

Institutional Heterogeneity and Firm Strategy

a casual stroll through the field of global strategy
by an accidental academic

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Washington University in St. Louis

April 9, 2026

OIEA

R&D in countries with weak IPR protection



- ❑ Large scale
- ❑ Frontier research
- ❑ Strong internal linkages
 - communication and collaboration with HQs
 - technology integration on a global basis



Organization: Put the Pieces Together



A Case for Arbitrage across Countries

Poor intellectual property rights protection



Low R&D investment;
Underpriced human capital

Using organizational strategies to substitute for legal enforcement



MNEs able to appropriate value from underpriced resources

Arbitrage



The Journey

Economics

- International Trade (e.g., Vernon)
- Industrial economies (e.g., Hymer)

The central role of MNEs

- The role of firms in the international competition (e.g., Caves)
- The relationship between MNEs and trade (e.g., Markusen & Maskus)

Why going abroad

Boundary of the firm

- TCE (e.g., Coase, Williamson)

Internalization

(e.g., Buckley & Casson)

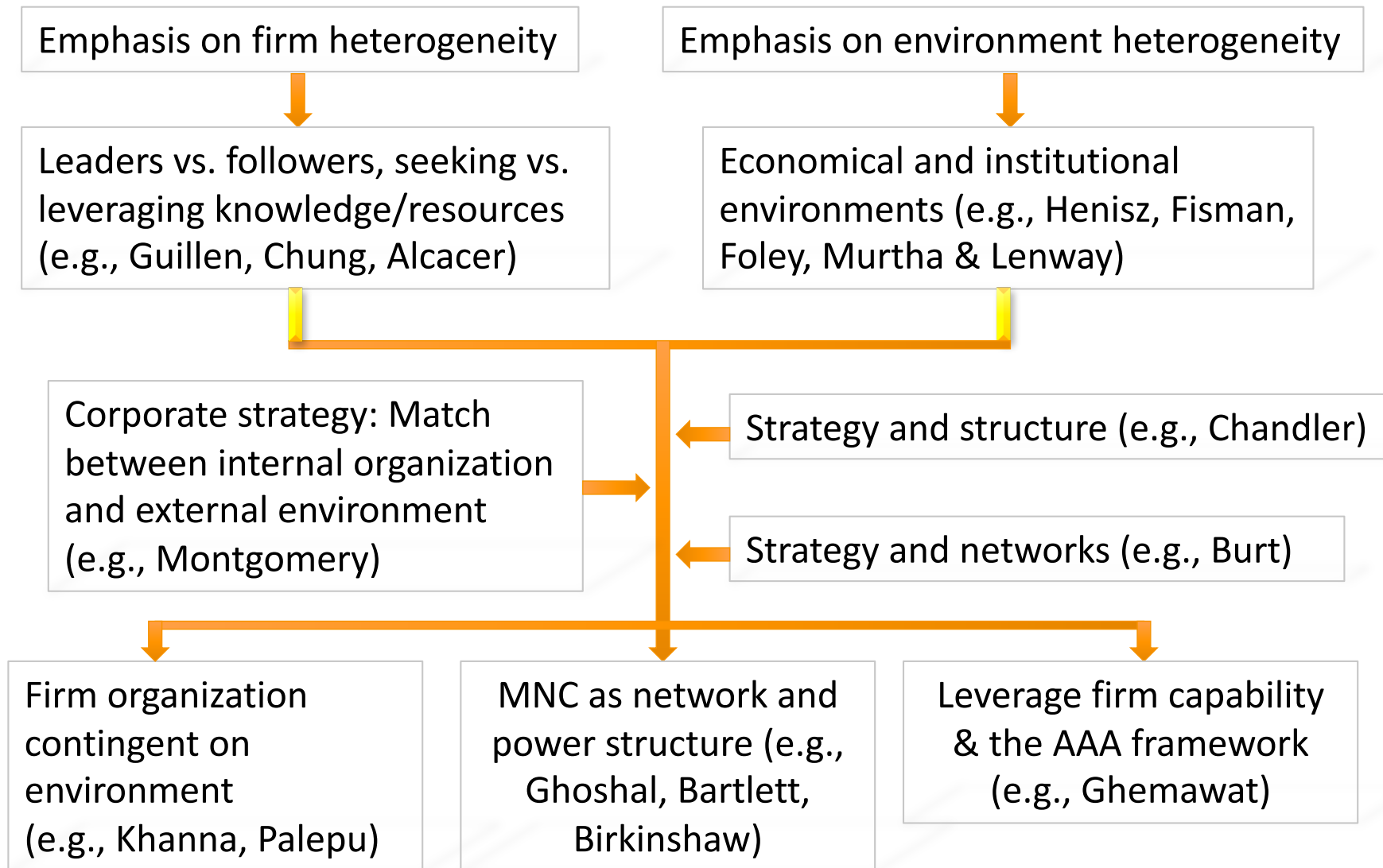
Dunning, Cantwell, etc.

Knowledge management
(e.g., Kogut and Zander)

How to go abroad

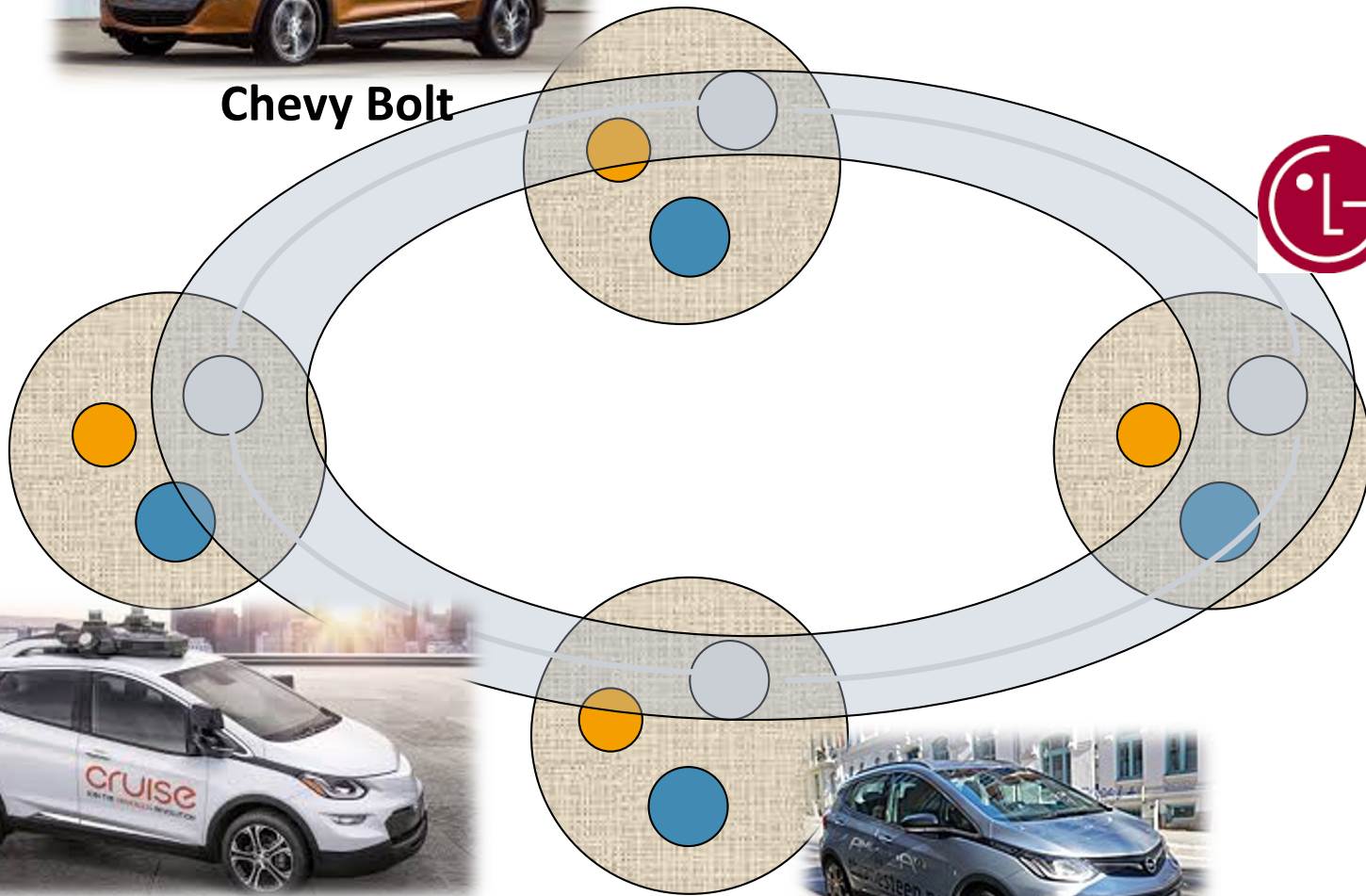
Entry mode
(e.g., Hennart, Park,
Shaver)

Midlife Crisis





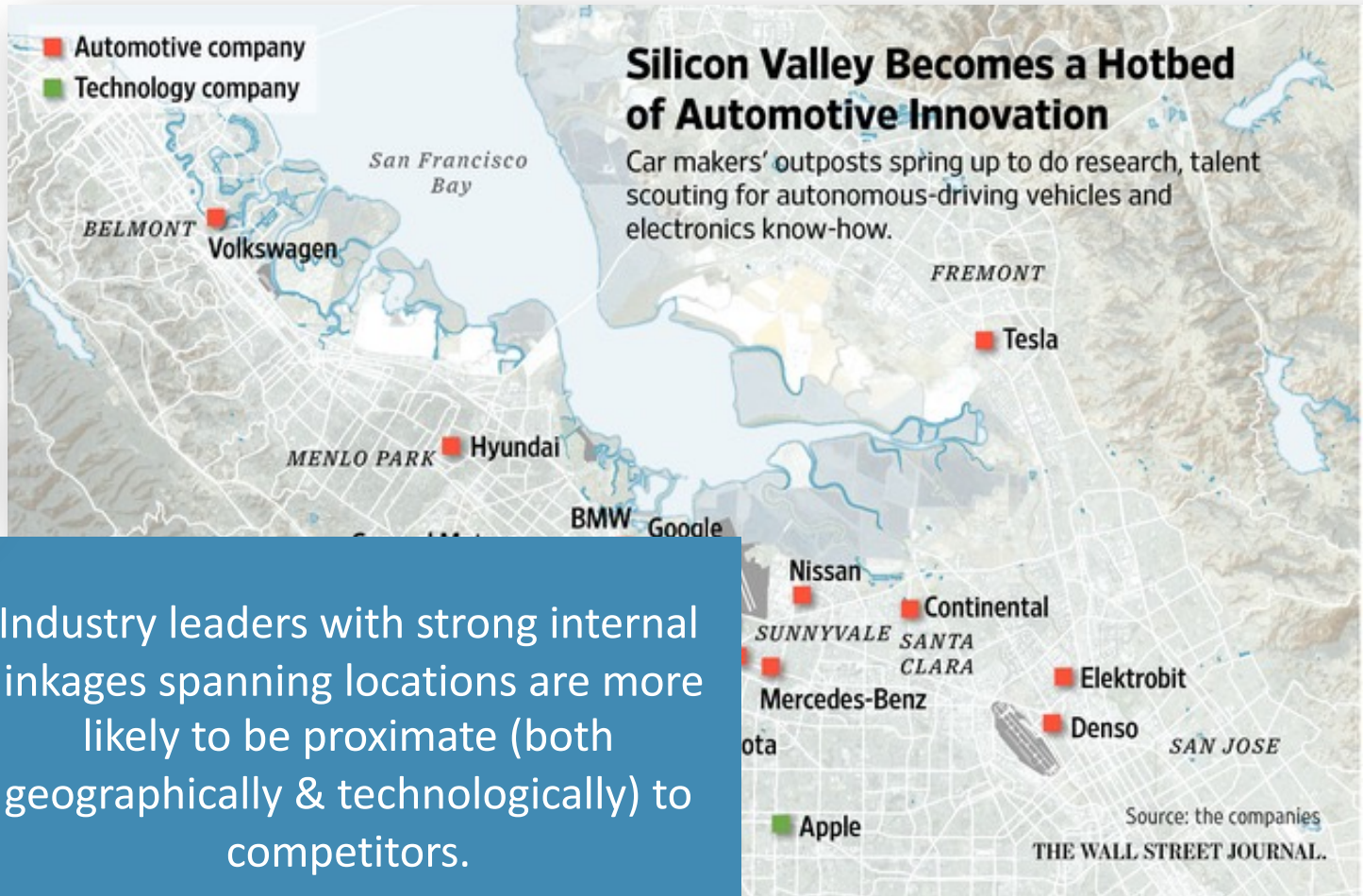
Chevy Bolt



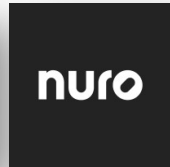
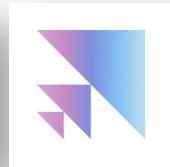
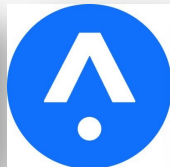
GM Cruise



Opel Ampera-e (Norway)



Industry leaders with strong internal linkages spanning locations are more likely to be proximate (both geographically & technologically) to competitors.



Innovation

Value creation

- Internal Capability (education, labor law, R&D incentives)
- External Environment (as input and as determinants of value)

Value appropriation

- IP environment (patentability, courts, judges)
- Regulation on competition (non-compete, techno-nationalism)

Location choice

Intra-firm coordination



Institutional arbitrage

Non-market strategies

Global Strategy = Corporate Strategy that happens to have more visible (and often more measurable) differences in business environment

The most important difference being **institution**

The most important response being **organization**

I was invited to IOEA

Then came 2016, and I changed my mind.

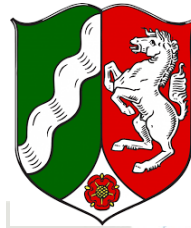
IP rights are territorial



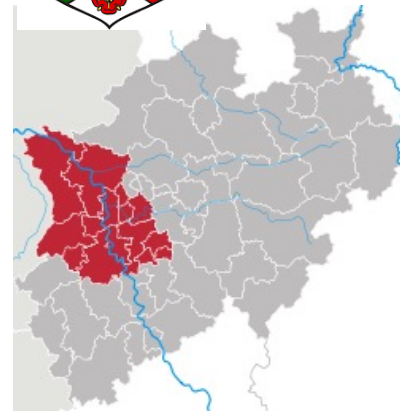
**Eastern District
of Texas**



Domestic forum shopping:
Looking for the friendliest court
for a positive verdict, which is
enforceable in the whole USA



**Düsseldorf
Regional Court**



Global forum shopping: Verdicts
not enforceable across countries;
Aiming to make a strong case in
front of global competitors

Location choice of global litigation

- The goal is not to *win* a case, but to *make* a case.
- Litigation in one country updates the expectation of opponents on the strength of the case -> global settlement or deterrence -> relationship across countries matters.

Most F500 lawsuits happen in the 3rd country

Plaintiff VS Defendant		Foreign VS Foreign	Foreign VS Local	Local VS Foreign	Local VS Local
Master file	Percentage	5.94%	9.55%	9.60%	74.92%
	Count	6049	9715	9766	76237
F500 only	Percentage	56.63%	14.75%	19.75%	8.87%
	Count	1302	339	454	204

Note: Foreign is defined as more than half of the litigants are foreign (ultimate nation) in each side.

Home Favors and Distant Troubles: The Effect of Home Bias on Global Litigation, with An & Wang

Global IP

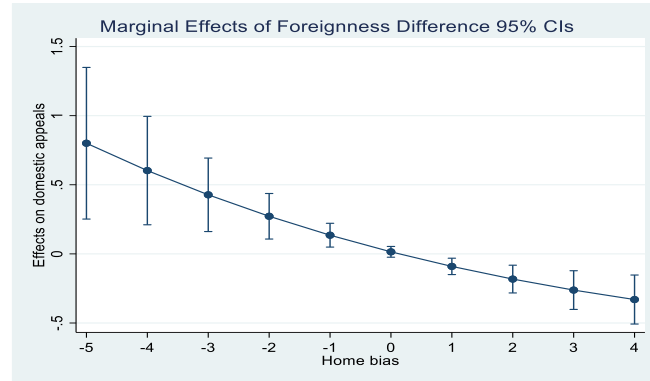
Seeking Credibility: Impartial Courts, Geopolitics, and Location Choice for Patent Litigation, with Park & Santangelo

Location Choice in Global Patent Litigation: Does the Landscape Matter? with Wang & An

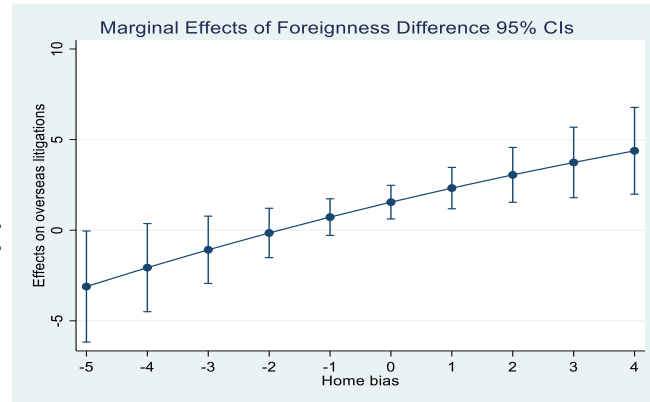
Less likely to seal the deal



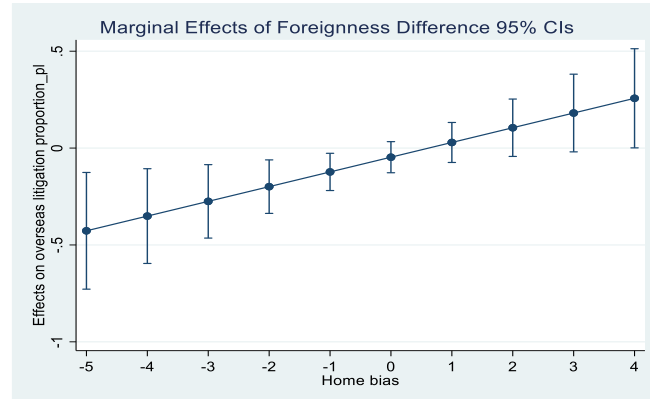
Appeal at the focal court



Overseas counter-suits by defendant



Repetitive cases by plaintiff



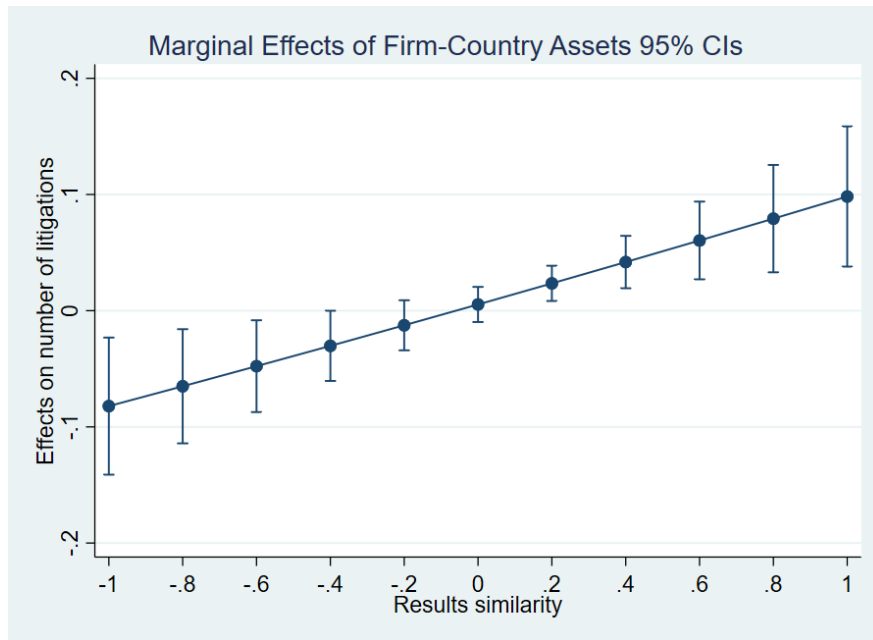
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Global IP

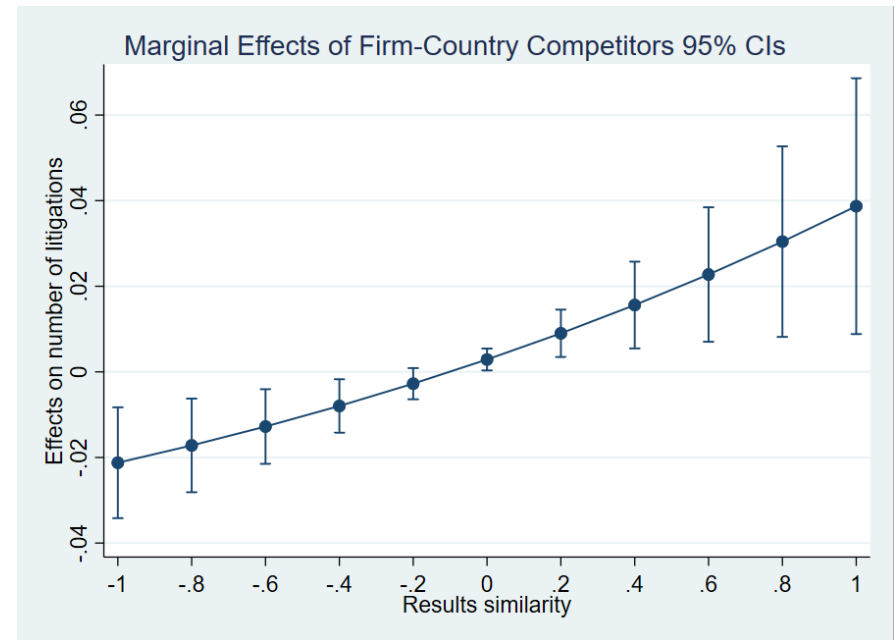
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Marginal effect of result similarity

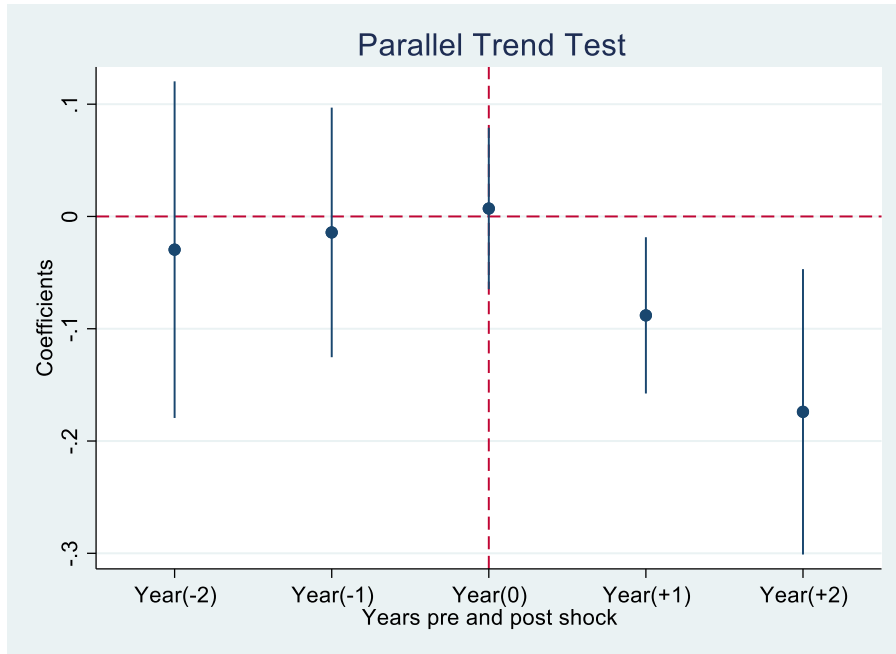


The economic importance of the focal country leads to more litigation, positively moderated by result similarity with other markets.

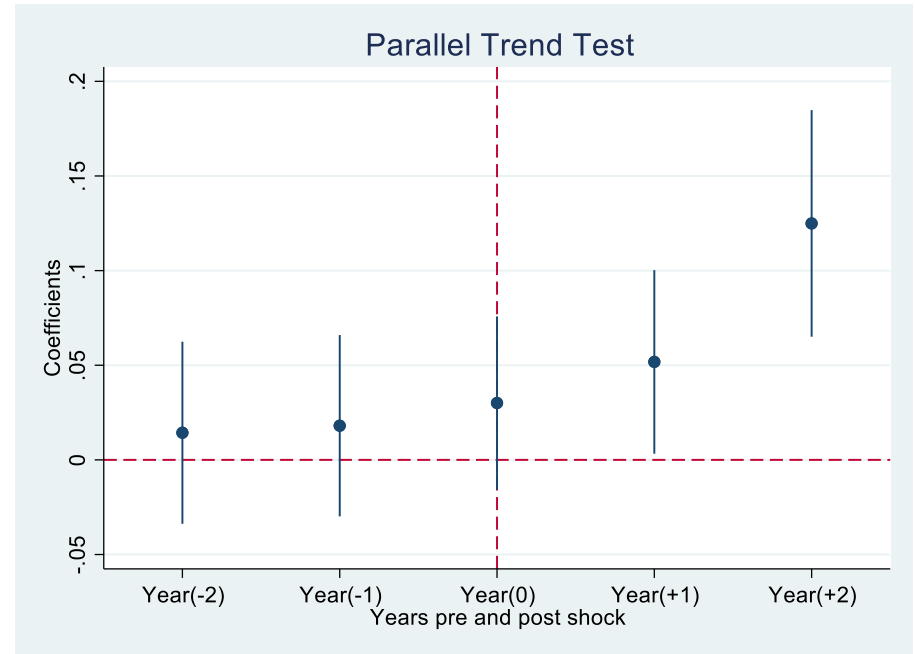


The presence of key competitors in the focal country leads to more litigation, positively moderated by result similarity with other markets.

Two "shocks"



Litigation concentration around the Huawei-ZTE ban



Litigation concentration around the *Alice* case

Home Favors and Distant Troubles: The Effect of Home Bias on Global Litigation, with An & Wang

Global IP

Seeking Credibility: Impartial Courts, Geopolitics, and Location Choice for Patent Litigation, with Park & Santangelo

Location Choice in Global Patent Litigation: Does the Landscape Matter? with Wang & An



WORLD ECONOMY

Geopolitical risks are a top global threat to businesses, survey finds

PUBLISHED WED, AUG 2 2023 10:51 PM EDT

Sumathi Bala

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KEY POINTS

- Businesses now see geopolitical tensions as the biggest threat to the global economy, according to the latest survey by Oxford Economics.
- The finding “confirms” that businesses’ perceptions of economic risks have shifted significantly.
- Around 36% of businesses polled view geopolitical tensions as top risks currently — such as those related to issues over Taiwan, South Korea, and Russia-NATO

 TV

**Squaw
Street**

UP NEXT | 
11:00 am ET

THE WALL STREET JOURNAL.



China's Newest Weapon to Nab Western Technology —Its Courts

Rulings nullify patents in industries it deems important, including technology, pharmaceuticals and rare-earth minerals

An image produced by X-ray scanning equipment in a van made by American Science & Engineering.
KAYANA SZYMCAK FOR THE WALL STREET JOURNAL

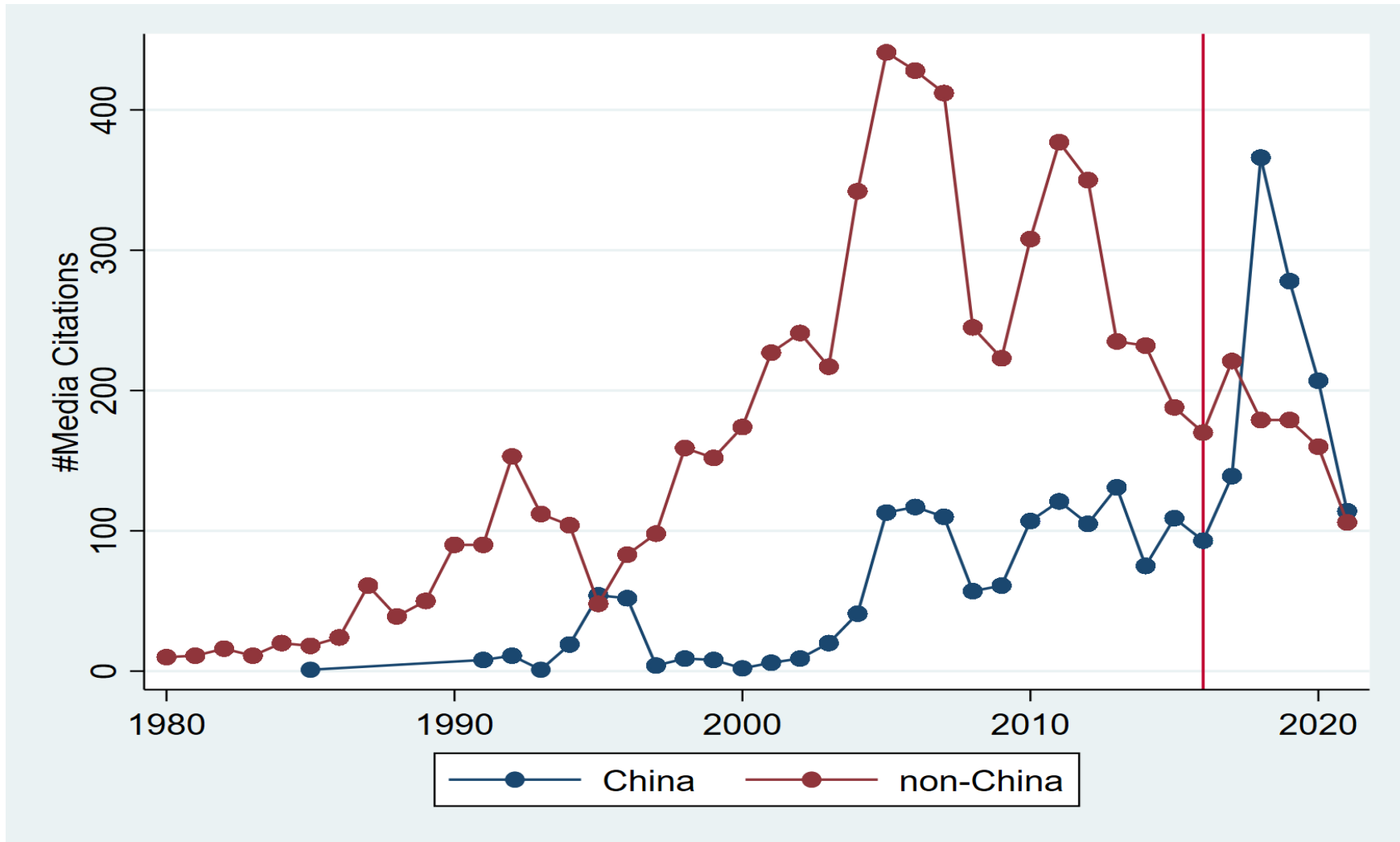
By [Stu Woo](#) [Follow](#) and [Daniel Michaels](#) [Follow](#)

Feb. 20, 2023 at 10:06 am ET

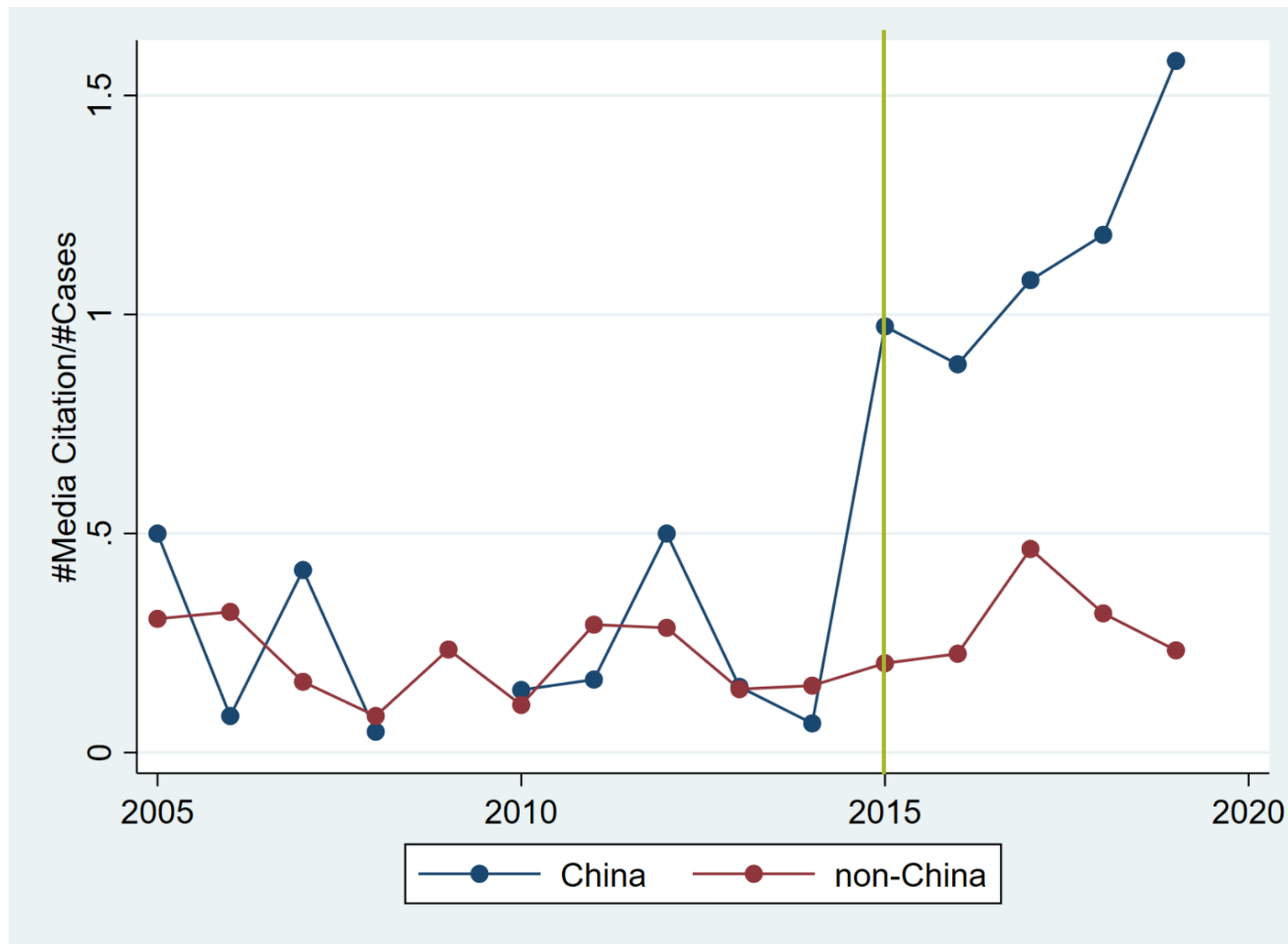
Location choice of global litigation

- Impartiality shields the case from idiosyncratic influences in the country --> more effective signal across countries
- Geopolitical tension adds noise to the expectation -> amplifying the appeal of impartial courts

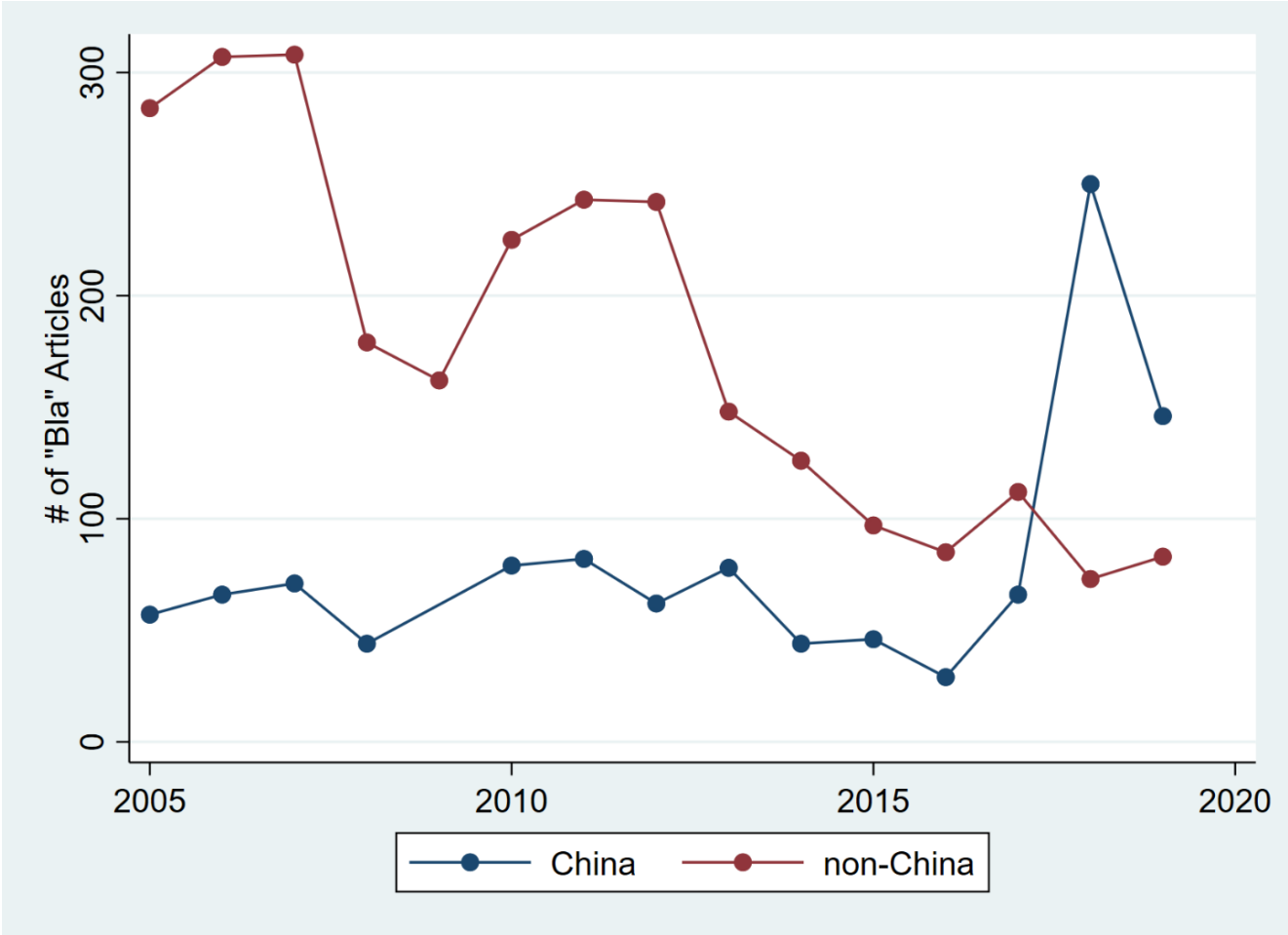
U.S. media citations of IP violations involving (i) a Chinese entity vs. (ii) a non-Chinese entity



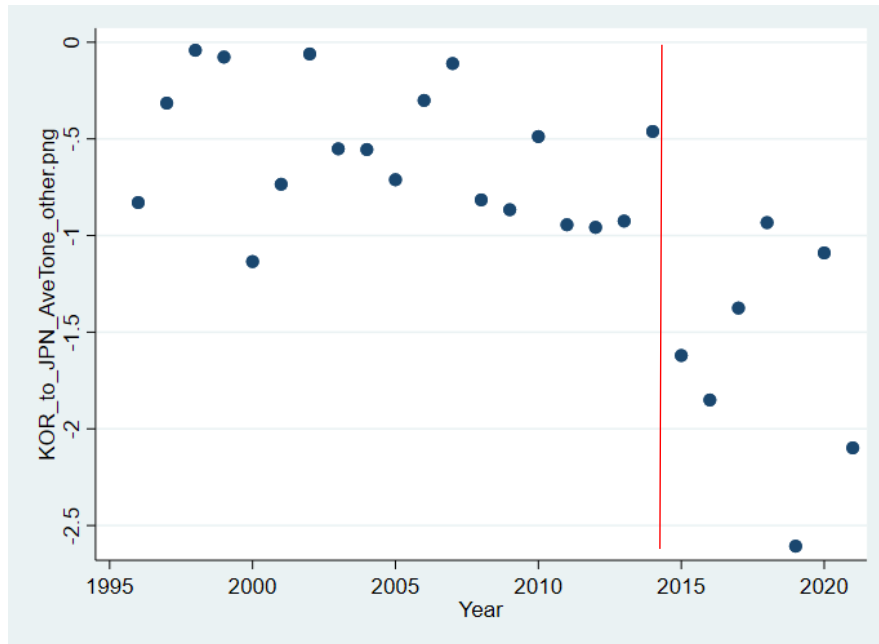
Articles per case (all cases)



“IP theft” articles with no specific case mentioned



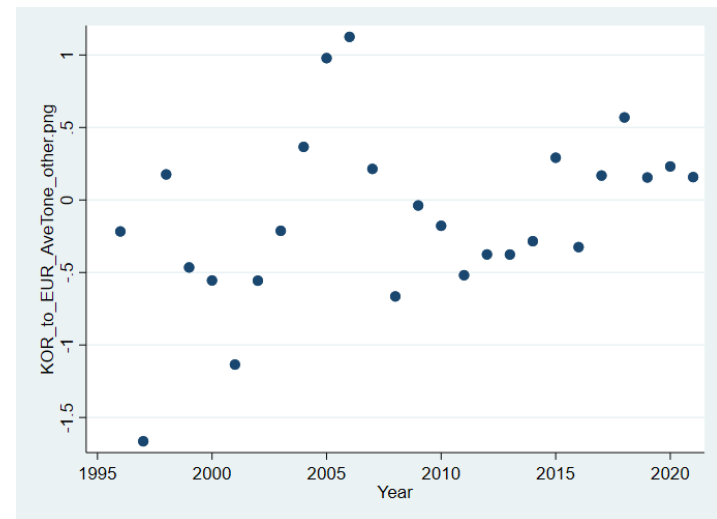
GDELT AveTone: Korea to Japan



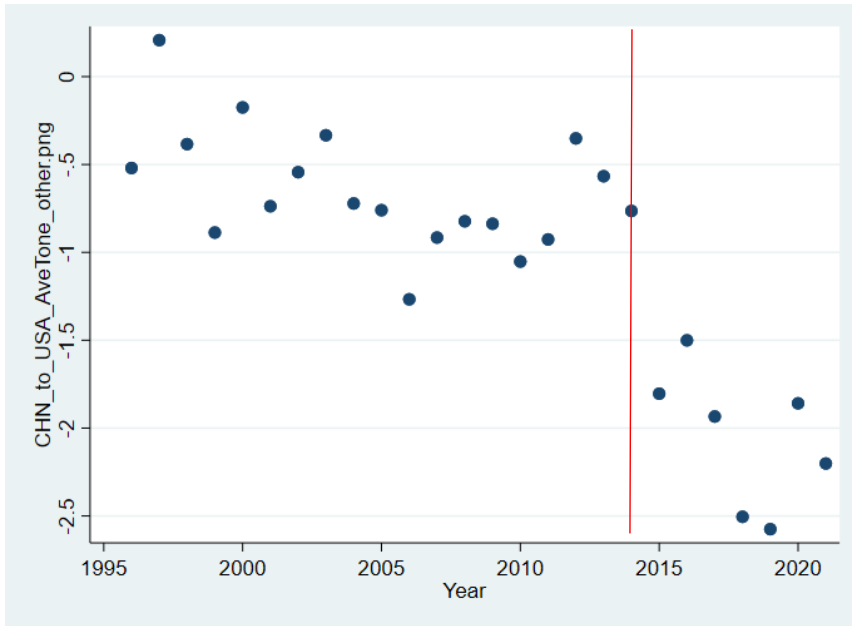
Korea to Singapore



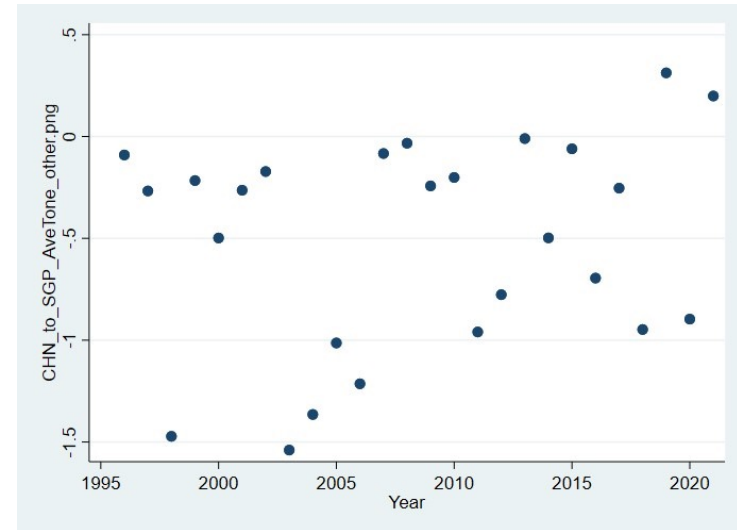
Korea to EU



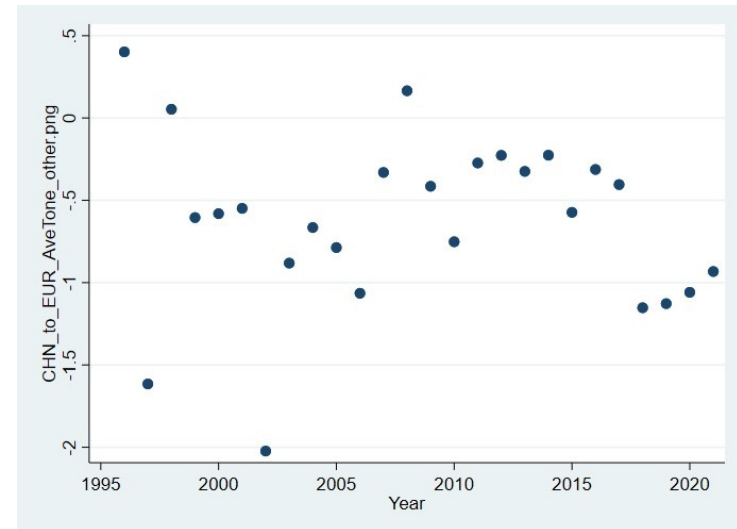
GDELT AveTone: China to US



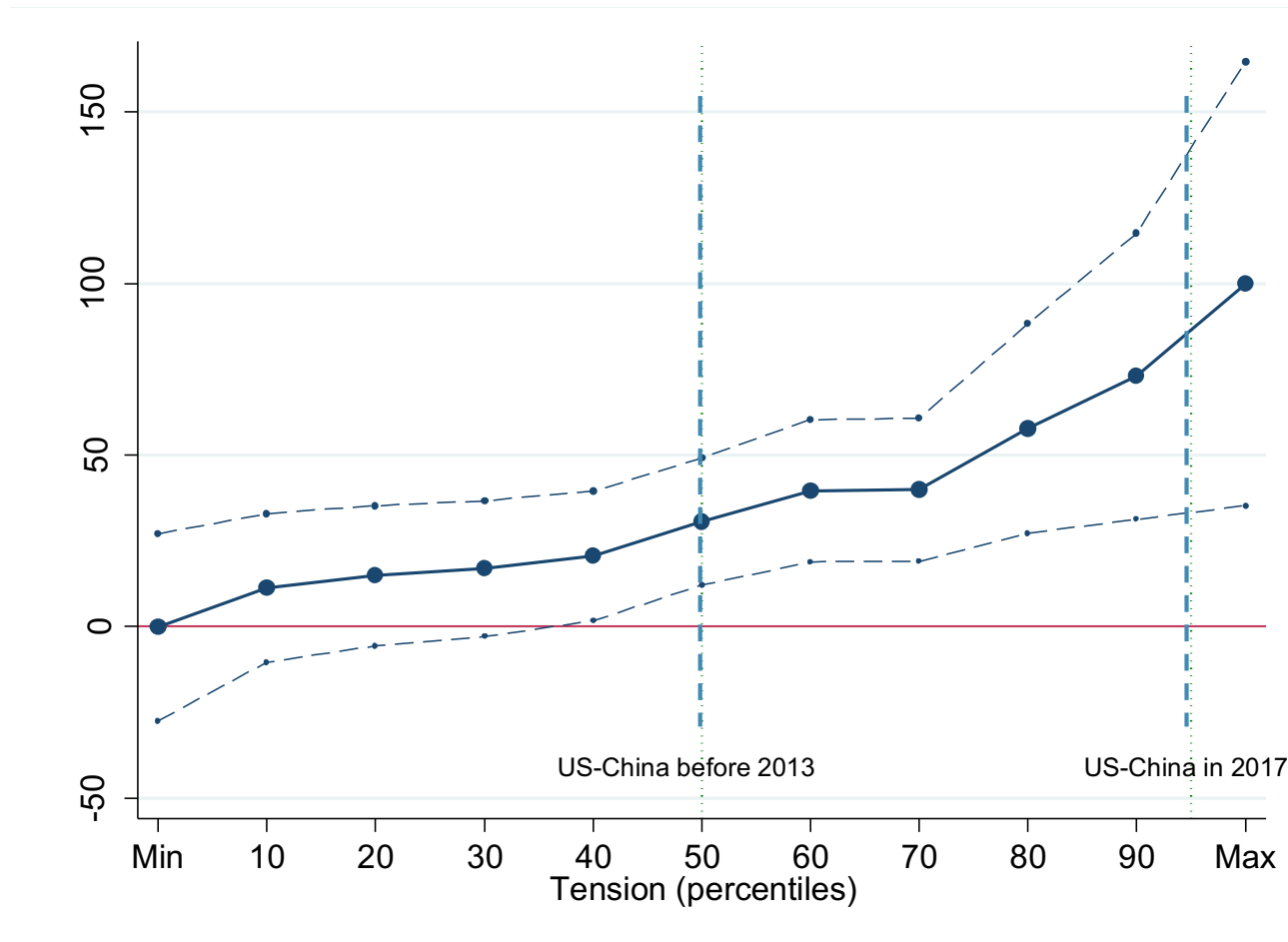
China to Singapore



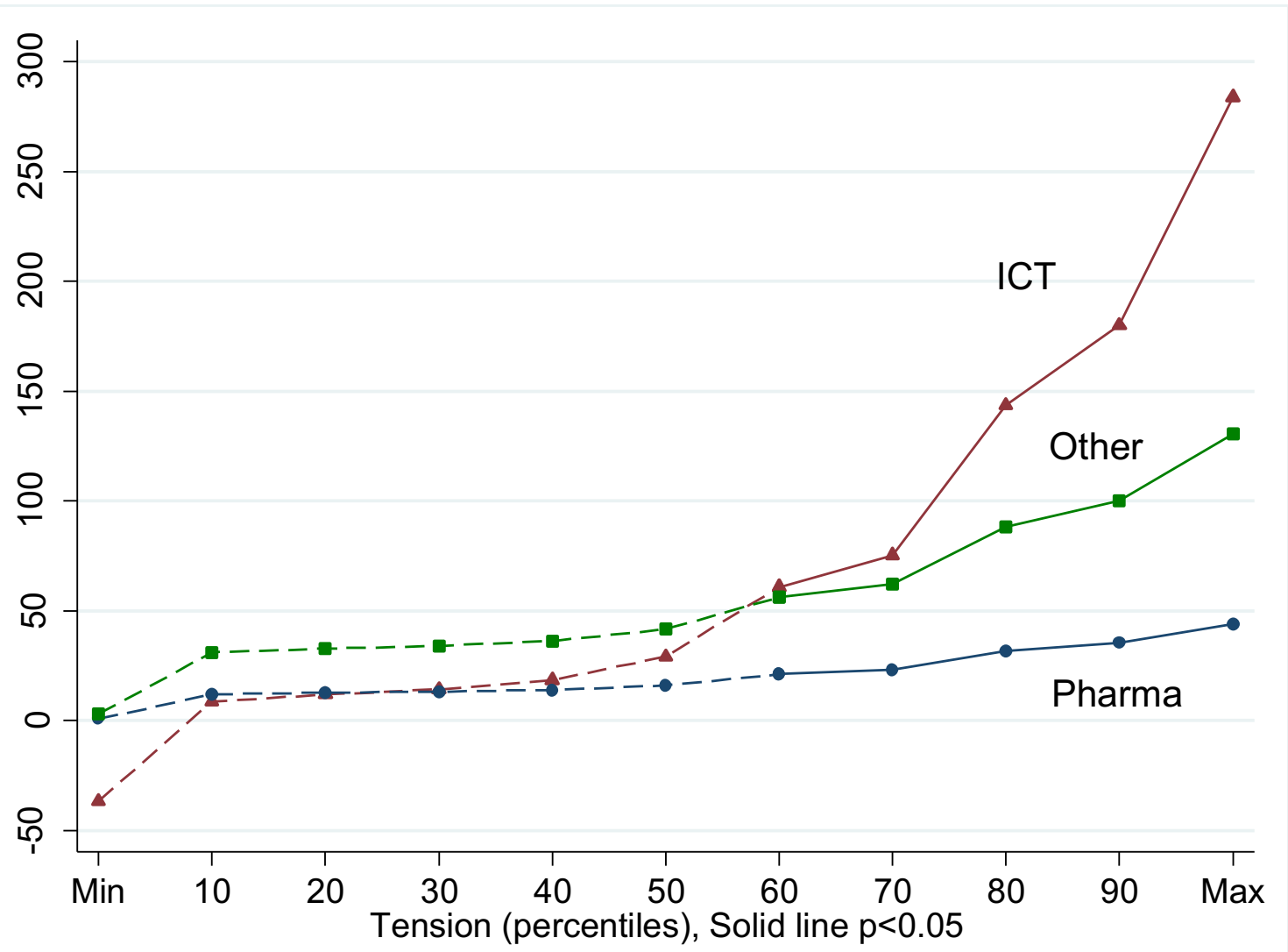
China to EU



Marginal effects of impartiality depending on tension



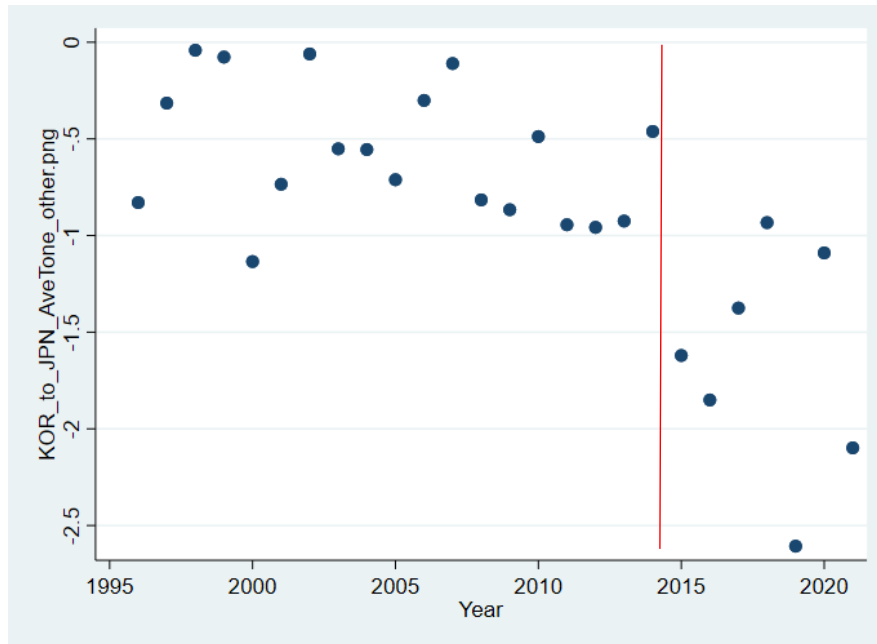
Note: Effects expressed as a percentage change in counts of receiving litigation cases with respect to the mean predicted counts in the sample. The dashed line shows the 95% confidence intervals. Vertical lines show the levels of Tension for US-China scores in 2009-2013 (left) and in 2017 (right), respectively.



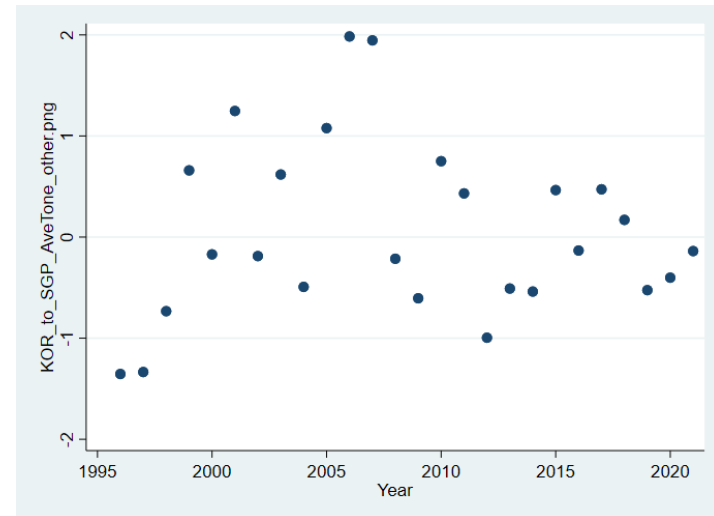
Dependent variable = Litigation	(1) High Global value	(2) Low Global value
Impartiality	0.350 (0.000)	0.218 (0.093)
Impartiality*Tension	0.033 (0.020)	0.034 (0.104)

Future case	Full	High global value	Low global value	Winning case	Wining & High global	Wining & Low global
Impartiality	-0.280 (0.026)	-0.297 (0.036)	-0.209 (0.492)	-0.392 (0.004)	-0.410 (0.014)	-0.410 (0.341)

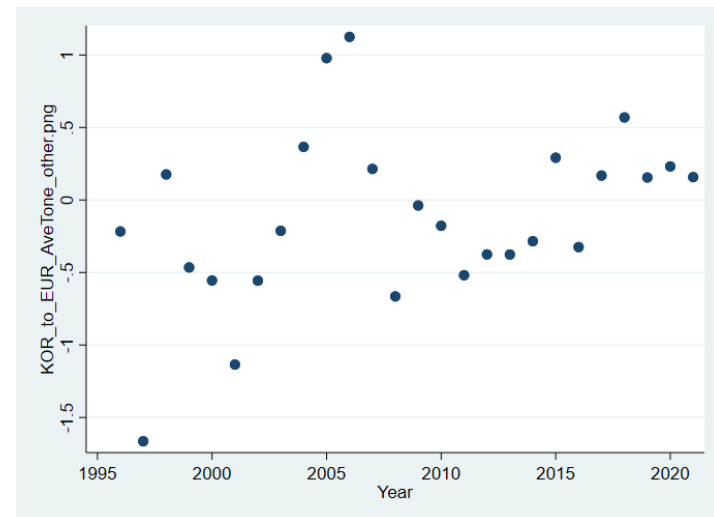
GDELT AveTone: Korea to Japan



Korea to Singapore



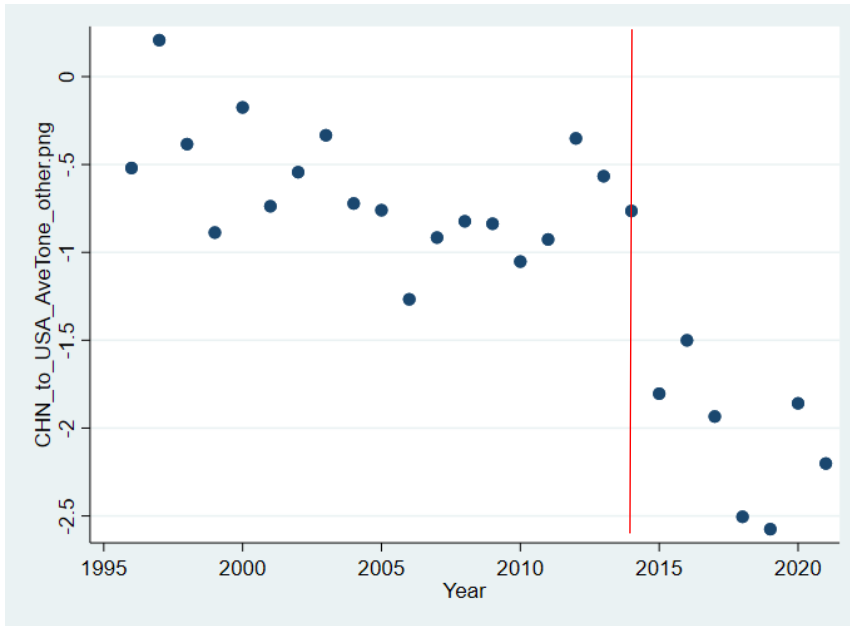
Korea to EU



The share of patent litigation cases Samsung filed against Japanese companies in Japan fell significantly, from 9.39% to 3.41%;

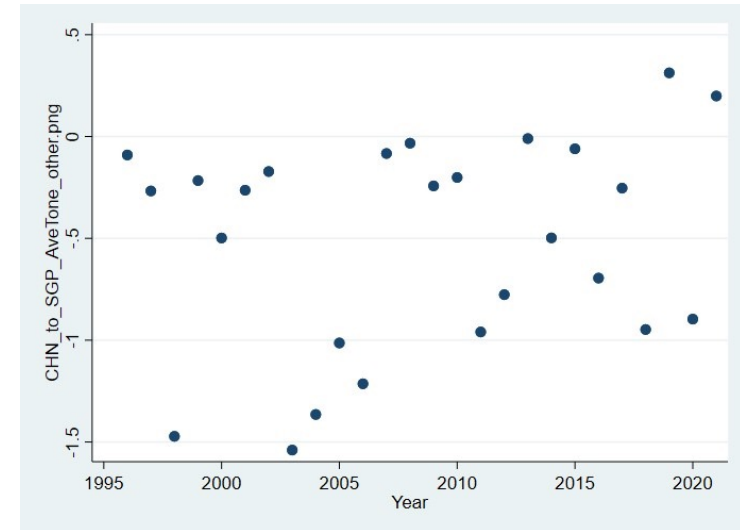
Average impartiality of its litigation venues jumped from 0.76 to 0.81, an increase of nearly two standard deviations.

GDELT AveTone: China to US

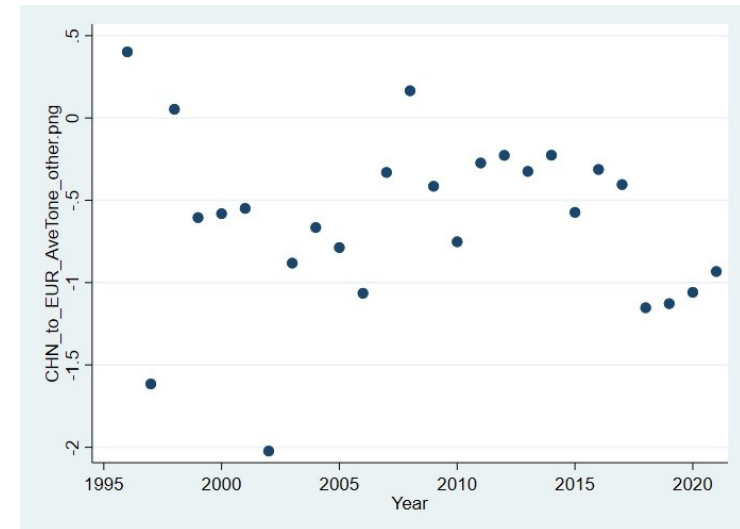


Patent litigation cases by Huawei moved from exclusively in the U.S. to other countries, most noticeably Germany and the U.K., both enjoying high impartiality scores (8.35 and 8.19, respectively).

China to Singapore



China to EU



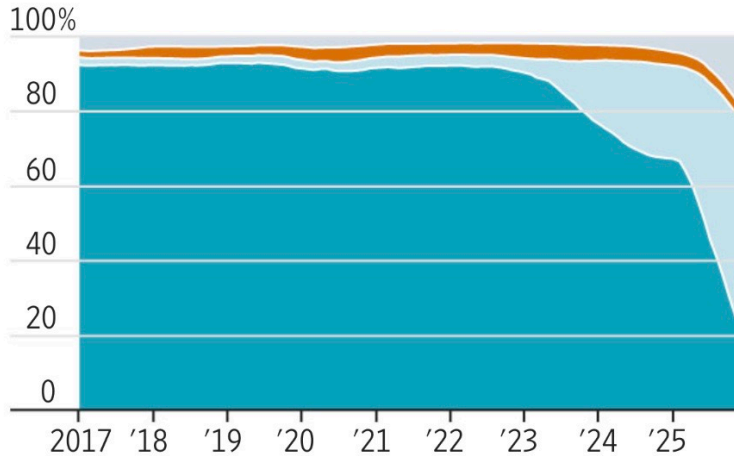
Back to arbitrage



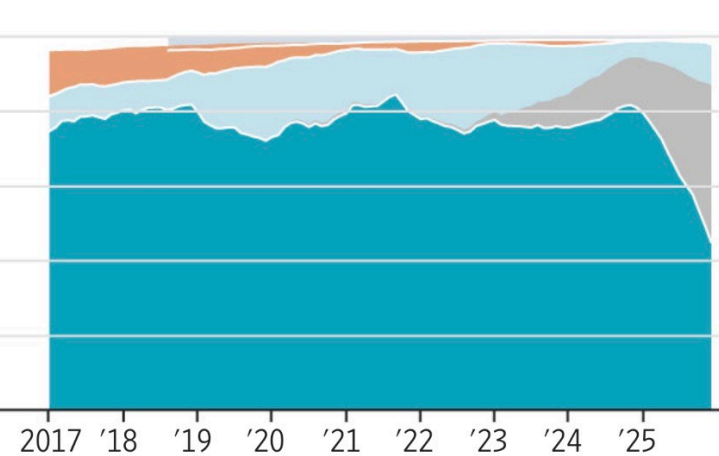
Share of U.S. imports by exporter

China Vietnam Taiwan S. Korea Japan India Rest of the World

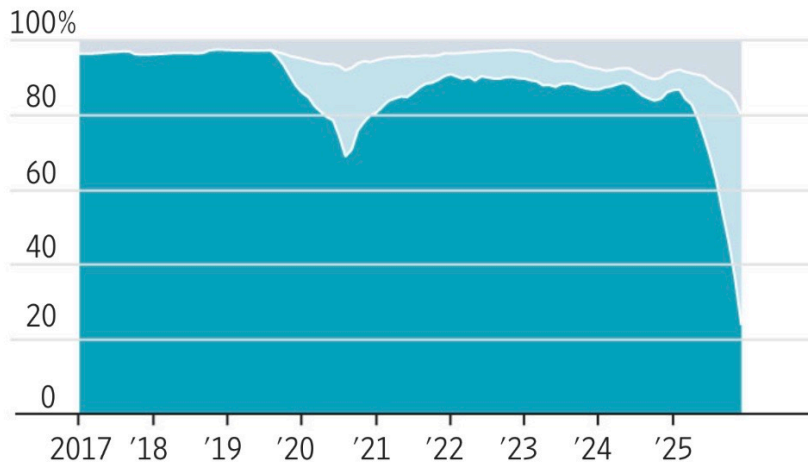
LAPTOPS AND MONITORS



SMARTPHONES

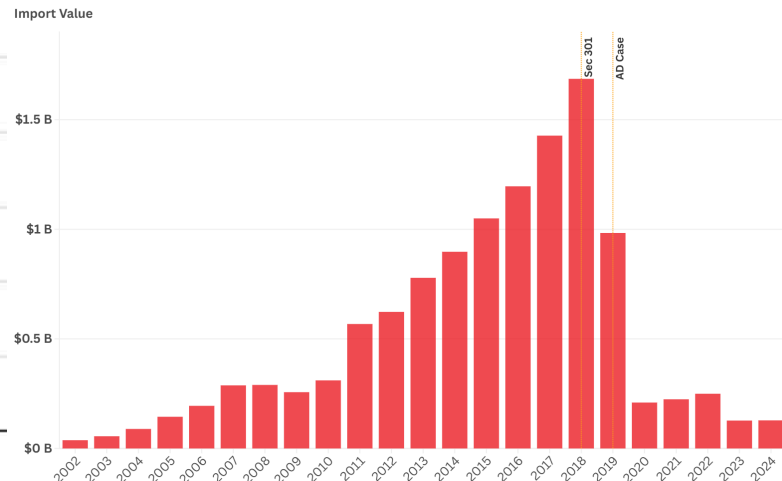


VIDEOGAME CONSOLES



China Imports Surged Exponentially Until AD Case

Wood Kitchen Cabinets Imports from China

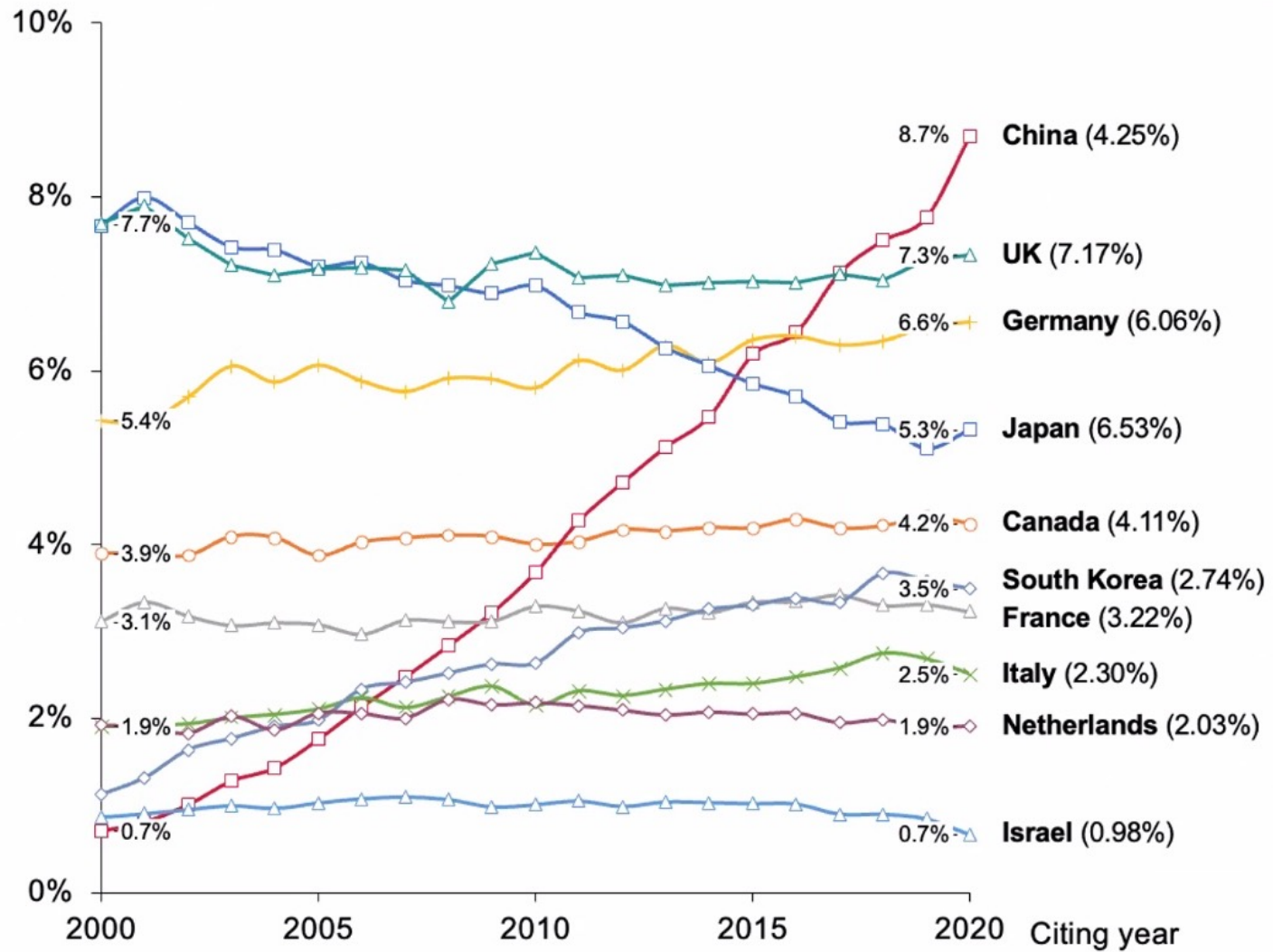


Source: U.S. Census Bureau
HTS 9403.40.9060 & 9403.90.7080/9403.91.0080

Note: Based on rolling 12-month sum

Sources: Peterson Institute for International Economics; U.S. Census Bureau

US science-reliant patents citing country-x science



Credit: Yanbo Wang @HKU

[Washington University: Olin](#)

 Washington University in St. Louis

WashU-Fudan EMBA

Ranked #1 [EMBA 2025](#)

Global Innovation and Intellectual Property

Firm Strategies and Policy Challenges in a Rapidly Changing World

[UPCOMING EVENTS](#)

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“In 2019, we decided to develop a high-level forum on global innovation and intellectual property (GIIP). We believe that global competition is increasingly defined by rivalry for technological leadership, and that the boundary between firm competitiveness and institutional infrastructure is blurring. Therefore, it is important to bring together scholars, practitioners, and policymakers to engage in rigorous, cross-disciplinary discussions on this important topic. What we did not anticipate was how quickly this topic would move from important to urgent in the years that followed.”