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# SUMMARIES

- 6 Managing the Extended Enterprise:  
The New Stakeholder View

**James E. Post, Lee E. Preston, and Sybille Sachs**

This article enlarges the "extended enterprise" metaphor from its origins in manufacturing-logistics management to embrace the full range of constituencies that are vital to the survival and success of the corporation. This article presents a new "Stakeholder View" of the firm which holds that stakeholder relationships are the ultimate sources of the firm's wealth-creating capacity. According to this view, long-term business success requires a firm to develop and integrate relationships with its multiple stakeholders within a comprehensive management strategy. In order to illustrate the validity of this approach, this article describes and analyzes the evolution and impact of comprehensive stakeholder management policies in three major firms.

- 29 Compliance, Collaboration, and Codes of Labor Practice:  
The adidas Connection

**Stephen J. Frenkel and Duncan Scott**

Comprising networked organizations that span advanced and developing countries, the athletic footwear sector is at the cutting edge of globalization. An important dimension of corporate responsibility is setting and maintaining labor standards for contractors' employees in countries where workers have little or no legal protection against exploitation. This article examines how adidas, the industry's number two firm, has utilized a code of labor practice to regulate the labor standards of its main manufacturing suppliers. A comparative analysis of a matched sample of two contractors in China shows that although the code requirements were met in both cases, relationships with adidas not only differed but also made a difference. Compared with compliance type relationships, collaborative global firm-contractor ties encourage higher workplace performance and better employment relations in contractor factories.

- 50 The Emergence of Emerging Technologies

**Ron Adner and Daniel A. Levinthal**

What is discontinuous about the moment of radical technological change? Discontinuity typically does not lie in a radical advancement in technology itself; rather, it stems from a shift of an existing technical lineage to a new domain of application. Seeming revolutions such as wireless communication and the Internet did not stem from an isolated technical breakthrough; rather, their spectacular commercial impact was achieved when an existing technology was re-applied in a new application domain. The biological notion of speciation events, which form the basis for the theory of punctuated equilibrium, can reconcile the process of incremental technical change with the radical change associated with the shift of an existing technology to a new application domain. This concept can assist managers to cope with, and potentially exploit, such change processes.

**Amitava Dutta and Kevin McCrohan**

Information security is not a technical issue; it is a management issue. It rests on three cornerstones—critical infrastructures, organization, and technology. While critical infrastructures are beyond the direct control of the organization, balancing them is a critical component of corporate governance. Total security is neither technically feasible nor operationally practicable. Therefore the organization must determine what information assets must be protected and the degree of protection to be provided for them. As Internet-based commerce diffuses through society, there will be decreasing tolerance on the part of customers for losses stemming from perceived or actual cyber vulnerabilities. Only senior management can initiate the plans and policies that address the different aspects of security in a balanced and integrated manner. Leaving security primarily to the IT function will strengthen just one of the cornerstones—namely, technology—and will not yield the intended results. Security lapses are management failures more than technical failures. This article presents an organizational security approach that senior managers can use as a roadmap to initiate security plans and policies and audit their implementation.

**Gregory Graff, Amir Heiman, and David Zilberman**

Both universities and firms are engaged in the same overarching dynamic technological innovation processes. All researchers pursue a combination of the three Fs of fame, fortune, and freedom regardless of whether they are "academic" or "corporate." It is the different alignments of incentives and constraints that induce academic researchers to have a comparative advantage in some kinds of innovation and those in commercial R&D to have a comparative advantage in other kinds of innovation. This results in a division of innovative labor and creates opportunities for gains to be made from trade in technologies. Offices of technology transfer were created to improve this flow of trade between university research and industry by patenting and marketing university research results and fostering startups using university technologies. This article examines the business of technology transfer. The extent of university patenting is still very small relative to industry, and technology transfer revenues are still very small relative to university research budgets. While university technology transfer is growing rapidly, the policy foundations and the marketing models on which it is built will need to evolve further to better fit the underlying economic realities of the dynamic technological innovation processes they are intended to promote.

116 Internationalization, Globalization, and Capability-Based Strategy

**Stephen Tallman and Karin Fladmoe-Lindquist**

- Current trends appear to suggest that globally integrated strategies are the wave of the future for many industries, but no theoretically sound, firm-level model explains this situation. International business models explain industry trends from economic perspectives, and organizational theory is beginning to examine the organizing principles of multinational firms, but a gap exists in explaining the strategic motivations of multinational firms as they expand and integrate worldwide. This article develops a capability-driven, as opposed to market-driven, framework of multinational strategy. This contingent framework explains the organizational consequences of international expansion and global integration depending on the capability types, capability strategies, and multinational strategies of the multinational firm.

136 Lessons from Everest:

The Interaction of Cognitive Bias, Psychological Safety, and System Complexity

**Michael A. Roberto**

Many participants and observers have analyzed the 1996 Mount Everest tragedy and blamed a host of factors including the weather, equipment failures, and human error. This article examines the people and events through three theoretical lenses: behavioral decision theory, group dynamics, and complex systems. Factors at each level—individual, group, and organizational system—interacted with one another to cause the tragedy. This analysis provides a framework for understanding and diagnosing large-scale organizational failures, and it provides several important lessons for managers making and implementing high-stakes decisions within organizations.