



# DEPARTMENT OF INTERNATIONAL ECONOMICS, GOVERNMENT AND BUSINESS

Societal Challenges Report 2023

# EGB Societal Challenges Report 2023

## Introduction

The main purpose of the EGB Societal Challenges Report 2023 is to make EGB's relevance to society visible to our stakeholders. This is in line with CBS' wish to contribute to solving grand societal challenges and to make research contributions and impact more visible.

EGB Scholars research two principal focus areas; International Business and Business & Government, and our area- and region-specific expertise allows us to address challenges faced by emerging and advanced economies.

While societal challenges are inherently changing and dynamic, at present, research at the department resonates with six societal challenges in particular:

1. Business and democracy
2. Technological change and digital transformation
3. Regulating societal challenges
4. The ethical MNE
5. Emerging markets and rise of Asia
6. Business, global shifts and policy changes

These thematic areas inform our research and funding activities, our dissemination activities, and serve as a point of departure for discussions with other departments on potential cross-cutting initiatives at CBS. We attempt to address the call from CBS senior management to be curious and transformative. The clusters seek to address new questions and we seek to be relevant to society, and visible to our stakeholders.

The six research clusters allow EGB scholars across research disciplines to meet and discuss their work. Through the clusters, we seek academic impact via publications and presentations at conferences and workshops, as well as societal impact and engagement with our stakeholders.

The report includes input from the 6 clusters, respectively, and ends with a section of individual contributions carried out outside the clusters.

The 2023 report covers 2022 activities in the respective clusters. The individual cluster reports reveal different activity levels and ways of working in the groups, reflecting that the cluster formation started in 2021 as an experiment without formal rules or guidelines. The clusters are now working on consolidating their activities.

You can read more about EGB's work with societal challenges on our [homepage](#)

## Business & Democracy

### Participants

Benjamin Carl Krag Egerod, Zoltan Fazekas, David Fortunato, Florian Hollenbach, Bersant Hobdari, Anne Jamison, Mads Dagnis Jensen, Mogens Kamp Justesen, Sigrid Alexandra Koob, Michael Mueller, Felix Schilling, Evis Sinani, Sina Smid, Jan Stuckatz, Ayca Uygur Wessel, Flladina Zijla

### Theme

Research on Business and Democracy advances our understanding of challenges facing democratic and non-democratic governments. Research within this theme draws upon theory and methods in political science, political economy, and international business to explore the ways in which democratic and non-democratic governments influence – and are shaped by – the public, businesses, markets, and public policy at the domestic and international level. Current and future research focuses on a number of related issues: (1) The firm in politics and the role of money in politics, including firms' non-market strategies, political connections, and corruption, and the role of political and economic elites; (2) political risk and the role of the political environment for the investments and strategies of multinational corporations; (3) redistributive and regulatory politics, including the importance of democracy and state capacity for voters, firms, and markets; (4) social data science and its use for studying challenges to democracy; (5) government responses to economic and societal crises, including the rise of anti-globalization sentiments, violent conflict, and FDI.

### Academic output / Publications (selection)

In addition to the peer-reviewed publications, members of the group have presented working papers at a number of conferences in Europe and elsewhere, including the Meeting of the American Political Science Association in Montreal in September 2022.

Chen, Ling and **Florian M. Hollenbach** (2022). Capital Mobility and Taxation: State–Business Collusion in China. *International Studies Quarterly*. 66(1).

Dawson, Stephen, Nicholas Charron, and **Mogens K. Justesen** (2022). Clientelism and electoral competition: Evidence from local elections in South Africa. Forthcoming in *Democratization*.

**Egerod, Benjamin Carl Krag** and Hai Tran (2022). Extremists Not on Board: Labor market costs to radical behavior in elected office. Conditionally accepted by *The Journal of Politics*.

**Egerod, Benjamin Carl Krag** (2022): The Revolving Door and Regulatory Enforcement: Firm-level Evidence on Tax Rates and Tax Audits. Conditionally accepted by *The Journal of Politics*.

**Egerod, Benjamin Carl Krag** and Josh McCrain (2022): Lobbyists into Government. Forthcoming, *Quarterly Journal of Political Science*.

**Egerod, Benjamin Carl Krag** and **Mogens K. Justesen** (2022). Asset specificity, corporate protection and trade policy. *British Journal of Political Science* 52(3), 1472-1481

**Fazekas, Zoltan** and Martin Ejnar Hansen (2022). Incentives for Non-participation: Absence in the United Kingdom House of Commons, 1997-2015. *Public Choice*. 191: 51–73

Guerra, Alice and **Mogens K. Justesen** (2022). Vote buying and redistribution. *Public Choice* 193, 315-344.

**Jamison, Anne**, Kudzanai Tsunga, Brian Ganson and Witold Henisz (2022). The impact of commodity-cycle led investment on conflict risk. Conditional Accept at *Business Horizon*

**Jamison, Anne**, Kudzanai Tsunga, Brian Ganson and Witold Henisz (2022). Harnessing the tools of data science for peace-positive private investment. Conditional Accept at *Business Horizons*

**Justesen, Mogens K.** and Luigi Manzetti (2022). Poverty, partisanship, and vote buying. Forthcoming in *Latin American Politics and Society*.

Woller, Anders, **Mogens K. Justesen** and Jacob Gerner Hariri (2022). The cost of voting and the cost of votes. Forthcoming in *Journal of Politics*.

## **Conferences**

Two conferences organized at EGB should be highlighted.

### *Money in Politics Conference*

In June 2022, the first Copenhagen Money in Politics conference at EGB was held. The conference was organized by Mogens Justesen and Benjamin Egerod and funded by the Danish Ministry of Higher Education and Science. Several other members of the Business & Democracy group participated as discussants and presenters at the conference. The conference was a great success, with over 40 participants from top international universities. Holding the Money in Politics conference at EGB has greatly increased the visibility of the department in this area. A second conference will be held in June of 2023. This year the organizing committee consists of Benjamin Egerod, Florian Hollenbach, Anne Jamison, Mogens Justesen, Michael Mueller, and Jan Stuckatz.

### *Regional Inequality and Political Discontent in Europe*

Mads Dagnis Jensen organized a conference held on October 13-14, funded by the Carlsberg Foundation. The workshop was to prepare a special issue of the Journal of European Public Policy entitled "Regional Inequality and Political Discontent in Europe." Anders Ejrnæs (Roskilde University), Dominik Schraff, (University of Aalborg), and Sofia Vasilopoulou (King's College London) were co-organizers.

## **Work-in-progress seminars**

In addition to the money in politics conference, Benjamin Egerod organized the money in politics speaker series, which was funded by the Carlsberg Foundation. The visits were organized as all-day workshops with presentations by many of the theme's members. Each workshop typically included around four presentations of work-in-progress by EGB members, mostly from the Business & Democracy group. These workshops were held in April, May, August, and December 2022 and featured keynotes by Benjamin Barber (IE Madrid), Hye Young Yu (NYU), Alex Fouirnaies (University of Chicago), and In Song Kim (MIT).

Due to the speaker series, regular Business & Democracy theme meetings were not held in 2022, these are planned to resume in January 2023. The cluster is planning to hold monthly meetings for discussion of projects in the very early stages.

### **Grant Activity**

The cluster has been active in applying for grants and has had a few successes in the past year. David Fortunato, Zoltan Fazekas, Florian Hollenbach, Jan Stuckatz, and Mogens Justesen have all applied for different grants, including DFF-1 Projects and grants at the Carlsberg Foundation.

Mogens Justesen and Benjamin Egerod received funding for their project “Tycoon Candidates: Why Wealthy Business Candidates Get Elected for Office and How it Matters” from the Independent Research Council of Denmark as a DFF-2 project.

Mogens Justesen and Jan Stuckatz won a Research Excellence Grant from the University of Texas Austin, McCombs School of Business. Anne Jamison has won a number of research funding awards, including from Amazon, Ernst & Young, and the InterAmerican Development bank.

### **Public outreach**

A number of our members have been actively involved in public outreach this past year. In addition to presentations at various conferences by many members, we want to highlight a few particular outreach activities. Jan Stuckatz has been selected as a Stigler Affiliate Fellow at the University of Chicago (joining Benjamin Egerod in that honor). In that capacity, he presented his research in Chicago in September 2022.

Benjamin Egerod has been interviewed by multiple media outlets throughout the year 2022 (total of 12 interviews) and published an op-ed in *Information* in December.

Florian Hollenbach is continuing his work as part of the anti-corruption data collective and recently attended a meeting with practitioners and NGOs at the international anti-corruption conference (IACC) in Washington, D.C. Part of the research on money laundering in real estate has been presented to NGOs, the British government, and at the World Bank’s Symposium on Data Analytics and Anticorruption.

***Example of public outreach and impact:***

***ADCD - Fighting corruption and money laundering***

Florian Hollenbach is one of the primary academic researchers and an executive committee member at the Anti-Corruption Data Collective (ACDC) (<https://acdatacollective.org/>). The goal of the data collective is to bring together leading journalists, data analysts, academics and policy advocates in an effort to expose transnational corruption flows and push for policy change using the advocacy reach of ACDC partners.

One of the primary areas of interest in 2022 and beyond is corruption and money laundering in real estate. One major research project in 2022 was evaluating the impact of new transparency regulations in the US on real estate markets. In January 2016, in response to the threat that money laundering poses to the real estate sector, the US Financial Crimes Enforcement Network (FinCEN) announced it would introduce a real estate Geographic Targeting Order (GTO) program in both Miami-Dade and Manhattan counties. This program required that for companies purchasing residential properties information on the ultimate beneficial owner would have to be collected for cash purchases above a certain price. The policy was later expanded to other counties and lower price thresholds, covering a large proportion of the residential US real estate market. In our research paper, we evaluate the effects of this policy on residential real estate transactions in the United States. We find little evidence of any sustained effects, raising questions about the effectiveness of the policy. The resulting research paper “The Impact of Beneficial Ownership Transparency on Illicit Purchases of U.S. Property” has been used to inform policy makers and bureaucrats in the US. For example, it informed a public commentary made by ACDC to the US Department of Treasury’s Financial Crimes Enforcement Network (FinCEN). A more detailed description and link to the paper can be found in the blog post here:

<https://www.brookings.edu/blog/up-front/2022/03/07/the-impact-of-treasurys-pilot-program-on->

# Technological Change and Digital Transformation

## Participants

Björn Preuss, Ornela Vladi, Mads D. Jensen, Faith Hatani, Douglas Fuller, Armin Scheer, Olimpija H. Zaevska, Max von Zedtwitz

## Theme

The cluster studies how emerging technologies – and digitalization as the most recent general-purpose technology – affect how societies change, enterprises adapt, and people innovate.

## Academic Output / Publications (selection)

- Forthcoming is a book chapter of **Olimpija Zaevska** with Lucia Piscitello titled: "**Industry 4.0 Ecosystem and FDIs**", to be published end of 2023 in the Research Handbook of International Business Policy by Edward Elgar
- Petraite, M.; Mubarak, M.; Rauleckas, R.; **von Zedtwitz, M.** (2022). The mediating role of international networks in the upgrading national innovation systems. **Technological Forecasting and Social Change** 184, #121873.
- Knudsen, M.; **von Zedtwitz, M.**; Griffin, A.; Barczak, G. (2023). Best Practices in New Product Development – Results from a Global Survey. **Journal of Product Innovation Management**.
- **Ornela Vladi** co-authored a book chapter on “Data analytics applications in supply chain resilience and sustainability management” with Ziaul H. Munim (University of South-Eastern Norway) and Niamat U. I. Hossain (Arkansas State University) in a book on “**Application of data analytics to enhance the sustainability and resilience of green supply chain industry networks**” to be published in mid-2023 by the Greening of Industry Networks Studies (GINS) book series (series editors Diego A. Vázquez-Brust & Joseph Sarkis).
- **Fuller, Douglas B.** / Biden's United Front Targets China's Fight for Silicon Supremacy In: **East Asia Forum Quarterly**, Vol. 14, No. 2, 23.6.2022, p. 13-15
- **Fuller, Douglas B.** / The Increasing Irrelevance of Industrial Policy in Taiwan, 2016-2020 In: **Taiwan During the First Administration of Tsai Ing-wen: Navigating in Stormy Waters**. ed. /Gunter Schubert; Chun-yi Lee. Abingdon: Routledge 2022, p. 128-141 (Routledge Research on Taiwan Series, Vol. 5)

## Course development and work-in-progress Seminars

- Quantitative risk management course using MI techniques developing nicely and aimed at a minor in risk management next year, including courses from Torben, Bent, and Björn Preuss.
- Managing Global Innovation by Max von Zedtwitz (in ISUP), with 12 case-based session on managerial and strategic challenges in global R&D and innovation.
- Faith Hatani starts a new elective course for undergraduates, “Green Transition and Business Innovation” (Spring semester of the academic year 2022-2023).
- Kelvin Willoughby gave a WIP presentation in May on his work on global patenting and innovation
- Tomoko Kawakami gave a WIP presentation in November on her work on Culture, AI and Innovation based on a global NPD survey.

## Grant activities

- Application for a research project on how to improve access to democratic decision-

making for persons with disabilities in collaboration with the Computer Science department at the University of Copenhagen (Mads Jensen).

- Successfully won an Otto Mønsted Visiting Professor application for Prof. Dr. Moacir M. de Oliveira (University of Sao Paulo) for 2023/2024
- Application for a two-year postdoc through a collaboration project with SDU called “Pautes – Power of Autonomous Technology Systems” from the Semper-Call of the Carlsberg Foundation (Max von Zedtwitz).

### Public outreach

- Douglas B. Fuller / US Controls on China Chip Tech will Crack if Tightened too Far. Tokyo: Nikkei Asia 2022
- Public webinar (45 min, hosted by SDU) by Max von Zedtwitz on “Management of Technology”

### Ongoing activities

- Work together with Thomas Poulsen and Nikolaos Kavadis from CCG on mission statements in Danish companies using NLP (Björn Preuss).
- Forthcoming deadline for a Special Issue on “**Uncertainty**” in R&D Management (31 Jan 2023)

### Visitors

- Otto Mønsted Professor Tomoko Kawakami from Waseda Business School: Global innovation practices, MNC adoption of emerging technologies as innovation tools. Tomoko presented at EGB, SDU in Odense, and various other places in Copenhagen and Denmark. One paper has been submitted to the IPDMC Conference, with a full paper expected to be submitted to JPIM by April 2023.
- Otto Mønsted Professor Kelvin Willoughby from HHL Leipzig: Global patenting and innovation. Kelvin presented at EGB and taught classes in the GSTI and ISUP courses. Two papers are in final stages for submission to journals, one of them in collaboration with N. Mulina (Kelvin’s PhD student, with Max von Zedtwitz a co-supervisor) and one with R. Mischkowski (a University of St. Gallen graduate student of Max von Zedtwitz)
- Jacopo Cricchio from Pisa: AI, China, Regional Policy
- Leandro Lima from Sao Paulo: Reverse Innovation, Emerging Markets, Frugal Innovation
- Saken Kazhenov from Milano: University – Industry incubation. Saken gave a presentation on his work at the CBS School of Entrepreneurship.



*Prof. Kelvin Willoughby, after getting grilled in our WIP seminar, returns the favor to some harmless corn.*



# Regulating Societal Challenges

## Participants

Torben Andersen, Caroline de la Porte, Faith Hatani, Zhen Im, Mads Dagnis Jensen, Bent Petersen, Carolin Schütze

## Theme

Increasingly, societal challenges have a cross-border dimension, making it more complex for governments to regulate, and for businesses and other societal stakeholders, to shape agendas. Furthermore, issues with a transnational dimension are coordinated at international and EU levels, although most regulatory authority remains in national contexts. The challenges include climate change, the automation of work, migration, discrimination in organizations, disaster management, and the politics of fiscal governance in the EU and beyond. Although regulation is important to mitigate the worst effects of these challenges, problems in policy design may in fact entrench or worsen these effects. Therefore, it is just as important to pay attention to both policy design and policy effects.

The scholars in this group publish in a variety of high-quality social science outlets, focusing among other issues on politics, regulation and international business. There are various externally financed projects within this theme. This includes the Nordforsk-funded Reimagining Norden in an Evolving World (ReNEW) project, focusing on governance of grand challenges in the Nordics, and the EU Horizon project, EUSocialCit, focusing on governing social rights in the EU context. Another project within this cluster, financed by the Swedish Research Council, is entitled “Exploring Hiring discrimination and possibilities for intervention with eye-tracking”.

## Academic outputs / Publications (selection)

Relevant publications within the theme of regulating societal challenges are listed below (see our homepages for full lists of publications):

A special issue (guest eds. **C. de la Porte, M. Jensen** and J. Kvist), in *Regulation & Governance*, focuses on regulatory responses to grand challenges in the Nordic countries. The introduction, entitled ‘Going Nordic—Can the Nordic model tackle grand challenges and be a beacon to follow’ provides an insight into the research articles produced within this special issue: <https://onlinelibrary.wiley.com/doi/10.1111/rego.12494>

See our *YouTube video* about the introduction here:

[https://www.youtube.com/watch?v=olKT6AI50s0&ab\\_channel=NewResearchinRegulation%26Governance](https://www.youtube.com/watch?v=olKT6AI50s0&ab_channel=NewResearchinRegulation%26Governance).

**Hatani, F.** (2022). Japan’s artificial-intelligence hospital project: Can it help the ageing population? In Mark Munoz, J. M. & Maurya, A. (Eds.) *International Perspectives on Artificial Intelligence*. London: Anthem Press, 43-51.

**Im, Z. J., & Shin, Y.-K.** (2022). Who gets labour market training? Access biases of social investment in Finland. *Journal of European Social Policy*, 32(1), 3–18.  
<https://doi.org/10.1177/09589287211066408>

Lynggaard, K., **Jensen, M. D.**, & Kluth, M. F. (Eds.) (2022). *Governments' Responses to the Covid-19 Pandemic in Europe: Navigating the Perfect Storm*. Palgrave Macmillan.  
<https://doi.org/10.1007/978-3-031-14145-4>

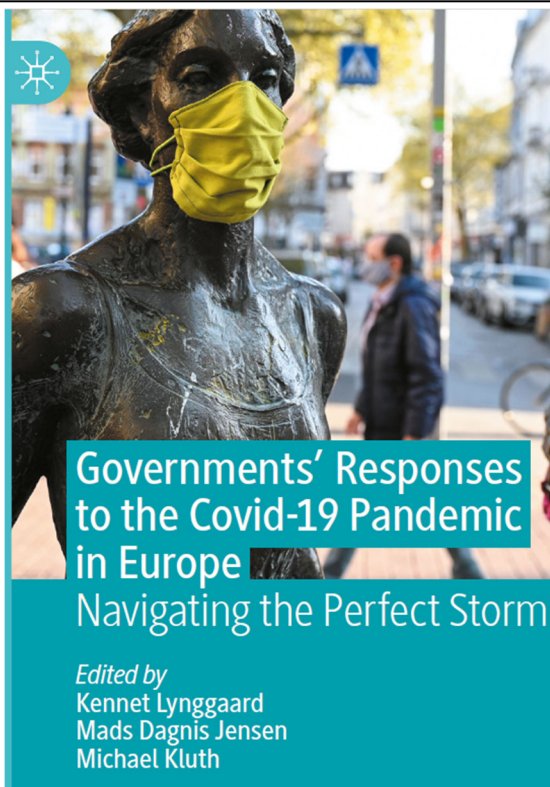
**Schütze, C.** (2022). Professional Discretion in Swedish Welfare institutions: what factors influence perceived discretion? *Journal of Professions and Organization*. <https://doi.org/10.1093/jpo/joac012>

There is also a forthcoming volume (involving **Torben Andersen**), for the Emerald Global Strategic Responsiveness book series (forthcoming), which addresses how international businesses must accommodate and deal with new challenges.

**Example of publication:**

***Governments' Responses to the Covid-19 Pandemic in Europe***

European countries were hard hit by the COVID-19 pandemic in early 2020. It swept throughout the continent in the spring, scaring citizens as the media reported on struggling healthcare systems and the failure of public procurement authorities to stock up on necessary supplies. Different attempts to govern social interactions throughout the following 15–18 months described in this book provided a stress test for political systems across Europe, and their answers displayed both commonalities and fundamental differences. This book compares and contrasts the ways in which 31 European governments handled the COVID-19 outbreak.



### **Work-in-progress seminars**

A seminar series on *Grand challenges to small states* – ca. 10 presentations per annum - runs regularly, involving staff, visiting professors and scholars from other universities in Denmark that have an interest in the theme of regulating societal challenges. In 2022, the seminar series included the following presentations:

- Prof. Mark Schwartz, University of Virginia, Inequality and the Nordic “Knowledge Economies”
- Prof. Heikki Hiilamo, University of Helsinki, Reforming basic social security to facilitate the eco-social transition
- Prof. Janine Leschke, CBS and post-doc Clement Brebion, CBS, Potentials and challenges in using job quality information in job matching and algorithmic profiling of jobseekers

### **Public and stakeholder engagement**

The cluster engages in a variety of public events, based on our research. Some examples are listed below:

Caroline de la Porte presented findings from her recent collaborative research on the theme of *Regulatory challenges with the EU’s work-life balance directive*. The public seminar included stakeholders, academics, students and policy-makers as part of the EUSocialCit research project.

Faith Hatani spoke on *The green transition in the automotive industry*, focusing on the interactions between government policies and firms' strategies in the contexts of Japan and South Korea, at the Global Conference on National Competitiveness and Nation Brands 2022, organised by the United Nations Institute for Training and Research (UNITAR).

Torben Juul Andersen has contributed to the UNDP GAR-2022 (Global Assessment Report on Disaster Risk Reduction) proposing a model (space-form) where public, private, and plural organizations collaborate on sustainable solutions to advance circular economy and reduce carbon emissions.

## The Ethical MNE

### Participants

Fladina Zilja, Toshi Ueta, Michael Mueller, Faith Hatani, Michael Jakobsen, Verner Vorm, Evis Sinani, Jens Gammelgaard, Torben Juul Andersen, Bent Petersen, Sabina Tasheva Nielsen, Kristian Sørensen

### Theme

The cluster was established in early 2022. We study multinational enterprises, as enterprises include various types of organizations, and not just 'the firm'. Ethical, we agreed, is to be interpreted in a broad sense, including the investigation of 'non-ethical' behaviors.

### Academic outputs / Publications (selection)

**Jakobsen, M. & Worm, V. D.**, 2022: Navigating Corporate Cultures from Within: Making Sense of Corporate Values Seen from an Employee Perspective. Bingley: Emerald Group Publishing. 161 p. (Emerald Studies in Global Strategic Responsiveness).

**Petersen, B., Ueta, T.**, Knauf, M. S. & Lauritsen, A. B., 2022: Maersk's Non-market Strategy Towards State-owned Chinese Rivals. 10 p. Toronto : Ivey Publishing.

Meyer, K. E. & **Petersen, B.**, 2022: Carlsberg Breweries A/S: Facing Political Risk in Russia. 15 p. Toronto : Ivey Publishing.

**Ueta, T.** & Yasuda, N., 2022: Divestiture of Foreign Subsidiaries for Deletion and Recombination: A Reconfiguration Viewpoint. Proceedings of the Eighty-second Annual Meeting of the Academy of Management. Taneja, S. (ed.). Briarcliff Manor, NY: Academy of Management, p. 1612 1 p. (Academy of Management Proceedings).

**Gammelgaard, J.** & Kumar, R., 1 Dec 2022: Internal Legitimacy Crises: The Roles of the Regulatory Focus and Relational Social Capital of Headquarters and Subsidiaries. *Critical Perspectives on International Business*.

**Tasheva, S.** & Nielsen, B. B., Jun 2022: The Role of Global Dynamic Managerial Capability in the Pursuit of International Strategy and Superior Performance. *Journal of International Business Studies*. 53, 4, p. 689-708.

**Zilja, F.**, Adarkwah, G. K. & Sabel, C. A., Feb 2022: Do Environmental Policies Affect MNEs' Foreign Subsidiary Investments? An Empirical Investigation. In: *Management International Review*. 62, 1, p. 53-102.

*Example of publication: Environmental policies' effect on subsidiary investments (Flladina Zilja)*

**DO ENVIRONMENTAL POLICIES AFFECT MNES' FOREIGN SUBSIDIARY INVESTMENTS? AN EMPIRICAL INVESTIGATION**

FLADINA ZILJA, GILBERT KOFI ADARKWAH & CHRISTOPHER ALBERT SABEL



Reducing greenhouse gas emissions to help tackle humanity's greatest challenge – reversing climate change is a defining issue of our time and a key focus of many individuals, firms, and governments.

To reduce emissions levels and to encourage transition into more sustainable energy sources, many governments have enacted unilateral regulations — and ratified international agreements such as the Kyoto Protocol and the Paris Agreement. These policies introduce new institutional pressures on firms' to adapt their activities to meet national emission targets. Firms react differently to increased regulations (Berry et al., 2021). Some firms innovate and adapt production processes, even though such innovation comes at an increased cost (Berman & Bui, 2001). Other firms shift production abroad to countries with lax regulations (Cole & Elliott, 2005) taking away jobs, income taxes, and investments from the country. As a result, analysts and policymakers have called for restraint on introducing emissions reduction regulations and accelerated investments in renewables. For instance, on 1 June 2017, then US president Donald Trump announced the withdrawal of the US from the Paris Agreement, citing the "unfair economic burden imposed on American workers, businesses, and taxpayers" (Pompeo, 2019).

Yet, there is sparse evidence about the impact of countries' environmental policies on multinational firms' investments. This paper is concerned with the association between countries' efforts to reduce emissions and firms' investments.

We analyze foreign investments by 882 US multinational firms in 102 countries that signed the Kyoto Protocol- an international UN treaty to reduce greenhouse gas emissions- in period 2000-2015. We find that countries that signed the treaty reduced emission levels and increased reliance on renewables. Furthermore, policies to reduce greenhouse gas emissions do not have an effect on the level of foreign investments received, while policies aimed at encouraging the transition to renewables, lead to more investment from foreign firms.

One important implication for policymakers is that fear of losing foreign investments to countries with lax emission regulations need not deter them from adopting policies to achieve greater environmental sustainability. You can read the full study [here](#).

**Reference**

- Berman, E., & Bui, L. T. (2001). Environmental regulation and productivity: evidence from oil refineries. *Review of Economics and Statistics*, 83(3), 498-510.
- Berry, H., Kaul, A., & Lee, N. (2021). Follow the smoke: The pollution haven effect on global sourcing. *Strategic management journal*, 42(13), 2420-2450.
- Cole, M. A., & Elliott, R. J. (2005). FDI and the capital intensity of "dirty" sectors: a missing piece of the pollution haven puzzle. *Review of Development Economics*, 9(4), 530-548.
- Pompeo, M. (2019). *On the U.S. Withdrawal from the Paris Agreement*. United States Department of State Retrieved from <https://2017-2021.state.gov/on-the-u-s-withdrawal-from-the-paris-agreement/index.html>

### **Work-in-progress seminars**

The cluster has been organized around work-in-progress seminars. The following have been held in 2022:

- Kristian Sørensen: Organized illegal MNE's and the Cartel Business Model: Market Power and Market Intervention Strategies
- Jens Gammelgaard & Max von Zedtwitz: What is social value: MNE social value creation.
- Michael Jacobsen: 'Moving Beyond Images of Organisation (Gareth Morgan 2014) towards Imagined Organisations (Benedict Anderson 2016)'.
- Verner Worm: Humanistic research approach.
- Torben Juul Andersen: Ethics in Internationalization – A Review

### **Panel participation**

Jens Gammelgaard participated in a Panel at the EIBA Conference, Oslo, December 2022, and presented: MNE Social Value Creation.

## Emerging Markets and Rise of Asia

### Participants

Kjeld Erik Brødsgaard, Björn Jindra, Guowei Dong, Armin Scheer, Ari Kokko, Aradhna Aggarwal, Thong Tien Nguyen, Tam Thanh Nguyen, Bent Petersen, Peter Gammeltoft, Niels Mygind, Pengqi Liu, Julian Seng, Michael Jakobsen, Douglas Fuller, Verner Worm, Fei Zhou, Tine Walravens, Kasper Ingeman Beck.

### Theme

The cluster's research advances our understanding of the economic integration of large and rapidly growing emerging markets into the global economy. From a policy perspective, this includes work on state-business relationships, industrial and innovation policies, skill upgrading, as well as educational reform. From an international business perspective the cluster investigates firms' non-market strategies, foreign direct investment, global value chain dynamics as well as issues of cross-cultural management. The future research will also address two new themes: The first relates to geopolitical and geoeconomic developments, such as the tensions between the US and China, the reservations towards Chinese technology and social media companies, or the Chinese Belt-and-Road Initiative and corresponding implications for international business and economic policy within Asia, the EU, or Denmark. The second theme relates to the impact of COVID-19 and the economic recovery process in emerging markets.

### Academic output / Publications (selected publications)

**Aggarwal, Aradhna** / Export Performance and India's Tryst with Self-reliance in the Globalised World  
In: Economic and Political Weekly, Vol. 57, No. 4, 22.1.2022, p. 55-62

**Aggarwal, Aradhna** / Special Economic Zones for Shared Prosperity: Brunei Darussalam–Indonesia Malaysia–Philippines East ASEAN Growth Area. Manila: Asian Development Bank 2022, 166 p.

**Aggarwal, Aradhna; Ari Kokko** / SEZs and Poverty Reduction: Evidence from Andhra Pradesh, India.  
In: International Journal of Emerging Markets, Vol. 17, No. 8, 2022, p. 1793-1814

**Beck, Kasper Ingeman** / Reforming the Chinese State Sector: Mixed Ownership Reforms and State-Business Relations. In: Journal of Contemporary China, 3.5.2022

**Beck, Kasper Ingeman** / The Political Economy of State Sector Restructuring in China: Cross-provincial Evidence 2008–2017. In: Journal of Chinese Political Science, 22.9.2022

**Beck, Kasper Ingeman; Kjeld Erik Brødsgaard** / Corporate Governance with Chinese Characteristics: Party Organization in State-owned Enterprises. In: China Quarterly, Vol. 250, 6.2022, p. 486-508

**Dong, Guowei; Ari Kokko; Haoyong Zhou** / Innovation and Export Performance of Emerging Market Enterprises : The Roles of State and Foreign Ownership in China. In: International Business Review, Vol. 31, No. 6, 12.2022

**Dong, Guowei; Björn Jindra; Ari Kokko** Technology Upgrading in Chinese Manufacturing A cross industry perspective, International Journal of Technological Learning, Innovation and Development, 2022, *in press*.

**Fuller, Douglas B.** / Biden's United Front Targets China's Fight for Silicon Supremacy In: East Asia Forum Quarterly, Vol. 14, No. 2, 23.6.2022, p. 13-15

**Fuller, Douglas B.** / The Increasing Irrelevance of Industrial Policy in Taiwan, 2016-2020 In: Taiwan During the First Administration of Tsai Ing-wen: Navigating in Stormy Waters. . ed. /Gunter Schubert; Chun-yi Lee. Abingdon: Routledge 2022, p. 128-141 (Routledge Research on Taiwan Series, Vol. 5)

**Jakobsen, Michael; Verner D. Worm** / Navigating Corporate Cultures from Within: Making Sense of Corporate Values Seen from an Employee Perspective. Bingley: Emerald Group Publishing 2022, 161 p. (Emerald Studies in Global Strategic Responsiveness)

Kasteng, Jonas; **Ari Kokko**; Patrik Gustavsson Tingvall / Who Uses the EU's Free Trade Agreements? A Transaction-Level Analysis of the EU-South Korea FTA. In: World Trade Review, Vol. 21, No. 1, 2.2022, p. 93-108

**Walravens, Tine**; Paul O'Shea; Nicolai Ahrenkiel / 'Let's Eat Fukushima' : Communicating Risk and Restoring 'Safe Food' after the Fukushima Disaster (2011-2020). In: Japan Forum, Vol. 34, No. 1, 2022, p. 79-102

### **Seminars, workshops and lecture series**

In May 2022, the cluster invited Prof. Frank Pieke to EGB to give a guest lecture on “CCP Party Building Outside of China and Impact in Europe”. In his lecture, Prof. Pieke investigated China’s presence abroad from the perspective of the Chinese Communist Party.

In September 2022 the cluster hosted Bruce McKern, University of Technology Sydney, to conduct a talk on “China’s technological capacity”.

In November 2022 Prof. Tomoko Kawakami of Waseda Business School gave the seminar “Does national culture affect AI adoption?”

The cluster participated in and contributed to workshops in the Asia Research Community (ARC), providing an Asia-related research platform across CBS departments. The annual ARC Research Workshop in December 2022 focused on Vietnam as well as a session on work-in-progress. Participants: Fulbright University (VN), University of Gothenburg (SE), Stichting University (BE) and CBS (IOA & EGB).

The Sasakawa Foundation has funded a lecture series on “Japan in the current world order” lecture series with prominent scholars and officials from Japan and the USA. The lecture series, arranged in cooperation with the Danish Foreign Policy Association starts out in the spring 2023, and will take a closer look at Japan’s relations to China, the USA, the EU, the ASEAN as well as the domestic conditions of Japanese foreign policy.

Peter Gammeltoft visited Northeastern University and participated in a jointly organized conference in Vancouver as part of the project “International Network Programme”; a 2022-2023 grant for an emerging markets network with Northeastern University, Cornell University, and University of Texas.

### **Grant activity**

In 2022, cluster members became coordinators of the 30 million DKK EU Horizon project, “Dealing with a resurgent China” (DWARC), Nov. 2022 – Nov. 2025. DWARC aims to create connections between European knowledge nodes in China and to create an enduring collaborative network. The key subjects to be covered include society and culture, politics, economy, and foreign policy. EGB will be responsible for coordination as well as leading the work package on politics.



The Danida-funded research project: “Innovating Vietnam’s technical and vocational education and training (TVET) system for sustainable growth”, July 2020-December 2022. The project aims to identify potential upgrading targets for Vietnam’s export industries; assess the gap between the existing skills/capabilities in the Vietnamese work force and the skills/capabilities required to manufacture the target products; and discuss necessary curriculum reforms and partnership models for Vietnam’s TVET sector.

The project “EU’s Free Trade Agreements with Asia” is motivated by the several new bilateral FTAs between the EU and South Korea, Vietnam, and Japan that were promulgated during the past decade. The project explores the question: “What determines the use of the trade preferences offered by the FTA?”

The research project “Special Economic Zones - A force for good to reduce Inequality?” examines the consequences of SEZs in Ghana, India, and Vietnam. In collaboration with researchers from Germany, India, Ghana, and Vietnam, the participants from EGB study employment generation, income differences, gender equality, and other effects of these special institutional arrangements.

Throughout 2022, a group at CBS worked with Indonesian partners on a proposal for Danida on governance and green transition in the Indonesian energy sector. In January 2023, the project was approved and granted 10 million DKK.

### **Public outreach**

The cluster has continued its dialog and interactions with Danish-Chinese Business Forum and Dansk Erhverv in 2022. Kjeld Erik Brødsgaard spoke in DCBF’s annual signature event “China Outlook – Political, Economic and Business Update”, and took part in a DCBF-Danske Bank event evaluating the CCP’s 20<sup>th</sup> Party Congress. In addition, members of our cluster have throughout 2022 engaged actively with Danish and foreign media outlets, e.g. on the topics of state-market relations in China, economic decoupling, the 20<sup>th</sup> Party Congress and the Taiwan issue etc.

In line with an increased Danish government focus on Indonesia and Southeast Asia, a group including Aarhus University, DTU, CBS, Siemens Denmark, and the embassy in Jakarta has been discussing ways of expanding research and teaching collaboration between Denmark and Indonesia. Peter Gammeltoft and Björn Jindra have participated in the group. Björn Jindra participated in a delegation trip to Indonesia in September with the purpose of establishing agreements with Indonesian universities.

### **Teaching**

September 14-16 2022, Bent Petersen co-coordinated and taught a 3-day Nord-IB course, “International Business in an Emerging Markets Context” - see <https://www.nord-ib.fek.uu.se/>. In addition to Bent Petersen, the faculty also included Peter Gammeltoft and Ari Kokko from EGB.

Bent Petersen has written a teaching case, “Maersk’s Non-Market Strategy towards State-Owned Chinese Rivals”. The case is co-authored with EGB-colleague Toshimitsu Ueta and published by Ivey Publishing (product number W25258).

Throughout 2022, members of the research cluster at EGB continued their teaching contributions to the Master’s program in Public Management & Social Development at the Sino-Danish Center, as well as the International Business in Asia program at CBS.

**Visitors**

In 2022, the cluster hosted Pengqi Liu, a PhD student from the SDC partner university, UCAS.

The cluster has also hosted two PhD students from Beijing Jiaotong University.

Furthermore, the cluster hosted Saken Kazhenov, a Bocconi PhD-student, doing work on incubation in Kazakhstan, which also feeds into the societal challenge theme of “Technological change and digital transformation”.

### **Example of public outreach: Innovating Vietnam's TVET system for sustainable growth (VIETSKILL)**

VIETSKILL is a Danida-funded research project carried out by EGB in collaboration with Nha Trang University in Vietnam. The project will be completed in June 2023. It aims to identify measures to strengthen the system for technical and vocational education and training (TVET) in Vietnam to promote labor productivity growth. Currently, Vietnam's labor productivity is among the lowest in East Asia. Many of the foreign investors that have entered the economy over the past two decades complain that weak labor skills make it difficult to find competent local sub-contractors and to upgrade the local value added in their exports. At the same time, few domestic firms have the skills and capabilities needed to export high-value industrial products on their own, and most struggle to enter global value chains (GVCs) as suppliers and sub-contractors to the foreign MNEs in the country. Investments in human capital (particularly technical and vocational skills) are needed to raise labor productivity, strengthen the links between local firms and foreign MNEs, and upgrade the country's position in global value chains.

The key research questions addressed by VIETSKILL are: i) What are the necessary skills and capabilities needed to meet the demand from foreign MNEs and to gain access to GVCs in the electronics and food processing value chains? ii) How successful is the current TVET system in delivering these skills and capabilities? iii) How can the performance of the TVET system be strengthened?

In November 2022, the VIETSKILL team arranged two seminars/workshops in Bac Ninh and Nha Trang to discuss research findings and to collect feedback from stakeholders (enterprises, public sector agencies, training institutes) related to the electronics and food processing industries. More than 50 participants attended the seminar in Bac Ninh on November 1, which discussed research and stakeholder views on the current state of labor skills, professional skill training investments by enterprises, and cooperation between enterprises and training institutes. A well-attended follow-up seminar focusing on the food processing sector was organized at Nha Trang University the following week (November 10). After a summary of research findings, seminar participants shared their experiences and proposed models for cooperation between training institutes and businesses. Both seminars were well covered by Vietnamese media, including reports on the prime-time evening news of VTV1, the main state-owned news channel.

Nha Trang seminar:



## Business, global shifts and policy challenges

### Participants

The cluster has a core consisting of Mads Dagnis Jensen, Bent Petersen, Torben Juul Andersen, Eddie Ashbee but other members of EGB have also been involved in our seminars, workshops and discussions.

### Theme

The cluster considers (a) the extent to which the globalizing processes of recent decades have now slowed or are taking a different form (b) the consequences for governments, policymaking processes and markets and (c) the impact of this upon firms and the strategies that they can pursue. In doing this the cluster seeks to bring the study of business and politics together in ways that are both multidisciplinary and interdisciplinary in character.

### Academic output/Publications

**Andersen, T. J.**, Sax, J. & Giannozzi Conjoint Effects of Interacting Strategy-making Processes and Lines of Defense Practices in Strategic Risk Management: An Empirical Study, Dec 2022, In: *Long Range Planning*. 55, 6, 21 p., 102164.

**Andersen, T. J.**, 2022, Foreword: The Role of Values in a Responsive Global Organization, *Navigating Corporate Cultures from Within: Making Sense of Corporate Values Seen from an Employee Perspective*. Jakobsen, M. & Worm, V. D. (eds.). Bingley: Emerald Group Publishing, p. ix-xviii 9 p. (Emerald Studies in Global Strategic Responsiveness).

**Ashbee, Edward**. 2023. "The UK: Policy as a Game of Two Halves." In: Lynggaard, K., Jensen, M.D., Kluth, M. (eds) *Governments' Responses to the Covid-19 Pandemic in Europe*. Palgrave Macmillan,

**Ashbee, Edward**. 2022. "China, the American Jobs Plan, and the Impact of 'Strategic Competition'." *Jadavpur Journal of International Relations*. March: doi:10.1177/09735984221086157

Ejrnaes, A., & **Jensen, M. D.** (2022). "Go Your Own Way: The Pathways to Exiting the European Union." *Government and Opposition*, 57(2), 253-275. <https://doi.org/10.1017/gov.2020.37>

**Petersen, B.**, Ciravegna, L. & Rodriguez, C.. 2022. "Geographical Reconfiguration in Global Value Chains: Search within Limited Space?" *Global Strategy Journal*. 12 May, 43 p.

Magnani, G., Denicolai, S. & **Petersen, B.** 2022. "Internationalization, Value-chain Configuration, and the Adoption of Additive Manufacturing Technologies." *Industrial and Corporate Change*. 31 (3): 762-782

### Seminars and workshops

January – *Giving up on Globalization?* (Eddie Ashbee)

February - *Government-imposed restrictions on cross-border data flows – A spoke in the globalization wheel?* (Bent Petersen)

May - *The evolving nature of international trade* (Torben Andersen)

***Example of workshop: Decoupling and deglobalization. The state of the debate***

Presentations by Peter Ping Li, Bent Petersen and Eddie Ashbee. September 29<sup>th</sup> 2022:

This well-attended workshop considered the character of contemporary “decoupling” processes. It established a framework that will be pursued in 2023 (see below) and began a dialogue around core issues. The papers that were presented assessed the impact of increased risk and the growing fragility of supply chains. Within this context they considered the degree to which offshoring by firms was increasingly being supplanted by “friend-shoring”, the efforts of different governments to assert sovereignty over data flows, and the ways in which successive crises were leading governments towards the pursuit of industrial policy, changing trading relationships, and more intensified forms of rivalry.

**Public outreach – selected examples**

Eddie Ashbee – interviews regarding events and developments in UK politics with TV2 News, Ritzaus Bureau, Politiken, Ekstra Bladet, Berlingske, Radio 24syv etc.

M.D. Jensen provided expertise for “Europa er på slingrekurs over for Kina og Taiwan” 19/11/2022 // Berlingske // Alexander Sjöberg

M.D. Jensen provided expertise for “Fransk valg er også et spørgsmål om mere eller mindre EU” 23/04/2022 // Ritzaus Bureau // Malou Alsing

**Future activities**

The cluster is now working towards a workshop (Business and the challenge of neo-nationalism) involving EGB, colleagues from other CBS departments as well as other universities. As the Call for Papers notes:

“Both businesses and governments have faced successive and concurrent shocks in recent years. These have included the financial crisis, the migrant and refugee emergencies, trade tensions, the Covid-19 pandemic, war, heightened security fears, and the fragility of supply chains and energy supplies. Whilst this sometimes takes a hidden or subterranean form, governments have increasingly embraced neo-nationalist strategies based upon a renewed commitment to industrial policy through subsidies, legally-directed forms of sourcing and production requirements, changes to the tax regime, and protectionism. Alongside these moves, further barriers to market entry have been imposed and there have been increasing de jure and de facto controls upon labour mobility. At times, there have been conscious efforts to facilitate “decoupling”. Despite the efforts of the Biden administration to distance itself from its abrasive, populist and mercurial

predecessor, and the collective rallying around Ukraine, established forms of international cooperation appear to be in jeopardy.”

The workshop will consider the impact of these shifts at three levels: for firms, across sectoral markets and in terms of government and governance. It is intended to lay a basis for an edited collection or special issue and preliminary discussions have already been held with publishers and editors.



Mads Dagnis Jensen and Eddie Ashbee with colleagues from Copenhagen University and Roskilde University at the University of Crete for the International Studies Association (IDSS) conference (June 2022)

## Societal challenges activities not related to specific clusters

### Academic outputs / Publications

Hartmann, J, **Inkpen, AC**, & Ramaswamy, K. 2022. An FsQCA Exploration of Multiple Paths to Ecological Innovation Adoption in European Transportation. *Journal of World Business*, 57, no. 5. <https://doi.org/10.1016/j.jwb.2022.101327>

Hartmann, J, **Inkpen, AC**, & Ramaswamy, K. 2023. Leaders and Laggards: How Have Oil and Gas Companies Responded to the Energy Transition? In A.K. Sundaram & R. G. Hansen (eds.), *Handbook of Business and Climate Change*, Edward Elgar, 208-230.

### **Example of grant: Risky Business: Managing in a world with extreme exposures**

**Independent Research Fund Denmark/Danmarks Frie Forskningsfond #8019-00046B**

The project *Risky Business*, also the title of a (famed) Tom Cruise movie (1983), is supported by the Independent Research Fund Denmark (2019-2022). It explores how to manage in a world with extreme exposures. As the movie hints, risks also present opportunities, but we know too little about how firms can generate and exploit them. The research project was inspired by regularly observed fat-tailed distributions of financial returns across firms, where many underperform and few excel, and aimed to understand how some firms adapt to extreme exposures and consistently outperform.

The project collected extensive datasets comprised by European and North American firms over the 25-year period 1995-2019 that spans economic scenarios of global expansion, recession, and recovery up until the Covid-19 crisis in 2020. Analyses of both datasets consistently find extreme left-skewed performance distributions with small positive tails of high-performers across different geographies, industries, and time intervals. Subsequent refined analyses of complete datasets show how left-skewed returns are associated with negative risk-return relations, where high-performers generate superior average returns at lower variation in returns. We further show that unfavorable risk-return outcomes relate to overconfident executives whereas high performers retain investment flexibility. These results resonate with propositions linked to interactive decision-making processes where executives use frequent operating insights to update ongoing strategy deliberations. We model this approach and use computational simulations to show how it produces the empirically observed negatively skewed performance distributions and inverse risk-return relationships. Finally, we analyze subsamples of extreme negative and positive outliers to uncover the characteristics of these low and high performing firms.

Firms face dynamic complex contexts where extreme events are difficult to foresee. Leaders often respond by adopting control-based risk management practices in a belief they will contain the uncertainty. That is a fallacy. The studies indicate that interactive collaborative decision-making drives effective adaptation to extreme exposures.

*Some research outputs* (other contributions in the pipeline):

Andersen, T. J. (2023). Risikostyring og strategisk risikoledeelse. *Finans/Invest*, februar, 28-34.

Andersen, T. J. (2023). *Responding to Uncertain Conditions: New Research on Strategic Adaptation*. Bingley: Emerald Group Publishing. <https://books.emeraldinsight.com/page/detail/responding-to-uncertain-conditions/?k=9781804559659>

Andersen, T. J., Sax, J. & Giannozzi, A. (2022). Conjoint effects of interacting strategy-making processes and lines of defense practices in strategic risk management: An empirical study. *Long Range Planning*, 55(6), 1-21. <https://doi.org/10.1016/j.lrp.2021.102164>

Andersen, T. J. & Young, P. C. (2022). *Strategic Risk Leadership: Context and Cases*. Abingdon: Routledge. <https://www.routledge.com/Strategic-Risk-Leadership-Context-and-Cases/Andersen-Young/p/book/9780367709389>

Andersen, T. J. (2021). *Strategic Responses for a Sustainable Future: New Research in International Management*. Bingley: Emerald Group Publishing. <https://www-emerald-com.esc-web.lib.cbs.dk/insight/publication/doi/10.1108/9781800719293>

Andersen, T. J. & Young, P. C. (2020). *Strategic Risk Leadership: Engaging a World of Risk, Uncertainty, and the Unknown*. Abingdon: Routledge. <https://www.routledge.com/Strategic-Risk-Leadership-Engaging-a-World-of-Risk-Uncertainty-and-the-Andersen-Young/p/book/9780367436308>