

EDITORIAL

Strategic management research in the Journal of Management & Organization: International in orientation with an Australasian edge

INTRODUCTION

Strategic management research and the work of strategy practitioners has a crucial role in furthering the well-being of society, helping to solve a wide range of business, social and environmental challenges (e.g., protecting bank savings, firm profitability, improving community health, creating interesting jobs, increasing the participation of woman in the workforce, protecting the environment). Since the emergence of the field of strategic management in the late 1970s, the depth and breadth of the field has greatly expanded as academics, business executives and consultants have set out to build and apply new knowledge to inform strategy work (Hambrick, 2004; Galvin & Arndt, 2014). Field-specific journals including *Strategic Management Journal*, *Strategic Organization*, *Global Strategy Journal* and *Long Range Planning* have played a key role in establishing a substantial research agenda for us to work on as a community of scholars. The growing knowledge base reflects the academics, business executives and consultants efforts to find solutions to the challenges and uncertainties of the modern business environment (Hunter & O'Shannassy, 2007). As a consequence the global community of strategic management academics have adopted a wider range of research questions, approaches to data collection, units of analysis and analytical tools (Bettis, Gambardella, Helfat, & Mitchell, 2015). A review of *Journal of Management & Organization (JMO)* publishing since its move to Cambridge University identifies a broad range of research questions addressed with a broad range of empirical approaches. One of the strengths of our journal is that we equally consider the contribution of theory development, quantitative research methods and qualitative research methods.

JMO is proud to present here a showcase of strategic management research in this themed issue. This strategic management themed issue presents a selection of seven research articles plus two research notes with a mix that reflects the international orientation of the journal with an Australasian edge (Bentley, 2015). Theories presented in the seven research articles include the resource-based view, network theory, agency theory, stewardship theory, upper echelons theory, social theory and dynamic capabilities. The empirical articles presented here are quantitative in their orientation and they are complemented by two theoretical research articles. There are also two research notes by Galvin, Rice, and Liao (2015) and Arndt and Norbert (2015), respectively, debating the contribution of Galvin, Rice, and Liao's (2014) dynamic capabilities empirical article. This is not a statement of methodological preference by the Editorial Board of *JMO* but rather the timing and availability of quality strategic management peer-reviewed manuscripts. As an Associate Editor I have published (e.g., O'Shannassy, 2014) and make a point of continuing to promote and mentor qualitative research.

In terms of a road map for the next sections of this editorial, first, I will introduce the seven research articles and two research notes presented in this issue. Second, I will set out a future research agenda informed by regional and global trends in strategic management research and industry practice. I will then draw conclusions.

THE STRATEGIC MANAGEMENT THEMED ISSUE

The purpose of the strategic management field of research is to study the responsibilities and roles of general managers (Hambrick, 2004). This field of research has developed around a set of certain

foundational theories that range widely in their theoretical underpinnings and the methodologies used to investigate them (Hambrick, 2004; Powell, 2014). This reflects the integrative nature of strategic management teaching, research and practice, plus the interests of an eclectic mix of scholars from a range of countries, from a variety of research cultures (e.g., North America and industrial economics, Europe and sociology of the workplace, Asia and family business networks) and a range of interests.

The first article by Xie, Wang, and Qi (2015) explores the influence of top management team (TMT) faultline configuration on firm performance and innovation. In faultline theory, a TMT can split into subgroups where there is alignment of particular team member demographic attributes; there can be negative outcomes with this occurrence and also the possibility of positive outcomes. Using 2009–2013 panel data from 353 teams in 153 Chinese stock exchange-listed information technology businesses, moderated regression shows TMT faultline strength, high number of subgroups and high balance of subgroups act jointly to predict positive short-term performance. TMT faultline strength, a high number of subgroups and low subgroup balance jointly predict a favourable level of firm innovation activity. This article advances understanding of the positive attributes of TMT faultline configuration, which has not received the same level of attention as the negative attributes in prior research.

Next Luan and Tien (2015) study the efficacy of the smiling curve, a term first communicated by Stan Shih, the co-founder of Acer, Inc., who argued that margins at the ends of the value chain in the personal computer industry, where technology and branding have the major influence (i.e., upstream and downstream), are more lucrative than in the middle of the value chain, where assembly is important. The research used cross-sectional time series regression to analyse data from 436 stock exchange companies in a range of 11 industries (e.g., automotive, pharmaceuticals, electronics) from 1996 to 2011 on a series of hypotheses in relation to the smiling curve theory, downsizing and firm performance. Results were mixed with two major findings. First, companies that internalize marketing and research and development may improve their future performance. Second, there are only limited circumstances where downsizing practices result in better firm performance.

In the third article Huang, Rice, and Martin (2015) study the value of 'open innovation' to large-, medium- and small-sized firms in China. 'Open innovation' refers to the interaction of the firm with its environment characterized by permeable firm boundaries, open search strategies involving a range of external stakeholders (e.g., universities, research institutes), inbound innovation activity and outbound innovation activity. Data from the World Bank Investment Climate Survey 2003 including 2,400 Chinese firms from 14 industries and five geographic regions was used for the tobit regression analysis testing a series of hypotheses. Findings indicate that small- and medium-sized firms benefit more from external knowledge sources and interfirm networks than larger organizations in China. Universities and research institutes proves to be important for large firms when they have internal absorptive capacity, otherwise connection to universities and research institutes is of limited value to Chinese industry. Chinese firms will benefit more from 'open innovation' when they better develop their capabilities to sense, assimilate and commercialize innovation opportunities from external stakeholders.

Yoon, Lee, and Song (2015) then investigate the influence of network size and diversity of partners on knowledge creation drawing on the resource-based view of the firm and network theory. Data were obtained from a sample of 85 firms and 272 alliance observations drawn from the BioScan Industry Directory. Poisson regression analysis was used for the analysis, finding that there is a quadratic (i.e., inverted U-shape relationship) between network size and the dependent variable knowledge creation, and a negative relationship between partner diversity and the dependent variable. The conclusion is that small biotech industry firms should foster a balanced network size with external stakeholders.

Perrault and McHugh (2015) then theorize that the board of directors for a corporation has a symbolic and a substantive role in giving the firm legitimacy over the life cycle of the firm, with the challenge of actually demonstrating and achieving legitimacy evolving with the life cycle of the firm.

Legitimacy in this study is referred to as the proper and appropriate image of its leaders as perceived by external stakeholders, with the benefit of highly regarded directors able to formalize more network ties, plus endorse the value of the firm effectively to an external audience. A series of research propositions are developed in relation to the life cycle of the firm and board size, the independent outside director proportion, board diversity and board capital. Perrault and McHugh (2015) make an excellent point with a view to future research, that the logic for justifying board of director characteristics can vary from firms maturing and progressing compared with firms in decline. They suggest qualitative methods (e.g., interviews, case studies) may assist the study of managing the challenge of board legitimacy at different stages of the firm life cycle, while large-scale quantitative studies (e.g., archival data, survey) will assist understanding board characteristics across the life cycle of the firm. Qualitative methods are appropriate for obtaining empirical insight into board of director interactions, while quantitative methods with archival and survey data are suitable for obtaining detailed understanding of board characteristics (Kiel & Nicholson, 2003; O'Shannassy, 2010).

Lo and Hung (2015) using transaction cost and social network theory look at interorganizational links between issuers and underwriters that underpin the issuing performance of a firm. A series of hypotheses considering the effect of three mechanisms – a transactional mechanism, a relational mechanism and a synthesized mechanism – has on a share market offering's price premium are tested. Analysis of the hypotheses is undertaken with survey data from 1,202 issuers and 95 lead manager banks in the US underwriting market. The results show that the joint use of a transactional mechanism and a relational mechanism provides the best approach to issuing performance than one or other of these approaches. Issuers do play a key role in organizing syndicate structure.

In the final research article Taniman and O'Shannassy (2015) draw on agency theory, stewardship theory, institutional theory and upper echelons theory to explore the influence of chief executive officer (CEO) professional development and work context on organization performance. A series of research propositions are developed to provide the basis for a future empirical study. The value to the organization of a CEO with an output-dominated background (i.e., marketing, sales, product research and development), international work experience, the benefits of separation of the chairperson and CEO role, plus long CEO tenure are explained. The debate in relation to the value of a lower outside director ratio is explored. The implications for leadership selection and the 'soft' aspects of leadership practice are discussed (O'Shannassy, Kemp, & Booth, 2010).

Next two research notes are presented. The origin of the debate between Galvin, Rice, and Liao (2015) and Arndt and Norbert (2015) in this issue starts with a study by Galvin, Rice, and Liao (2014), who suggested that a stronger Darwinian approach to understanding dynamic capabilities would be of value in a quantitative empirical study with a sample of 190 service firms. Arndt and Norbert (2015) present an alternative argument here that the unit of analysis for dynamic capabilities research should not be at the firm level but rather at the industry level. They also suggest that until the key Darwinian terms of variation, selection and retention (Darwin, 1859) are operationalized at the routine level, firm level and industry level, respectively, that insight into how dynamic capabilities are applied in different environmental contexts will be limited. They observe that an appropriate dependent variable for dynamic capabilities research should be survival rather than firm performance. Galvin, Rice, and Liao (2015) respond here acknowledging that the key terms variation–retention–selection should be operationalized at the three levels. They see the dynamic capabilities view as a theory independent of but complementary to the resource-based view of the firm.

A FUTURE STRATEGIC MANAGEMENT RESEARCH AGENDA IN *JMO*

Galvin and Arndt (2014) set out an excellent appraisal of the state of the strategic management field of research and a future research agenda with their editorial. Highlights were their remarks on

encouraging public sector and not-for-profit sector research, improving understanding of the micro-foundations of strategy, methodological challenges and the connection between strategy and ethics, but today there is also more to consider. The world is confronted by a series of major problems, some of these are related and some are unrelated, impacting the corporation, teamwork and the person. Ideas for a future research agenda to improve in these areas follow next.

Strategic management research and the corporation

Major problems confronting the corporation include clearly identifying their governance responsibilities to shareholders and stakeholders, and then managing these challenges effectively for sustained periods of time (Porter & Kramer, 2011).

World population is predicted to increase from 7.35 billion in 2015 to 11.21 billion in 2100 (United Nations, 2015). An issue for the corporation is that as population increases and middle classes grow in populous countries including China, India and Indonesia, how large will these companies grow to be and how will they be led by the board of directors and executive? What priorities will determine these choices on appropriate governance structures? What measures (e.g., product range, product diversification, rate of development of new products, impact of disruptive technology on the business model, units sold, sales, sales growth, sales by region, sales by product and/or service, return on assets) will determine these choices by corporations on appropriate governance structures? What business models will be adopted by these big corporates? What influence will industry and industry clock speed have on these governance choices?

A key social issue for the ANZAM community and the wider global community of strategic management scholars to consider is improving the participation of woman at all levels of middle management, senior management and the board of directors in corporations. Women continue to be underrepresented at senior executive level and on boards of directors in countries including Australia, China, New Zealand, Singapore, the United Kingdom and the United States, presenting a vexing problem for strategic management scholars to solve. An effective solution may be identified undertaking rigorous research into the development of corporate-level solutions aimed at improving management status, board of director access, average income levels and the financial savings patterns of working woman. Support for paid parental leave, schemes to assist childcare, mentoring, staff training and staff development can assist in these areas. Improving the participation and productivity of woman in the workplace across the whole corporation can assist the organization to achieve competitive advantage and deliver robust performance.

The global financial crisis delivers a chilling strategic reality on corporate governance practice and time. Major financial institutions in the United States and Europe made a series of strategic errors that went unchecked in their home-lending portfolios from the mid-1990s, securitized these home mortgages and then distributed these securities globally on commercial terms. This practice had a devastating impact on the banking industry and wider global economy, adversely influencing the balance sheets and financial performance of other financial institutions that had sound home-lending practices. It is well known that company directors and executives of organizations including Citibank and Bank of America were rewarded at the time for the growth of their home loan businesses while trading these securities on financial markets that would in time have a telling adverse impact on Western capitalism. Unless the lessons from the resolution of the global financial crisis are learned and stored as knowledge in central banks and financial institutions globally, these errors can only be repeated. What contribution can strategic management as a field of research make to protect the stability of global financial markets and the savings of the world population? Unchecked the events of the global financial crisis evidence the capacity of Western capitalism to destroy its own ability to create and sustain shareholder value (Porter & Kramer, 2011; Fitzroy, Hulbert, & Ghobadian, 2012).

This is a sobering thought and strategic management as a field of research *and* teaching can make a real difference here, with University faculty educating the current and future generations of business leaders to deliver sustainable shareholder and stakeholder value.

Strategic management research and teamwork

Teamwork is an important issue for strategic management scholars. Integrating strategy workers that have a high level of proficiency in ‘hard’ skills (e.g., accounting, finance, engineering) with strategy workers gifted with a preference for ‘soft’ skills (e.g., relationship management, integrated marketing communication) effectively into teams to achieve better teamwork quality and team performance results requires further inquiry (O’Shannassy, Kemp, & Booth, 2010). Perception of team collaboration success and team success tends to vary by organization level and with in-depth knowledge of the relevant project area (e.g., innovative research and development efforts) and professional skills of team members (Hoegl & Gemuenden, 2001). The role of woman in contributing to teamwork quality and team success perception in their own view and in the view of their team peers, plus the influence of gender balance in teamwork quality and team success is also worthy of investigation as strategic management scholars seek to find effective ways to help woman survive, prosper and make a valuable contribution in the workplace.

Related to the issue of different perceptions of teamwork quality and team success in organizations, O’Shannassy (2014) suggests qualitative samples including TMT members and middle managers from the same organization can be developed to gain insight into the realities of strategy practice, including sources of harmony and points of tension between these different organization levels. The training, development and socialization of middle managers is worthy of investigation and this impacts their performance in teams (Rouleau & Balogun, 2011). These matters are also influenced by national business culture; field research in different countries may yield interesting contrasts of results here.

Upper echelons theory considers the influence of top managers in the corporation, their cognition, reasoning, perception, values and how they work as a team. TMT composition choices (e.g., the balance of inside appointments vs. outside appointments) and TMT processes have implications for teamwork quality, team success, personal success and overall organization performance (Hoegl & Gemuenden, 2001; Boyd, Haynes, & Zona, 2011). The teamwork quality of the CEO with the chairperson on the board of directors, in a legal jurisdiction where there is a preference for separation of the CEO and chairperson role, is also under researched with few robust qualitative or quantitative databases developed. A productive work relationship between the separation CEO and the chairperson is crucial to the success of the corporation. These upper echelon issues are worthy of further field research.

Strategic management research and the person

Both Hambrick (2004) and Powell (2014) highlight the importance of the person in strategic management research, with Powell (2014) noting a drift since the 1980s from human scale problems (e.g., goal-setting, decision making) to mass abstractions (e.g., dynamic capabilities, strategic factor markets). Powell (2014) guesses that strategic management as a field of research and practice is 25% impersonal and 75% personal. He notes the importance of choosing a methodology that is an appropriate fit for the phenomena of the empirical study, allowing the research to add texture, depth and find linkages otherwise not seen in the interconnections and research implications we do understand (Hambrick, 2004). Building into theory development and research design human preferences and human limits – giving the researcher scope to gain insight into strategy worker biases, ego, jealousy, vision, charisma, fears, hopes, ambition and other human issues presents an opportunity

for an interesting research contribution (Hambrick, 2004; Powell, 2014). Powell (2014) suggests using best available scientific research designs including brain imaging, physiological testing, psychological testing, computer simulation, mathematical modelling and computer simulation to better understand the person doing strategy work in the organization. The impact of wider advances in technology (e.g., decision support tools), social needs (e.g., housing, health, public transport), environmental needs (e.g., clean rivers, clean air) and social trends (e.g., social media, social networking, work from home) on the strategy worker in the organization also warrant further research attention (Whittington, 2007; Porter & Kramer, 2011).

CONCLUSION

In conclusion, one of the biggest challenges for an Associate Editor helping to lead the blind peer review process is to determine the contribution to theory, and the quality and rigour of the empirical data and analysis undertaken, by researchers aspiring to publish in *JMO*. It is often the case that an empirical article submitted using quantitative methods has one or more of the problems of weak hypothesis development, an inadequate sampling frame, weak explanation of key study variables, incorrect statistical methods (e.g., poor execution of moderated multiple regression) or poor presentation of correctly applied statistical methods. Each of these problems can be the cause of a rejection to authors, with the latter cause easily resolved if only there had been proper attention to the presentation customs of the journal. Deficiencies in studies using qualitative methods include an inadequate sampling frame, poor explanation of analysis techniques, a weak attempt at demonstrating reliability and validity, and/or a lack of clear contribution to theory and practice. The onus is on the author(s) of a qualitative study to demonstrate contribution to theory and research rigour, and there can be a substantial amount of judgement used by blind reviewers in assessing this. Author(s) need to keep in mind the need to manage risk of rejection with their manuscript preparation for the blind peer review process by ensuring strength in each of these areas. The strategic management field around the world now has been enriched by both quantitative and qualitative methods, with a greater acceptance and embrace of qualitative methods evident in recent years (Bettis et al., 2015). *JMO* welcomes theoretical, quantitative, qualitative and mixed method studies.

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