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BRINGING INSTITUTIONS INTO STRATEGY TEACHING

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New institutionalism as a research area is thriving in the strategic management literature. The importance of institutional realities and transitions is also evident around the world. Yet, institutions are not explicitly and widely taught in strategy courses. We suggest that it is time to bring institutions into strategy teaching. Specifically, how can strategy teaching be enriched with enhanced institutional flavors? What topics can particularly benefit from bringing more institutional flavors into teaching? We argue that injecting more institutional flavors will make strategy teaching—and ultimately learning—more insightful, realistic, and balanced. To substantiate our case, we leverage progress in four areas of new institutionalism research to shed light on a series of topics widely taught in strategy courses: (1) market entry, (2) strategic alliances, (3) mergers and acquisitions (M&As), (4) corporate governance, and (5) corporate social responsibility (CSR). Overall, we suggest that bringing institutions into teaching will enhance both the rigor and relevance of strategy courses.

Underpinned by an expanding new institutionalism literature, "institutions matter" is a widely accepted proposition in strategic management (hereafter, "strategy") research (Ahuja & Yayavaram, 2011; Greenwood, Oliver, Lawrence, & Meyer, 2017; Ingram & Silverman, 2002; Peng, Sun, Pinkham, & Chen, 2009). At the same time, the rapidly moving events in the global economy have unmistakably highlighted the necessity to appreciate the importance of institutions. However, in strategy teaching, institutions as a topic are not as widely taught as other topics, such as industries, resources, and capabilities. Therefore, if strategy teaching is to keep up with both the thriving research literature and the fast-changing real world, it seems imperative that institutions be brought into strategy teaching more extensively.

An interesting question is "How?" Specifically, how can strategy teaching be enriched with enhanced institutional flavors (i.e., drawing on some elements of the new institutionalism literature to the practice of strategy teaching)? Given the diverse streams of new institutionalism research, what teaching topics can particularly benefit from bringing specific institutional insights into teaching? This article addresses these important, timely, and underexplored questions.

But before we endeavor to address these questions regarding "how," we need to understand: "Why are institutions not extensively taught in strategy courses at present?" We identify two reasons. The first deals with the fact that new institutionalism research in strategy is a recent phenomenon. There is usually a lag between research and teaching (Stambaugh & Trank, 2010). A second reason lies in the disconnect between (traditional) strategy thinking and (traditional) institutional thinking at an ontological and epistemological level. Specifically, (traditional) strategy thinking's emphasis on purposeful organizational actions undertaken by rational actors (strategists) is at odds with the

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rejection of rational-actor models in some earlier (traditional) institutional thinking (Meyer & Rowan, 1977).

However, neither strategy thinking nor institutional thinking has been static. Their recent evolution, we believe, has made it possible to harvest the fruits of their cross-fertilization. We argue that injecting more institutional flavors will make strategy teaching—and ultimately learning—more insightful, realistic, and balanced; and that most topics found in tables of contents in strategy textbooks can be enhanced by stronger institutional flavors. To substantiate our case, we leverage progress in four areas of new institutionalism research to shed light on a series of widely taught topics: (1) market entry, (2) strategic alliances, (3) mergers and acquisitions (M&As), (4) corporate governance, and (5) corporate social responsibility (CSR). Overall, we suggest that bringing institutions into teaching will enhance both the rigor and the relevance of strategy courses.

EMERGENCE OF NEW INSTITUTIONALISM RESEARCH IN STRATEGY

An identifiable beginning of the formal development of strategy as a discipline is the year 1980, during which the Strategic Management Society was founded and the *Strategic Management Journal* (*SMJ*) launched (Hambrick & Chen, 2008). During every decade, a strong theoretical view was introduced and disseminated. In the 1980s, the industry-based view (Porter, 1980) gained popularity. In the 1990s, the resource-based view (Barney, 1991), complemented by a dynamic capabilities perspective (Teece, Pisano, & Shuen, 1997), enjoyed ascendancy. The 2000s witnessed the emergence of a broader intellectual movement centered on new institutionalism, which has risen throughout the social sciences (DiMaggio & Powell, 1983; Hall & Soskice, 2001; North, 1990; Scott, 1995; Williamson, 1985) and has diffused into strategy (Deephouse, 1999; Lawrence, 1999; Oliver, 1997; Peng et al., 2009).

Commonly known as the "rules of the game," institutions are defined by North (1990: 3) as "the humanly devised constraints that structure human interaction." They are also defined by Scott (1995: 33) as "regulative, normative, and cognitive structures and activities that provide stability and meaning to social behavior." Within the broad tent of new institutionalism, two major streams with different purposes, assumptions, and compliance mechanisms (Table 1) can be identified: economic institutionalism and sociological institutionalism.[1] On the one hand, economic institutionalism generally focuses on firm behavior as a quest for efficiency under the constraints of both formal institutions (rules and laws) and informal institutions (norms and customs; North, 1990; Williamson, 1985). On the other hand, sociological institutionalism often emphasizes the constraints of cognitive-cultural factors. Firm behavior, accordingly, is often driven by an imperative to seek legitimacy (Aldrich & Fiol, 1994; DiMaggio & Powell, 1983; Meyer & Rowan, 1977; Suchman, 1995). Taken together, the differences between the two major streams of new institutionalism can be traced back to the fundamental differences in the assumption underpinning human (and firm) behavior: the logic of consequences (instrumentalism) within the economic tradition and the logic of appropriateness within the sociological tradition (Scott, 2017).

Despite these differences in disciplinary roots, purposes, and assumptions (Table 1), economic institutionalism and sociological institutionalism—which we collectively call "new institutionalism" in this article—are broadly complementary (Peng et al., 2009; Roberts, 2008; Scott, 1995, 2017). There is a remarkable consensus on a core proposition that "institutions matter." Strategy researchers have produced hundreds of studies to tackle the harder and more interesting question of *how* institutions matter (Dorobantu et al., 2017; Powell, 1996). Our keyword search of "institutions" in *SMJ* has yielded 1,084 articles (as of March 1, 2017). Although some of these articles are probably only marginally relevant to new institutionalism research, there are numerous other institutional articles published in major

[1] Sociological institutionalism is sometimes called "organizational institutionalism," "institutional theory," or "sociological and organizational strands of (new) institutional theory." However, economic institutionalism theorists, such as Williamson, have called their stream "new organizational economics," and sometimes labeled theories such as transaction cost theories (TCE) "new institutional theory." Given such confusion, we believe the typology of economic versus sociological institutionalism makes better sense. Of course, within each broad stream, further divisions are possible. For example, sociological institutionalism has branches in areas such as institutional logics, institutional work, and varieties of capitalism, and in geographical clusters such as Alberta, Scandinavian, and Stanford institutionalism (Greenwood et al., 2017). However, delineating their common roots and different insights is beyond the scope of our article, which focuses on strategy *teaching*.

TABLE 1
Two Main Streams of New Institutionalism Research

	Economic institutionalism	Sociological institutionalism
Leading authors	North, Williamson	DiMaggio & Powell, Scott
Definition	Institutions are the "rules of the games"—in other words, humanly devised constraints that structure political, economic, and social interactions (North, 1990). Include both *formal* rules such as laws and *informal* sanctions such as customs.	Institutions are composed of *cultural-cognitive*, *normative,* and *regulative* elements that, together with associated activities and resources, provide stability and meaning to social life (Scott, 1995).
Purposes	Reduce uncertainties and transaction costs to ensure actors to behave in an efficient way (Williamson, 1985).	Provide social prescriptions of what is legitimate and ensure actors behave appropriately to maintain social support (DiMaggio & Powell, 1983)
Assumptions of behavior	Logic of consequences (instrumentalism)	Logic of appropriateness
Compliance mechanisms	Efficiency	Legitimacy

journals other than *SMJ* (Hambrick & Chen, 2008). Clearly, institutions are a thriving research topic in leading strategy journals (Banalieva, Eddleston, & Zellweger, 2015; Bell, Filatotchev, & Aguilera, 2014; Bruton, Peng, Ahlstrom, Stan, & Xu, 2015; Crossland & Hambrick, 2011; Gokalp, Lee, & Peng, 2017; Hitt, Ahlstrom, Dacin, Levitas, & Svobodina, 2004; Kostova, Roth, & Dacin, 2008; Lazzarini, 2015; Mahlich, 2010; Meyer & Peng, 2016; Mol, Stadler, & Arino, 2017; Peng, Ahlstrom, Carraher, & Shi, 2017).

Extending an integrative approach often exhibited in strategy research in general and in strategy research with an institutional focus cited above in particular, we advocate an integrative approach to "draw on the best available insights from the institutional literature, regardless of the disciplinary background" (Peng, 2003: 276; see also Peng, Wang, & Jiang, 2008; Roberts, 2008; Scott, 2017). In other words, while we acknowledge the differences in various streams of new institutionalism research, we argue that for *teaching purposes*, emphasizing their differences may be counterproductive overall, and that leveraging different research areas to enhance strategy teaching of different topics—to be detailed below—may help bring more institutional flavors into strategy courses. Specifically, bringing "institutional flavors" simply means drawing on some elements of the new institutionalism literature to the practice of strategy teaching (Smets, Aristidou, & Whittington, 2017).

INSTITUTIONAL REALITIES AND TRANSITIONS AROUND THE WORLD

Although institutions serve many functions, their most fundamental role is to reduce uncertainty and provide meaning (North, 1990; Scott, 1995). Broadly speaking, institutions reduce uncertainty for different actors by formally and informally defining the boundaries of what is legitimate (Suchman, 1995). Actors, in turn, rationally pursue their interests and make choices within a given institutional framework (Deephouse, 1999; Greenwood et al., 2011; Lawrence, 1999; Oliver, 1991; Peng et al., 2009).

Institutions are not necessarily efficiency-boosting and market-supporting. Ample examples of unproductive and even destructive institutions exist (Acemoglu & Johnson, 2005; Ault & Spicer, 2014; Pinkham & Peng, 2017; Puffer & McCarthy, 2007; Qian, Wang, Geng, & Yu, 2017). In developed economies, when markets work smoothly, "the market-supporting institutions are almost invisible," according to McMillan (2007), who goes on to argue that when markets work poorly in underdeveloped economies, "the absence of [market-supporting] institutions is conspicuous."

When institutions are undergoing major transitions, how to play the game when the rules are changing becomes a crucial strategic challenge (Barnett, 2017; Hermelo & Vassolo, 2010; Khanna & Yafeh, 2007; Meyer & Thein, 2014; Peng, 2003; Walker, Madsen, & Carini, 2002). The realities of institutional transitions in a number of formerly socialist countries in Eurasia ranging from Poland to Vietnam have given rise to the term "transition economies" (Shinkle & Kriauciunas, 2012). Major institutional transitions are of course not limited to such "transition economies." A broader group, "emerging economies"—represented by Brazil, Russia, India, China, and South Africa (BRICS)—have no shortage of major institutional transitions that affect firms as players (Hoskisson, Wright, Filatotchev, & Peng, 2013; Meyer & Peng, 2016).

Recently, developed economies have also unleashed a series of unpredictable transitions, such as Brexit and Trump. Both events have caused a great deal of uncertainty, because changes to the rules of the game that individuals and firms have taken for granted are being introduced, (such as in the EU and NAFTA). A case can be made that the United States has now become the world's newest "transition economy." Overall, institutional realities and transitions around the world have necessitated increased attention to the importance of institutions in strategy teaching (Stambaugh & Trank, 2010).

Business schools in general—and strategy courses in our specific case—have been criticized by some authors for lacking relevance and lacking links to the real world (Mahoney & McGahan, 2007; Snelson-Powell, Grosvold, & Millington, 2016). As educators, we would be doing our students a disservice if our teaching ignores important institutional realities and transitions around the world.

INSTITUTIONS IN STRATEGY TEACHING

Despite a sizable and expanding research literature leveraging new institutionalism in strategy journals and institutions' visible importance behind strategic decisions, behaviors, and outcomes around the world, institutions as a topic have not been widely and explicitly taught in strategy courses (Stambaugh & Trank, 2010). In fact, neither "institutions" nor "institutional" is found to be among the defining (core, central, or key) words for the strategy field. Surveying scholars' views, Nag, Hambrick, and Chen (2007: 942) identify a total of 54 words with a high degree of consensus that are "distinctive" strategy words. Using the strategy literature published between 1962 and 2008, Ronda-Pupo and Guerras-Martin (2012: 171) yield a total of 472 core words that can define strategy. "Institutions" or "institutional" fail to make both the short list (Nag et al., 2007) and the long list (Ronda-Pupo & Guerras-Martin, 2012). In summary, institutions have yet to become part of the defining vocabulary—in other words, part of the core—for strategy. Because textbooks generally cover the core of a discipline (Stambaugh & Trank, 2010), it is not surprising that institutions are not widely covered in textbooks and thus not taught extensively.[2]

Why have institutions failed to become a part of the core for the strategy discipline? At least two reasons stand out. First, the proliferation of institutional research in strategy is a recent phenomenon. There is generally a lag between research and textbook writing—and then widespread teaching (Stambaugh & Trank, 2010). Second, there is a disconnect between the notion of "strategy" and some assumptions of new institutionalism research (especially earlier work in sociological institutionalism). A fundamental notion of "strategy" assumes that purposeful, rational actors can exert agency to achieve desired organizational outcomes—a key word is efficiency. Some foundational (traditional) research in new institutionalism "comprises a rejection of rational-actor models" often found in efficiency-driven research (DiMaggio & Powell, 1991: 8). Organizations are often assumed to be passive, complying with institutional demands with relatively little room for active agency (Meyer & Rowan, 1977). Such an incompatibility of the underlying assumptions between strategy and sociological institutionalism, which is very influential in new institutionalism research, can help explain why strategy teaching has been slow to pick up insights from sociological institutionalism (Stambaugh & Trank, 2010).[3] However, this incompatibility can be overcome—a point to which we turn below.

Institutions are not totally absent in strategy teaching. Ideas centered on institutions can often be found in at least three areas. (1) Discussion of general environments in which firms operate, such as the teaching of strengths, weaknesses, opportunities, and threats (SWOT), has inevitably touched on important political, social, and economic forces external to the firm. Some of these can be regarded as institutions. (2) The teaching of international strategy typically entails some discussion of host countries' cultures, norms, and values that can be viewed as informal institutions, in addition to host countries' laws, rules, and regulations that can be conceptualized as formal institutions (Dunning & Lundan, 2008; Gao, Murray, Kotabe, & Lu, 2010; Meyer, Estrin, Bhaumik, & Peng, 2009; Ramsey & Lorenz, 2016; Varela & Gatlin-Watts, 2014). (3) Topics related to transaction cost economics (TCE), such as make or buy (outsourcing) decisions, vertical integration, and contracting, are often taught.

[2] We have reviewed the index of three widely used strategy textbooks (Dess, Lumpkin, Eisner, & McNamara, 2014; Hitt, Ireland, & Hoskisson, 2011; Wheelen, Hunger, Hoffman, & Bamford, 2015), and found only one entry "institution theory" in one of them (Wheelen et al., 2015). In the other two textbooks, the only mention of "institutions" is the specific term "institutional investors."

[3] Given such incompatibility, Greenwood et al. (2017: 8) note that why the strategic management field has been so fortunate as to generate a thriving research literature centered on institutions "is puzzling."

Because TCE is an important part of economic institutionalism (Williamson, 1985), teaching such topics also entails some institutional flavors (Ketokivi & Mahoney, 2016). From a theoretical standpoint, economic institutionalism's focus on efficiency is more compatible with the notion of strategy, which makes it easier for strategy teaching to embrace these topics. Among various streams of new institutionalism, economic institutionalism has made some inroads into strategy teaching, while sociological institutionalism has lagged behind—a situation that this article has sought to remedy.

In general, a lag usually exists between research and teaching, and between realities and teaching. Therefore, it is not surprising that institutions have not yet become one of the central topics in strategy teaching. Going forward, we argue that given the evolution of strategy thinking and institutional thinking, it is imperative that institutional flavors be enhanced in strategy teaching—as discussed next.

ENRICHING INDUSTRY-BASED AND RESOURCE-BASED VIEWS

Part I of every strategy textbook is usually devoted to the foundations of the field, anchored by the industry-based and resource-based views. This section suggests that enhancing institutional flavors can enrich these two existing mainstream views in strategy teaching.

How can the industry-based view benefit from enhanced institutional flavors? Advocated by Porter (1980), the industry-based view, derived largely from the patterns of market competition in the United States in the 1970s (and before), has been criticized for ignoring histories and institutions (Narayanan & Fahey, 2005; Tan, 2017). Take the very first of the Five Forces framework, interfirm rivalry, and its prescription for a cost leadership strategy. The industry-based view seldom questions what is *behind* such rivalry. In truth, the very idea of what "the market" means differs around the world. Formal government policies and informal media and consumer sentiments regarding the "do's and don'ts" play a significant role in shaping competition. Under certain institutional conditions, a cost leadership strategy can be accused of being *unethical*. Think of the trouble Wal-Mart has faced by pursuing the "Everyday Low Prices" strategy. Although Wal-Mart's low prices have not broken any formal laws, they have violated the informal norms of a significant portion of its stakeholders, resulting in numerous criticisms. Summarized as the "Wal-Mart Effect," these criticisms target a range of Wal-Mart's actions, ranging from "nasty" competitive tactics (such as squeezing suppliers) to alleged "socially irresponsible" practices (such as not paying full-time employees "living wages;" Fishman, 2006).

Under other circumstances, a cost leadership strategy may become *illegal*. In international trade, the single-minded pursuit of a cost leadership strategy that ignores host country trade laws and pricing norms can easily attract legal action centered on antidumping and tariffs. Overall, from an institutional standpoint, attention to the formal and informal rules governing what is permissible in a cost leadership strategy can help students (and future managers) avoid the single-minded (and potentially counterproductive or even disastrous) pursuit of some strategies.

How can the teaching of the resource-based view be enhanced by a focus on institutions? The resource-based view has been criticized for its "little effort to establish appropriate contexts" (Priem & Butler, 2001: 32). Valuable, rare, and hard-to-imitate resources and capabilities in one context may become nonvaluable, plentiful, and easy-to-imitate in others (Brouthers, Brouthers, & Werner, 2008; Oliver 1997). Acknowledging the validity of these criticisms, Barney (2001: 52) notes that "the value of a firm's resources must be understood in the specific market context within which a firm is operating... Too many authors have simply assumed away this question, and, thus, have failed to help develop a more complete theory of firm advantages."

For example, in least developed economies (LDCs), leading multinationals famous for their world-class market capabilities are typically *not* among the most successful foreign firms (Cuervo-Cazurra & Genc, 2008). Instead, multinationals from other less developed economies, whose market capabilities are not as advanced as those of multinationals from developed economies, often do better. The reason may be that multinationals from other less developed economies have a much better understanding of how to effectively navigate the institutional complexities in such host economies, where excellence in market-based capabilities is not enough (Li, Peng, & Macaulay, 2013; Xia, Boal, & Delios, 2009). In other words, excellent resources and capabilities honed in the context of developed economies do not go far in the context of LDCs.

Overall, institutions are not merely "background," which is often assumed away in strategy teaching. Instead, "institutions *directly* determine what arrows a firm has in its quiver as it struggles to formulate and implement strategy" (Ingram & Silverman, 2002: 20, emphasis added). Therefore, we must teach our students how to craft, launch, and fight with these "arrows." Elevating the role of institutions will significantly enhance the rigor and relevance of strategy teaching. Conversely, imagine the shock in the 1990s that Microsoft's strategists, such as Bill Gates, experienced when being sued by antitrust authorities, while doing everything "right" by the playbooks of the industry-based and resource-based views. Clearly there are grave consequences for being insensitive to the institutional environment governing competition.[4] Next, we capitalize on recent new institutionalism research to demonstrate how certain strategy teaching topics can specifically benefit from such insights.

PROGRESS IN NEW INSTITUTIONALISM RESEARCH THAT CAN BENEFIT TEACHING

Recent progress in new institutionalism research—especially in sociological institutionalism—has a number of implications that can benefit strategy teaching.[5] In contrast to earlier sociological institutionalism's emphasis on institutional pressures and organizational passivity (DiMaggio & Powell, 1983; Meyer & Rowan, 1977), more recent work has advised us not to pit "strategic and institutional," "substantial and symbolic," and "economic and social" factors against each other (Powell, 1996: 295). In other words, some earlier (traditional) institutional work may have "overstated" organizations' urge to adopt superficial conformity at the expense of their quest for efficiency through active agency (Scott, 2008: 431). As sociological institutionalism research moves away from schools and bureaucracies to assert its influence in strategy, it becomes possible to focus on efficiency, which is not only a hallmark for strategy, but also for economic institutionalism.

In parallel with the evolution of sociological institutionalism research, the evolution of the strategy field in recent years has witnessed the rise of a behavioral strategy school of thought (Powell, Lovallo, & Fox, 2011). Leveraging cognitive and social psychology insights, behavioral strategy scholars tone down the (traditional) strategy assumption that strategists are purely rational actors single-mindedly dedicated to efficiency. Emotions and quests for legitimacy are a part and parcel of such newer strategy thinking.

In summary, the recent evolution of both sociological institutionalism research and behavioral strategy research suggests that the initial incompatibility of the underlying assumptions between (traditional) strategy and (traditional) sociological institutionalism can be overcome (Oliver, 1991; Greenwood et al., 2017; Peng et al., 2009; Stambaugh & Trank, 2010). Thus, time is ripe to harvest the fruits of their cross-fertilization by bringing more institutional flavors into strategy teaching. Specifically, we suggest that progress in the following four areas is particularly relevant for strategy teaching:

(1) **Organizational responses to institutional pressures**: A variety of strategic responses can be undertaken by firms, which are "not assumed to be invariably passive or active, conforming or resistant" (Oliver, 1991: 174). In other words, there is significant room for firms to strategically maneuver in response to institutional pressures (Barnett, 2017; Deephouse, 1999; Greenwood et al., 2011; Lawrence, 1999; Li et al., 2013; Peng, 2003; Peng et al., 2008).

(2) **Multiplicity of institutions and institutional logics**: Because firms are commonly subjected to multiple institutional regimes (Goodrick & Reay, 2011; Kraatz & Block, 2017; Ocasio, Thornton, & Lawrence, 2017; Thornton, Ocasio, & Lounsbury, 2012), conformity to one institution may mean deviation from the norms and expectations of

[4] By bundling its Internet Explorer with Windows, Microsoft was accused of being "anticompetitive" and elbowing competitors (especially Netscape) out of market. Product bundling of course has been legally undertaken by all kinds of firms as well as nonprofit organizations such as universities (every degree program, by definition, is a bundle of courses). In essence, Microsoft was accused of *not voluntarily helping its competitors*. Why the rules on product bundling changed on Microsoft and why it should voluntarily help its competitors—after it became more successful—is one of the leading debates in the field of antitrust and competition policy (Kwoka & White, 2014). But it seems fair to suggest that Microsoft's strategists were not savvy enough to appreciate the importance of institutions.

[5] Between economic institutionalism and sociological institutionalism, we choose to focus on sociological institutionalism because the disconnect between (traditional) sociological institutionalism and (traditional) strategy thinking—as reflected in current textbooks and teaching practices—is particularly large. Therefore, successfully bridging the two is likely to make the most significant progress in enhancing institutional flavors in strategy teaching.

another (Hall & Soskice, 2001). This calls for more sophisticated strategies, especially those adopted by hybrid organizations (Battilana, Besharov, & Mitzinneck, 2017), which operate at the intersection of often contradictory institutional expectations.

(3) **Legitimacy and legitimation**: A central part of informal institutions, legitimacy is both subtle and profound, both difficult to manipulate and self-sustaining (Suchman, 1995: 585). Topics particularly relevant in teaching include how firms can establish and strengthen legitimacy in new environments (Aldrich & Fiol, 1994; Deephouse, Bundy, Tost, & Suchman, 2017; Stevens, Xie, & Peng, 2016; Vaara & Tienari, 2008; Walgenbach, Drori, & Höllerer, 2017).

(4) **Institutional work**: Institutional work refers to "the broad category of purposive action aimed at creating, maintaining, and disrupting institutions" (Lawrence & Suddaby, 2006: 217). This research examines how individuals' and firms' active agency affects institutions (Hardy & Maguire, 2017; Lawrence, Suddaby, & Leca, 2009). This research has significantly bridged the gap between the assumptions underpinning (traditional) sociological institutionalism research that emphasizes organizational passivity and (traditional) strategy thinking that highlights active agency (Hampel, Lawrence, & Tracey, 2017).

Of course, progress in other areas of new institutionalism research may have implications for strategy teaching as well. However, we argue that as a start, this relatively comprehensive set of new progress in the four areas above, which is rarely covered in strategy textbooks, is especially needed when dealing with certain teaching topics—as discussed next.

INJECTING MORE INSTITUTIONAL FLAVORS INTO TEACHING TOPICS

Shown in Table 2, this section leverages four areas of new institutionalism research to show how five widely taught strategy topics can benefit from incorporating strong institutional flavors in teaching. These five topics are (1) market entry, (2) strategic alliances, (3) M&As, (4) corporate governance, and (5) CSR. The selection of these topics is not random. In fact, the selection follows the typical flow of strategy textbooks' table of contents. The first two topics deal with *business-level* strategies, and the next three *corporate-level* strategies. This list obviously is only representative and is not exhaustive. The links that we emphasize in Table 2 are primary focuses, but not exclusive or only focuses.

Market Entry Strategies: Responding to Institutional Frameworks

Threat of new entrants is one of the classical Porter (1980) Five Forces that are frequently taught. Beyond erecting entry barriers for incumbents, how new entrants can overcome such barriers is also covered in almost every strategy course. Teaching of the industry-based view focuses on selecting the ideal market segments with ideal conditions, and teaching of the resource-based view concentrates on developing strong resources and capabilities that propel entry. What is typically not covered, and what we believe is important from an institutional lens, is the idea that market entry strategies reflect organizational responses to institutional pressures (Deephouse, 1999; Oliver, 1991).

A key element of market entry is to select the pricing of products and services, ranging from a low-price (low-cost) strategy to a high-price (differentiation) strategy. Such market entry strategies are usually taught as basic and natural. However, market entry strategies are anything but. Instead, they are constrained and enabled by an important but rarely taught institutional framework governing competition policy (Kwoka & White, 2014). Competition policy is the "institutional mix of competition and cooperation that gives rise to the market system" (Graham & Richardson, 1997: 5). In dealing with a low-cost strategy or a high-cost strategy, respectively, competition policy focuses on predatory pricing and collusive pricing.

Basically, pricing at a level that is either too low or too high is not advisable. *Predatory pricing* is defined as (1) setting prices below cost, and (2) intending to raise prices after eliminating rivals to cover losses in the long run (in legal jargon, "an attempt to monopolize"). *Collusive price setting* refers to price setting by monopolists or colluding parties at a level higher than the competitive level. A recent case convicted is the collusion found among electronics manufacturers, which entered the liquid-crystal display (LCD) panel market in the 1990s. Starting in the 2000s, governments in the United States, European Union (EU), China, and Korea independently investigated a cartel composed of all major LCD panel manufacturers, including Samsung and LG from Korea, Chimei Innolux from Taiwan, Sharp from

TABLE 2
Institutional Insights for Specific Strategy Teaching Topics: Primary Focuses (√)

Teaching topics	Organizational responses	Multiple logics	Legitimation strategies	Institutional work
Market entry	√			
Strategic alliances	√		√	√
Mergers & acquisitions	√	√		√
Corporate governance	√	√	√	
Corporate social responsibility	√		√	

Japan, and others. These investigations found these LCD panel manufacturers guilty of colluding to inflate the prices for LCD panels. These firms were fined for more than US$1.5 billion (*Bloomberg*, 2013).

In summary, market entry strategies that violate competition laws of the jurisdictions where such entries are sought cannot go very far. A lack of the understanding of the do's and don'ts can result in severe consequences. Strategists ignoring the importance of institutions do so at their own peril, and strategy courses that fail to emphasize this institutional aspect are obviously incomplete. As responses to such institutional forces, market entry strategies in terms of pricing can only proceed within an institutionally permissible range and deviating from this range will be sanctioned (Oliver, 1991). A crucial lesson is that "free market" competition in market entry pricing is anything but free. Managers must be aware of institutional constraints and respond accordingly.

Strategic Alliances: Undertaking Institutional Work to Enhance Legitimacy

"Collaborate with Your Competitors—and Win" (Hamel, Doz, & Prahalad, 1989) is the title of an influential article in *Harvard Business Review* (*HBR*) that has helped launch a series of strategy research on the industry-based and resource-based drivers of strategic alliances, especially those with competitors. The volume of research on alliances and the proliferation of such practices has justified a full chapter in every strategy textbook.

Hamel et al. (1989: 133) open their article by stating that "Collaboration between competitors is in fashion." True enough, but they have never discussed—and few strategic alliance chapters in textbooks have bothered to explain—the institutional underpinning of why such sensitive alliances are in fashion, at that point in time. In fact, as with market entry strategies, strategic alliances, especially those with competitors, also reflect organizational responses to institutional conditions. Prior to the 1980s, collaboration between competitors had often been banned by U.S. antitrust authorities, because such a collaboration—with an alleged intent to collude—would be viewed as per se (in and of itself) violation of antitrust laws (Kwoka & White, 2014). Only during the Reagan era when antitrust enforcement became more pro-business did collaboration between competitors become permissible. In fact, the very first example that Hamel et al. (1989: 133) cite, General Motors (GM) and Toyota assembling cars together starting in 1983, was one of the first high-profile cases of such traditionally sensitive alliances that were approved by the Department of Justice (DOJ). It was in part due to GM's intense lobbying in the early 1980s—in connection with its financial desperation—that led to the DOJ's blessing to the GM–Toyota alliance. In other words, this is a successful case of institutional work (Lawrence et al., 2009) or institutional entrepreneurship at work (Hardy & Maguire, 2017). In addition to GM, Toyota and other like-minded firms leveraged lobbying and other resources available during the Reagan era to disrupt and transform existing institutions of antitrust.

Over time, thanks to the dissemination and teaching of the idea "collaborating with competitors" advocated by Hamel et al. (1989), such strategic alliances become part of the informal norms guiding strategic actions of managers. Leveraging Suchman's (1995) typology of three forms of legitimacy, we can see that strategic alliances with competitors first evolved through a *pragmatic* legitimacy stage, which was based on the pragmatic needs to assist struggling firms such as GM. Over time, such alliances, being widely used in practice, take on *normative* legitimacy. Eventually, such alliances enjoy *cognitive* legitimacy, and are widely viewed as "natural" and taken for granted.

However, to the same extent that some institutional work can push antitrust policies to become more permissive to collaboration between competitors, other competing institutional work—championed by a different group of institutional entrepreneurs—can also propel such policies toward becoming more restrictive (Lawrence & Suddaby, 2006). Teaching the evolution of institutional backgrounds allows students to appreciate that there is no immutable strategic rationale that alliances between competitors must be permitted (Kwoka & White, 2014). In the 19th and 20th centuries, such alliances were routinely ruled illegal (Aldrich & Fiol, 1994: 661). Given the current nationalist turn under the Trump administration, a potential source of uncertainty is the argument that U.S. antitrust policies may be unfair because they discriminate against U.S. firms (Peng, 2017: 216). In 1983, GM was not allowed to collaborate with Ford, but was allowed to collaborate with Toyota. After three decades, Toyota became the largest automaker in the United States. The upshot? U.S. antitrust policies have inadvertently helped Toyota, but not Ford, to become stronger (Peng, 2017: 216). A potential nationalist policy response is to restrict or ban such alliances. In case anyone thinks this idea is too far-fetched, let us quote another influential article in *HBR* on strategic alliances in the 1980s, which advocates more restrictive policies that would be in contrast to the practice advocated by Hamel et al. (1989). Its title is "Joint Ventures with Japan Give Away Our Future" (Reich & Mankin, 1986).

Mergers and Acquisitions (M&As): Managing Multiple Institutional Logics

M&As represent another topic that can benefit from enhanced institutional flavors (Capron & Guillén, 2009; Lin, Peng, Yang, & Sun, 2009; Zhu, Ma, Sauerwald, & Peng, 2018). Although not extensively taught and discussed in strategy teaching, the fact that large-scale M&As need to be approved by antitrust authorities is often mentioned in passing. Managers who have not been taught about the importance of institutions as students are likely to concentrate on the industry-based and resource-based drivers underpinning M&A decisions (Lebedev, Peng, Xie, & Stevens, 2015; Zhu & Zhu, 2016). At the same time, they are likely to give inadequate attention to institutional issues that antitrust authorities consider. As a result, some of them are likely to be surprised when their "well-thought-out" M&A deals are blocked by antitrust authorities. In today's global economy, almost all large firms operate in multiple regions around the world. This means that they need to have a thorough understanding of the rules governing M&As—not only in their home region, but also in foreign regions in which they operate (Clougherty, 2005).[6] This is exactly what an appreciation for institutional pluralism that emphasizes the necessity to be sensitive to multiple institutional logics can contribute (Kraatz & Block, 2017; Thornton et al., 2012).

In 2001, two U.S. firms, General Electric (GE) and Honeywell, proposed to merge and obtained U.S. antitrust clearance. However, they failed to appreciate that the EU and the U.S. have significantly different approaches to competition policies governing M&As. Compared with the U.S.' chief concern with a level playing field for all competitors, the EU primarily emphasizes protection of consumers and protection of EU firms' competitiveness. As a result, GE and Honeywell were shocked by the EU's motivation to block the deal. The EU viewed with suspicion precisely those industry-based and resource-based synergies that made the deal so attractive—combining Honeywell's cockpit controls with GE's engines and aircraft financing. The EU would approve the merger only if GE made the kind of concessions that, from GE's standpoint, would have wrecked the whole point of the merger. Given the EU's "extraordinary demands" (in GE's words), the deal sank (*Time*, 2001). In other words, a deal that looked "perfect" from the industry-based and resource-based views collapsed, due to a lack of sensitivity to multiple institutional logics governing M&As.

When confronting demands from multiple institutional frameworks and logics, one of the leading organizational responses—other than withdrawal as in the GE–Honeywell case—is to construct and leverage hybrid organizations, which combine distinct institutional logics and organizational identities (Battilana et al., 2017). One example of such hybrid organizations is the new breed of state-owned enterprises (SOEs), "in which the levels of ownership and control by the state can vary" (Bruton et al., 2015: 92). Some SOEs are publicly listed, and thus, have significant private ownership. Clearly, state ownership and private ownership "represent different institutional logics" (Bruton et al., 2015: 97). When

[6] In reality, in each of these regions there is a "constellation" of institutional logics (Goodrick & Reay, 2011), some of which may be in conflict with each other (Meyer & Höllerer, 2010). However, for *teaching* purposes, it seems reasonable to assume that there is one *dominant* logic governing one region during one point in time.

managed well, hybrid organizations such as the new SOEs "can harvest legitimacy-enhancing elements of the different institutional logics and thrive" (Bruton et al., 2015: 97).

Most cross-border M&As undertaken by Chinese firms originate from such hybrid SOEs (Li, Xia, & Lin, 2017). Since approximately 2000, they started to show up in various host economies. The initial fear of such acquisitions was tremendous in host countries, especially in developed economies. Interestingly, after about a decade, many target firms in developed economies—despite having other choices—prefer to be taken over by Chinese acquirers, which have gained a reputation of being benevolent owners and delivering good results (Knoerich, 2016). In 2017, Syngenta of Switzerland rejected a similar offer from Monsanto, and chose instead to be acquired by ChemChina in a $43 billion deal. One of the reasons behind the deal's success is that ChemChina played its "hybrid" card well. Being state owned ensures that China's vast market for seeds and pesticides would be open to Syngenta. Being a "hybrid" means that ChemChina is flexible enough to guarantee and respect Syngenta's autonomy—instead of focusing on tight control as a more traditional (non-hybrid) SOE would have done (*Fortune*, 2017).

The lesson? A lack of respect for institutional pluralism is likely to result in nasty surprises and unpleasant outcomes when managing M&As—of the sort GE and Honeywell experienced. Conversely, an ability to leverage multiple institutional logics can move complex and uncertain M&A deals forward—evidenced by the ChemChina–Syngenta deal. Clearly, such institutional lessons on M&A successes and failures need to be discussed and disseminated in strategy teaching.

Corporate Governance: Appreciating Varieties and Vying for Legitimacy

The importance of institutions in corporate governance is evident through extensive research on the impact of various institutions (formal and informal) on corporate governance decisions and outcomes (Bell et al., 2014; Boytsun, Deloof, & Matthyssens, 2011; Grosvold & Brammer, 2011; Moore, Bell, Filatotchev, & Rasheed, 2012; Sauerwald & Peng, 2013; Young et al., 2008). Filatotchev, Jackson, and Nakajima (2013: 979) suggest that "national institutions represent important contingency factors that may influence the adoption and effectiveness of firm-level governance practices."

However, most strategy textbooks only contain a basic discussion of the role of various corporate governance dimensions, such as board composition (insiders/outsiders), ownership, rewards and incentives, and external control mechanisms. Some institutional flavors are often only added in discussions of the impact of various ownership structures in countries other than the United States. We focus on two areas of corporate governance—CEO power and female director representation—to show that an institutional lens adds an important dimension to our teaching of corporate governance topics (Peng, Sun, Vlas, Minichilli, & Corbetta, 2018).

First, CEO power varies around the world—some more "autocratic," and others more "democratic." A lot of research has looked into CEO personality (such as narcissism) and CEO-board dynamics behind CEO power (Krause, Priem, & Love, 2015). How much power should a CEO have? On the one hand, CEOs who are "too powerful" may become entrenched and deviate from shareholder value maximization (Sauerwald, Lin, & Peng, 2016). On the other hand, CEOs who are "too weak" are not likely to get much done. Most studies focus on the determinants and consequences of CEO power relative to that of board of directors. We argue that leveraging institutional pluralism (Kraatz & Block, 2017) and invoking a varieties-of-capitalism perspective (Carney, Gedajlovic, & Yang, 2009; Hall & Soskice, 2001) can help us understand why some CEOs in certain contexts are more powerful than others.

Acknowledging the varieties of capitalism, Crossland and Hambrick (2011) find that cross-national institutional differences impact the discretion of CEO power. Specifically, in addition to formal institutions (such as ownership structure and legal system), they also investigate informal institutions (such as individualism and power distance). These formal and informal institutions generally have a positive influence on CEO power. Although earlier work has mostly focused on the impact of formal institutions, recent studies emphasize the impact of informal institutional factors on CEO power (Sauerwald & Peng, 2013). For example, Krause, Filatotchev, and Bruton (2016) look at how informal institutions (specifically, cultural-cognitive expectations of customers) are related to CEO power. They find that firms with a majority of customers in high power-distance cultures also have more powerful CEOs. CEO power in these cultures provides a form of legitimacy not present for firms that have a majority of customers in low power-distance cultures. This study shows that informal institutions (in this case, customer expectations) are an overlooked factor when evaluating CEO power. Overall, multiple institutional logics govern how much power CEOs should have around the world (Hall & Soskice, 2001). A failure to appreciate such institutional pluralism (Kraatz & Block, 2017) may result in the unhealthy (and sometimes counterproductive) promotion of one-size-fits-all "best practices," which often stem from U.S. practices (Chen, Li, & Shapiro, 2011; Mutlu, Van Essen, Peng, Saleh, & Duran, 2018).

Second, consider the case of female board representation (Macaulay, Richard, Peng, & Hasenhuttl, 2018). The media reports a wide range of the percentage of women on boards across countries. In the United States, women hold 20% of board seats in S&P 500 companies (Catalyst, 2017). This compares with 34% (Sweden), 34% (France), and 47% (Norway) of board members who are women in top European companies (Catalyst, 2017). Board composition is undoubtedly impacted by institutional norms (Catalyst, 2017; Grosvold & Brammer, 2011). Countries with high female representation on boards (Norway, Sweden, and France) have legal requirements (formal institutions) that mandate a certain percentage of women on boards of directors. In the absence of legal mandates, appointing female directors on boards is likely driven by a quest for legitimacy—in addition to an imperative for better performance (Oliver, 1991; Suchman, 1995). Empirically, the percentage of female board representation is indeed on the rise around the world (Deloitte, 2017). Discussing how the legitimacy of appointing female directors can be enhanced and the practice be embraced by more firms not only makes strategy teaching closer to corporate and board realities, but also makes our students (especially our female students, who now represent a sizable percentage of student population) better prepared for a promising career as aspiring directors in the future (Wang, Markóczy, Sun, & Peng, 2018).

In summary, corporate governance does not operate in a vacuum (Jackson & Deeg, 2008). In teaching, sensitivity to the varieties of capitalism (Carney et al., 2009; Hall & Soskice, 2001) can not only enhance our understanding of institutional differences around the world regarding important corporate governance topics such as CEO power and female board representation, but also help enhance the legitimacy of certain practices, and thus, better prepare our students for their careers.

Corporate Social Responsibility (CSR): Responding to Institutional Pressures Through Legitimacy-Building

The rise of CSR as a social and corporate movement can be viewed as an organizational response to institutional and societal pressures for enhanced legitimacy (Campbell, 2007). In an influential article, Milton Friedman (1970: 33) eloquently suggests that "the social responsibility of business is to increase its profits." A traditional free-market system is, in theory, constrained by rules, contracts, and property rights. However, CSR advocates argue that in practice, a free-market system that takes the pursuit of self-interest and profit as its guiding light may fail to constrain itself, thus often breeding greed, excesses, and abuses. Starting in the 1970s as a peripheral voice in an ocean of free-market believers, CSR has slowly but surely become a more central part of strategy discussions (Peng, 2017: 321). Recognizing that CSR can enhance firms' legitimacy among stakeholders, most strategy textbooks have some coverage of it.

However, institutional pressures "do not just 'enter' an organization—they are interpreted, given meaning, and 'represented' by actors" (Greenwood et al., 2011: 342). Debates continue to rage among actors—managers in this case—regarding how to properly view (and budget for) CSR activities (Meng, Zeng, Xie, & Qi, 2016). Initial CSR activities are often "nice to have," with some pragmatic objectives of pleasing or co-opting certain stakeholder groups. Traditional teaching suggests CSR to be some beneficial ("nice to have") activities that firms are expected to do by the public (Lii & Lee, 2012). According to Michaelson (2016), many current perceptions on CSR and ethics still merely focus on wellness at the personal level and on compliance at the firm level. Some firms reluctantly undertake CSR activities just to maintain competitive parity with other firms that have been first movers in CSR—thanks to an emerging new norm of paying some attention to CSR (Hoffman, 1999; Meng et al., 2016; Siegel, 2009).

Going one step further, the resource-based view emphasizes the role of CSR as a source of firms' competitive advantages (Surroca, Tribó, & Waddock, 2010). Some firms may use CSR as a nonmarket strategy aimed at managing and taking advantage of institutional and social contexts (Alvarez, Barney, & Newman, 2015; Dorobantu, Kaul, & Zelner, 2017; Mellahi, Frynas, Sun, & Siegel, 2016). Specifically, CSR activities may strengthen firms' political connections and legitimacy, giving them access to resources controlled by stakeholders, such as governments and communities (Marquis & Qian, 2014; Su, Peng, Tan, & Cheung, 2016). Throughout these activities, new managers who are passionate about or sympathetic toward CSR causes may join firms, and some traditional managers may change their outlook, leading to an increasingly strong cognitive belief that CSR is the right thing to do (Peng, 2017). In other words, from both normative and cognitive standpoints, it becomes legitimate or a matter of social obligation to accept and advance CSR.

CSR has helped many firms to enhance external legitimacy in the eyes of stakeholders that confer various resources (Alvarez et al., 2015; Donaldson & Preston, 1995; Suchman, 1995). Such resources not only include traditional financial resources, manpower, and government support, but also "social licenses to operate" that can propel firms to reap more benefits (Demuijnck & Fasterling, 2016). In other words, CSR can become a part of the strategic repertoire— "arrows in a quiver" (Ingram & Silverman, 2002: 20)—to tap into the crucial institutional environment and to establish sustainable legitimacy (Campbell, 2007; Filatotchev & Stahl, 2015).

Conversely, firms that fumble on CSR are likely to experience major setbacks. For example, Taiwanese firm Formosa Plastics, when negotiating to invest $1 billion in Vietnam, promised 35,000 new jobs as well as compliance with environmental standards. In 2016, while still in construction, Formosa Plastics released toxins through the sewage pipe directly to the ocean, causing mass death of fish (more than 70 tons of sea fish and 35 tons of farm-raised fish)—one of the worst environmental disasters in Vietnam (*VN Express*, 2016). The public anger led to widespread protests in many parts of the country, putting Formosa Plastics' multibillion-dollar operations throughout Vietnam in jeopardy. Eventually, Formosa Plastics agreed to pay $500 million in compensation for the disaster, which ended up costing much more than the cost of installing proper water treatment facilities (Reuters, 2017).

Overall, teaching the evolution of CSR through an institutional lens—specifically, a legitimacy-building perspective—can help students understand how to build legitimacy, first through a *pragmatic* phase, then a *normative* phase, and finally reaching a *cognitive* phase (CSR becoming part of the organizational DNA; Suchman, 1995). Instead of viewing CSR as a "cost to pay" (or even as a "nuisance"), viewing CSR as a legitimacy-building effort that can enhance both firm performance and social and environmental benefits in the long run will make teaching CSR more effective, and students more motivated and engaged.

DISCUSSION

Contributions

In our view, two contributions emerge. First, we have argued that it is time for more institutional flavors to be more explicitly and centrally incorporated into strategy teaching. According to Mahoney and McGahan (2007: 86), strategy courses today are "repositories of multiple frameworks that are not tightly integrated and are aging rapidly." New content supported by rigorous recent research in new institutionalism can help make our teaching more rigorous (Stambaugh & Trank, 2010). It can integrate existing frameworks, especially the industry-based and resource-based views, and position them as two of the three legs of an integrated strategy tripod. The third leg can be what unifies various new institutionalism streams as the institution-based view (Peng et al., 2008, 2009). Strategy teaching—and also much of business school teaching—has been criticized for an alleged lack of relevance (Snelson-Powell et al., 2016). Influenced by the obviously important institutional realities and transitions around the world, injecting stronger institutional flavors can make our courses more relevant. In teaching, it is rare to find one set of activities that can enhance both theoretical rigor and practical relevance. Bringing institutions into strategy teaching can indeed help accomplish both.

Second, we have demonstrated—topic by topic—how injecting institutional flavors can make strategy teaching and learning more insightful, realistic, and balanced. Ignoring the importance of institutions can create a series of blind spots in our teaching—and ultimately in management practice with a series of undesirable consequences (Table 3). These topics do not necessarily need to be more "natural" topics that can easily accommodate a heavier dose of institutional injections, such as CSR. Traditional topics that historically have contained less institutional flavors, such as strategic alliances and M&As, can benefit tremendously. In fact, in tables of contents of strategy textbooks, it would be difficult to find any topics that cannot benefit from more institutional flavors.

Practical (and Teaching) Implications

In this article, "practical" implications are basically implications for teaching. Three such implications emerge. First, given that in business schools, most researchers interested in new institutionalism teach strategy, we need to muster our collective strengths and resources as a like-minded scholarly community to promote our agenda. Specifically, we need to advocate the incorporation of more institutional materials in our courses. According to Hambrick and Chen (2008), the success of a scholarly community boils down to (1) differentiation, (2) legitimacy building, and (3) resource mobilization. Given the

TABLE 3
Blind Spots and Consequences for Ignoring Institutions

Teaching topics	Blind spots	Consequences (Examples in text)
Industry-based view	Firms have complete freedom in pursuing a cost leadership strategy	The criticisms Wal-Mart has received—the "Wal-Mart Effect"
Resource-based view	Excellent resources and capabilities in one context represent strengths everywhere	Leading multinationals in least developed countries
Market entry	"Free market" entry strategies can ignore competition institutions of host countries	The LCD panel cartel fined by the U.S., EU, China, and Korea
Strategic alliances	Strategic alliances are a natural outgrowth of competitive pressures that firms face	Without institutional work, the GM–Toyota alliance would not have been approved
Mergers & acquisitions	M&As can focus on industry-based and resource-based considerations only	The GE–Honeywell merger torpedoed by the EU
Corporate governance	Differences in CEO power are primarily due to personality differences	Using one-size-fits-all "best practices" worldwide
Corporate social responsibility	CSR is viewed as a "cost to pay" and as a way to co-opt certain stakeholder groups	Formosa Plastics' environmental disaster in Vietnam

thriving research literature—recall that our keyword search discovered over 1,000 *SMJ* articles on "institutions"—clearly the new institutionalism research agenda has exhibited significant differentiation and built strong legitimacy in the research space. Now we need to mobilize resources embodied in our nontrivial number. While we individually can use outside readings and relevant cases to influence our own students, collectively we can provide feedback to publishers that incorporating more institutional materials is a must—with the implicit threat that textbooks that fail to keep up with these needs will lose market share. This will be a direct practical implication stemming from a key finding from one of the most celebrated research streams in new institutionalism—identification of the market logic in higher education publishing, which has underpinned research on institutional logics (Ocasio et al., 2017; Thornton et al., 2012). As customers and colleagues, we also need to contact textbook authors to push them to inject more such materials from which more students can benefit. Most strategy textbook authors have not done new institutionalism research personally (Stambaugh & Trank, 2010), so they need more nudging. In other words, given that areas such as norms, values, and legitimacy have attracted so much research attention, it is time to practice what we know so much about by mobilizing our collective resources to make it happen (Hampel et al., 2017). In a nutshell, we need to embark on some institutional work to activate and accelerate the process of institutionalization.

Second, for strategy textbook authors, we suggest that merely adding one new chapter on institutions is not sufficient. Although one new overview chapter will be a useful start, we argue that *every* chapter in strategy textbooks can benefit from stronger institutional flavors—probably drawing from different elements of new institutionalism (Peng, 2017). Although we acknowledge the general lag between research and teaching (materials being included in textbooks; Stambaugh & Trank, 2010), we believe that it is time such a lag be shortened. Among new institutionalism researchers, instead of focusing exclusively on journal articles and handbook chapters, some of us may need to take the risk to write strategy textbooks that place institutions as part of the core curriculum (Peng, 2017). This will significantly help shorten the lag between research and teaching, as well as "popularize" new institutionalism so that many nonspecialist (noninstitutionalist) faculty members can join our efforts.

Finally, following Scott (2008), we need to caution against "overstating" the importance of institutions. After all, a strategic management course in a business school is not the same as an institutional economics class in an economics department or an institutional theory class in a sociology department. Strategy students obviously need to be well trained in the industry-based and resource-based views as well as other traditional frameworks (Tan, 2017). What we are advocating is adding more integrative, institutional flavors that will make strategy teaching and learning more balanced.

Limitations and Future Research Directions

As part of the first efforts advocating the introduction of more institutional flavors into strategy teaching, this article has barely scratched the surface of this fascinating topic with a diverse underlying literature (Greenwood et al., 2017; Scott, 2017). Pedagogically, how institutional flavors in strategy teaching can do justice to both the traditional institutional thinking and the more recent evolution remains to be chartered. New topics need to be explored, new cases written, and new textbooks crafted.

Future research needs to deepen some of the discussions we have initiated, such as how to systematically introduce more value-adding institutional topics (such as glocalization) to strategy teaching (Höllerer, Walgenbach, & Drori, 2017; Peng & Lebedev, 2017; Walgenbach et al., 2017). To enhance teaching effectiveness, the best time (where in the curriculum) to confront students with institutional flavors needs to be explored. Another important but currently little-known area is how to use institution-focused teaching to complement the industry-based and resource-based views—without "watering down" the rich insights from institutionalism. There is quite a bit of research on the complementary nature of these views in certain research topics, such as international market entry (Cui & Jiang, 2010; Luo & Peng, 1999; Meyer et al., 2009; Meyer & Thein, 2014) and technology management (Fuentelsaz et al., 2015; Peng et al., 2017). How such penetrating research can be effectively translated into teaching remains to be explored.

Finally, a promising avenue for future pedagogical research is to consider how both faculty and students may respond to strategy curriculums with enhanced institutional flavors. Although there have been limited efforts to examine how education in cross-cultural and ethical issues may benefit business students (Michaelson, 2016; Ramsey & Lorenz, 2016), research in strategy education has overlooked the fact that both faculty and students are embedded within their institutional contexts. For instance, strategy faculty and students in China may have very different evaluations of the appropriateness of certain strategies when compared with their North American or Indian counterparts (Finch et al., 2017; Kothiyal, Bell, & Clarke, 2018). Put differently, institutional contexts may have already oriented faculty and students to a certain set of preferred strategies. Alternatively, one may argue that global business education through the MBA model may promote and diffuse a more Western approach, leading to some standardization of strategic perceptions and evaluations. Considering business students as future managers, would their local institutional contexts lead to a divergence of strategic thinking? Or would the MBA education have a bigger influence to promote convergence worldwide? Exploring these questions may provide new insights not only to management education, but also to our understanding of institutions.

CONCLUSION

If strategy is truly a discipline about the "big picture" (as many of us like to say in our teaching), then the new institutionalism agenda, based on its explicit link between broad institutional issues on the one hand and firm strategy and performance on the other hand, will help substantiate strategy's "big picture" claim. We have issued a call for action: It is time to bring more institutional flavors into strategy teaching. Supported by path-breaking recent research and important institutional realities and transitions around the world, injecting strong institutional flavors will undoubtedly make strategy courses both more rigorous and more relevant.

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