

Foreword

How do firms react in the face of increasing or decreasing foreign competition? How does the type of foreign competition (FDI or imports) influence a firm's reactions? How do reactions such as changes of product scope differ from changes of geographical scope? Can we observe similarities and differences when looking at firms from different countries, i.e. Germany and the US? With increasing globalization these questions have become so central in the field of International Corporate Strategy. Our knowledge regarding those questions is still very limited. Answers to them are of highest interest to top managers and researchers as well. However, strategy literature has revealed only very few results that ground on large-scale empirical analyses and, more importantly, are longitudinal in nature. Longitudinal analyses, however, are necessary to address the questions mentioned above.

The dissertation by Florian Gröne analyzes the impact of foreign competition change as one major antecedent of firm scope change. Increasing foreign competition is seen as a threat by incumbent firms. So far, competitive strategy reactions such as pricing and volume reactions have been researched intensively. Firms, however, do also decide on the continuous restructuring of their entire portfolio. Incumbent firms may increase or decrease their product scope, increase or decrease their vertical scope, and they may as well increase or decrease their geographical scope at the same time. Their business portfolio reactions will depend upon their interpretation of how committed the attacks of foreign firms are. This opens up a space that takes into account different types of foreign competition changes, different directions of foreign competition changes, different types of firm scope changes as well as different directions of those changes.

The analysis of these topics in this work is characterized by three major differences compared to previous research. First, different types of foreign competition (FDI and imports) are treated both separately and jointly. Previous research has concentrated on taking only one of these types into account. Therefore, the approach of this dissertation allows capturing the "full challenge" of foreign competition change. Second, the same applies to how this work treats the types of firm scope change. Third, this dissertation incorporates a real dynamic model by having "change variables" on both sides of the equation. This approach was only possible by extremely high efforts regarding data collection. Florian Gröne has put together data from so many different sources and made this data compatible to each other – in some cases by hand coding. The resulting database is literally unique in nature. Florian Gröne's dissertation delivers not only a substantial improvement of empirical research on foreign competition change and firm scope change. This work also stimulates further research. The results ultimately lead to the following questions: Do foreign competition-induced firm scope changes have performance implications?

How do these changes interplay with changes on the business level? What other threats trigger firm scope changes in similar or different ways?

A personal remark: Florian never refrained from challenges (from my or from journal reviewers' sides) to include another subset of data. I personally think this was a necessary precondition for the outstanding success of this work. A sufficient condition in my view was his passion to never stop with the good, but to always try to get to the better, when it came to theory, hypotheses, and interpretations. Given this and something more, I more than enjoyed working with Florian.

I wish this work a large number of readers and an intensive discussion.

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