International Competition in the Academia: The European Challenge

ELISABETTA MARAFIOTI
FABRIZIO PERRETTI
Bocconi University, Milan, Italy

During the past 30 years, the European management scholars’ community, traditionally characterized only by national association, has witnessed the birth of two European associations: the European Group for Organizational Studies and, later on, the European Academy of Management. There is a wide ongoing interest on how these two actors are playing the game of international academia, traditionally represented by the Academy of Management. Analyzing the evolution of the international network of scholars we focus on European Academy of Management and we argue that to increase its reputation within the academia there are two choices: a generalist and a specialist approach. We discuss the risk and opportunities of the two alternatives.

Keywords: internationalization; liability of foreignness; resource partitioning

COMMUNITIES OF SCHOLARS COMPETITION

Communities of scholars are essential to the process of research and learning. The intellectual dialogue and debate that occur in scholarly settings challenge conventional thinking, aid in developing insights, and stimulate discovery—key ingredients for the advancement of knowledge. The social sciences have strived to facilitate this process by creating multidisciplinary, multinational, and multilingual associations of scholars that can profit from exchanges of ideas across these traditional boundaries. However, in the field of management studies, these boundaries have remained largely intact, isolating scholars into relatively autonomous communities (March, 2004). In every industrialized country, it was possible to identify a national...
Integration of these separate national communities has begun in earnest as a result of the growing competition among business schools, both on the education and on the research side. Greater mobility within multinational corporations has increased the willingness of managers to move abroad and thus to consider international training programs. MBA programs are generally the most important source of business schools’ revenues. Because the competition between MBA programs is influenced by their ranking, particularly those promoted by some accredited newspapers and magazines (such as the Financial Times or Business Week), business schools are influenced by the ranking systems adopted, which include also the kind and quality of research and the number of publications in selected academic journals also ranked by their importance. As a consequence, the institutionalization of MBA rankings as a major tool for MBA applicants’ selection processes, have strongly influenced also the type of research and publications business schools must target and the faculty evaluation criteria to be adopted. In such a system, the growing importance of the North American community of scholars, mainly represented by the Academy of Management (AOM), has become the most important reference point for scholars to strengthen their reputation and scientific productivity within the international community. Business schools willing to develop a truly global strategy had to comply with the research and publication standards imposed by the U.S. approach.

In Europe, the high heterogeneity of the context, in terms of language and cultural differences, did not allow the creation of a unified education market, and country specificity made it more difficult for European higher education institutions to compete directly. On the research side, the national systems of faculty recruitment and research evaluation set different priorities to the community of scholars in the diverse markets. A symposium on the contributions of the Americanization of European management education recently published on this journal (see vol. 13, no. 2) has explained that in the prewar period, Europe remained immune to American influence, clearly in form, but largely in content too. This began to change after World War II, with the American involvement in European reconstruction, when Europe turned toward the United States to learn about management (Üsdiken, 2004). Even if the emulation of the American model of management education throughout the past half of the 20th century has not led to local replicas but hybrid forms and institutional fields that have varied across countries (Kipping, Üsdiken, & Puig, 2004), the American system has always been the reference point for the European community of scholars. The entry into the international market for higher education has forced the main European business schools to comply with the standards imposed by international rankings and therefore the participation to the wide international academic community where the AOM was commonly agreed to be the main locus of interaction.

As a matter of fact, many European and other non-U.S. scholars experienced a liability of foreignness condition. The liability of foreignness is the problem of being an outsider and being blocked in access to resources that are crucial (Zaheer, 1995). This stream of research finds its theoretical foundations in Hymer’s pioneering observation (Hymer, 1960/1976), according to which foreign firms face additional costs, not incurred to indigenous ones. These arise from their unfamiliarity with the foreign environment in which they operate, from discriminatory attitudes of customers, suppliers, and national governments and from the additional costs associated with running international operations. Hence, other things being equal, foreign firms would under perform their domestic counterparts.

European management scholars tried to create a European community as an attempt to overcome the liability of foreignness that they experienced in the American field. The first example was the European Group for Organizational Studies (EGOS) in 1973, which was focused on organization scholars, followed in 2001 by the European Academy of Management (EURAM), which—such as AOM—was not focused on specific scholars but addressed the entire management field. EURAM, more than EGOS, can thus be considered the European counterpart to AOM and its direct competitor. However, EURAM has to cope with other two kinds of liabilities: the liability of newness and the liability of smallness.

The liability of newness (Hannan & Freeman, 1984; Stinchcombe, 1965) states that young organizations have a higher likelihood of failure because of their lack of reliability and accountability. Underlying this argument is the assumption that start-ups are more vulnerable because they lack legitimacy (i.e., bases of influence and endorsement, stable relationships with...
important external constituents) and have to learn new roles as social actors (Baum, 1996). Closely related to the concept of newness is the liability of smallness. Large organizations seem to be in a better position because many stakeholders assume prior success as an indicator of future success (Baum, 1996; Hannan & Freeman, 1984). Small organizations have higher failure rates because of problems of raising capital, recruiting and training workers, higher interest rate payments, and higher administrative costs (Aldrich & Auster, 1986). Liability of newness and liability of smallness are strongly impacting on the probability of EURAM to become an important reference point in the Academic field, allowing European scholars to gain visibility and reputation in the international arena of management research. The challenge is to configure a field where EURAM can build its own reputation and adequately contribute to the competitiveness and progress of the field itself. The chances of survival are linked to the positioning of EURAM toward the AOM, which could be described by using the resource partitioning model.

The resource partitioning model (Carroll, 1985; Carroll & Hannan, 1995, 2000) is a field within organizational ecology (Carroll & Hannan, 2000; Hannan & Freeman, 1977, 1989) that explains the long term market history of certain coexisting organizational populations. Up till now, this model was applied to populations of industrial organizations: newspaper publishers, banks, car manufacturers, airlines, breweries, wineries, etc. However, with some conceptual modifications, the same model could be applied to communities of scholars. A community of scholars is built around artifacts and people (Wexelblat, 1998). Artifacts are the means and the resources by which people in the community (researchers, students, and practitioners) create, share, and evaluate the results that justify a community’s existence. The artifacts of every community consist of two main components: its own scientific journals and conferences. Scientific journals are the locus where scholars publish and share the results of their research evaluated by their peers. Conferences are field-configuring events (i.e., settings where people from diverse social organizations assemble for a short-term duration; Meyer, 2004). Conferences are not only the place where results are presented, but they also provide the opportunity for personal interactions that will lead to future rounds of collaborative research and publications. They can be defined as ritual ceremonies (Di Maggio & Powell, 1991) for information exchange, collective sense making (Weick, 1995), and identity building within a community of scholars (Gioia & Thomas, 1996; Labianca, Fairbank, Thomas, Gioia, & Umphress, 2001).

The resource partitioning model explains some robust fundamental processes in the history of academic competition. In resource partitioning theory, the key resource is the customers’ purchasing power. The resource space is an academics’ space, characterized by the distributions of scholars across the crucial conferences and journals. Conferences and journals address certain taste zones in this space with their offer. From the point of view of the resource partitioning model, customers’ demand (in the present context, participation) is distributed between two distinct types of organizations: generalist organizations (here, conferences and journals) that address a broad variety of tastes (Freeman & Hannan, 1983; Hannan & Freeman, 1989). In mature markets, resources are usually partitioned between mainstream generalists in the center and niche specialists at the edges. Generalist and specialist niches can overlap only partially as these two types go for different kind of resources. According to this framework, the European Academy is at a crossroad (see Figure 1): either imitate the American experience (generalist scenario) by playing the same game in the European context or introduce a new field (specialist scenario) by developing a unique identity that could be the source of a differential insight in the more general context of the management field.

In the following sections, we describe the liability of foreignness that European scholars experienced in
the American Academy of Management, the origin of a European community of scholars through EGOS and EURAM, and finally the pros and cons of the generalist and specialist scenario according to organization theory. We argue that both scenarios require EURAM to create or reconfigure a network of scholars through social capital mechanisms.

THE AOM AND THE EUROPEAN LIABILITY OF FOREIGNNESS

The Academy of Management (AOM) was founded in 1936 as a professional association of scholars dedicated to creating and disseminating knowledge about management and organizations. Even if membership consists of scholars at colleges, universities, and research institutions, as well as practitioners with scholarly interests from business, government, and not-for-profit organizations, the AOM is an academic rather than a practitioner organization. The Academy revolves around two main activities: the annual meeting and the publication of academic journals. The annual meeting is the most important occasion for exploring the organization’s purpose and for presenting and discussing scholarly papers. In 1971, the annual meeting had 550 attendees; 3,100 in 1990; 4,842 in 1995; 5,560 in 2000; and 5,000 in 2004. Since 1961, the meeting was also the most important event for the Academy’s placement activities. The Academy publishes four journals, in particular the Academy of Management Journal (AMJ; since 1957) and the Academy of Management Review (AMR; since 1976). Both journals are among the first top 20 journals in management.

Since its beginning, the AOM has also evolved from a national to an increasing international organization. In 1971, membership reached 1,400 members, including 70 international members (0.05% of total members) from 16 different countries. In 2004, membership reached 14,600 members, including 4,900 international members (33% of total members) from 90 nations. Despite the growing presence of international members, the international representatives inside the Academy of Management governing bodies and AOM journals’ editorial boards are very few (Table 1). In 2004, the AOM board of governors had 3 international affiliation members out of a total of 16, 2 of them with a PhD earned in the United States. There were 5 international chairpersons of professional divisions and interest groups out of a total of 24, 1 of them with a PhD earned in the United States. The Academy of Management Review had no international member among the editor or associate editors, and the editorial board had 13 international affiliation members out of 82, 7 of them with a PhD earned in the United States. The Academy of Management Journal had 1 international member (with a U.S. institution PhD) among the associate editors, and 10 international members in the editorial board out of 85, 4 of them with a PhD earned in a U.S. institution.

A recent survey on the North American and European presence in eight organization studies English-language journals revealed that even if editorship, authorship, and citations are all biased in a geographically parochial way in both the North American and the European journals, the North American journals are considerably more North American in their editorial boards, contributors, and references than are the western European journals (March, 2004). According to the international business perspective this is a clear case of liability of foreignness. The North American hegemony in management studies has to some extent become
institutionalized by rules, especially in North American journals, imposed on scholars in other parts of the world and could create a bias in favor of North American presence, which undermines the effectiveness of scholarly development and the fairness of scholarly competition (March, 2004).

In the case of European scholars, the need to overcome their liability of foreignness is paired with the evolution of the European integration process and a growing awareness of the importance of the European community and the European way of doing business. The transition to a single currency (the euro) has provided Europeans with a clear sign of the fact that their community was more united and was obtaining a higher visibility at the international level, not only from an economic point of view. Furthermore, in the past 30 years, the number of high quality MBA programs offered in English has grown widely, as it is proven by the growing importance covered by European business schools in the rankings; and the competition among European business schools and between U.S. and European business schools has become stronger than ever.

The increasing competitiveness of European business schools in the international context can be justified by the adoption of the North American model of business schools management, both in terms of contents and faculty selection and evaluation. Similar to the U.S. system, faculty selection in Europe is increasingly based on the number of publications in top ranked (A and B) journals. Competition has moved from the final market to the management journals market. This implies that also the European community of scholars has to find space, mostly in North American journals, which already offer a limited number of possible slots. This provides a rationale both for the widening of the European community voice share and for the creation of new high ranked European journals where to publish.

THE EUROPEAN CHALLENGERS

The first attempt to create a strong association of European scholars can be dated back to the beginning of the 1970s (in the spring of 1973 during a conference at the Netherlands Institute for Advanced Study in the Humanities and Social Sciences in the Netherlands), with the creation of EGOS by a group of sociologists engaged in organization research across Europe (Hofstede, 1993). EGOS was a particularly interesting experiment in the field because it was the first attempt to give voice to the European organization studies adopting an innovative and lively approach. The purpose of EGOS was to provide a “Europe-based society for persons of all nationalities professionally concerned with or interested in organization theory and research” (European Group for Organizational Studies Statutes, 2005). It was a small group of researchers that possessed strong connections with the United States and was willing to develop a truly scientific community in Europe, similarly to the U.S. communities but also developing continental specificity (Lammers, 1998). EGOS activities are organized around an Annual conference—EGOS Colloquia—and the editorial activity promoted by Organization Studies.

EGOS can be considered a successful experiment developed by the European academic community that has also been able to attract qualified members of the North American community. By the end of 2004, EGOS had 1,100 members and as of July 29, 2005; 1,217 from 44 countries all throughout the world. Nevertheless, non-European EGOS members and participants to EGOS Colloquia are only 7.8% (with North American being 5.7%). The dominance of European members is reproduced also in the governing body of EGOS and, to a more limited extent, in the editorial board of the journal (Table 2).

A wider experience to develop a truly European scholars’ community follows only 30 years later in 2001, with the foundation of EURAM. The European Academy of Management was founded to reflect “the growing insights among scholars in management, that European researchers have a need for a common academic platform for active networking as well as for the development of European research traditions” (EURAM, 2005). Members are mainly scholars belonging to a selected group of business schools in Europe, offering the best higher education programs. The mission of the project is to communicate the European specificity in the wider management community and to create an opportunity for European scholars to meet and share ideas on the latest advancements in the field. EURAM activities are organized around the annual conference, hosted every year by one of the universities of the network and the publication of the European Management Review (EMR), the EURAM official journal. The number of conference attendees has almost doubled in 4 years, passing from 314 in 2001 to 609 in 2004. Participants are mainly European, even if the
presence of non-European participants has increased from 3% to 10%, with North American participants being 5% of the total (Table 2).

Similar to what happens in AOM, in 2004 EURAM Board was composed by 20 Europeans out of 22 members and only 3 European members gained their PhD in the United States. Furthermore, EURAM Executive Committee, in charge for 2004 and 2005, is composed by European members only. If we analyze the composition of the board of EMR, the strong dominance of European scholars is confirmed. The two editors are European, and only 11 out of 48 members of the editorial board are non-European, 9 of which are North Americans. If we analyze their origins in terms of academic education, we find out that only 8 of the 37 European members of the editorial board have received their PhD in United States, whereas the rest attended PhD programs in Europe. Moreover, 1 Canadian and 1 Australian member have obtained their PhD in Europe, therefore explaining their cultural link with Europe. The analysis of the nationality of the authors that have published on the EMR is not significant because only few issues have been published so far. All the data reported earlier seem to confirm the affirmation of the strong European identity that EURAM is willing to communicate, even if the overall structure of the journal and the management style adopted (blind review, peer-to-peer evaluation, etc.) is reproducing North American journals. It is interesting to note that the theme covered by the journal as well as the conference often deal with specificity of the European context and the European way of doing business.

How can the European community build a reputation in the wider scholars’ community where the North American rules of the game have institutionalized? Is there a need for new rules of the game? How can this institutionalization process be mastered?

**THE FUTURE OF EURAM: STRIVING TO SURVIVE**

As previously described, EURAM could be considered at a crossroad where a generalist and a specialist path diverge. Compete head-to-head with the AOM or find a niche in the resource space? The path toward the generalist scenario is generated by imitation (Di Maggio & Powell, 1983) as an organization quest to attain legitimacy within their larger environments. The mechanism that enacts imitation is isomorphism both structurally and cognitively. It means that an institution is copying part or all the activities done by another institution to achieve similar results. According to organizational ecology theory (Carroll & Hannan, 2000), competition among generalist organizations has the character of an ever-escalating contest for resources similar to an arms race. Larger generalist organizations possess a potentially sustainable advantage over all competitors, out-competing smaller ones. The European imitation of the American Academy of Management could thus be inadequate to challenge the incumbent, who will probably continue to rely on a first mover advantage.

The path toward the specialist scenario is generated by exploration of new possibilities in the resource space (Carroll, 1985). According to the resource-partitioning theory, increasing concentration in the market expands the amount of specialist space, both increasing the founding rates and decreasing the mortality rates of specialist organizations (Carroll & Hannan, 2000). But resource-partitioning processes,
protecting smaller and newer organizations from competition by generalists, can also lead to segregation, limiting the attraction and renewal of resources (March, 2004). The European discovery of a new niche can support experimentation and its protection from premature sacrifice to the hegemony of North American scholars. However, small enclaves incur the risks of parochialism: abandoning the discipline of the larger and more-established community in enforcing quality, thus losing talented researchers and inhibiting the extension of local ideas to other communities. A fragmented field serves the general community only if new ideas are accessible to all the scholars, not only the one in specific niches. In many cases, fragmentation of a field could lead to sterile isolation.

Whether EURAM will decide to follow a generalist or a specialist approach, it will be fundamental to its ability to create or reconfigure a network to build its own reputation and adequately contribute to the competitiveness and progress of the field itself. Networks are social structures that provide participants access to knowledge, resources, markets, and technologies. They are composed of interorganizational ties that are enduring and of strategic significance for the firms entering them (Gulati, Nohria & Zaheer, 2000). Networks are considered by scholars as tools to generate knowledge and therefore create a competitive advantage (Baum, Calabrese, & Silverman, 2000; Dyer & Nobeoka, 2000). In particular, social interactions can facilitate knowledge transfer if they are intensely promoted by organizational actors (Lane & Lubatkin, 1998; Yli-Renko, Autio & Sapienza, 2001; Zahra, Ireland, & Hitt, 2000).

Network social processes can be improved by the creation of social capital that can be defined as “the aggregate of resources embedded within, available through, and derived from the network of relationships possessed by an individual or organization” (Inkpen & Tsang, 2005, p. 151). Knowledge generation and acquisition is favored by social capital; therefore, the ability to diffuse and share social capital is fundamental if an institution is willing to become a referring point for the wide community it belongs to. Furthermore, the ability to transfer knowledge effectively from one organization to another increases productivity of all the subjects involved in the network, therefore becoming the source of a competitive advantage.

Social capital is effected by network types: There are three dimensions—structural, cognitive, and relational—that are associated with network characteristics and contribute to the creation of a unique network and, hence, social capital (Inkpen & Tsang, 2005). According to the structural dimension, connectivity plays a central role because when some members span the network structural holes, the whole network can benefit from the associated informational advantage (Burt, 1992). The cognitive dimension is connected to the creation of a shared culture, shared codes of conduct and behavior among participants (Nahapiet & Ghoshal, 1998). The relational dimension concerns “the kind of personal relationships people have developed with each other through a history of interactions” (Granovetter, 1992). The relevance of this type of relationship can be measured observing how respect and friendship can affect network members’ behavior. This type of soft relations, on one side, increases the embeddedness of a network and on the other side, allows the fulfillment of needs such as sociability, approval, and prestige. The creation of social capital can therefore contribute to the building of a strong identity, reinforce the image of the institution (Albert & Whetten, 1985), and therefore improve its reputation (Gioia & Thomas, 1996).

In the case of the generalist scenario, EURAM will have to reconfigure the existing field and redesign the network of scholars. This outcome could only be achieved if EURAM is able to offer a higher number of links and a higher variety in the network. When many actors are dispersed internationally, as in the case of management scholars, there will be many structural holes in the network and therefore the opportunity to generate new links. The creation of new links could contribute to the elimination of structural holes, therefore untapping some potential in terms of knowledge creation or generation of a new common cultural base arising from the variety available in the European context. Adopting this approach is a rather challenging task that can be a failure if EURAM does not succeed in reinforcing the existing network with a high number of strong ties; differently, the embeddedness of the relationship and ties strength decreases, and trust (Luhmann, 1979) and reputation (Fombrun, 2002) come into play to enable and guarantee the effectiveness of the exchange process. In this case, EURAM could be affected by being the follower, and therefore, the probability to fail could be rather high.

In the case of the specialist scenario, EURAM will have to create a new network of scholars, a new
structure with new links and a new and shared culture. At this point in time, this option can be achieved by identifying a not adequately presided and quite specific disciplinary niche or by introducing an innovation in the field that could be originated by European specificity. With this regard, EURAM could possess a relational advantage based on the creation of a common culture that mediates among the different European cultures. Nevertheless, as it is quite easily understandable, this option is quite challenging and risky but could guarantee interesting outcomes if pursued systematically.

According to our opinion, the European community of scholars represented by EURAM is at a crossroad, where the two different paths diverge. EURAM must decide which one to travel: the generalist or the specialist. Each of them implies different risks (being a late-comer or being isolated), but standing at the crossroad waiting is much more risky. We don’t know which one is better. The poet Robert Frost suggested to take the road less traveled because that choice made all the difference. Will European scholars of management find the courage to follow the advice of an American poet?

NOTE

1. We define scholars’ nation of origin in terms of scholars’ affiliation. This helps us to understand the type of context where the author is working and the type of competitive pressure he/she is exposed to. The author culture and background can be better understood identifying the institution where the author received its PhD. Data sources are authors’ personal home pages and bodies official websites and public documents.

REFERENCES


ELISABETTA MARAFIOTI is an assistant professor in strategy and business administration at Bocconi University in Milan, Italy, and she holds a PhD in strategic management. She participates as a presenter to many international conferences and visited INSEAD as a research assistant. She also teaches international management. Her research interests are strategic alliances, mergers, and acquisitions, particularly in international contexts and with specific reference to value creation and learning. Most of her research is focused on airline and fashion industries.

FABRIZIO PERRETTI, who earned his PhD in economics at the University of Turin, is an assistant professor of strategic management and international business at Bocconi University in Milan, Italy. He has been a visiting scholar and research fellow at Harvard University, Michigan Institute of Technology, and University of California, Los Angeles. His areas of interest are sociology of organizations, organizational ecology, status-organizing processes, and international business. Most of his research is focused on cultural and media industries.