

PhD Masterclass

Course syllabus

3-4 April 2019

**International Business, Innovation and
Geography**

**by Marina Papanastassiou and Lucia
Piscitello**

About the course instructors:

Marina Papanastassiou is Professor of International Business at Middlesex University Business School, London, UK. Her research outputs and interests include innovation and R&D strategies in multinationals and the network of their overseas subsidiaries and R&D laboratories, growth strategies of multinational corporations, foreign direct investment inward and outward, motives, strategies and policies.

Lucia Piscitello is Professor of International Business at the Henley Business School, University of Reading, and at Politecnico di Milano. Her research interests cover the economics and management of MNEs, the international aspects of technological change and the geography of innovation.

Course Themes

Innovation is at the core of IB. On one hand, it is one key firm-specific advantage, which determines the scope and direction of firms' international activities. On the other hand, by expanding in foreign markets, and in particular by internationalizing the R&D and knowledge-creating activities, MNEs can further shape the pace of innovation and their technological trajectory. In both cases, geography plays a key role, by creating constraints and opportunities for the location of MNEs innovative activities.

This course addresses the complex relations between innovation, IB and Economic Geography, by providing a state-of-the-art critical overview of conceptual and empirical research organized around the following topics:

- 50 years of research on MNE R&D internationalisation, an overview: Typologies of overseas MNE subsidiary
- Typologies of overseas MNE R&D laboratories
- MNEs and National Systems of Innovation
- From asset -exploiting to asset-augmenting MNE strategies. Methodological challenges within the context of a single case- study analysis.
- Internationalisation of R&D and location of MNEs' innovative activities
- MNEs' innovative activities and global connectivity
- Location strategies and knowledge spillovers
- The importance of replication, refinement and extension: methodological challenges – Application to agglomeration measures

Course Objectives

This course is intended for doctoral and post-doctoral researchers, and established faculty interested in the complex relations between Innovation, IB and Economic Geography. It aims at:

- a.) providing the tools to critically assess some of the main conceptual and empirical issues in the literature on IB, Innovation and Economic Geography
- b.) introducing to the application of some statistical methods for carrying out empirical analysis in this field

c.) developing some practical skills, namely through preparing and making presentations, and being actively involved in a class discussion.

Course Overview

The course consists of 10 sessions, held over a period of 2 days. Sessions 1-4 and 6-9 will be devoted to formal lectures. Session 5 and 10 will be devoted to student presentations of their research proposals and to methodological aspects related to the empirical analysis of issues related to IB, Innovation and Economic Geography. Presentations given by students should focus on research projects or papers in the area of IB, Innovation and/or Economic Geography. Such presentations are not compulsory and students wishing to give a presentation of their work should inform the instructors at least two weeks prior to the module.

Participants wishing to obtain formal credits will be evaluated on the basis of 5,000 words essay on a topic assigned by the instructors at the end of the module. Written assessment can be submitted at any time up to 1 July 2019, and the assessment process will be completed within one month of submission

Participants who are not formally enrolled on the masterclass are exempt from submitting an assignment. Such students will receive a certificate of attendance upon course completion.

Class Schedule

Time	3/4/2018	4/4/2018
9.15-10.45	Session 1	Session 6
10.45-11.00	Coffee/Tea break	Coffee/Tea break
11.00-12.30	Session 2	Session 7
12.30-13.30	LUNCH	LUNCH
13.30-15.00	Session 3	Session 8
15.00-15.15	Coffee/Tea break	Coffee/Tea break
15.15-16.45	Session 4	Session 9
17.00-18.00	Session 5 (students' presentations)	Session 10 (students' presentations)

Reading list

Topic 1 - 50 years of research on MNE R&D internationalisation, an overview: Typologies of overseas MNE subsidiaries (I)

Papanastassiou, M., Pearce, R. and Zanfei, A. 2019, *Internationalisation of R&D by Multinational Enterprises* (working paper).

Papanastassiou, M. 1999. Production and technology strategies of MNE subsidiaries in Europe, *International Business Review*, 8, 150-175.

Pearce, R. D. 1989. *Internationalization of Research and Development by Multinational Enterprises*. London: Palgrave MacMillan.

Birkinshaw, J. 1996. How multinational subsidiary mandates are gained and lost. *Journal of International Business Studies*, 27(3): 467-495.

Cantwell, J., Dunning, J. H., & Lundan, S. M. 2010. An evolutionary approach to understanding international business activity: The co-evolution of MNEs and the institutional environment. *Journal of International Business Studies*, 41(4), 567-586.

Topic 2-50 years of research on MNE R&D internationalisation, an overview: Typologies of overseas MNE R&D laboratory roles (II)

Behrman, J. N., & Fischer, W. A. 1980. Trans-national corporations-market orientations and R-and-D abroad. *Columbia Journal of World Business*, 15(3):55-60.

Castellani, D., Jimenez, A., & Zanfei, A. 2013. How remote are R&D labs? Distance factors and international innovative activities. *Journal of International Business Studies*, 44(7): 649-675.

Håkanson, L., & Nobel, R. 1993. Foreign research and development in Swedish multinationals. *Research Policy*, 22(5-6): 373-396.

Mudambi, R., Narula, R., & Santangelo, G. D. 2018. Location, collocation and innovation by multinational enterprises: a research agenda. *Industry and Innovation*, 25 (3): 229-241.

Pearce, R., & Papanastassiou, M. 1999. Overseas R&D and the strategic evolution of MNEs: evidence from laboratories in the UK. *Research Policy*, 28(1): 23-41.

Topic 3 - MNEs and National Systems of Innovation

Beaudry, C., Schiffauerova, A. 2009. Who's right, Marshall or Jacobs? The localization versus urbanization debate, *Research Policy*, 38(2): 318-337.

Nelson, R. R. (Ed.). (1993). *National innovation systems: a comparative analysis*. Oxford University Press on Demand.

Álvarez, I., & Marín, R. 2010. Entry modes and national systems of innovation. *Journal of International Management*, 16(4): 340-353.

Lundvall, B. A. 1992. *National Systems of Innovation: Towards a Theory of Innovation and Interactive Learning*, London: Pinter Publishers.

Edquist, C. 2010. Systems of innovation perspectives and challenges. *African Journal of Science, Technology, Innovation and Development*, 2(3), 14-45.

Mowery, D. C., & Oxley, J. E. 1995. Inward technology transfer and competitiveness: the role of national innovation systems. *Cambridge Journal of Economics*, 19(1): 67-93.

Marina Papanastassiou, Jyoti Navare, Zhongqi Jin, Ellis Osabutey and Ahmed Agyapong_2018. *Technological innovation, location advantages and innovative behaviour: Case of Ghanaian SMEs*, (working paper).

Topic 4- From asset -exploiting to asset-augmenting MNE strategies. Methodological challenges within the context of a single case- study analysis

Awate, S., Larsen, M. M., & Mudambi, R. 2015. Accessing vs sourcing knowledge: A comparative study of R&D internationalization between emerging and advanced economy firms. *Journal of International Business Studies*, 46(1): 63-86.

D'Agostino, L.M., & Santangelo, G.D. 2012. Do overseas R&D laboratories in emerging markets contribute to home knowledge creation? *Management International Review*, 52(2): 251–273.

Jha, S. K., Dhanaraj, C., & Krishnan, R. T. 2018. From Arbitrage to Global Innovation: Evolution of Multinational R&D in Emerging Markets. *Management International Review*, 1-29.

Zhao, S., Tan, H., Papanastassiou, M., & Harzing, A. W. 2019. The internationalization of innovation towards the South: A historical case study of a global pharmaceutical corporation in China (1993–2017). *Asia Pacific Journal of Management*, 1-33.

Zhang I.S., Pearce R., Bournakis, I., Papanastassiou M., Zhao S. 2018. Dynamic subsidiary roles as determinants of subsidiary technology sources: Empirical evidence from China, *Economia Politica* , 35(2), 623-648.

Topic 6 – Internationalisation of R&D and location of MNEs' innovative activities

Cantwell J. 1995. The Globalisation of Technology: What Remains of the Product Cycle Model?, *Cambridge Journal of Economics*, 19(1): 155-74.

Cantwell J., Mudambi R. 2005. MNE Competence-creating Subsidiary Mandates, *Strategic Management Journal*, 26(12): 1109-1128.

Cantwell J., Piscitello L. 2005. Recent Location of Foreign-owned Research and Development Activities by Large Multinational Corporations in the European Regions: The Role of Spillovers and Externalities, *Regional Studies*, 39(1): 1-16.

Kuemmerle W. 1999. The Drivers of Foreign Direct Investment into Research and Development: an empirical investigation. *Journal of International Business Studies* 30(1): 1-24.

Topic 7 – MNEs' innovative activities and global connectivity

Alcacer J., Cantwell J., Piscitello L., 2016, Internationalization in the information age. A new era for places, firms and international business networks? *Journal of International Business Studies*, 47(5): 499-512.

Cano-Kollmann, M., Cantwell, J.A., Hannigan, T.J., Mudambi, R., Song J., 2016. Knowledge connectivity: An agenda for innovation research in international business, *Journal of International Business Studies*, 47 (3), 255-262.

Cantwell J., Piscitello L. 2015, New Competence Creation in Multinational Company Subunits: The Role of International Knowledge, *The World Economy*, 38(2): 231-254.

Goerzen A, Asmussen C, Nielsen, B. 2013, Global Cities and Multinational Enterprise Location Strategy. *Journal of International Business Studies*, 44:427-450.

Iammarino S., McCann P. 2013, Multinationals, Connectivity and Global Cities. In *Multinationals and Economic Geography. Location, Technology and Innovation*. Chapter 7. Edward Elgar: Cheltenham.

Topic 8 – Location strategies and knowledge spillovers

- Alcácer J, Chung W. 2007, Location strategies and knowledge spillovers, *Management Science* **53**(5): 760–776.
- Alcácer J, Zhao M. 2012, Local R&D Strategies and Multilocation Firms: The Role of Internal Linkages. *Management Science*, **58**(4): 734–753.
- Crescenzi, R., Pietrobelli, C., Rabellotti, R. 2014, Innovation drivers, value chain and the geography of multinational corporations in Europe, *Journal of Economic Geography*, 14(6): 1053-1086.
- Defever, F. 2012, The spatial organization of multinational firms, *Canadian Journal of Economics/Revue canadienne d'économique*, 45(2): 672–697.
- Lavoratori K., Mariotti S., Piscitello L. 2018, “Location and intra-firm co-location of MNEs activities: does geographical proximity always matter?”, working paper.
- Mariotti S, Piscitello L, Elia S. 2010. Spatial Agglomeration of Multinational Enterprises: the Role of Information Externalities and Knowledge Spillovers. *Journal of Economic Geography* **10**(4): 519–538.

**Topic 9 –The importance of replication, refinement and extension:
methodological challenges – Application to agglomeration measures**

- Ellison, G. and Glaeser, E. (1997) Geographic Concentration in U.S. Manufacturing Industries. A Dartboard Approach. *Journal of Political Economy*, 105, 889-927.
- Sendil K. Ethiraj, Alfonso Gambardella, Constance E. Helfat. 2016. Replication in strategic management. Introduction, *Strategic Management Journal*, Volume 37, No. 11, Pages 2191–2192
- Raymond Hubbard, Daniel E. Vetter and Eldon L. Little, 1998. Replication in Strategic Management: Scientific Testing for Validity, Generalizability, and Usefulness, *Strategic Management Journal*, Vol. 19, No. 3, pp. 243-254
- Shaver JM, Flyer F. 2000, Agglomeration Economies, Firm Heterogeneity, and Foreign Direct Investment in the United States. *Strategic Management Journal* **21**(12): 1175–1193.