1
Creditor protection laws, debt financing, and corporate investment over the business cycle [Recurso electrónico] / Yaxuan Qi, Lukas Roth and John Wald

Este artículo se encuentra disponible en su edición electrónica. Su acceso electrónico es a través del enlace de 'Acceso al documento'

References: p. 494-495

Abstract: We examine how legal creditor rights are related to debt financing and corporate investment over the business cycle. Using firm-level data from 40 countries, we find that creditor rights are associated with greater debt financing and investment during economic downturns, but creditor rights have a significantly smaller effect during expansions. The beneficial effects of creditor rights during recessions are stronger for firms that are more likely to have severe shareholder–bondholder agency problems. We also find that during recessions (relative to expansions) strong creditor rights are associated with a smaller decline in net capital flows. Our findings are consistent with credit market frictions increasing during recessions, and with stronger creditor rights decreasing the negative effects of these frictions. Overall, the results suggest that better creditor protection laws help moderate the decline in debt financing and investment during recessions.

Journal of international business studies. -- 2017, v. 48, n. 4, may, p. 477-497

1. Business cycles 2. Creditor rights 3. Agency costs 4. Debt financing 5. Investment

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2
Foreignness as both a global asset and a local liability [Recurso electrónico] : how host country idiosyncrasies and business activities matter / Markus Taussig

Este artículo se encuentra disponible en su edición electrónica. Su acceso electrónico es a través del enlace de 'Acceso al documento'

References: p. 520-522

Abstract: While international business research traditionally portrays foreignness as a liability for dealing with local market idiosyncrasies, this paper argues that it can regularly shift back and forth between being an asset and a liability. Key to this argument is the fact that the performance of a firm in a particular host country can be importantly shaped not only by activities aimed at accessing key external resources in local markets, but also by those targeting resources in global markets. When the focus is tapping into local resource markets, foreignness can be a liability that grows in size with the idiosyncrasies of those markets. But when the same firm in the same host country turns to global markets for external resources, foreignness can become an asset that also increases in value with the significance of local idiosyncrasies. I test this argument by looking at the performance effect of being foreign for private equity (PE) firms when investing in, and when subsequently exiting from, portfolio companies in emerging economies. The analysis capitalizes on a novel dataset tracking 546 PE deals, managed by 45 foreign and local PE firms, and across 49 emerging economies at varying levels of institutional development.

Journal of international business studies. -- 2017, v. 48, n. 4, may, p. 498-522

1. How emerging market institutions shape MNEs – competitive strategies 2. Liability/liabilities of foreignness 3. Foreignness and emerging markets 4. Institutions and international business 5. Private equity 6. Business performance

3
Institutional fragility and outward foreign direct investment from China [Recurso electrónico] / Weilei (Stone) Shi ... [et al.]

Este artículo se encuentra disponible en su edición electrónica. Su acceso electrónico es a través del enlace de 'Acceso al documento'

References: p. 472-476

Abstract: We develop the concept of institutional fragility to investigate the outward foreign direct investment (OFDI) behavior of firms from emerging economies. When different dimensions of institutions are not progressing at the same pace, internal friction and conflict arise during institutional development. Such fragility could push a firm to escape its home country as a strategic response. Using a sample of 578,360 Chinese firm-year observations over a 10-year period, we find that institutional fragility at the provincial level is associated with increased OFDI decision. This relationship is weaker when firms have high productivity or have been controlled by state with high ownership, stronger when firms have a high level of export network. Overall, our institutional fragility perspective extends and enriches the institution-based view and offers new insights into OFDI behavior.

Journal of international business studies. -- 2017, v. 48, n. 4, may, p. 452-476

1. Institution-based view 2. Outward foreign direct investment 3. Emerging economies 4. Market-based reform

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4
The management of political risk [Recurso electrónico] / Erasmo Giambona, John R Graham and Campbell R Harvey

Este artículo se encuentra disponible en su edición electrónica. Su acceso electrónico es a través del enlace de 'Acceso al documento'

References: p. 531-532

Abstract: We explore a long-standing prediction in the international business literature that managers' subjective perceptions of political risk – not just the level of risk – are important for how firms manage political risk. The importance attributed to political risk by corporate executives has increased over the last 15 years and our results show that political risk is now considered more important than commodity (input) risk. Our analysis suggests that nearly 50% of firms avoid (not simply reduce) foreign direct investment because of political risk. Using a unique survey-based psychometric evaluation of manager risk aversion, we show that firms with risk averse executives are more likely to avoid investment in politically risky countries – a key implication of behavioral models. This relation is economically stronger when agency problems are more likely to be severe: for example, when executives are less aligned with shareholder value maximization, and when executives are younger (and therefore might put their personal career concerns in front of shareholders' interests). While numerous studies have shown that political risk affects foreign direct investment using objective measures of such risk (electoral uncertainty, conflicts, etc.), our study documents that executives' subjective perceptions of political risk are also important for political risk management.

Journal of international business studies. -- 2017, v. 48, n. 4, may, p. 523-533

1. Political risk 2. Risk management 3. Hedging 4. Real options 5. Cost of capital 6. Derivatives 7. Investment 8. Foreign direct investment 9. Risk aversion 10. Behavioral theory 11. Agency theory 12. Economic growth 13. FDI 14. ISDA 15. GARP 16. Survey method 17. Probit model

5
A time-based process model of international entrepreneurial opportunity evaluation [Recurso electrónico] / Yanto Chandra

Este artículo se encuentra disponible en su edición electrónica. Su acceso electrónico es a través del enlace de 'Acceso al documento'

References: p. 449-450

Abstract: This article investigates two important research gaps in international business (IB): how entrepreneurs evaluate international entrepreneurial opportunities (IEOs) and the role of time in the evaluation process. Drawing on the literature on decision-making models and the philosophical foundation of opportunity, this study employs Gioia’s methodology and content analysis to examine how the founders of 15 early-internationalizing firms evaluated IEOs in the early- and late-stage of internationalization. The findings reveal that the interaction of time and three general rules of IEO evaluation that I coin ‘simple’, ‘revised’, and ‘complex’ influenced the entrepreneurs’ decisions. The findings show that the founders transitioned from simple to revised and to complex rules in the IEO evaluation process and that various contingent factors such as time pressure, resource availability, and type of stakeholders drove these transitions. The three general rules correspond to what I label as ‘opportunity actualization’, ‘revision’, and ‘development maximization’ processes, respectively. I propose a Timebased Process model that reconciles extant internationalization models’ (i.e., Process, Network, Economics, and Entrepreneurship) different explanations regarding why and how firms internationalize.

Journal of international business studies. -- 2017, v. 48, n. 4, may, p. 423-451

1. Internationalization 2. Opportunity evaluation 3. Decision-making 4. Decision rule 5. Case theoretic approaches 6. Content analysis