ... something like a cat. Yet, I do not think we should conclude that none of these arguments matter. It may be best to conclude that *it all depends*. My colleagues in the Global Strategy corner of our department have discussed this in highly cited articles: René Olie (1994) spoke of shades of culture and that their forces depend on the nature of cross-border relationships, and Arjen Slangen (2006) argued that culture clashes are likely only when cross-border activities are characterized by high levels of integration, and that more positive outcomes can be expected when autonomy is retained. In one of my own studies, we found that the effect of cultural differences in international acquisitions depends on the extent to which firms develop integration capabilities, such as fostering rich communication ties and mutual understanding (Reus & Lamont, 2009). While cultural differences can constrain these integration capabilities, fortunately there are plenty of other forces that can also create them.

We tend to use the concept of cultural differences in very broad, abstract ways. But what does it really mean when we say “these cultures are different,” or when we say “the cultural distance between the Netherlands and China is larger than between the Netherlands and Belgium”? I think that when we compare two countries, they are likely to have many rules that are quite similar, and many rules that are likely to be more or less different. So, when organizations expand in a distant country, we have a palette of similarities and a palette of differences in rules. On the palette of similarities, we can easily build relationships without too many misunderstandings about the rules. Perhaps we will ignore the rules, like we ignore them at home. On the palette of differences, we will notice that many rules actually also do not matter at all or do not have to matter, for example, eating habits and transportation rules. Even seemingly important formal rules such as differences in forms of capitalism, or cultural norms about approaches to hierarchy may not matter at all in a particular cross-border setting. Many formal and informal rules may differ between countries but they do not influence our tasks. Only some differences matter, and some of these will matter negatively and some positively. Since our research predominantly takes a broad-brush approach toward national differences, we have little insight into what and how differences *really* matter. This is an important gap because decision-makers in distant countries experience high levels of uncertainty not just because there are more differences, but because it is increasingly difficult to determine which of these differences matter and how they matter.

Much of the Global Strategy research emphasizes rules and differences in rules at the national level, and indeed, due to legal and socialization processes, many formal and informal rules are created and sustained at the national level. However, rulebooks are created and sustained at many different levels of analysis. With the acceleration of regional integration and the need for worldwide coordination, we have an expansive rulebook at the highest supranational level. Consider how politicians from all across the world are trying to rewrite rules following the financial crisis. On the other hand, our own personality gives us a kind of personalized rulebook on how we prefer to behave and how we develop our own routines. When it comes to CEO personalities, or more broadly
The flow chart depicts the international acquisition process with several key events or characteristics in the merger timeline. Roughly speaking, we can distinguish a pre-merger and a post-merger phase, with a holding period when firms have to wait for regulatory approval. But please note that we could think of different phases as well as different moments. I have been a bit selective, just to be able to selfishly highlight some of our own research. For example, in this flow chart I have not included the ways in which firms prepare for an acquisition to wade through rules effectively. Interesting recent research found that firms in the U.S. make substantially more campaign contributions to political parties one year prior to making an acquisition (Holburn & Vanden Bergh, 2014). They seem to realize that they have to abide by strict rules, and perhaps hope to get some help from the politicians in anticipation of their pending acquisition decision.

**Pre-Merger Phase**

In our own work, we have looked at the role of prior experience. Firms generally enter a new acquisition event with some baggage – they have more or less prior experience in making acquisitions and form organizational rules about how to take over a company – i.e., they form acquisition routines. Such experience could help when the routines fit the new acquisition context well; however they may misfit the context. We looked at large acquisitions, and saw that many acquirers involved had substantial experience but predominantly in making small acquisitions. In other words, the organizational rules on how to take over a company were shaped through a series of small acquisitions. This can be a problem when making a large acquisition because the rules are different and they affect firms in a very different way (Ellis, Reus, Lamont, & Ranft, 2011). For example, small deals only affect small pockets of the firms involved, whereas large deals can impact many departments and business units throughout the firm. We saw that prior experience in making small deals was not beneficial but rather hurt the performance of subsequent large deals. Fortunately, there are ways to prevent these mishaps. We saw that when acquirers retained top managers of the acquired firms, performance effects of experience were not as bad; these acquired top managers could help to challenge the organizational rules of the acquirers, and adapt their organizational rules to better fit the unique conditions of large acquisitions.

In the pre-merger phase, negotiations generally occur with a small set of players – secrecy rules the game. The CEOs of the firms involved may hold secret meetings during which they get to know each other and develop trust – they...
develop certain inter-personal rules of the game. Actually, often the consultants of the firms involved do all the talking, not the CEOs, so then an indirect conversation with all kinds of communication rules and barriers takes place.

The ultimate outcome of the pre-merger phase is to buy or not to buy the target, and what to pay beyond what the market would pay for it — the acquisition premium. Although firms initiate thorough analyses and due diligence before determining these key outcomes, much uncertainty remains, particularly in the international acquisition context. Psychological research, heavily influenced by the prolific scholars Tversky & Kahneman (e.g., 1974), suggests that under such heavy uncertainty, people tend to use simplification rules or “heuristics.” Anchoring, for example, refers to a simplification rule of relying heavily on information (the anchor) that appears early on in a decision-making process. Decision-makers tend to come back to that anchor frequently and new information that is consistent with the anchor receives more weight, while inconsistent information is discarded. In the context of acquisition premium decisions, we found that indeed international acquirers were more likely to anchor their decisions on the premium that another acquirer paid in a local market’s preceding acquisition than domestic acquirers (Malhotra, Zhu, & Reus, 2014). This anchoring can be a good thing as it clearly simplifies the decision and it does so on the basis of some relevant information. Yet, it may also downplay important information unique to the focal acquisition. In their anchoring, we found that international acquirers gave more weight to decisions by reference groups — i.e., they tended to follow other international acquirers. This is revealing particularly considering that this reference group generally pays higher premiums. We found that US firms on average paid 11% more for international deals than they did for domestic deals. At least in part, this foreign-domestic divide in what firms pay for their international acquisitions may persist because international acquirers anchor their decisions on the relatively higher preceding international acquisition premiums. It is like buying a new home and anchoring your decision on someone close to you that unfortunately paid quite a bit more for his new home than the person next door.

Once the decision is made, and firms announce their intention to acquire, the international acquisition process transforms from being highly secretive to being staged in front of a large audience. At that point, many stakeholders, including shareholders, employees, competitors, regulators, politicians, journalists, and the general public, consider the acquisition and determine whether it fits their rulebooks. In the context of international acquisitions, local constituencies may view the acquisition as an invasion by a foreign intruder, and if the acquirer comes from a country that has starkly different rules, the acquirer may be viewed as illegitimate because it would be guilty by association. The 2006 acquisition of a port management business in the United States by Dubai Ports World was a particularly controversial case that illustrates that national differences in deeply ingrained rulebooks, or supranational tensions due to these differences, can delay and even block foreign activities. Although shareholders approved the acquisition and President George Bush even vigorously argued in favor of the deal, it received so many legitimacy challenges that Dubai Ports decided to turn over the acquired units to an American competitor.

**Post-Merger Phase**

When acquirers do survive the time surrounding the announcement, and receive approval from shareholders and regulators, the deal can be completed and the post-merger phase begins. Often the team that managed the pre-merger phase is different from the team that manages the post-merger phase, and they may follow quite different rulebooks. Synergy potential and actual synergy realization greatly depend on the extent to which pre-merger and post-merger rulebooks are written in line, and are at least understood by everyone involved.

Individual, organizational, and national rulebooks also influence how acquirers approach integration and what requires specific attention during integration. For example, Monin and colleagues (2013) presented an in-depth case of a large, international merger in which the firms started with the norms of justice based on equality — the rule was equal distribution of power, status, and work. Over time, the norm of justice shifted to emphasizing equity on the basis of meritocratic performance — the rule became the work goes to the unit that performs best. In one of our own studies, we also looked at justice rules during the post-merger phase, and found that informational justice rules — i.e., providing justification for difficult but critical integration decisions — is important for acquisition performance in the short run, while procedural justice rules — i.e., providing an actual voice in these decisions — is important for long-term acquisition performance (Ellis, Reus, & Lamont, 2009).

National rules also can influence how firms approach integration. For example, we found that when US firms make acquisitions in countries with very different cultures, they find it more difficult to attend to emotions of newly acquired members, but when they make acquisitions in more humane-oriented
5. Conclusions

So there can be this darker side due to rulebook challenges or threats, but I would argue that we can turn the light back on if we consider the multitude and diversity of roles of rules more carefully. Rulebooks matter, and differences do as well, but most important is to know how people and organizations recognize, understand, and deal with them. It requires not just insight into foreign rules but also and perhaps even more importantly in local rulebooks and our own individual rulebooks. From an academic and practical point, we still have very limited insight into why some firms are able to forge ties across distant regions, increase their ability to understand diverse groups of people, and motivate their organization members to work across the widely and wildly scattered global landscape. Foreign and local rulebooks are important sources to increase our insight.

A better understanding of distant rulebooks can help firms adapt their own local rulebooks. Firms, such as Tata Steel and Philips already seem to have adopted this approach when developing products to serve the Base of the Pyramid. They adapt to the rules that are set in less developed markets to develop products and engineering processes that are both more cost-efficient and energy-efficient. They adopt Base of the Pyramid rules to become more competitive under the rules of the Rest of the Pyramid.

To come back to the conundrums I mentioned in the introduction of this talk. Venturing into foreign markets can create added value, but can also come with added, and quite often exponentially more, uncertainty. Rules will be different, awkward, and surprising, and mishaps will be more likely, but some rules will also be intriguing, unique, and possibly valuable. The high uncertainty in global decision-making makes global strategies quite local. Indeed, global strategies are influenced by very local and individual preferences, personality, simplification rules, as well as organizational routines and practices. While firms generally conduct thorough analyses and prepare diligently for global endeavors, it is important to remember that global strategy decisions, and the tools used to derive them, are often highly influenced by individual, home-grown, local rules.

Therefore, I think we can only shuck the oyster if we have a good understanding of foreign, local, and our own individual rulebooks. This requires a curiosity about how rules — both our own and others, both local and foreign — influence who we and others are as individuals and as organizations; what we and they do, how we and they behave, and how this all influences ensuing opportunities and constraints in the global context. Having such a curiosity in distant and nearby cultures that “encourage and reward individuals for being fair, altruistic, friendly, generous, caring, and kind to others” (House, Hanges, Javidan, Dornman, & Gupta, 2004, p569), they, in fact, attend to emotions more (Reus, 2012).

Global strategy scholars and executives also have emphasized the importance of knowledge transfer in the post-merger phase of international acquisitions. Yet, while numerous studies have considered antecedents to cross-border knowledge transfer (e.g., Bresman et al., 1999; Lord & Ranft, 2000), its performance effects have rarely been studied empirically. In fact, esteemed colleagues Van Wijk, Jansen and Lyles (2008) conducted a thorough meta-analysis of the relationship between knowledge transfer and performance but could not include a single M&A study. However, whether knowledge investments lead to value creation is not so self-evident as it may seem (Reus, Ranft, Lamont, & Adams, 2009). We considered the performance effects of a knowledge flow that dominates the international acquisition context: i.e., the transfer of non-location-specific knowledge from acquirers to acquired firms; for example, transferring managerial knowledge from the acquirer to its acquired firm (Reus, Lamont, & Ellis, In Press). Such a knowledge flow maybe a way to extend the acquirer’s expertise and capabilities to the acquired firm, but it also has potential negative implications which reveal a darker side of knowledge transfer that is often ignored. In particular, such a knowledge flow can threaten the pre-existing rulebook the acquired members have long cherished — the transfer of knowledge to acquired firms is at the same time a call to change long-held routines. We find support for this adverse knowledge transfer effect. Performance effects improve only at very high levels of knowledge transfer, when acquirers extend their own knowledge and associated routines and power structures completely.

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To come back to the conundrums I mentioned in the introduction of this talk. Venturing into foreign markets can create added value, but can also come with added, and quite often exponentially more, uncertainty. Rules will be different, awkward, and surprising, and mishaps will be more likely, but some rules will also be intriguing, unique, and possibly valuable. The high uncertainty in global decision-making makes global strategies quite local. Indeed, global strategies are influenced by very local and individual preferences, personality, simplification rules, as well as organizational routines and practices. While firms generally conduct thorough analyses and prepare diligently for global endeavors, it is important to remember that global strategy decisions, and the tools used to derive them, are often highly influenced by individual, home-grown, local rules. Therefore, I think we can only shuck the oyster if we have a good understanding of foreign, local, and our own individual rulebooks. This requires a curiosity about how rules — both our own and others, both local and foreign — influence who we and others are as individuals and as organizations; what we and they do, how we and they behave, and how this all influences ensuing opportunities and constraints in the global context. Having such a curiosity in distant and nearby cultures that “encourage and reward individuals for being fair, altruistic, friendly, generous, caring, and kind to others” (House, Hanges, Javidan, Dornman, & Gupta, 2004, p569), they, in fact, attend to emotions more (Reus, 2012).
6. Words of thanks

Dear Executive Board of the Erasmus University, Dear Dean of the Rotterdam School of Management, Dear Vereniging Trustfonds EUR,

I am very thankful for the opportunities you have given me to develop my research and teaching agenda. I see this Endowed Professorship in Global Strategy not as an accomplishment but rather as an anticipation of what is still to come. I greatly enjoy working at this university, and am very proud to be a part of one of the top business schools of Europe.

Dear Professor Van Oosterhout,


Dear Professor Heugens,

Pursey, het is ongelooflijk hoeveel jij betekent voor de universiteit, de school, de afdeling en de mensen die op jouw pad komen. Ik ben onteigelijk blij dat ik ook op jouw pad terecht kwam!

Dear Professor Meijs, and all colleagues at the Business-Society Management Department,

Lucas en alle andere collega’s van de BSM afdeling, onttettend bedankt dat ik mijn eerste tijd terug in Nederland bij jullie heb mogen doorbrengen. Tijdens mijn sollicitatiegesprekken was ik al erg onder de indruk van het enthousiasme in onderzoek – vooral in thema’s die onttettend van deze tijd zijn. Het was heel mooi om daar tussen te mogen zitten. Yolanda, jij vooral bedankt voor de assistentie en gezelligheid.

Dear Colleagues at the Department of Strategic Management & Entrepreneurship,

It’s an honor to be part of this strong department. It is very special how much research and strong teaching we are able to offer. Special thanks to the Global Strategy Corner – I apologize for having been a little preoccupied with this inaugural address for the past months; very much looking forward to our continued conversations! Other colleagues, friends, executives, it would be great if you like to join our monthly Global Strategy conversations, please do let us know.

Patricia en Carolien, bedankt dat jullie me op de rails houden; wat een goed team zijn jullie!
7. References


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