EDITORIAL

Letter from the Editor-in-Chief

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Issue 7 of volume 39 consists of seven articles and one Perspective article, all accepted for publication by former JIBS Editor-in-Chief Arie Y Lewin. The issue concludes with a review by JIBS Area Editor Alain Verbeke of the highly anticipated new book by Dunning and Lundan (2008).

The first two articles in the issue focus on knowledge acquisition and production by foreign entrants to a host country. The lead article in the issue is by Peterson, Pederson and Lyles on the knowledge gap, that is, the discrepancy between the levels of the firm's existing and necessary knowledge for successful entry into a foreign market. The authors argue that the relationship is not monotonic and negatively related to the firm's longevity in the host country, as suggested by the internationalization view. Drawing on insights from organizational learning theory, the authors hypothesize that firm-level factors such as perceived performance shortfalls, managerial hubris, absorptive capacity and internalized learning-by-doing processes can all affect the relationship between time elapsed in the host country and the firm's perceived knowledge gap. Support for their hypotheses comes from 1998 survey data of 369 Danish and Swedish firms.

In the second article, "Product innovation in emerging market-based international joint ventures: An organizational ecology perspective," Zhou and Li examine the antecedents behind product innovation by market-seeking international joint ventures in an emerging market economy. Using an organizational ecology perspective, the authors argue that both founding conditions and the external environment are important drivers shaping innovative activities. The authors hypothesize three founding condition drivers (ownership balance, project size and a state-owned enterprise local partner) and three environmental drivers (pace of industry innovation, strength of FDI legitimacy in the host country and regional agglomeration of innovative activities). Data from 3555 international joint ventures in China over 1999–2003 provide support for the arguments.

Not only does foreign ownership matter for the level of innovation in the host country, but ownership can also positively affect export intensity as we see in the next article by Filatotchev, Stephan and Jindra. In "Ownership structure, strategic controls and export intensity of foreign-invested firms in transition economies," the authors argue that both foreign ownership and control over strategic decisions positively affect export intensity and that their impacts are complementary. Using a sample of 434 foreign-invested manufacturing firms in Poland, Hungary, Slovakia and Slovenia in 2002–2003 (prior to European Union accession), the

authors find that greater equity and strategic controls do foster greater export intensity, with the synergies particularly strong when the firms are suppliers within a multinational enterprise (MNE) network.

In "Corporate ownership, equity risk and returns in the People's Republic of China," Zou and Adams explore the impacts of different types of corporate ownership on a firm's equity risk and stock returns. Using a 1996–2000 sample of 259 publicly listed Chinese firms, the authors find that firms with a higher percentage of state ownership, or with a higher percent of tradable A-shares, have greater stock volatility and lower stock returns. Foreign and managerial ownership shares appear not to affect volatility or returns. The authors conclude that their results support agency theory predictions that higher state ownership should cause conflicts that lower returns and raise risk.

Two articles on international finance appear next in the issue. In the first article, "Determinants of flows into retail international equity funds," Zhao argues that regional diversification and diversification away from US funds are two motivations for why investors choose international equity funds. Investors are attracted to international equity funds from fund families with multiple investment objectives. Flows are driven more by risk-adjusted returns than raw returns, but do not appear to be sensitive to exchange rates or overhead expenses.

The financial system of a country is one of its core institutions. Can the type of financial system affect credit ratings of firms? Purda argues that firms located in countries with bank-oriented financial systems (e.g., France, Germany, Japan) are, *ceteris paribus*, seen as having lower credit risk and

assigned higher credit ratings than firms in market-oriented systems (e.g., Canada, United States, United Kingdom). Purda finds support for her argument with a 1993–2001 database of Moody's ratings from eight countries.

"The interrelationships between television viewing, values and perceived well-being: A global perspective" by Speck and Roy explores the impacts of global marketing through television on values and life satisfaction in multiple countries. The authors empirically examine the relationships among television viewing, core values (religiosity and materialism) and perceptions of well-being (socio-economic status and relative life satisfaction). Surveying business students in multiple countries, the authors find that multiple consumer cultures continue to persist despite globalization. Quantity of television viewing positively affected materialism whereas religiosity was a countervailing influence in Latin American and Middle Eastern countries. Since relative life satisfaction is negatively affected by materialism in all regions except Latin America, the authors conclude that "the sheer quantity of television watched by global audiences appears to negatively influence life satisfaction of viewers" and therefore has "important ethical implications."

The last article in the issue is a Perspective, "Emerging themes in international business research," by Griffith, Cavusgil and Xu. The authors catalogue published articles in six international business journals in 1996–2006, using citation analysis to determine the themes in the literature. A follow-up Delphi study of the most prolific authors is used to outline future research themes. Overall, the authors provide "a glimpse of the current nature of themes in international business."