

JOURNAL OF MANAGEMENT STUDIES

CALL FOR PAPERS FOR A SPECIAL ISSUE

STATE CAPITALISM AND FIRMS: OWNERSHIP, INSTITUTIONS AND BEYOND

Submission Deadline: 30 September 2024

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BACKGROUND FOR THE SPECIAL ISSUE

Much work on management has seen the government as a provider of institutions, i.e., the rules of the game that govern transactions (North, 1990). However, governments worldwide have changed their attitudes towards markets and taken a much more active role than assumed in many theoretical models. This has given rise to state capitalism as a distinct yet little-understood phenomenon that affects all aspects of firms. State capitalism is “an economic system in which the state uses various tools for proactive intervention in economic production and the functioning of markets” (Wright et al., 2021, p. 2). The term has been used in many ways, inter alia as a description of the former Soviet Union’s system, and later, of developmental states in emerging economies more generally, or indeed, as a specific label for the Chinese economic system (Sperber, 2019; Alami & Dixon, 2020).

In practice, state capitalism can assume many different forms, encompassing both positive and negative features (Sallai & Schnyder, 2021), be implemented in advanced and emerging countries alike, and come back and forth over time (Cuervo-Cazurra et al., 2019), perhaps as one aspect of a Polanyian double movement. The market turmoil related to the pandemic and geopolitical instability has resulted in a statist turn even within traditionally liberal markets. In this process, governments are increasingly using sophisticated tools to achieve their objectives, whether they are political or socio-economic in nature. There is no consensus as to what constitutes a desirable level of statism – interventions such as the bailouts of banks and manufacturing firms, financial assistance during the COVID-19 pandemic, or even quantitative easing have all been lauded as necessary to stabilize the global financial ecosystem, or as ad

hoc fixes that bring problems of their own with them (Wood et al., 2022). Active industrial policy regularly goes in and out of fashion (Musacchio and Lazzarini, 2014).

In theoretical terms, the concept of state capitalism has been deployed by both neo-liberals and the ultra-left; more middle-of-the-road, and, at times, eclectic explanations have gained traction in recent years. Developments and extensions of comparative institutional analysis have sought to impart a greater coherence to thinking about this phenomenon. However, this theoretical project is still an evolving one, and remains somewhat unclear as to how state capitalism plays out across sectors and firms, and in the process of management. Management scholarship has begun to rethink the role of the state, yet the main theories of the roles of states and markets in the economy were generated when governments were in retreat from the economy and primarily informed by a negative view of government activism (Cuervo-Cazurra et al., 2014). Many of them – like most management theories – are also firmly rooted in the experience of advanced economies (Morris et al., 2023). This has left management scholars short of theoretical tools to understand the advantages of state intervention in the economy that motivated the new wave of state capitalism. This situation, in turn, led to management scholars mainly importing theories from other social sciences fields, such as political science and sociology of development to fill in the gap (Carney, 2018; Haggard, 2018). Central to the literature on comparative institutionalism has been that more than one economic policy recipe is viable, and the same goes for configurations of state intervention (cf. Jackson and Deeg, 2008). Yet, more research is needed to develop a contextual, contingent, and nuanced view of state capitalism that is management- and firm-centred.

Acknowledging the advantages of government intervention in the economy alongside more problematic aspects opens the opportunity to develop an enriched, contextualized theory of state capitalism. Earlier studies in the 2000s used a mix of theoretical approaches, oftentimes relying on more than one theory to conceptualize the influence of the state, mostly through ownership in an integrative way (Doh, 2000; Uhlenbruck et al., 2003; Wright et al., 2000). These theories, in particular, resource dependence theory, resource-based view, agency theory, and organizational learning, enabled scholars to explain how state-owned firms could benefit from privatization to develop their resources toward competitive advantage (Radić et al., 2021).

The 2010s saw a rise in publications on state capitalism as governments increasingly ventured abroad (Cuervo-Cazurra et al., 2023; Finchelstein, 2017). This created a shift in theoretical foundation toward one dominant theory, institutional theory, as the studies started to explore institutional pressures at home and abroad, institutional logics, institutional compatibility/legitimacy of state-owned firms, the liability of stateness that government ownership brings, institutional quality and institutional voids (Jackson and Deeg, 2019; Jackson and Deeg, 2008). However, there were several theoretical traditions within the broad institutionalist tradition that have led to a variety of insights and diverging predictions. Some strands of neo-institutionalist thinking (DiMaggio and Powell, 1991; Scott, 1995; Scott and Davis, 2007) argued for the negative effects of government ownership due to perceived illegitimacy (Cuervo-Cazurra and Li, 2021); however, much of neo-institutionalism concerned itself with micro issues. Institutional economics, which has prioritized private property rights, was sceptical of the role of the state as an active economic agent (North, 1990; La Porta et al., 2008). In contrast, the comparative institutional literature argued that more statist courses may be economically viable in the medium and longer terms (Witt and Redding, 2013).

However, the theoretical understanding of state capitalism goes beyond institutional theorizing. The social capital theory gained momentum through studies on political interference of the state, for example, political connections, political promotions and appointments (Tihanyi et

al., 2019), or avoidance of state control, such as political disconnections (Burt and Opper, 2020). The political embeddedness perspective (Okhmatovskiy, 2010; Sun et al., 2010) explained why firms were drawn to connect with the government (for example, to gain prestige and privileged access to government resources) but also to keep distance from the government (for example, to reduce costs associated with government interventions). Entrepreneurship scholars explored the notion of the entrepreneurial state and interactions between the state and entrepreneurs, using theories of entrepreneurial orientation and cognition (Romero-Martínez et al., 2010; Tang et al., 2017). Agency theory, being a theory of contracts, primarily depicted government ownership arrangements as being sub-optimal (when compared to a private firm with dispersed ownership) due to conflicting objectives between the government and state-owned firms (Wright et al., 2021), expropriation (Grosman et al., 2019), or lack of accountability toward the *de facto* principal, in this instance, the citizen, in the same manner as institutional investors often lacked accountability to savers (Cuervo-Cazurra et al., 2023), and minority government ownership as being beneficial due to the longevity of investment and less interference (Inoue et al., 2013). The last decade has produced a body of integrative, cross-country work about varieties of state capitalism (Cuervo-Cazurra et al., 2023; Hu et al., 2019; Li et al., 2014; Musacchio et al., 2015; Wright et al., 2021) and systematic literature reviews (Cuervo-Cazurra et al., 2022; Wei et al., 2023).

Against this backdrop, the Special Issue aims to contribute to theory building through theoretical and empirical inquiry into state capitalism and firm strategies. It also seeks to enable management scholars to engage with other disciplines, as a basis for theoretical development and proliferation.

AIMS AND SCOPE OF THE SPECIAL ISSUE

State capitalism has been studied from a variety of perspectives such as economics, finance, international business, management, political science, sociology, among others. This Special Issue seeks to augment these distinct streams of literature by looking at how state capitalism impacts firms within the state orbit as well as firms operating in contexts with high incidences of state capitalism, and what this means for theory development. From the perspective of firms within the state orbit, state capitalism can provide significant advantages, such as access to government contracts, subsidies, and preferential treatment. However, these firms may also face challenges, such as increased regulation and political interference in their operations (cf. Sallai & Schnyder, 2021).

For competitors outside of the state orbit, state capitalism can present significant challenges. Firms operating in contexts with high incidences of state capitalism may face obstacles such as protectionist policies, restricted access to key resources or markets, and greater regulatory burdens, even if they may benefit from positive spillover effects. These firms may need to develop strategies to navigate these challenges, such as building alliances or focusing on niche markets that are less affected by state intervention.

The impact of state capitalism on firm strategies depends on various factors, such as the specific form of state intervention, the industry in which firms operate, and the political and economic context in which they are situated. The Special Issue seeks a rich empirical analysis and theoretical understanding of how state capitalism impacts firms in various contexts. We envision this Special Issue to attract scholars working not only on management of state-owned enterprises (Bernier et al., 2020; Raynard et al., 2020), but also on government-business relations (Gond et al., 2011; Kourula et al., 2019), political connections (Sun et al., 2015; Wei et

al., 2023), and other state-related fields by providing a platform to discuss common challenges and explore cross-fertilization of theories and methodologies. Since conceptualization and empirical exploration of state capitalism progressed in parallel across several academic disciplines, we encourage submitting authors to bring theoretical and methodological insights from various domains of social science.

We are particularly interested in submissions addressing the following themes (with illustrative examples of relevant research questions provided for every theme):

State Capitalism and the Firm

1. What are the principal forms of state capitalism encountered in the contemporary world, and how do these differences play out at the firm level?
2. What defines state capitalism, and what are the implications of redefining the economic role of the state for how we understand the firm?
3. How do the relationships between the state and firms are shaped by institutions that characterize different forms of state capitalism?
4. What are the mechanisms of strategic adaptation to various forms of state capitalism?
5. How does state capitalism affect competition and cooperation among firms?
6. What are the effects of state capitalism on entrepreneurship and innovation?

State Ownership

1. What competing paradigms of state ownership exist and what are the implications for firm strategy?
2. What sectoral spillover effects does state ownership generate, and what are the implications for management?
3. Does state ownership redefine the boundaries of the firm?
4. What are the differences in mechanisms of state control used in state-owned firms and in firms under state influence but without state ownership?
5. What are the corporate governance challenges associated with state ownership and what are the implications for firm strategy?

Government Influence

1. How do mechanisms of state control and support differ from each other and what is their impact on firm strategies?
2. What are the implications for private firms' ability to compete with state-supported firms receiving financial and other resources from the state?
3. What is the impact of public-private governance mechanisms and networks on firm strategies?
4. How does personal and organizational embeddedness in political networks influence firm strategies?

Strategies for Firm Success in the Face of Government Influence

1. What strategies do firms (both private and state-owned) use to evade government economic activism?
2. What happens when government influence is reversed: state capitalism and state capture by firms.
3. How can firms use international expansion to reduce government influence?
4. What is the optimal distance from the state under various forms of state capitalism?

SUBMISSION PROCESS AND MANUSCRIPT DEVELOPMENT WORKSHOPS

Submission portal opens: **01 September 2024**

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Submissions should be prepared using the JMS Manuscript Preparation Guidelines

(<http://www.socadms.org.uk/wp-content/uploads/JMS-Manuscript-Preparation-Guidelines.pdf>).

Manuscripts should be submitted through the online submission website:

<https://mc.manuscriptcentral.com/jmstudies>.

Papers will be reviewed according to the JMS double-blind review process. Informal inquiries relating to the Special Issue, proposed topics and potential fit with the Special Issue objectives are welcome.

Please direct them to all the guest editors: Alvaro Cuervo-Cazurra

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Online Pre-submission Information Session: In February 2024, the editorial team will organize an online information session for the authors working on papers potentially suitable for submission to the Special Issue. Prospective contributors will have an opportunity to ask questions about the themes to be covered by the Special Issue and about the manuscript review process. Ph.D. students and junior faculty members are especially welcome to attend this pre-submission information session. Participation in the pre-submission information session is recommended but will not be a prerequisite for submitting a manuscript for the Special Issue.

Post-submission Workshop: The editorial team will organize an in-person revision workshop for the Special Issue submissions in 2025. Authors who receive a revise and resubmit decision on their manuscripts will be invited to attend this workshop. Participation in the workshop will not guarantee acceptance of the paper in the Special Issue and attendance will not be a prerequisite for publication.

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