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Revisiting the role of the environment in the capabilities–financial performance relationship: A meta-analysis

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Journal: Strategic Management Journal

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Abstract

Within the capabilities-based view of the firm, there is debate about the relative importance of ordinary and dynamic capabilities for firm performance and about the extent to which their performance effects are contingent on environmental conditions. We meta-analyze 115 studies to investigate the relationship between both ordinary and dynamic capabilities and the financial performance of firms in relatively stable versus changing environments. The results suggest that the performance effects of both types of capabilities are positive and similar in magnitude. Environmental dynamism reinforces the effects of both ordinary and dynamic capabilities. Furthermore, the two types of capabilities are closely associated. Our findings provide support for a moderate capabilities-based view of the firm, rather than one that considers dynamic capabilities as superior to ordinary ones

Database: Wiley Online Library

Agglomeration and the choice between acquisitions and alliances: An information economics perspective

Authors: Brian T. McCann¹, Jeffrey J. Reuer and Nandini Lahiri

Journal: Strategic Management Journal

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Abstract

Research summary: This research extends agglomeration theory by joining it with information economics research to better understand the determinants of firms' organizational governance choices. We argue that co-location in a common geographic cluster fosters lower levels of information asymmetry between exchange partners and thus leads firms to employ acquisitions rather than alliances for their external corporate development activities. We further extend agglomeration theory by arguing that the impact of sharing a cluster location on acquisitions versus alliances strengthens with the level and dissimilarity of the exchange partners' knowledge-based resources as well as with the intra-cluster geographic proximity of the partners. Evidence from a sample of over 1,100 alliance and acquisition transactions in the U.S. semiconductor industry provides support for our hypotheses.

Managerial summary: This paper investigates the role of geographical clustering for firms' external corporate development activities in acquisitions and alliances. We explain how better information is likely to be available among firms co-located in the same cluster. This suggests that managers should have less need to use alliances over acquisitions as a means of reducing the risk of adverse selection (e.g., overpaying for acquisitions). Our investigation of over 1,100 transactions in the U.S. semiconductor industry shows that common cluster co-location increases the probability of acquisition relative to alliance. Our arguments and evidence also indicate that the information-related benefits of cluster co-location are even more impactful when the parties have more divergent technology bases, possess larger stocks of knowledge-based resources, or are located in closer geographic proximity.

Database: Wiley Online Library

Entry timing and innovation strategy in feature phones

Authors: Ronald Klingebiel¹ and John Joseph

Journal: Strategic Management Journal

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Abstract

Research summary: This inductive study examines how firms make decisions about the timing of innovations, focusing on the mobile handset industry during the feature-phone era. Through qualitative and quantitative data, we reveal how individual technology-entry decisions are influenced by a portfolio-level timing preference, and how this preference informs other aspects of innovation strategy, too. Early movers address greater, more uncertain revenue opportunities with broader, less selective innovation portfolios. Conversely, late movers target lower, more certain revenue opportunities with narrower, more selective portfolios. While timing per se seems unrelated to performance, a timing-strategy alignment is. Future research on the equifinal configurations we propose—broad/nonselective for early movers and narrow/selective for late movers—could thus help resolve the debate about the link between timing and performance.

Managerial summary: We study how firms make decisions about the entry of new product features, in this case mobile phone technologies. During development firms weigh the scale and likelihood of features' commercial success. Some firms display a preference for earlier entry, which offers temporary monopoly rewards if uncertainty resolves favorably, while others tend to opt for later entry, which offers greater certainty but lower rewards due to competitive preemption. The innovation portfolios of these companies thus pursue differently structured opportunities, bringing about different strategic approaches. Since early movers aim for big hits to compensate for a higher failure rate, they launch a broader set of features and exert little selective pressure on the development portfolio. By contrast, late movers' lower payoffs reduce their tolerance for failure, making them launch fewer features and emphasize selectiveness; i.e., they invest in learning from the resolution of uncertainty so as to choose features more discriminately. When we examine innovation performance, timing has no significant effect but matching timing with feature breadth does.

Database: Wiley Online Library

A bibliometric analysis of international impact of business incubators

Authors: Gema Albort-Morant and Domingo Ribeiro-Soriano

Journal: Journal of Business Research

Volume: 69, **Issue:** 5, **Pages:** 1775–1779, MAY 2016

DOI: 10.1016/j.jbusres.2015.10.054

Abstract

This study seeks to observe trends in literature on business incubators. The article presents a bibliometric analysis of 445 studies on business incubators. These works come from the Web of Science database for the period 1985–2015. The study sorts these articles according to the following bibliographic indicators: eminent authors, year of publication, countries with the highest rate of productivity, journal with most published research, language, type of research, and research area. This analysis provides insight into the nature and trends of research on business incubators. The results of the analysis reveal the lack of articles on business incubators and highlight the fragmented nature of the topics these articles cover.

Database: ScienceDirect

Business model innovation in electricity supply markets: The role of complex value in the United Kingdom

Authors: Stephen Hall and Katy Roelich

Journal: Energy Policy

Volume: 92, **Pages:** 286-298, MAY 2016

DOI: 10.1016/j.enpol.2016.02.019

Abstract

This research investigates the new opportunities that business model innovations are creating in electricity supply markets at the sub-national scale. These local supply business models can offer significant benefits to the electricity system, but also generate economic, social, and environmental values that are not well accounted for in current policy or regulation. This paper uses the UK electricity supply market to investigate new business models which rely on more complex value propositions than the incumbent utility model. Nine archetypal local supply business models are identified and their value propositions, value capture methods, and barriers to market entry are analysed. This analysis defines 'complex value' as a key concept in understanding business model innovation in the energy sector. The process of complex value identification poses a challenge to energy researchers, commercial firms and policymakers in liberalised markets; to investigate the opportunities for system efficiency and diverse outcomes that new supplier business models can offer to the electricity system.

Database: ScienceDirect

Innovation, internationalization and business-growth expectations among entrepreneurs in the services sector

Authors: Maria-Soledad Castano, Maria-Teresa Mendez and Miguel-Angel Galindo

Journal: Journal of Business Research

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DOI: 10.1016/j.jbusres.2015.10.039

Abstract

World economies experience a huge process of globalization that, among other things, makes more markets available for businesses and entrepreneurs to place their products. Market availability, in turn, generates positive expectations of business growth, which results in greater competition and innovation, which help to achieve a higher level of product internationalization. This study aims to ascertain whether service sector entrepreneurs who decide to innovate and internationalize have expectations of achieving greater business growth. This study examines the direct relationship between innovation, internationalization, and the expectations of business growth of service sector entrepreneurs. To do so, this study conducts an empirical analysis with data from seventeen countries

Database: ScienceDirect

Timing-based business models for flexibility creation in the electric power sector

Authors: Thorsten Helms, Moritz Loock and Rene Bohnsack

Journal: Energy Policy

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DOI: 10.1016/j.enpol.2016.02.036

Abstract

Energy policies in many countries push for an increase in the generation of wind and solar power. Along these developments, the balance between supply and demand becomes more challenging as the generation of wind and solar power is volatile, and flexibility of supply and demand becomes valuable. As a consequence, companies in the electric power sector develop new business models that create flexibility through activities of timing supply and demand. Based on an extensive qualitative analysis of interviews and industry research in the energy industry, the paper at hand explores the role of timing-based business models in the power sector and sheds light on the mechanisms of flexibility creation through timing. In particular we distill four ideal-type business models of flexibility creation with timing and reveal how they can be classified along two dimensions, namely costs of multiplicity and intervention costs. We put forward that these business models offer 'coupled services', combining resource-centered and service-centered perspectives. This complementary character has important implications for energy policy.

Database: ScienceDirect

Economic evaluation studies of self-management intervention in chronic diseases: a systematic review

Authors: Mitchel van Eeden, Caroline M. van Heugten, Ghislaine A.P.G. van Mastrigt and Silvia M.A.A. Evers

Journal: International Journal of Technology Assessment in Health Care

Article first published online: 29 April 2016

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Abstract

Background: To our knowledge, there has been no overall systematic review focusing on the methodological quality of full economic evaluation studies of self-management interventions. Our objective was to systematically review the literature of full economic evaluation studies of self-management interventions in adult chronic patients and to investigate their methodological quality and cost-effectiveness.

Methods: A data extraction form was developed to assess general and randomized controlled trial (RCT) -related characteristics, quality, of the RCTs, economic information and quality of the economic evaluation studies by means of a quality assessment (CHEC-list for trial-based studies, adjusted CHEC-list for model-based studies).

Results: Twenty-three reports were found. Sixteen studies (73 percent) lack information on the control intervention(s). Only one study fulfilled all three criteria for quality of RCTs and five studies (23 percent) did not meet any of these criteria. This review included one model-based study; the other studies were trial-based economic evaluation studies based on a RCT. Eight studies (35 percent) used a societal perspective and 12 (60 percent) synthesized costs and effects. Seven studies were categorized into the highest category (<15 score), nine studies into the “moderate” group (9–14 score), six studies received a “low” score (<8) on the CHEC-list. Eighteen studies found the self-management intervention(s) to be cost-effective compared with other interventions

Conclusions: Self-management interventions for adult chronic patients were heterogeneous and there was no clear, well-considered definition of self-management. Overall, the methodological quality of the full economic evaluation studies was moderate and, therefore, cost-effectiveness results must be interpreted with caution. Future research will benefit from further improvements in methodological quality of both economic study design and analysis, as well as a taxonomy for describing self-management interventions and their contents.

Database: Cambridge Journals Online

Efficient Portfolio Selection in a Large Market

Authors: Jiaqin Chen and Ming Yuan

Journal: Journal of Financial Econometrics

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Abstract

Recent empirical studies show that the estimated Markowitz mean–variance portfolios oftentimes perform rather poorly when there are more than several assets in the investment universe. In this article, we argue that such disappointing performance can be largely attributed to the estimation error incurred in sample mean–variance portfolios, and therefore could be improved by utilizing more efficient estimating strategies. In particular, we show that this “Markowitz optimization enigma” (Michaud, 1989) could be resolved by carefully balancing the tradeoff between the estimation error and systematic error through the so-called subspace mean–variance analysis. In addition to the consistent improvement observed on real and simulated data sets, we prove that, under an approximate factor model, it is possible to use this strategy to construct portfolio rules whose performance closely resemble that of theoretical mean–variance efficient portfolios in a large market.

Database: Oxford Journals

Local employment multipliers in U.S. cities

Authors: Jasper Jacob van Dijk

Journal: Journal of Economic Geography

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Abstract

In this article, I show that within a U.S. city there is a significant effect of a permanent shock to employment in the tradable sector on employment in the non-tradable sector. I find that each additional job in the tradable sector will result in between 1.6 and 1.7 new jobs in the non-tradable sector. This result is robust to the specification of sector growth in the regression model. When I split the tradable sector into high- and low-wage workers, I find a larger multiplier of 2.0–2.3 for high-wage workers and no significant multiplier for low-wage workers.

Database: Oxford Journals