

Proceedings of the
56th Annual Meeting

of the



Academy of International Business

"Local Contexts in Global Business"

Vancouver, Canada
June 24-26, 2014

Editors

Klaus Meyer, Program Chair
Tunga Kiyak, AIB Managing Director

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of the
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"Local Contexts in Global Business"
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AIB 2014 Program Overview

Vancouver, Canada - June 23-26, 2014

Saturday, June 21		Sunday, June 22		Monday, June 23
	8:00-8:15		8:00-8:15	
	8:15-8:30		8:15-8:30	
	8.30-8.45		8.30-8.45	
	8.45-9.00		8.45-9.00	
	9.00-9.15		9.00-9.15	
	9.15-9.30		9.15-9.30	
	9.30-9.45		9.30-9.45	
	9.45-10.00		9.45-10.00	
	10.00-10.15		10.00-10.15	
	10.15-10.30		10.15-10.30	
	10.30-10.45		10.30-10.45	
	10.45-11.00		10.45-11.00	
	11.00-11.15		11.00-11.15	
	11.15-11.30		11.15-11.30	
	11.30-11.45		11.30-11.45	
	11.45-12.00		11.45-12.00	
	12.00-12.15		12.00-12.15	
	12.15-12.30		12.15-12.30	
	12.30-12.45		12.30-12.45	
	12.45-13.00		12.45-13.00	
	13.00-13.15		13.00-13.15	
	13.15-13.30		13.15-13.30	
	13.30-13.45		13.30-13.45	
	13.45-14.00		13.45-14.00	
	14.00-14.15		14.00-14.15	
	14.15-14.30		14.15-14.30	
	14.30-14.45		14.30-14.45	
	14.45-15.00		14.45-15.00	
	15.00-15.15		15.00-15.15	
	15.15-15.30		15.15-15.30	
	15.30-15.45		15.30-15.45	
	15.45-16.00		15.45-16.00	
	16.00-16.15		16.00-16.15	
	16.15-16.30		16.15-16.30	
	16.30-16.45		16.30-16.45	
	16.45-17.00		16.45-17.00	
	17.00-17.15		17.00-17.15	
	17.15-17.30		17.15-17.30	
	17.30-17.45		17.30-17.45	
	17.45-18.00		17.45-18.00	
	18.00-18.15		18.00-18.15	
	18.15-18.30		18.15-18.30	
	18.30-18.45		18.30-18.45	
	18.45-19.00		18.45-19.00	
	19.00-19.30		19.00-19.30	
	19.30-20:00		19.30-20:00	
	20.00-20.30		20.00-20.30	
	20.30-21:00		20.30-21:00	
AJBS Annual Conference 8:30-18:00		AJBS Annual Conference 9:00-16:00		AIB/Sheth Doctoral Student Consortium 9:00-16:30
		AIB Board Meeting 9:00-17:00		AIB Junior Faculty Consortium 9:00-16:30
				AIB/JIBS Paper Development Workshop 9:00-15:00
				New Member Welcome Tea 15:30-16:30
				AIB Mid-Career Consortium 13:30-16:30
				AIB Chapter Chairs Luncheon and Workshop 12:30-16:30
				AIB Board Meeting 9:00-12:30
				AIB 2014 Opening Plenary 17:00-19:00
				<i>Presidential Reception</i> 19:00-21:00

AIB 2014 Program Overview

Vancouver, Canada - June 23-26, 2014

Tuesday, June 24		Wednesday, June 25		Thursday, June 26	
Fellows Café I 8:00-8:45		Fellows Café II 8:00-8:45		Fellows Café III 8:00-8:45	
1.1 Concurrent Sessions 9:00-10:15		2.1 Concurrent Sessions 9:00-10:15		3.1 Concurrent Sessions 9:00-10:15	
COFFEE BREAK 10:15-10:45		COFFEE BREAK 10:15-10:45		COFFEE BREAK 10:15-10:45	
1.2 AIB Fellows Plenary Eminent Scholar Award Session 10:45-12:00		2.2 Concurrent Sessions 10:45-12:00		3.2 AIB Fellows Plenary Executive of the Year Award Session 10:45-12:00	
LIGHT LUNCH 12:00-13:00	<i>JIBS Editorial Board Meeting</i>	LIGHT LUNCH 12:00-13:00	<i>AIB Fellows Business Meeting</i>	LIGHT LUNCH 12:00-13:00	
1.3 Concurrent Sessions 13:00-14:15		2.3 Concurrent Sessions 13:00-14:15		3.3 JIBS Decade Award and Concurrent Sessions 10:45-12:00	
BREAK 14:15-14:30		BREAK 14:15-14:30		BREAK 14:15-14:30	
1.4 Buckley-Casson Dissertation Award and Concurrent Sessions 14:30-15:45		2.4 Concurrent Sessions 14:30-15:45		3.4 Concurrent Sessions 14:30-15:45	
COFFEE BREAK 15:45-16:15		COFFEE BREAK 15:45-16:15		COFFEE BREAK 15:45-16:15	
1.5 Concurrent Sessions 16:15-17:30		2.5 Concurrent Sessions 16:15-17:30		3.5 AIB Awards Ceremony and Business Meeting 16:15-17:45	
WAIB Reception 17:30-18:30				AIB Farewell Reception 17:45-19:00	
		AIB Gala Event Vancouver Convention Centre 19:00-21:00			

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The Academy of International Business thanks the following sponsors for making the 2014 Vancouver Conference possible through their generous contributions.



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ABSTRACTS

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ABSTRACTS FOR MONDAY, JUNE 23, 2014

Session: 0.7 - Plenary

AIB 2014 Opening Plenary

Presented On: June 23, 2014 - 17:00-19:00

Coast Salish Traditional Welcome by Amanda Nahanee

Welcome Remarks

Robert Grosse, American University of Sharjah
Klaus Meyer, China Europe International Business School
Daniel Shapiro, Simon Fraser University

Presentation of the 2014 AIB Fellows Educator of the Year Award

AIB Fellows Panel: Dimensions of Context in International Business

Presented On: June 23, 2014 - 17:00-19:00

Chair: Alain Verbeke, University of Calgary

Context as the Focal Concept in International Business Research

Klaus Meyer, China Europe International Business School

Internationalization and International Entrepreneurship: A Business History Perspective

Geoffrey Jones, Harvard University

Understanding Regional Context as the New Frontier in MNE Strategy Research

Alan Rugman, University of Reading

ABSTRACTS FOR TUESDAY, JUNE 24, 2014

Session: 1.1.1 - Panel

Track: Track: 1 - People and Careers in Cross-Cultural Business

Cross-Cultural Competencies: Advances in Research and Practice

Presented On: June 24, 2014 - 09:00-10:15

Chairs: Mary Maloney, University of St Thomas and Mary Zellmer-Bruhn, University of Minnesota

Panelists:

Schon Beechler, INSEAD

Sue Canney Davison, Pipal Limited

Tony Fang, Stockholm University

Stacey Fitzsimmons, University of Victoria and Western Michigan University

Leigh Anne Liu, Georgia State University

Sully Taylor, Portland State University

The area of cross-cultural competence (CCC), or the ability to communicate effectively and behave appropriately in intercultural situations, continues to intrigue researchers and challenge practitioners. Despite decades of work in cross-cultural management and psychology, there is still debate about what CCC's key components are, and how it is measured and developed, and whether interventions designed to increase CCC actually work. What is not debated, however, is its importance – in industry, politics and government, education and society at large. This panel is aimed at AIB participants who are interested in the area of cross-cultural competence. The format is an interactive forum with both broad and targeted discussions to help interested AIB participants exchange knowledge about CCC. *(For more information, please contact: Mary Zellmer-Bruhn, University of Minnesota, USA: zellm002@umn.edu)*

Session: 1.1.2 - Special Session

Track: 18 - Scholars Meet Practice Session

How do MNEs Overcome Distrust and Build Legitimacy in Host Countries

Presented On: June 24, 2014 - 09:00-10:15

Chair: Daniel Shapiro, Simon Fraser University

Panelists:

Sean Yang, President, Huawei Canada

Yuen Pau Woo, President and CEO, Asia Pacific Foundation of Canada

Marshall Meyer, University of Pennsylvania

Karl P. Sauvant, Columbia University

Steve Globerman, Western Washington University

(For more information, please contact: Jing Li, Simon Fraser University, Canada: jingli@sfu.ca)

Session: 1.1.3 - Competitive

Track: Track: 6 - Innovation and Knowledge Management

Global Knowledge Management

Presented On: June 24, 2014 - 09:00-10:15

Chair: C. Annique Un, Northeastern University

R&D Offshoring and Knowledge-Exploiting Versus -Augmenting Motives: The Mediating Role of Talent Shortage at Home

Niccolo Pisani, University of Amsterdam

Joan Enric Ricart, IESE

Companies have increasingly invested in international R&D activities over time. Extant research documents that this type of foreign investment is triggered by the desire to either exploit in the host country firm-specific advantages already possessed at home or augment existing knowledge by sourcing new competencies in the foreign environment. In this paper, we focus on the particular motives driving the current relocation of innovation activities abroad primarily undertaken by Western multinationals and investigate the specific role of talent shortage at home. We contend that, while both motivations play a significant role in shaping R&D offshoring, the knowledge-exploiting argument has represented the initial rationale behind this type of investment and still remains its strongest driver. Moreover, we posit that managers' perception of a shortage of talent at home crucially mediates the association between such motives and the decision to offshore innovation activities, being the mediation stronger in the knowledge-augmenting case. We empirically validate our hypotheses testing them on a fine-grained dataset of 1,859 offshoring implementations executed by 555 multinationals headquartered in the U.S. and Western Europe. *(For more information, please contact: Niccolo Pisani, University of Amsterdam, Netherlands: n.pisani@uva.nl)*

Global R&D and Firm Innovation: Configuration and Collaborative Capability

Anupama Phene, George Washington University

Srividya Jandhyala, ESSEC

This study evaluates the conditions under which a firm's global R&D influences its innovation. We build our conceptual model by integrating insights from the organizational design perspectives with the international strategy literature. We consider two facets of the firm's global R&D, first, its configuration, by exploring the alignment of global R&D locations with the home country Inter-Governmental Organization network, and second, its collaborative capability, by examining internal and external collaborations. We hypothesize that configurations representing greater alignment of the global R&D network with home country IGO network result in increased innovation. We further propose that the extent of collaborative capacity moderates the effects of alignment on innovation. We test our hypotheses in a sample of U.S. semiconductor firms observed over the period 2000 to 2005. Our results provide support for the positive effect of configuration of firm global R&D on its innovation. The moderator effects of collaborative capability are interesting. External collaborative capability operates as hypothesized and strengthens the relationship between configuration and innovation. Internal collaborative capability receives partial support and contradicts our hypothesis by weakening the relationship between configuration and innovation. *(For more information, please contact: Anupama Phene, George Washington University, USA: anuphene@gwu.edu)*

Orchestrating First Mover Advantages within the MNC

Barbara Brenner, Danube University Krems
 Shalini Rogbeer, Goethe University Frankfurt-am-Main

We advance the first mover advantage (FMA) perspective by extending this concept within the multinational corporation (MNC) to examine how competition unfolds within the MNC. Our analytical and inductive study confirms that subsidiaries strive to gain first mover advantage. Within the MNC, the first mover is vested by the MNC headquarters (HQs) to develop a particular technology for specific markets. We find that patterns of knowledge sharing change over time crystallizing around the time when a particular subsidiary is recognized as a first mover. *(For more information, please contact: Barbara Brenner, Danube University Krems, Austria: barbara.brenner@donau-uni.ac.at)*

Direct Evidence on Learning by Exporting: Customers, Competitors and Technology Leadership

Christoph Grimpe, Copenhagen Business School
 Rene Belderbos, Catholic University of Leuven

We examine first direct evidence on the occurrence of learning by exporting, using unique survey data for German innovating firms on the role of (foreign) customers and competitors as sources of ideas and impetus for innovation. Export intensive firms frequently benefit simultaneously from domestic learning and export learning – an issue that has been ignored in prior studies. Learning from foreign customers is more prevalent than learning from foreign competitors. Firms' underlying innovation strategy appears as an important moderator of the propensity to learn and of the relationship between learning and innovativeness. Firms adopting a strategy of technology leadership more often exhibit effective learning from diverse foreign customers and this learning is strongly associated with innovative sales – but mostly so if combined with domestic customer learning. In contrast, firms that have not adopted a leadership strategy benefit most from foreign competitor learning, as they are more likely to respond to competitive pressures abroad by product imitation. *(For more information, please contact: Christoph Grimpe, Copenhagen Business School, Denmark: cg.ino@cbs.dk)*

Session: 1.1.4 - Competitive

Track: Track: 3 - Organization, Management and Human Resources of the MNE

Foreign Control and Subsidiary Initiative in HQ-Subsidiary Relationship

Presented On: June 24, 2014 - 09:00-10:15

Chair: Vijay Edward Pereira, University of Portsmouth

Subsidiary Initiative in Ship Engineering: The Institutional-Embeddedness Perspective

Ayse Saka-Helmhout, Radboud University
 Jon Erland Lervik, BI Norwegian Business School

This research expands on the strategic initiative discussion by considering the implications of institutional complementarity for proactive undertakings. It seeks to develop an understanding of how multiple embeddedness enables strategic initiatives by subsidiaries. The study compares the trajectory of engineering solutions and subsidiary capability development at Polish and Turkish subsidiaries of a Norwegian maritime company. The Comparative Capitalism view on institutions allows for an investigation of subsidiary initiative in relation to the enabling role of institutions. Our findings show that the institutional dimensions of authority sharing and organizational careers can facilitate or hinder a subsidiary's contribution to the MNE depending on whether they are complementary between home and host contexts. These findings contribute to emerging research on the opportunities and challenges presented by multiple embeddedness to MNEs in creating competitive advantages. *(For more information, please contact: Ayse Saka-Helmhout, Radboud University, Netherlands: a.saka-helmhout@fm.ru.nl)*

Psychic Distance, Global Mindset, and Headquarters-Subsidiary Relationship Quality: The Moderating Roles of Managers' Overseas Study Experience and Non-Flexible Personality

Jizhong Li, Curtin University
Fuming Jiang, Curtin University
Antonio Travaglione, Curtin University

Through the lenses of social cognitive theory and information processing theory perspectives, this paper investigates how managers' cognitive personality traits and international learning experience interact with their global mindset development and perceived psychic distance influencing headquarters-subsidiary (HQ-Sub) relationship quality. Data were collected from both the headquarters and the respective subsidiaries of 302 Chinese multinational enterprises (MNEs). Our findings suggest that managers' psychic distance and global mindset have positive effects on HQ-Sub relationship quality, and that the positive relationship between managers' global mindset and relationship quality is stronger when the managers have more overseas study experience and weaker when the managers demonstrate a non-flexible personality. *(For more information, please contact: Jizhong Li, Curtin University, Australia: forestapache@hotmail.com)*

Strategic Orientation, Foreign Parent Control, and Differentiation Capability Building of International Joint Ventures in an Emerging Market

Xiaoyun Chen, University of Macau
Xin Chen, University of Hong Kong
Kevin Zhou, University of Hong Kong

This paper examines how strategic orientations and foreign parent control mechanisms jointly influence differentiation capability building of international joint ventures (IJVs) in emerging markets. Based on a multi-source dataset of 154 IJVs in China, we find that both technology and customer orientations have a positive effect on IJV differentiation capability. More importantly, such effect is contingent on foreign parent control. Technology orientation leads to stronger differentiation capability when equity control is higher and operational control is greater. Customer orientation is more beneficial when operational control is lower and social control is more effective. *(For more information, please contact: Xiaoyun Chen, University of Macau, Macau: xychen@umac.mo)*

How Firms Make Boundary Decisions: The Role of Hierarchy Span and Expertise Span

Magdalena Dobrąjska, Copenhagen Business School
Stephan Billinger, University of Southern Denmark
Markus C. Becker, University of Southern Denmark

We report findings from an analysis of 234 firm boundary decisions that a manufacturing firm has made during a 10 year period. Extensive interviews with all major decision makers located both at the headquarters and subsidiaries allow us to examine (a) who was involved in each boundary decision, and (b) how the firm arrived at a particular transactional choice in each decision. We find that decision makers extensively adapt decision structures in order to effectively make governance mode choices. They adapt hierarchy span, i.e. the number of hierarchical levels involved, and expertise span, i.e. the number of same-level decision makers with dissimilar knowledge basis. We observe that decision makers heavily rely on varying hierarchy and expertise span in order to improve the quality of the decision outcome. Central to the adaptation of decision structures is that decision makers, over time and as novelty decreases, substitute hierarchy span with expertise span. We conclude that this substitution mechanism is core for our understanding of how decision structures are used when firms attempt to achieve transactional alignment. *(For more information, please contact: Magdalena Dobrąjska, Copenhagen Business School, Denmark: md.smg@cbs.dk)*

Session: 1.1.5 - Competitive

Track: Track: 11 - Stakeholders, Responsible Leadership and Governance

Responsible Leadership and Environmental Sustainability

Presented On: June 24, 2014 - 09:00-10:15

Chair: Hildy Jean Teegen, University of South Carolina

Foreign Direct Investment and Green Management Spillovers: Empirical Research based on Industrial Sector Panel Data in China

Qian Li, Shanghai International Studies University
Qiuzhi Xue, Fudan University

Foreign direct investment (FDI) is argued as a promoter of the technology development, and is it also a promoter for the improvement on the ecological environment in the host country? This paper applies the concept of "green management spillover" to describe the transfer of green management from FDI to the local companies, and analyzes the influence of industry linkage on it. Using an industrial sector panel data from 2005 to 2010 in China, the results show that in the current year of FDI, horizontal, backward and forward linkages between FDI and the local companies do not show positive correlation with the green management of local companies, while in the next period, there are spillovers through these three linkages. This indicates that in addition to the regulative policies and public monitoring, the participation in global networks can also act as a pressure to improve the ecological environment in the host country. *(For more information, please contact: Qian Li, Shanghai International Studies University, China: rubiali@163.com)*

Foundations of Responsible Leadership in Asia and the West: Cross-Societal Variations in Senior Executives' Responsibility Orientations

Michael A. Witt, INSEAD
Günter K. Stahl, WU Vienna

Exploring the construct of social-responsibility orientation across three Asian and two Western societies (Germany, Hong Kong, Japan, South Korea, and the United States), we show evidence that top-level executives in these societies hold fundamentally different beliefs about their responsibilities toward different stakeholders, with concomitant implications for their understanding and enactment of responsible leadership. We further find that these variations are more closely aligned with institutional factors than with cultural variables, suggesting a need to clarify the connection between culture and institutions on the one hand and culture and social-responsibility orientations on the other. *(For more information, please contact: Michael A. Witt, INSEAD, Singapore: michael.witt@insead.edu)*

Unveiling the Myth between Environmental Performance and Economic Performance: The Role of Green FSAs and Country Level Institutions

Jieqiong Ma, Saint Louis University
Nitish Singh, Saint Louis University

This paper contributes to the ongoing debate regarding the relationship between environmental performance and economic performance. Utilizing the resource based view and the natural resource based view, the paper argues that the relationship between environmental and economic performance is not straightforward, but mediated by "Green firm-specific advantages" (Green FSAs) such as cradle to cradle advantage and eco-efficiency advantage. In addition, country level environmental institution acts as a moderator in this relationship. Thus the paper conceptually expands the literature by identifying the mediating role of Green FSAs and the moderating role of country level environmental institutions. Empirically, this paper improves the traditional measurement for environmental performance by defining it as the economic gains from per unit

increase of the company's environmental investment. *(For more information, please contact: Jieqiong Ma, Saint Louis University, USA: jma17@slu.edu)*

Developing Responsible Global Leaders – The Rise and Methodology of International Service-Learning Programs
 Thomas Maak, ESADE Business School
 Nicola Manuela Pless, ESADE Business School
 Marketa Borecka, University of St. Gallen

Two major trends have shaped the international business field over the past decade: globalization and the quest for responsible leadership. Yet, what are the qualities that business leaders need to act responsibly in an increasingly complex, interlinked world, and thus to meet new social, environmental and political responsibilities? How can organizations develop these qualities in their current and future leaders? In this paper we provide tentative answers to both questions by fleshing out some of the qualities global leaders need to succeed in a connected world and by comparing three innovative executive development programs that use international service learning assignments as a way to instill these qualities in their executives. These programs are PricewaterhouseCoopers' Ulysses Program, Pfizer's Global Health Fellows Program, and IBM's Corporate Service Corps. *(For more information, please contact: Thomas Maak, ESADE Business School, Spain: thomas.maak@esade.edu)*

Session: 1.1.6 - Competitive

Track: Track: 12 - The Institutional and Political Environment of IB

How Do Firms Tackle Institutional Complexities across the Globe?

Presented On: June 24, 2014 - 09:00-10:15

Chair: Tatiana Kostova, University of South Carolina

All Things Work Together for Innovation: Market Reform Synchronization and Firm Network Prominence
 Weilei (Stone) Shi, Baruch College, CUNY
 Li (Sunny) Sun, University of Missouri-Kansas City
 John Prescott, University of Pittsburgh
 Victor Zitian Chen, University of North Carolina at Charlotte

In an emerging market, marketization reform involves market-oriented changes in a set of formal institutional dimensions that vary in the degree to which they are temporally synchronized across sub-regions of a country. We theorize that the temporal synchronization of marketization reform dimensions generate institutional complementarities through two temporal mechanisms –cognitive- and resource coordination –and thus foster firm innovation. We further theorize that less prominent firms in an interlocking board network experience innovation-related benefits when there is a high degree of temporal synchronization in a sub-region. Using a panel data of 1,254 Chinese firms from 2001-2008, we find support for our hypotheses. We contribute to the nexus of the institutional and strategy literatures in the context of emerging markets undergoing marketization reform by advancing a temporal synchronization perspective and linking it to the strategic value of network.

(For more information, please contact: Weilei (Stone) Shi, Baruch College, CUNY, USA: weilei.shi@baruch.cuny.edu)

From Institutional Theory to Institutional Distance

Vincent Eduard Kunst, Rijksuniversiteit Groningen

Andre Antonius Johannes Van Hoorn, Rijksuniversiteit Groningen

Institutions and, particularly, institutional distance (i.e., the degree of dissimilarity between home and host country institutional profiles) are quintessential in international management and much researched. However, institutional theories have been applied inappropriately in institutional distance research, raising serious concerns about a literature that is known for being plagued by paradoxes and small effect sizes. While theory finds that regulative, normative and cognitive institutions are multidimensional constructs, institutional distance research implicitly assumes exactly the opposite, forcing incommensurable measures together in neat unidimensional composite distance metrics in these three domains. We combine institutional theories and approaches to propose that the resulting regulative, normative and cognitive distance metrics lack construct validity, meaning they do not measure the latent construct they are supposed to measure. Application of confirmatory factor analysis and other statistical techniques renders strong empirical support for our propositions. Our findings show the need for a more fine-grained application of institutional theory in international management and a key contribution of the paper is the strengthening of the theoretical foundations of institutional distance research. *(For more information, please contact: Vincent Eduard Kunst, Rijksuniversiteit Groningen, Netherlands: v.e.kunst@hotmail.com)*

Connections Undermine Connectivity: Concentrations of Market and Political Power and Mobile Teledensity

Kinde Wubneh, University of Pennsylvania

Witold J. Henisz, University of Pennsylvania

Access to telecommunications services promotes economic growth, but as a result of persistent economies of scale and network externalities, the telecommunications industry is also prone to monopolistic or oligopolistic market structures which suppress supply. Furthermore, due to the temptation of politicians to intervene in operations (e.g., pricing, hiring and investment) for political gain, the telecommunications sector is also subject to policy uncertainty which adds uncertainty to the future revenue of operators, and thus dampening investment incentives. In this paper, we use proprietary data on the number of wireless subscribers for each mobile operator in the world from the inception of the technology to the present to highlight that the concentrations of market and political power that lead to undersupply not only operate independently but that their joint presence has a super-additive effect. We find as supplier concentration, measured using a Herfindahl Index, increases, mobile teledensity and growth rates therein decline. This effect increases in the concentration of political power, as measured by the inverse of the Political Constraint Index. The contingent nature of these institutional characteristics has important implications for the design of regulatory policy interventions as well as market value assessment by investors in or consumers of regulated services. *(For more information, please contact: Kinde Wubneh, University of Pennsylvania, USA: wkin@wharton.upenn.edu)*

Significance, Substance, and Dynamics of Regulatory Response: Japanese MNEs' Ownership Strategies in China and the United States

Min (Megan) Zhang, Ivey Business School

Paul W. Beamish, Ivey Business School

The dynamic local context in an emerging economy is complicated by the coexistence of restrictive regulation systems and incremental regulatory liberalization. By utilizing a multi-theoretic lens, a comparative methodology, and longitudinal and multilevel techniques, this study investigates how Japanese MNEs are adapting their ownership patterns to accommodate China's regulatory liberalization process and the relatively mature regulation systems in the U.S. Distinguishing the subsidiary experience effect from the influence of regulatory liberalization, our empirical analyses suggest that Japanese MNEs adjust their ownership strategies differently in each of these two countries. Japanese MNEs increase their ownership levels in China to adjust to the process of regulatory liberalization; however, they also tend to relax their ownership levels with the increase of subsidiary operating experience. In contrast, Japanese MNEs only increase their ownership levels in the U.S.

with the accumulation of subsidiary experience. *(For more information, please contact: Min (Megan) Zhang, Ivey Business School, Canada: mzhang.phd@ivey.ca)*

Session: 1.1.7 - Competitive

Track: Track: 10 - Theories of the MNE and of FDI

Location Dynamics

Presented On: June 24, 2014 - 09:00-10:15

Chair: Bernie Wolf, York University

Realizing Offshore Strategies: Sequential Effects in the Internationalization of Firm's Upstream and Support Activities

Carlos Adrian Rodriguez, McGill University

This article analyzes internationalization processes in firm's upstream and support activities. I combine the Internationalization Process Model with Performance Feedback Theory to explain the geographical and functional expansion of firm's owned and outsourced initiatives. I suggest that while financial aspirations fulfillment affects geographical expansion, it is the achievement of operational expectations what explains functional diversification within a country. This study tests these relations in a dataset of offshoring projects undertaken by 230 firms in the period between 1995 and 2012. Overall, I find support for the model, and find that while the ownership structure affects the interpretation of financial aspirations, operational expectations offer consistent guidance under both fully owned and outsourced organizing modes.

(For more information, please contact: Carlos Adrian Rodriguez, McGill University, Costa Rica: carlos.rodriguez@mail.mcgill.ca)

A Simultaneous Examination of Outsourcing and Location Choices: Implications for the Theory of the Firm

Michael Leiblein, Ohio State University

Marcus M. Larsen, Copenhagen Business School

Torben Pedersen, Bocconi University

This paper simultaneously evaluates factors affecting decisions regarding the organization and location of economic activity. The paper uses data from a comprehensive sample of exchanges involving public and private global semiconductor firms over the 1990 to 2005 time period. The paper accounts for the possibility that a similar set of factors may simultaneously affect organizational- and location-decisions. The findings indicate that these decisions are highly inter-dependent, that exchange- and locational-factors are associated with both organizational- and location-decisions, and suggest that organizational- and location-decisions are at least partially substitutable. *(For more information, please contact: Marcus M. Larsen, Copenhagen Business School, Denmark: mml.smg@cbs.dk)*

'We Must Compete Against Other Locations... It is like a Beauty Competition': The Influence and Institutional Positioning of 'Softer' Factors for Investment at the Subnational Level

Sinead Monaghan, University of Limerick

Jonathan Lavelle, University of Limerick

Patrick Gunnigle, University of Limerick

This paper explores the non-economic features which influence foreign location choice of multinational enterprises (MNE) and considers the contribution of subnational institutions to this process. While significant advances have stimulated a more comprehensive enquiry of the nuanced elements of foreign direct investment (FDI) location, limited research has integrated a subnational perspective into this decision. Drawing on a largely

qualitative study, we profile three 'softer' subnational locational features which contribute to the investment decision of FDI – physical capital, cultural capital and reputational capital. Furthermore, we discuss how subnational institutions, as representatives of the host subnational location, present and communicate these attributes to investors as a means of influencing their decision. Thus, this paper significantly embellishes understanding of how actors within the local context can contribute to the geography and strategy of global firms. As the findings illustrate the malleability of locational attributes by subnational institutions, this paper cautions an internationalizing firm to be cognizant of the strategies of subnational locations to shape their location decision. *(For more information, please contact: Sinead Monaghan, University of Limerick, Ireland: sinead.monaghan@ul.ie)*

Does Outbound FDI Affect Domestic Employment? – The Role of Investment Motivations

Eunsuk Hong, SOAS, University of London
In Hyeock Lee, Loyola University Chicago
Shige Makino, Chinese University of Hong Kong

Research has provided mixed evidence on the effect of outbound FDI on domestic employment. This study intends to uncover the blackbox between outbound FDI and parent MNEs' domestic employment at home (i.e. whether they are substitutes or complements) by addressing the importance of heterogeneous 'motivations' revealed by MNEs when formulating and implementing outbound FDI projects into foreign countries. Based on an analysis of a firm-level sample of Japanese MNEs' 7,088 subsidiary-year cases in 58 countries over 1991 – 2010, we find that: (1) CSA-seeking outbound FDI motivated by the 'replacement' of existing businesses from home to host countries reduces the domestic employment of parent MNEs at home; (2) FSA-seeking outbound FDI motivated by the 'expansion' of existing businesses into foreign markets, the 'exploration' of new knowledge from host countries, or the 'risk hedge' across multiple countries enhances the domestic employment of parent MNEs at home; (3) A high level of parent MNEs' equity ownership in their foreign subsidiaries strengthens the relationships between outbound FDI motivations and the domestic employment of parent MNEs at home. *(For more information, please contact: Eunsuk Hong, SOAS, University of London, United Kingdom: e.hong@soas.ac.uk)*

Session: 1.1.8 - Competitive

Track: Track: 8 - Global Strategy, M&As and Competitiveness

What is the Real Role of Strategy in Cross-Border FDI?

Presented On: June 24, 2014 - 09:00-10:15

Chair: Daniel Han Ming Chng , China Europe International Business School

A Capability-based Perspective on Target Selection in Acquisitions: Evidence from Chinese Brewing 1999-2007

Aseem Kaul, University of Minnesota
Xun (Brian) Wu, University of Michigan

This study examines the choice of acquisition targets by horizontal acquirers. Taking a capability-based perspective, we argue that acquirers prefer targets with different levels of capability in similar contexts or markets. Moreover, acquirers will seek to balance these dimensions, seeking targets with inferior capabilities in existing markets, but superior capabilities in new but related markets, especially when they are geographically undiversified. Results from an analysis of horizontal acquisitions in the Chinese brewing industry from 1998 to 2007 provide support for our theory. The paper contributes to the acquisition literature by providing a capability-based perspective on the factors that drive target selection by acquirers, highlighting the distinction between capability transfer and capability combination as sources of value in acquisitions, as well as the role of geographic scope. *(For more information, please contact: Aseem Kaul, University of Minnesota, USA: akaul@umn.edu)*

Reviewing the Strategy Tripod in the Context of Japan's Nuclear Industry
Camilla Nellemann, Rikkyo University

Strategic management scholars agree that firms navigate the opportunities and constraints identifiable through SWOT analysis. As a result, firms' success in the market place depends on how they respond to these conditions. However, the three competing views on strategy theory known as the strategy tripod focus on different aspects of firm behavior to account for their performance. This paper aims to find out which perspective is more suitable for analyzing how Japan's nuclear industry has attempted to remain competitive in the uncertain context following the Fukushima accident. It elaborates on the market-based view (MBV); the resource-based view (RBV); and the institution-based view (IBV) in relation to empirical evidence derived from relevant textual data, and fieldwork and interviews conducted in Japan from January until November 2013.

Since the Fukushima accident, the rules of the game in Japan's nuclear industry have been in a state of flux. The legal framework proved inadequate in preventing a disaster, and is being reformed as a result. Prevailing norms that were found to exacerbate the disaster are being contested. While both MBV and RBV offer important insights, the paper finds IBV most capable of analyzing the various dynamics at play. Within this perspective, Comparative Institutional Analysis (CIA) by Aoki (2001) offers an interdisciplinary framework accounting for institutional reproduction and change, in a game theoretic manner. *(For more information, please contact: Camilla Nellemann, Rikkyo University, Japan: camillanellemann@gmail.com)*

Barriers to Imitation and Commercialization: Selecting Effective Strategies for Intellectual Property Protection
James Nebus, Suffolk University
Kah Hin Chai, National University of Singapore
Annapoornima Subramanian, National University of Singapore

Countries which are the most attractive for MNEs because of their higher economic growth rates also have the worst track records of IPR enforcement. The literature suggests strategies for a firm to protect its IP exclusive of patents, but doesn't prescribe which strategies to use where. We answer the contemporary, practical research question: which strategies should a firm select to most effectively block IP theft in a given country environment? This environment is characterized by potential local imitators' capabilities, cultural acceptance of IP theft, as well as a government's policies. Therefore, an MNE must not only have IP strategies that differ between developed and emerging countries, but may also need IP protection strategies that differ among emerging countries. We develop a contingency theory and its holistic model whose two new key constructs are barriers to imitation and barriers to commercialization, two separate, sequential hurdles that potential imitators must overcome to appropriate rents from IP stolen from innovator firms. Our practical contribution is an analysis framework which firms can use to assess their own susceptibility to IP theft. Our theoretical contribution is the holistic model which integrates strategies to provide the "bigger picture" necessary to determine the best IP protection investment. *(For more information, please contact: James Nebus, Suffolk University, USA: jnebus@suffolk.edu)*

Should Geographic Diversification Precede Product Diversification?
Dirk Boehe, University of Adelaide

How does related or unrelated geographic diversification affect future related or unrelated product diversification, and vice-versa? We explain these interrelationships by contrasting the benefits of market and technological learning with the information cost of foreign market intermediation. Using a panel dataset of over 14,000 firm-year observations from exporters based in Colombia, we find that (1) geographic diversification tends to increase future product diversification; (2) related product diversification is likely to negatively affect future geographic diversification; and (3) unrelated product diversification tends to positively affect future geographic diversification. Our study implies that the longstanding debate on the relationship between product and geographic diversification can probably be reconciled by accounting for the temporal sequence and the

relatedness of diversification. (For more information, please contact: Dirk Boehe, University of Adelaide, Australia: dirk.boehe@adelaide.edu.au)

Session: 1.1.9 - Competitive

Track: Track: 5 - Global Value Chains and the Geography of IB

Emerging Market Firms and Global Competitiveness

Presented On: June 24, 2014 - 09:00-10:15

Chair: Alvaro Cuervo-Cazurra, Northeastern University

The Location Strategies of Emerging Countries Multinationals in the EU Regions

Roberta Rabellotti, Università di Pavia
Riccardo Crescenzi, London School of Economics
Carlo Pietrobelli, Interamerican Development Bank

The paper aims at shedding new light on multinational companies from emerging countries EMNEs by looking at the determinants of their location decisions and by comparing them with those of multinational companies from advanced countries (AMNEs).

The model of empirical analysis looks at the location determinants of 19,444 investment projects from EMNEs and AMNEs in the EU-25 regions over the 2003-2008 period. With a Nested Logit (NL) framework the decisions of EMNEs and AMNEs to invest in different locations at different stages of their value chains are modelled upon the interaction between firm-specific and location specific conditions, after controlling for traditional location factors, singling out the possible differences and similarities in their strategic location behaviours and in the importance assumed by the various sources of location advantages included in the model.

(For more information, please contact: Roberta Rabellotti, Università di Pavia, Italy: roberta.rabellotti@gmail.com)

Top Management Team Functional Diversity and Mixed Foreign Direct Investment by Emerging Economy Firms

Lin Cui, Australian National University
Yi Li, Australian National University

Emerging economy firms often engage in foreign direct investment (FDI) that mixes exploitation and exploration activities, in order to counter the environment risks, uncertainty, and competitive pressures they face. In this study we argue that mixed FDI represents a form of business model innovation, and thus is enabled by a functionally diversified top management team (TMT). Furthermore, the effect of TMT functional diversity on mixed FDI is contingent on the social context of the team, competitive condition of the industry, and institutional development of firm locality. Using panel data of Chinese manufacturing firms, we find that firm's likelihood of conducting mixed strategy FDI is positively associated with the level of functional diversity of the firm's TMT. This association is stronger with the presence of strong TMT faultline setting, harsh and dynamic industry environment, and low institutional development. (For more information, please contact: Lin Cui, Australian National University, Australia: lin.cui@anu.edu.au)

Hybrid Organizations in Global Value Chains: Impact Sourcing Service Providers in the U.S., India and Kenya

Chacko George Kanothra, University of Massachusetts, Boston
Stephan Manning, University of Massachusetts, Boston
Eliad Shmuel, University of Massachusetts, Boston

In this article we seek to understand how the positioning of hybrid organizations in global value chains affects their pursuit of both business and social objectives. Hybrid organizations combine both revenue generation and

social welfare as a part of their business model. We consider the empirical cases of Impact Sourcing Service Providers (ISSPs) in three countries –organizations that form a part of the global value chain of business process outsourcing and at the same time adopt a hybrid business model of commercial and social value creation. Our findings suggest that the positioning of ISSPs in GVCs affect both their ability to pursue business objectives, their commitment to community service, and their propensity to grow. *(For more information, please contact: Chacko George Kannothe, University of Massachusetts, Boston, USA: chacko.kannothe001@umb.edu)*

Session: 1.1.10 - Competitive

Track: Track: 12 - The Institutional and Political Environment of IB

MNE Non-Market Strategy in Host Economies

Presented On: June 24, 2014 - 09:00-10:15

Chair: Jonathan Doh, Villanova University

Political network intensity fit and strategic performance: Evidence from wholly owned foreign subsidiaries in a volatile environment

George O. White III, Old Dominion University

Stav Fainshmidt, Old Dominion University & Florida International University

Tazeeb Rajwani, Cranfield University

Roberto Martin N. Galang, Ateneo de Manila University

Thomas A. Hemphill, University of Michigan-Flint

By integrating organizational imprinting theory with the fit paradigm, we investigate the influence of parent home country political stability and regulatory quality on wholly owned foreign subsidiary (foreign subsidiary) political network intensity. We also consider how strategic fit between MNE parent home country institutions and political network intensity will impact foreign subsidiary satisfaction with strategic performance in a volatile institutional environment. We employ data collected from 181 foreign subsidiaries in the Philippines and find that MNE home country political stability and regulatory quality, as organizationally imprinted norms, have divergent effects on the intensity of foreign subsidiary political networking. We also find that fit between home country institutions and the level of a foreign subsidiary's political network intensity positively influences strategic performance in a volatile environment. Managerial implications and future research suggestions are discussed. *(For more information, please contact: George O. White III, Old Dominion University, USA: gowwhite@odu.edu)*

A Taxonomy of Adaptive Political Strategies: Managing Host Political Contexts in Emerging Economies

Maria Andrea De Villa, Universidad EAFIT

Tazeeb Rajwani, Cranfield University

Thomas Lawton, Open University

Kamel Mellahi, Warwick Business School

Corporate political activity research has focused on the study of political strategies that allow firms to influence government affairs. In contrast, this study examines political strategies that allow firms to adapt to rather than influence their political environment. Specifically, we assess strategies to confront host country political contexts in emerging economies that share two characteristics: a tendency towards nationalistic policies and weak institutions. The findings show that firms can use corporate adaptive political strategies rather than traditional corporate political strategies to start and sustain operations in this type of political contexts. This entails attuning firm processes, structures, and management practices to local norms and political behaviors, rather than attempting to shape the host country political environment in its own likeness. Our results suggest firms need to include corporate adaptive political strategies in their strategic repertoire when starting or sustaining

operations in emerging economies with such characteristics. *(For more information, please contact: Maria Andrea De Villa, Universidad EAFIT, Colombia: mdevilla@eafit.edu.co)*

Adapting to the Future: Global-Local Strategy and Institutional Change in Emerging Markets

Meng Zhao, Moscow School of Management SKOLKOVO

Sam Park, China Europe International Business School

This paper develops a longitudinal and stakeholder-centered framework for MNCs' globalization-adaptation strategy (or global-local strategy) in emerging markets. Existing research on MNC strategies in emerging markets tends to focus on institutional deficiencies as a major problem and advocate strategies that leverage global and local resources and talents to address the problem. We argue that the traditional view of institutional environment and global-local strategies fails to capture evolving social-political-market challenges for MNCs that are rooted in institutional sophistication as emerging markets mature over time. We propose social adaptation as an effective strategy to coordinate global, local, social, and economic components in MNCs' activities, which allows them to achieve sustainable operation through institutional sophistication in emerging markets. *(For more information, please contact: Meng Zhao, Moscow School of Management SKOLKOVO, Russia: mzhao@iems.com)*

Session: 1.1.11 - Competitive

Track: Track: 10 - Theories of the MNE and of FDI

M&As in Internationalization

Presented On: June 24, 2014 - 09:00-10:15

Chair: Ulrike Mayrhofer, IAE Lyon

Chinese Cross-border M&A in Advanced Economies: Antecedents and Implications

Monica Yang, Adelphi University

Ping Deng, Cleveland State University

This paper investigates major macro-level factors determining cross-border mergers and acquisitions (CBMAs) by Chinese multinational corporations in developed markets. Using panel data of Chinese CBMA deals in ten main developed markets from 1996 to 2012, we found that economic factors (e.g., wealth and strategic asset of host market) and financial factors (e.g., size and liquidity of financial market) positively affected the number of Chinese CBMA projects in developed markets. The size of market, the level of openness to international trade, and the effectiveness of government negatively influenced the number of Chinese CBMAs, whereas the growth of market was not significant in affecting the likelihood of their undertaking CBMA activities. We conclude that significant factors to explain Chinese outward foreign direct investment are not necessarily applicable to explain Chinese CBMAs. Relevant theoretical and managerial implications regarding strategic assets and national security concerns are discussed with future research directions. *(For more information, please contact: Monica Yang, Adelphi University, USA: yang2@adelphi.edu)*

A Behavioral Decision Theory Perspective on the Effects of Top Management Equity Ownership and Compensation Mix in Establishment Mode Choice Decisions

Deepak Datta, University of Texas at Arlington

Our study draws on behavioral decision theory to examine the impact of top management equity ownership and compensation structures on establishment mode choice. The study also explores whether such relationships are contingent on the level of institutional uncertainty in the host country. The study is based on a sample of 291 cross-border acquisitions and 105 greenfield subsidiaries in 49 countries by non-diversified U.S. manufacturing

firms. Our analyses reveal that firms with managers who have significant equity ownership and whose compensation structures comprise of a higher proportion contingent pay are more likely to choose cross-border acquisitions over greenfield investments. Moreover, the willingness of managers with greater equity ownership to select acquisitions is greater when establishment mode choices involve countries with higher levels of institutional uncertainty. *(For more information, please contact: Deepak Datta, University of Texas at Arlington, USA: ddatta@uta.edu)*

Within-Country Diversity Effects on Foreign Acquisitions

Douglas Dow, University of Melbourne
Ilya Cuypers, Singapore Management University
Gokhan Ertug, Singapore Management University

This paper explores how within-country diversity, both in terms of language and religion, influences the ownership structure of foreign acquisitions. Numerous commentators have acknowledged the importance of "within-country diversity," but to date this issue has received minimal attention. Our findings, based on a sample of 59,092 foreign acquisitions across 67 acquirer and 69 target countries, indicate that the diversity of languages and religions within the target's home country may be an additional source of internal uncertainty and information asymmetry, above and beyond the uncertainty and asymmetry attributable to the linguistic and religious distances between the acquirer and target countries. In contrast, the diversity of languages and religions within the acquirer's home country act as a source of tacit knowledge, moderating the firm's response to the distance and diversity of the target's home country. The results indicate that firms from more diverse countries are more aware of the difficulties associated with diverse and distant countries, and in response, more strongly seek out remedies, such as lower equity shareholdings. *(For more information, please contact: Douglas Dow, University of Melbourne, Australia: d.dow@mbs.edu)*

Contextualizing the Relationship between Parent Firm's Size and the Choice between Greenfield and Acquisition: A Meta-Analysis

Hendrik Klier, Heinrich-Heine-University Dusseldorf
Desislava Dikova, WU Vienna
Christian Schwens, Heinrich-Heine-University Dusseldorf

Entering a foreign country via acquisition or greenfield investment establishment mode choice implies an extensive resource strain for internationalizing firms. To this end, parent firm's size is a crucial determinant for firms' establishment mode choice. However, ambiguous theoretical predictions and inconclusive empirical results regarding the parent firm's size – establishment mode relationship illustrate the need for further clarification. The present meta-analysis synthesizes extant empirical findings from 14 independent samples including 7,831 entries to determine the overall effect of parent firm's size on the choice between foreign market acquisition and greenfield. Moreover, we contextualize the relationship by considering several moderating factors (i.e., host country experience, acquisition experience and industry concentration) that intervene in the consistency of the relationship. Our findings illustrate that the parent firm's size – establishment mode relationship is contingent on the firm- and industry-level factors yielding important implications for future theory development. *(For more information, please contact: Hendrik Klier, Heinrich-Heine-University Dusseldorf, Germany: hendrik.klier@hhu.de)*

Session: 1.1.12 - Competitive

Track: Track: 2 - Entrepreneurship, SMEs, and Born Globals

Advancing Theory on Internationalization

Presented On: June 24, 2014 - 09:00-10:15

Chair: Liena Kano, University of Calgary

Connecting the Missing Link of Entry Mode, Location Choice, and International Market Selection: A Holistic Examination of Firms' Internationalization Processes

Markus Goelz, University of Melbourne

Tom Osegowitsch, University of Melbourne

Andre Sammartino, University of Melbourne

Sachiko Yamao, University of Melbourne

The different internationalization processes concerning location choice and entry mode have typically been researched separately. This is an artificial separation and does not reflect firms' actual decision-making processes where these decisions are usually interrelated. This study takes a holistic view of firms' internationalization, arguing that an integrated process perspective helps researchers to better understand (1) how firms conduct such choices taken a firm's particular situation into account, and (2) how the different process streams are connected. Analyzing 19 decision-making processes in ten photovoltaic firms we identify three distinct processes that vary in the order of their location and commitment decisions. *(For more information, please contact: Markus Goelz, University of Melbourne, Australia: markusg@unimelb.edu.au)*

Interlocking Directorates and U.S. IPO Firms' Operational Internationalization: Evidence from 2008-2010

Orhun Guldiken, Old Dominion University

Daanish Pestonjee, University of Arkansas

Izzet Darendeli, Temple University

By using upper echelon theory and board capital theory, this paper investigates how an IPO firm's operational internationalization, or the percentage of its revenues derived from foreign markets, is a function of the extent of international involvement of other firms on whose boards the IPO firm's top managers and directors serve. Data collected from 184 U.S. IPO firms from 2008 to 2010 show that the greater the international involvement of other firms on whose boards an IPO firm's directors serve, the greater the operational internationalization of IPO firms. In addition, the results reveal that the experience of top managers and directors complement each other in driving the IPO firm's operational internationalization. This paper extends earlier research in international business by suggesting that interlocking directorates are one avenue that shapes an IPO firm's internationalization decision. It also emphasizes that board members' experience on other firms should be conceptualized in future research on board capital theory. Overall, this study responds to calls to study how IPO firms internationalize. *(For more information, please contact: Orhun Guldiken, Old Dominion University, USA: oguldike@odu.edu)*

Transferability of Status and Experience Advantages in International Venture Capital Investments

Elisa Alvarez-Garrido, Georgia State University

Isin Guler, Sabanci University

What are the boundary conditions for the transferability of firm status and experience advantages to host countries in international expansion? We identify and empirically test the conditions under which firms with high status or high experience can benefit from these resources in international markets. We examine this question by studying the international investments of VC firms in biotechnology ventures in 20 different countries founded between 1994 and 2010, and their likelihood of reaching a successful liquidation (exit) event. We find

that when the home country of the foreign venture capital (VC) has a higher standing than the host country, the status of the foreign VC is positively associated with the likelihood of exit. Knowledge distance between the countries reduces the impact of prior experience on the likelihood of exit, and regulatory distance reduces the impact of home-country status on the likelihood of exit. These results distinguish between status and experience as sources of advantage in international markets, highlight the importance of institutional context in examining transferability of firm-specific advantages internationally. *(For more information, please contact: Isin Guler, Sabanci University, Turkey: isinguler@sabanciuniv.edu)*

Configurational Antecedents of Opportunism

Luis Lopez, INCAE

Luciano Ciravegna, INCAE

Sumit K. Kundu, Florida International University

TCE-based IB theories rest on the assumption that actors behave opportunistically. Yet, empirical evidence about opportunism is limited. This study aims to contribute to the TCE perspective of internationalization and to BG/INV theory by discussing the causal conditions that lead to opportunism in the foreign market entries of small manufacturing exporters. Drawing from the multiple theories that explain it as a concept, it examines opportunism as an outcome with multiple, concurrent combinations of causal antecedents. To analyze the antecedents of opportunism, the paper uses fuzzy set Qualitative Comparative Analysis, a method which allows exploring combinations of asymmetric causal recipes, as opposed to searching for linear relationships between variables. The paper shows that there are causal configurations that lead to the occurrence of opportunism in FMEs. There is a consistent set of FMEs where opportunism is present, which belongs consistently to a set of FMEs made by young firms soon after the first FME. The outcome of not opportunism has, at its core, the presence of managerial experience. It appears thus that FME's made by young firms or made soon after the first FME are more prone to opportunism; but managerial experience can lead to the opposite outcome. *(For more information, please contact: Luis Lopez, INCAE, Costa Rica: luis.lopez@incae.edu)*

Session: 1.1.13 - Interactive

Track: Track: 2 - Entrepreneurship, SMEs, and Born Globals

Emerging Economies and International Entrepreneurship

Presented On: June 24, 2014 - 09:00-10:15

Chair: Wade Danis, University of Victoria

Exploring the Role of Internet Marketing Capabilities on Business Relationships for Emerging Market SMEs

Constanza C. Bianchi, Universidad Adolfo Ibañez

Shane Mathews, Queensland University of Technology

The Internet has been found to positively influence the internationalization activities of small and medium-sized enterprises (SMEs), predominantly from developed countries. However, there is scant research on the role of the Internet on SME internationalization from emerging markets. This paper investigates the impact of Internet marketing capabilities on international business-to-business relationships for SMEs located in a Latin American context. Using data from 204 Chilean small and medium-sized exporters, this study tests a conceptual model through structural equation modeling technique. Findings show that Internet marketing capabilities of SMEs influence international business relationships indirectly through their effect on information availability and international mindset. *(For more information, please contact: Constanza C. Bianchi, Universidad Adolfo Ibañez, Chile: constanza.bianchi@uai.cl)*

What drives the Internationalization of Small and Medium-sized Subcontracting Firms? A Study of Korean Manufacturers

Martin Hemmert, Korea University
Jaejin Kim, Korea University

We propose and test a framework of resource- and network-related antecedents of the internationalization of subcontracting small and medium-sized enterprises (SMEs). An analysis of survey data from 1,733 subcontracting SMEs in three South Korean manufacturing industries reveals that their export orientation and export intensity is positively related to their technological resources and the business networks of their executives, whereas their marketing resources are associated with export orientation only. Contrary to our expectations, financial slack resources do not contribute to subcontracting SMEs' internationalization. We find the firms' dependence on subcontracting customers to be negatively related to their internationalization and observe an inverted U-shaped relationship between the number of subcontracting customers and internationalization, indicating that a differentiated perspective is needed when studying the influence of subcontracting on the internationalization of SMEs. Our results suggest that subcontracting firms' managers may primarily leverage R&D resources and their business networks in order to internationalize. *(For more information, please contact: Martin Hemmert, Korea University, Korea, South: mhemmert@korea.ac.kr)*

International Entrepreneurship in Small Economies: What can we learn from the South?

Christian Felzensztein, Universidad Adolfo Ibanez
Gabriel Parra, Stanford University

The literature on international business has started to use frameworks and concepts from the entrepreneurship literature to have a better understanding of how businesses conduct their internationalization process. However, most literature has focused its efforts in research on multinational firms in more developed countries. This study is focused on the initial stage of the internationalization process of a sample of small South American SMEs. The aim is to understand how location affects the different dimensions of the internationalization process. Results supported our hypotheses about the influence of location on the dimension of scope for SMEs. Findings demonstrated that a positive relationship existed between institutional development and the internationalization scope of SMEs, and a negative relationship existed between the attractiveness of the local-market and the internationalization scope of SMEs. Our results invite scholars to further research about industry and institution-level effects in the internationalization process of SMEs in Latin-America. *(For more information, please contact: Christian Felzensztein, Universidad Adolfo Ibanez, Chile: c.felzensztein@uai.cl)*

Barriers to Internationalization of New Technology-Based Firms: Empirical Evidence from Micro and Small Ventures from Brazil

Fernanda Ribeiro, University Center of FEI
Roberto Bernardes, University Center of FEI
Felipe Borini, ESPM

The purpose of this paper is to analyze the perceptions of domestic new technology-based firms (NTBFs) from an emerging economy, Brazil. We explore the perceptions of NTBFs that are not engaged in international markets regarding factors impeding the initiation of their internationalization. A survey was applied to small Brazilian technology-based firms, resulting in a sample of 129 NTBFs. Factor analysis was used to examine the constructs in the data gathered. The major perceived barriers for domestic NTBFs to enter international markets are created by institutional voids of their home country, and obstacles related to the late internationalization of their home country. The third most common obstacle perceived by non-internationalized NTBFs was technology barriers. We analyzed the internationalization barriers of nascent companies in high-tech sectors (industrial and services), a key source of knowledge intensive employment and promoters of innovation, but an under-studied field in emerging markets. *(For more information, please contact: Fernanda Ribeiro, University Center of FEI, Brazil: fribeiro@fei.edu.br)*

Understanding the Driving Forces of Chinese Born Global Firms' Formation

Xi Chen, China University of Political Science and Law

Zuohao Hu, Tsinghua University

This study presents an integrative conceptual framework and with which to identify underlying driving forces of the formation of Chinese born global firms. The paper employs a quantitative survey research method to examine the driving force of the formation of Chinese Born Global firms. Specifically, the authors apply logistic regression analysis to explore and identify different driving forces. The main findings are three folds: (1) Stronger host country customer demand and stagnated domestic market growth leads to formation of born global firms. (2) The more international business trip experience, conference experience and relevant industry experience of founder or high level managers give rise to greater possibility of the occurrence of born global firms. (3) The more global committed the firms are to overseas market, the firms are more likely to become born global firms. (For more information, please contact: Xi Chen, China University of Political Science and Law, China: chenxi@cupl.edu.cn)

Construction of Explanatory Model of Entrepreneurship Propensity to the Countries of Latin America

Raimundo Eduardo Silveira Fontenele, Universidade de Fortaleza

Alexandre Oliveira Lima, Universidade de Fortaleza

Jose Luciano Monteiro Junior, Edmonton Transit System

Different countries or regions have different levels of favorability for entrepreneurship and competitiveness in the economic sectors. However, measuring the amount of new businesses and the impact of the entrepreneurial activity within and between different societies has been a major concern in the literature on entrepreneurship. This study investigates what is the most appropriate methodology for measuring the rate of entrepreneurship for Latin America. The identification of conditions for the development of entrepreneurial activity in Latin America seeks to guide the development of policies that meet the demands of the entrepreneurs of high-growth companies. This is relevant to the continued sustainable growth in that region. (For more information, please contact: Raimundo Eduardo Silveira Fontenele, Universidade de Fortaleza, Brazil: fontenele@unifor.br)

Session: 1.1.14 - Interactive**Track: Track: 4 - Marketing and Consumers in IB*****International Product, Pricing, and Promotion Strategies*****Presented On:** June 24, 2014 - 09:00-10:15

Chair: Bodo B. Schlegelmilch, WU Vienna

Analyzing the Market's Response to Price Promotions of Vice and Virtue Product Categories: A Spanish Case

Enar Ruiz-Conde, University of Alicante

Francisco José Mas-Ruiz, University of Alicante

Aurora Calderon-Martinez, University of Alicante

Josefa Parreño-Selva, University of Alicante

This paper analyzes the effect of price promotions of vice and virtue products on sales within the subcategory, between subcategories and between periods. In contrast to previous studies for the US market (based on assumption of consumption self-control), our hypotheses assume that, due to reverse consumption self-control, the demand for vice products is more price sensitive than demand for virtue products; and that, due to the degree of impulse buying and to licensing, the demand sensitivity of the products of a subcategory, of those of other subcategories and between periods varies according to the type of promoted product (vice or virtue). The results, focused on the Spanish market, show a greater own effect for price promotions of vice products than

for virtue products, which differ of those found in previous studies for the US market. *(For more information, please contact: Enar Ruiz-Conde, University of Alicante, Spain: eruiz@ua.es)*

The Effectiveness of Differentiated Generic Product Strategy in Emerging Markets: Evidence from Indian Service Firms

Lance E. Brouthers, Kennesaw State University
Edward O'Donnell, Columbus State University
Dawn L. Keig, Whitworth University
Victor B. Marshall, Kennesaw State University

Previous scholarship suggested that emerging market manufacturing firms improve their export performance by imitating the dominant generic product strategy of Triad nation host country market. Here we examine the same notion for emerging market service providers (EMSPs). However because in general the challenge for services is to avoid being perceived as a commodity, we propose that service providers from emerging markets entering Triad nation markets can improve market performance by not mimicking the dominant generic product strategy of the specific Triad host country. Instead we propose they pursue a differentiated generic product strategy, a generic product strategy that differs from the dominant generic product strategy of the specific Triad nation market. We test this notion on a sample of IT service providers from India. Our results support the notion that using a differentiated generic product strategy results in superior performance. Managerial implications of findings are discussed. *(For more information, please contact: Dawn L. Keig, Whitworth University, USA: dawn.keig@gmail.com)*

Unlocking Advertising, Activation and Sponsorship in an Emerging Market: The Case of Beijing Olympics

Harald Dolles, Molde University College / University of Gothenburg
Sten Soderman, Stockholm University

This research aims to describe and explain the advertising behavior seen as an activation strategy performed by Olympic sponsors in an emerging market context. It provides insights into the strategic goals related to sponsorship. The longitudinal approach taken opens the possibility to explore the dynamics of the strategies of Chinese as well as foreign firms in China. A means-objective framework of sponsoring consists of six factors, which were applied to analyze 739 advertisements, articles and press releases collected from Chinese newspapers and Chinese official web pages covering a period of nine years (2001 to 2008). Based on a qualitative content analysis and nine means-objectives combinations in sponsorship patterns we discovered six dominant advertising strategies through this unlocking methodology. Our theorizing is finally based on these findings, which seem to be dependent on the lead-time to the Olympic Games and the level of internationalization of the sponsoring firm. *(For more information, please contact: Harald Dolles, Molde University College / University of Gothenburg, Germany: harald.dolles@himolde.no)*

Local-relevant Cause-related Marketing Reduces Piracy Consumption in Foreign Markets

Felix Tang, Hang Seng Management College
Candy K.Y. Ho, Hong Kong Baptist University
Shirley Y.Y. Cheng, Hong Kong Baptist University

This paper provides a solution to multinational companies (MNCs) who markets branded consumer products in countries where piracy is prevalent. It tests whether corporate social responsibility (CSR) initiatives can become a firm-specific advantage of a foreign company to mitigate some of its liability-of-foreignness (LOF). Specifically, it provides a social identity explanation of using locally relevant cause-related marketing (CRM) campaign to reduce consumer's intention to participate in counterfeit consumption. In two studies, we demonstrate that foreign companies are more susceptible than domestic companies to counterfeit attack. However, running a CRM campaign that benefits the local people can make foreign companies as strong as the domestic companies to fight against the counterfeit. We reason that consumers in developing countries perceived CRM campaign

with local beneficiaries influential to the local community in a positive way; this facilitates local consumers to “re-categorize” the foreign companies who run these CRM campaigns from “non-local members” to “local members” (i.e., perceiving them as less foreign), thereby increasing the perceived benefits associated with purchasing the authentic branded products over their counterfeit counterparts. The findings of this paper help practitioners in designing effective CSR program against counterfeit consumption. *(For more information, please contact: Felix Tang, Hang Seng Management College, Hong Kong, SAR-PRC: felix Tang@hsmc.edu.hk)*

Market Orientation and CSR: Performance Implications

Timothy Kiessling, Bilkent University

Lars Isaksson, Bond University

Burze Yasar, Bilkent University

Marina Dabic, Nottingham Trent University & University of Zagreb

Corporate Social Responsibility (CSR) has become of great interest to both researchers and practitioners alike with much discussion on whether the costs outweigh the performance implications. CSR has become a firm strategic tool (not only an ethical concept) as firms recognize that the customer value proposition and CSR is integrated with the focus on how to differentiate the firm from the view of the customer. We utilized Market Orientation theory (MO) as our foundation for our research as it explains how organizations adapt to their customer environment and focus on serving customers to develop competitive advantages. MO is both proactive and reactive with a focus on the current customer and an estimation of their needs in the future. With the current customer focus on CSR, MO assists the field in identifying a possible firm differentiation for success. Our research found that firms that ranked high on CSR correlated positively to performance. We also found our theoretically developed constructs of firm customer orientation and firm market orientation correlated with the firm adopting CSR. Based on our findings we suggest CSR will play a strategic role as customers are increasingly better organised, more informed and more demanding. *(For more information, please contact: Marina Dabic, Nottingham Trent University & University of Zagreb, United Kingdom: marina.dabic@ntu.ac.uk)*

Local Adaptation of International Business-to-Business Marketing in Emerging Markets - The Case of Swedish Firms in China

Hans Jansson, Linneus University

Susanne Sandberg, Linnaeus University

With the major role taken in the global economy by emerging markets, a key issue in contemporary international marketing research is how multinational corporations adapt their marketing to these markets. This paper researches this issue for Swedish firms established in China through a case study of nine subsidiaries in Shanghai, interviewing European and Chinese managers at each firm. The comparative conceptual framework derived from business-to-business marketing theory and institutional theory was operationalized into a standardized questionnaire in order to compare European and Chinese types of network marketing. The analysis shows that the European network marketing type largely prevails among Swedish subsidiaries in China. Adaptations have been made, as also a mixture between European and Chinese network marketing types can be seen. However, a limited number of adaptations into a Chinese network marketing type were identified. European managers tend to perceive the firm to hold a view closer to a Chinese network marketing type more often than the Chinese managers do, which indicates that they regard the Swedish subsidiaries to have adapted to the Chinese market to a higher extent than the Chinese managers do. *(For more information, please contact: Susanne Sandberg, Linnaeus University, Sweden: susanne.sandberg@lnu.se)*

Central Role of Market Orientation and Learning Advantages of Newness for Marketing Strategy Innovativeness and Performance of International New Ventures

Peter Gabrielsson, University of Vaasa

The study investigates the influence of proactive and responsive market orientation (MO) on international marketing strategy innovativeness (IMSI) and performance and how learning advantages of newness affect this relationship. This conceptual paper develops a framework for IMSI and builds hypotheses with regard to the international new venture firms. The research contributes by finding that IMSI mediates the relationship between proactive MO and performance while responsive MO moderates the relationship between IMSI and performance. Moreover, it proposes that the learning advantages of newness have an important moderating role in these relationships. The article concludes with important theoretical and managerial implications. *(For more information, please contact: Peter Gabrielsson, University of Vaasa, Finland: peter.gabrielsson@uva.fi)*

Compare MNC's Social Media Marketing Differences between U.S. and China based on Existing Frameworks of Interactive Communications

Zhan Wang, Saint Louis University

The growth of social media networking all over the world has led to a transformation of marketing communications and interactions between companies and customers. China's strict censorship of internet has been the hot topic in the field of political science. The purpose of this study is to compare MNC's social media marketing differences between U.S. and China and to analysis possible reasons based on 65 companies' practice of Twitter and Sina Weibo accounts from June 2013 to December 2013. There is few research focusing on MNC's social media marketing in China. The paper identified similarities and differences of usage of social media websites within the same sample companies in different markets. *(For more information, please contact: Zhan Wang, Saint Louis University, USA: zhanwang@slu.edu)*

Session: 1.1.15 - Interactive

Cross-border Economic Activities

Presented On: June 24, 2014 - 09:00-10:15

Chair: Stefan Schmid, ESCP Europe

Is the Magic of the Diaspora a Fact or a Fiction? A Study of Taiwan's Economic Performance in the Bamboo Network

Chengli Tien, National Taiwan Normal University

Chin-jung Luan, National Dong Hwa University

This study examines the relationship between the "Bamboo Network" and Taiwan's trade performance. The models are based on theories of international trade and extend from Helpman and Krugman's (1985) constructs to examine hypotheses using panel data from the members of the World Trade Organization (WTO) from 1996 to 2012. The results indicate that the Bamboo Network facilitates Taiwan's exports and total trade. However, the network has mixed effects on imports to Taiwan. Hence, the "magic" effect of the Bamboo Network is debatable. *(For more information, please contact: Chengli Tien, National Taiwan Normal University, Taiwan: cltien168@gmail.com)*

National Culture and Takeover Performance

Astrid Juliane Salzmann, RWTH Aachen University

Wolfgang Breuer, RWTH Aachen University

We investigate the influence of national culture on takeover performance in a cross-disciplinary study across nations. Cultural differences are measured with the individualism and long-term orientation index outlined in Hofstede et al. (2010), which are related to overconfidence. Overconfident managers overestimate their ability to create value through mergers and acquisitions. Using data on a cross-section of 62 countries and 12,604 M&A deals, we find that national culture is statistically significant in explaining different levels of merger performance. Countries with high individualism and high long-term orientation scores appear to yield superior post-acquisition stock price performance. *(For more information, please contact: Astrid Juliane Salzmann, RWTH Aachen University, Germany: astrid.salzmann@bfiw.rwth-aachen.de)*

The Effects of Domestic and Foreign Institutional Ownership on Corporate Transparency in the Presence of Control Benefit

Moo Sung Kim, Zayed University

Jongmoo Jay Choi, Temple University

This paper examines whether domestic and foreign institutional investors improve corporate transparency in the presence of controlling benefits. We construct the transparency index, as well as its sub-indices based on firm- and market-level information, using group and non-group firm-level data for South Korea for 2001-2007. The results show that foreign institutional ownership improves overall corporate transparency while the effects of domestic institutional ownership are insignificant. This is traceable to sub-index findings that foreign investors are associated with improvement in both firm-level and market-level transparency while domestic institutional investors are associated with a decrease in firm-level transparency but with an increase in market-level transparency, which may offset each other. The effects are non-linear for foreign ownership while those of domestic institutional ownership remain monotonic. These findings are consistent with the notion that domestic institutional investors are conflicted by their role as monitors to boost transparency and by their desire to pursue control benefits by exploiting insider information and promoting selective transparency. Foreign investors, lacking such controlling benefit opportunities, tend to promote general transparency. *(For more information, please contact: Moo Sung Kim, Zayed University, United Arab Emirates: moosung.kim@zu.ac.ae)*

Temporary Investment Incentives and Divestment by Foreign Firms

Jose Mata, Nova School of Business and Economics

Paulo Guimaraes, Porto University

Many countries provide temporary incentives to attract foreign investment, in the belief that these temporary benefits may entice firms to remain in the country. Using a unique data set on multinational firms that were established in Puerto Rico under a temporary investment incentive program, we are able to evaluate the impact of terminating or reducing these benefits upon the exit decision by these firms. The program contemplated different benefit schedules in different locations and reduction of benefits every five years. Our results indicate that whenever benefits are reduced, the probability of firm exit increases. This effect is more pronounced for firms coming from countries that are well acquainted with the host country, for firms using less capital intensive technologies, and for those investing in areas that do not develop agglomerations. *(For more information, please contact: Jose Mata, Nova School of Business and Economics, Portugal: jmata@novasbe.pt)*

Profits and Economic Development

Eric Werker, Harvard Business School

Daniel Schwab, Boston University

Using industry-level data from manufacturing in over 100 countries, this paper tests whether high rents, as measured by the mark-up ratio, are good for growth. We introduce an illustrative formal model in which profits can be invested either in innovation or in rent-seeking to prevent competition in the sector. In contrast to the ambiguous predictions of the model, we find that high rents are a strong negative predictor of growth, and that the effect is robust to a number of changes to the specification including an instrumental variables approach. The negative effect is strongest in poor countries, suggesting that high profits in the business environment stymie economic development rather than enable it. Consistent with the rent-seeking mechanism of the model, we find that high rents are associated with a slower reduction in tariffs but have no bearing on the quality of management. We take the average mark-up from a country's manufacturing sectors and find that it is a strong negative predictor of future economic growth, suggesting that we may be measuring a phenomenon of the broader business environment. *(For more information, please contact: Eric Werker, Harvard Business School, USA: ewerker@hbs.edu)*

Does Mother Tongue Make for Women's work? linguistics, household Labor, and Gender Identity

Amir Shoham, Temple University

Daniel Hicks, University of Oklahoma

Estefania Santacreu-Vasut, ESSEC

We study the formation and transmission of gender identity using time use data for a sample of U.S. immigrants. We document that households with individuals exposed to a language which frequently emphasizes gender in its grammatical structure are significantly more likely to allocate household tasks on the basis of sex and do so more intensively. We examine formation of gender identity over the life-cycle by exploiting variation in age at migration and duration of residence in the U.S. Consistent with the "critical period" hypothesis of language acquisition, a differences-in-differences approach reveals that skewed gender distinctions in time allocation only exist for individuals who migrate after learning a gender marked native language. Once established, gender identities persist regardless of a migrant's duration of residence in the U.S. We further document rapid assimilation to U.S. gender norms among second-generation immigrants, suggesting that parental cultural traits have a weaker influence on children than outside societal forces. Our results suggest that early life provides a formative period for developing gender identities, which then become ingrained, while these roles are transmitted through some combination of symbolic, cultural, and cognitive mechanisms, of which language may be a crucial component. *(For more information, please contact: Amir Shoham, Temple University, USA: amir.shoham@temple.edu)*

Session: 1.1.16 - Interactive**Track: Track: 11 - Stakeholders, Responsible Leadership and Governance*****The Impact of Institutions on CSR and Sustainability*****Presented On:** June 24, 2014 - 09:00-10:15

Chair: Douglas Cumming, York University

MNCs CSR Practices in a Developing Economy - An Institution-based Perspectives

Zaheer Khan, University of Hull

Yong Kyu Lew, University of Manchester

This corporate social responsibility (CSR) study investigates specific social roles of multinational corporations (MNCs) in a developing economy, and how these MNCs' social marketing activities are legitimized, from the

institutional perspective. Anchoring this study in institutional theory, we explore how formal and informal institutions affect the legitimacy of MNCs' CSR marketing practices in the host country of Pakistan. We conducted interviews with top managers from 15 local MNCs undertaking CSR programs in various sectors, such as automotive, banking, consumer products, oil & gas, pharmaceuticals, and telecommunications. We find that MNCs show commitment to CSR programs despite underdeveloped and very weak formal institutions, and that lots of these initiatives are oriented towards norms-based CSR marketing such as education, health, and civil society/religious organizations. MNCs follow headquarters' global CSR strategies and adapt their CSR programs to the host country's norms. Civil society-led social media and religious groups also force MNCs to spend more on CSR marketing initiatives. However, the MNCs have not taken an integrated approach to CSR marketing, considering the overall institutional environment of the host country. On the basis of very weak regulatory constraints on CSR marketing activities, MNCs have the propensity to develop normatively acceptable CSR marketing under very weak formal institutional pressures. Our findings suggest the need for developing an integrative approach to the CSR strategies of MNCs, comprehensively incorporating regulatory, economic, and socio-cultural as well as various stakeholders' perspectives. *(For more information, please contact: Zaheer Khan, University of Hull, United Kingdom: z.khan@hull.ac.uk)*

Antecedents for CSR Practices in Small and Medium Sized MNE Subsidiaries: A Stakeholder Perspective

Byung Il Park, Hankuk University of Foreign Studies
Kwang-Ho Kim, Hankuk University of Foreign Studies

This research attempts to investigate key drivers motivating corporate social responsibility (CSR) practices by small and medium sized foreign subsidiaries. By using stakeholder theory and regression analysis, we integrate international business and CSR literature to suggest a research model and identify the factors functioning as catalysts in influencing CSR in local markets. We find that consumers, internal managers and NGOs are primary determinants considerably influencing corporate citizenship behavior particularly in emerging markets. We also believe that our model contributes to current knowledge by filling several research gaps, and our findings offer useful and practical implications not only for local governments but also for multinational enterprises. *(For more information, please contact: Byung Il Park, Hankuk University of Foreign Studies, Korea, South: leedspark@hufs.ac.kr)*

Determinants of Organizational Mindfulness in Green Practice Implementation: An Empirical Study on Chinese Logistics Companies

Yi-Hui Ho, Chang Jung Christian University
Chieh-Yu Lin, Chang Jung Christian University

While environmental considerations have become a fundamental part of business strategies, a number of studies on green practice implementation can be found in the literature. However, none of them analyzed organizational mindfulness in green practice implementation. Organizational mindfulness is an organizational attitude that allows firms to be preoccupation with failure, reluctance to simplify interpretations, sensitivity to operations, commitment to resilience, and deference to expertise. Firms require mindfulness thinking in green practice implementation. Therefore, the main purpose of this paper is to conduct an empirical study on exploring organizational mindfulness in green practice implementation in logistics service providers. This paper attempts to verify the determinant factors affecting organizational mindfulness by conducting a questionnaire survey to logistics companies in China. The determinant factors are grouped into technological, organizational and environmental dimensions. Research findings revealed that technological, organizational and environmental factors have significant influences on organizational mindfulness in green practice implementation. In addition to extending the scope of research on green management in service industries, this paper can equip research on organizational mindfulness with some empirical evidence. *(For more information, please contact: Chieh-Yu Lin, Chang Jung Christian University, Taiwan: jylin@mail.cjcu.edu.tw)*

Influence of Institutional Pressure on Climate Change Project Disclosure by Oil and Gas Companies

Monica Cavalcanti Sa de Abreu, Federal University of Ceara
 Samia Raquel Castor Albuquerque, Ernest Young
 Marcelle Colares Oliveira, Federal University of Ceara

This paper evaluates the influence of institutional pressure on climate change project disclosure in oil and gas companies. It was based on a sample of sustainability reports issued by 35 companies included on the 2011 Fortune ranking. Empirical results suggest that companies positioned at the top of the Fortune ranking have higher levels of information disclosure on climate change projects. These companies are the most susceptible to normative pressure, contradicting the claim that climate strategy is predominantly associated with the mimetic or coercive pillar. Companies in emerging economies have low levels of disclosure because environmental issues receive less attention than social issues, such as poverty. The study demonstrated that multinationals were subject to low coercive pressures due to the lack of clear regulations and international enforcement mechanisms. The oil and natural gas companies surveyed are exposed to institutional pressure associated with the three types of isomorphism and see disclosure of climate change projects as a way of acquiring legitimacy. (For more information, please contact: Monica Cavalcanti Sa de Abreu, Federal University of Ceara, Brazil: mabreu@ufc.br)

Corporate Social Responsibility: A Comparison of Japanese and Western Pharmaceutical companies

Terry Wu, University of Ontario Institute of Technology
 Yuko Kimura, University of Leicester

In recent years, there has been a growing awareness of corporate social responsibility (CSR). This study examines the CSR in the pharmaceutical industry comparing Japanese firms and Western firms. We examine a sample of eight pharmaceutical companies: four Japanese-based firms and four Western-based firms. The four Japanese firms are Eisai, Takeda, Takeda, and Daiichi Sankyo. For consistency, we choose four non-Japanese Western firms: GlaxoSmithKline (GSK), Johnson and Johnson (J & J), Novo Nordisk, and Roche. Our objective is to assess whether there is any difference between Japanese and Western firms in terms of the level of CSR. (For more information, please contact: Terry Wu, University of Ontario Institute of Technology, Canada: terry.wu@uoit.ca)

Session: 1.2 - Plenary***AIB Fellows Eminent Scholar Award Session***

Presented On: June 24, 2014 - 10:45-12:00

Chair: Rosalie L. Tung, Simon Fraser University

Diversification, Good Strategy and Bad Strategy: Implications for International Business Research (Keynote by 2014 AIB Fellows Eminent Scholar Award Recipient)

Richard P. Rumelt, UCLA

The Importance of International Diversification in IB Research

Shige Makino, Chinese University of Hong Kong

The Intellectual Legacy of Richard Rumelt

José de la Torre, Florida International University

Good Strategy, Bad Strategy: A Personal Retrospective

Kathleen R. Conner,

Session: 1.3.1 - Panel**Track: Track: 1 - People and Careers in Cross-Cultural Business*****The Multifaceted Role of Language in International Business*****Presented On:** June 24, 2014 - 13:00-14:15

Chair: Mary-Yoko Brannen, University of Victoria

Discussant: Rebecca Piekkari, Aalto University

Panelists:

Agnieszka Chidlow, Manchester Metropolitan University

Catherine Cramton, George Mason University

Pamela Hinds, Stanford University

Andrei Kuznetsov, University of Central Lancashire

Vesa Matti Peltokorpi, Japan Advanced Institute of Science and Technology

Amir Shoham, Temple University

Helene Tenzer, Tuebingen University

Catherine Welch, University of Sydney

The purpose of this panel is to showcase, discuss and develop an interdisciplinary dialogue on language-based approaches to IB phenomena in order to advance IB theory and research. The co-chairs of the panel along with Professor Susanne Tietze, are currently editing a special issue of JIBS on this theme, which will be published concurrently with the AIB 2014 meeting in Vancouver. This panel symposium will bring together the authors of six of the papers forthcoming in the Special Issue to share and discuss with the audience their key contributions to understanding the multiple forms, facets, and features of language and its impact on MNCs and on the way in which we study IB phenomena. These include the following content areas: language issues in internationalization, language-based power dynamics, language-sensitive recruitment, language and identity, language and global teams, language and knowledge-transfer, and the organizational consequences of gender-marking in national languages. The symposium will be designed in an interview fashion wherein the panel Chair will pose a series of questions to the expert panel that they will then address and discuss among themselves, followed by an interactive discussion with the audience and concluding comments by the Discussant. *(For more information, please contact: Mary-Yoko Brannen, University of Victoria, Canada: maryyoko@uvic.ca)*

Session: 1.3.2 - Special Session***World Investment Report 2014 (UNCTAD Special Session)*****Presented On:** June 24, 2014 - 13:00-14:15

Chair: James Zhan, United Nations Conference on Trade and Development

Special Session featuring the launch of the 2014 World Investment Report by UNCTAD.

Developments in International Investment: Global, Regional, and Policy Trends, Structure of Capital Flows, and Tax Contribution of TNCs

James Zhan, United Nations Conference on Trade and Development

Hafiz Mirza, United Nations Conference on Trade and Development

Discussants

Bin Xu, China Europe International Business School

Ram Mudambi, Temple University

Jeremy Clegg, University of Leeds

Session: 1.3.3 - Competitive

Track: Track: 6 - Innovation and Knowledge Management

International Business and the Resource-Based View

Presented On: June 24, 2014 - 13:00-14:15

Chair: Desislava Dikova, WU Vienna

A Review of International Innovation Research: Using Past Development to Propose a Framework for Future Development

Brian R. Chabowski, University of Tulsa

Tomas Hult, Michigan State University

The continued importance of innovation in multinational firms requires a detailed focus on the topic as a critical research domain. As such, this study reviews the underlying structure of research related to international innovation. The analysis examines 490 published articles in peer-reviewed research and uses multidimensional scaling to evaluate the intellectual structure of the domain. Co-citation data provide the basis to establish the intellectual structure at the core of international innovation research. Recent influential trends are evaluated, as well, to indicate emerging research topics and advance a proposed framework to offer integrated research opportunities for future development. *(For more information, please contact: Brian R. Chabowski, University of Tulsa, USA: brian-chabowski@utulsa.edu)*

Natural Resources and RBV: Sources of Sustained Competitive Advantage and Implication for Innovation

Bettina Bastian, American University of Beirut

Ulf-Henning Richter, Nottingham University China

Christopher L. Tucci, Ecole Polytechnique Fédérale de Lausanne

This paper applies the assumptions of RBV to the context of finite natural resources and asks if its analytical power is sufficient to explain competitive advantage of companies active in the primary sector, such as hydrocarbon and ore production. The analysis reveals that finite natural resources fulfill RBV's criteria to generate superior rents, although the assumptions of RBV are not representative to all resource contexts. It is therefore not a sufficient tool to understand performance differences within the finite natural resource context, which is characterized by the depletion and the auto-consumptive nature of the natural resources. RBV would gain in explanatory power for the primary industry sector if we were able to integrate factors like biophysical constraints and exposure to political risk (or property rights issues more generally) into the approach. For this reason, we develop several hypotheses that link natural resource endowment and depletion, political risk, firm performance, and innovation and diversification. *(For more information, please contact: Ulf-Henning Richter, Nottingham University China, China: ulf.richter@nottingham.edu.cn)*

Frugality-Based Advantage

Kazuhiro Asakawa, Keio University

Alvaro Cuervo-Cazurra, Northeastern University

Frugal innovation –innovation that solves constraints in the environment in which the firm operates by economizing the use of resources– has the potential to improve the poor's lives, create additional firm revenue, and generate a new research agenda. We propose that, despite recent rhetoric, the concept of frugal innovation is not new; what is new are the types of frugal innovation that are created in developing countries as well as developed countries (supporting, input and customer, or SIC). SIC typology helps us to identify locus of different constraints as sources of frugal innovation. Our aim is to generate a framework for frugality-based advantage that can be applied not just to today's emerging economy setting but across location and time. We draw several propositions explaining how particular constraints in the country lead to the emergence of specific

types of frugal innovation with different abilities to sustain an advantage across locations and time. This frugality-based advantage complements the traditional argument of the resource-based view, which discusses how companies use their resources to achieve a competitive advantage. *(For more information, please contact: Kazuhiro Asakawa, Keio University, Japan: asakawa@kbs.keio.ac.jp)*

Impact of Resource Constraints and Learning from Temporary Organizations in the Internationalization of R&D
Metin Onal Vural, IE Business School

I examine the effects of project sponsorship, resource availability and international dispersion of project experience on the performance of distributed work projects that take place across borders. Whereas outsourcing complex projects have become the norm in new product development, there is a commensurate cost associated in designing and managing such types of international project work. I use drug development projects as a setting to examine the effect of internationalization and project design choices that relate both to complexities and resource constraints that organizations face when undertaking distributed work projects that employ temporary organizations. My data include 5126 clinical trials spanning five disease areas between 1981 and 2009. I find that, while the dispersion of R&D projects across multiple sites in international locations hinder project performance, learning from past hybrid-projects enhances organizational ability to manage such projects. Moreover, the negative effect of international dispersion is counterbalanced by an increased ability to access critical resources that are spread across multiple countries. I elaborate on these findings for theories internationalization, learning and project design, resources and innovation and its implications for international management or R&D projects. *(For more information, please contact: Metin Onal Vural, IE Business School, Spain: onalv@yahoo.com)*

Session: 1.3.4 - Panel

Track: Track: 2 - Entrepreneurship, SMEs, and Born Globals

Against the Odds: Women Entrepreneurs in Emerging Economies (WAIB Special Session)

Presented On: June 24, 2014 - 13:00-14:15

Chair: Jean Lee, China Europe International Business School

Panelists:

Amanda Bullough, Thunderbird School of Global Management
Tanvi Kothari, San Jose State University
Tugba Kalafatoglu, ESADE Business School
Melodena Balakrishnan, University of Wollongong in Dubai

(For more information, please contact: Klaus Meyer, China Europe International Business School, China: kmeyer@ceibs.edu)

Session: 1.3.5 - Competitive

Track: Track: 11 - Stakeholders, Responsible Leadership and Governance

Institutions, Corporate Governance, and CSR

Presented On: June 24, 2014 - 13:00-14:15

Chair: Michael A. Witt, INSEAD

Institutional Dynamics and Organizations Affecting the Adoption of Sustainable Development in the United Kingdom and Brazil

Monica Cavalcanti Sa de Abreu, Federal University of Ceara

Larissa Teixeira da Cunha, Federal University of Ceara

Jason Joannou, University of Cambridge

Claire Barlow, University of Cambridge

This paper compares British and Brazilian institutional dynamics affecting the adoption of sustainable development in business. It is based on exploratory surveys in both countries of the organizational strategy, sustainability concerns and mechanisms of pressure by regulatory agencies, financial institutions, media and NGOs. Empirical results suggest that institutional framework supports the rule-based and risk aversion approach by British organizations. They operate within broad strategic frameworks shaped by coercive instruments and ethical norms. Organizations in Brazil operate in a more risk tolerant manner with a relational based approach. A legal framework exists but weak enforcement has allowed more discretion. The Brazilian institutional environment leads to informal and flexible engagement between government, society and business, where social issues are prioritised. The institutional dynamics of the two countries have evolved through differing societal-historical processes. We explore possible lessons that Brazil can learn from the more structured institutional framework in the UK. *(For more information, please contact: Monica Cavalcanti Sa de Abreu, Federal University of Ceara, Brazil: mabreu@ufc.br)*

A Cross National Study of the Impact of Changes in Institutional Environment on Corporate Governance Practices

Shirley J. Daniel, University of Hawaii at Manoa

Jaehyeon Kim, University of Hawaii at Manoa

Joshua K Cieslewicz, Utah Valley University

This study examines the impact of change in institutional environments on changes in corporate governance practices by examining data from 37 countries from 2006 to 2010. Our findings indicate that changes in regulatory quality and rule of law are associated with changes in corporate governance practices. The effect of change in rule of law on corporate governance practices was robust in a sample of emerging markets. However, in developed markets, only the combination of change in rule of law and change in regulatory quality was related to change in corporate governance practices. This suggests that developed nations must improve (degrade) both of these elements of their institutional environments in tandem in order to realize improvements (deteriorations) in their corporate governance practices. For policy makers, our findings suggest that corporate governance practices may be influenced through altering the institutional environment – by strengthening the rule of law or enhancing regulatory quality. *(For more information, please contact: Shirley J. Daniel, University of Hawaii at Manoa, USA: sdaniel@hawaii.edu)*

Drivers of Corporate Sustainability Investment among Retailers and Food Manufacturers: Evidence from the U.S., Europe and Africa

Kudzai Mukumbi, Michigan State University
Brenda Sternquist, Michigan State University

This study examined circumstances under which firms invest in corporate sustainability. In contrast to other studies that only examine why firms engage in corporate sustainability, we go one step further by analyzing corporate sustainability investment drivers for retailers versus manufacturers. We use Institutional Theory, Transaction Cost Theory, and the Business Case perspective to explain why firms invest in corporate sustainability. Firms invest in corporate sustainability due to the institutional pressures to conform to norms and maintain legitimacy. Firms will invest in corporate sustainability when they are financially healthy and have the capacity to invest. Generalized linear mixed modeling is used for testing the hypotheses. The sample included retailers and manufacturers from United States, Europe, and Africa. We find that while corporate sustainability investment for retailers is driven by regulatory and normative pressure, the corporate sustainability investment for manufacturers is driven by mimetic pressure, normative pressure, profitability, and firm value. Some of these differences may occur because of differences between retailers and manufacturers. Manufacturers have been perceived as having a greater social and environmental impact than retailers. Furthermore manufacturers have had a longer experience with corporate sustainability strategy than retailers. *(For more information, please contact: Brenda Sternquist, Michigan State University, USA: sternqui@msu.edu)*

Corporate Social Responsibility, Firm Value, and the Role of Country-Level Institutional Environment

Sadok El Ghouli, University of Alberta
Omrane Guedhami, University of South Carolina
Yongtae Kim, Santa Clara University

This paper provides cross-country evidence on the relation between corporate social responsibility (CSR) and firm value, and the role of the institutional environment in shaping this relation. We posit that the strategic value of CSR is greater in countries with weak institutions because firms could adopt and initiate CSR activities to fill institutional voids. Using a large sample of 14,044 firm-year observations representing 2,606 unique firms from 54 countries over the period 2002-2010 and controlling for firm-level unobservable heterogeneity, we find that CSR is more positively related to firm value in countries with weak market-supporting institutions. Our findings are robust to using the system GMM estimation approach to account for various sources of endogeneity. Collectively, our findings provide new insights on the mechanism through which CSR affects firm value. *(For more information, please contact: Sadok El Ghouli, University of Alberta, Canada: elghoul@ualberta.ca)*

Session: 1.3.6 - Competitive

Track: Track: 12 - The Institutional and Political Environment of IB

Innovation in Emerging Economies, and State Ownership

Presented On: June 24, 2014 - 13:00-14:15

Chair: Sheila Puffer, Northeastern University

Playing Catch Up: How Emerging Market and Non-Market Environments affect Firms' Product Innovation

Jing Li, Simon Fraser University
Jun Xia, University of Texas at Dallas
Edward J. Zajac, Northwestern University

This study contributes to the growing literature on how firms from emerging markets innovate as part of their efforts to catch-up with firms from more developed economies. Specifically, we theoretically and empirically analyze how and why a firm's business community (defined in terms of community-specific market and non-

market environments) affects the degree to which its research and development (R&D) investments translate into new products. We build a resource dependence perspective to suggest why interdependence in market environments (whether competitive or symbiotic) will improve the translation process, and also why this positive effect will be weakened by non-market interdependence (e.g., government affiliation). We find support for our predictions using a very large dataset consisting of over 100,000 Chinese firms, and we discuss the implications of our theoretical approach and our findings for research on innovation catch-up in emerging markets, non-market strategy, and resource dependence. *(For more information, please contact: Jing Li, Simon Fraser University, Canada: jingli@sfu.ca)*

Building Radical Innovation Capabilities in Emerging Market Subsidiaries: The Case of Intel in India

Pavan Soni, Indian Institute of Management Bangalore

K. Kumar, Indian Institute of Management Bangalore

The paper explores the processes that lead to new capability development in emerging market subsidiaries of MNCs. The capability in question is that of bringing about radical innovation in a reliable and repeatable manner. In this exploratory research, we study the radical innovation capability building process at Intel India using the Charter- Competence co- evolution model proposed by Birkinshaw and Hood (1988). The inferences we offer are, firstly, capability evolution process adopts multiple, intertwined pathways which are shaped by choices and actions of the head-office and subsidiary. Secondly, a subsidiary's local embeddedness leads to newer insights, but the global connectedness renders the necessary legitimacy and head- office attention for executing such insights. Finally, a pre- requisite for a radical innovation capability is a subsidiary's initiative in setting up an incremental program that offers a run rate of ideas to build on, and that such a capability can't be imported from the parent organization. *(For more information, please contact: Pavan Soni, Indian Institute of Management Bangalore, India: pavan7soni@gmail.com)*

Loose-Lipped Leviathan? Transparency in Private- and State-Owned Multinationals

Anthony Cannizzaro, George Washington University

Robert J. Weiner, George Washington University

We bring together research and policy concern regarding MNE transparency with renewed interest in state capitalism. Using the global petroleum industry as a laboratory, we develop theory and examine empirically investment transparency – FDI disclosure in state-owned and private companies. We find that state ownership reduces MNE transparency, and that SOEs are less sensitive to host-country political risk than private firms. We also show that SOEs from more-democratic countries tend to behave more transparently, and that MNEs are more opaque when operating in countries with state-owned competitors. *(For more information, please contact: Anthony Cannizzaro, George Washington University, USA: tony_c@gwmail.gwu.edu)*

Session: 1.3.7 - Competitive

Track: Track: 4 - Marketing and Consumers in IB

Consumer Identification, Expectation, Dissatisfaction, and Response

Presented On: June 24, 2014 - 13:00-14:15

Chair: Reccia Natasha Charles, St. George's University

Expressing Consumer Dissatisfaction through Voice, Third Party or Private Response: A Cross-National Comparison

Olga Chapa, University of Houston-Victoria

Monica D. Hernandez, Texas A&M University-Corpus Christi

Valerie Wang, Ohio University

Understanding the consumer complaint patterns of response and the cultural underpinnings of their characteristics may facilitate the customization and timing of response to dissatisfied consumer demands. Our study compared three consumer complaint patterns of response (voice, private response and third party) across Hofstede's national culture dimensions (individualism/collectivism, uncertainty avoidance, power distance and masculinity/femininity). We opted for the mall intercept technique in surveying our participants in four countries (US, Egypt, Mexico and Turkey). With exception of the masculinity/femininity continuum, empirical data revealed support for differences in voice. The private response pattern showed differences across the power distance dimension only. As hypothesized for the masculinity/femininity continuum, there was no effect on third party response. Managerial implications are annotated. *(For more information, please contact: Monica D. Hernandez, Texas A&M University-Corpus Christi, USA: monica.hernandez@tamucc.edu)*

The Effects of Consumer Expectations on Credit Card Overuse

Sandra Awanis, Lancaster University

Bodo B. Schlegelmilch, WU Vienna

Bridging consumers' expectations and actual experience of credit card use has been influential in efforts to reduce risky credit card behaviour. However, little is known about how consumers differ in their credit card expectations and how these differences affect their subsequent credit card usage. This study: 1) derives a typology of credit card expectations from the literature; 2) develops and validates measures to capture these different credit card expectations; 3) investigate the effect of diverse credit card expectations on the consumers' susceptibility to credit card misuse and indebtedness (SCCMI); and 4) examines the moderating effect of different regulatory environments on the accuracy of credit card expectations and subsequent behaviour. The study uses a multi-method (qualitative and quantitative) and cross-country (involving Malaysia, Singapore and the UK) approaches to identify and validate the consumers' multifarious credit card expectations. Understanding the influences of multifarious credit card expectations on subsequent behaviour informs credit card marketing on how to position their product whilst avoiding predatory targeting, and provides pointers for local and international public policy on how to improve extant credit card regulations, in particular with regard to protecting young consumers from SCCMI. *(For more information, please contact: Sandra Awanis, Lancaster University, United Kingdom: s.awanis@lancaster.ac.uk)*

An Examination of the Interplay between Corporate Social Responsibility, the Brand's Home Country, and Consumer Global Identification

Peter Magnusson, Florida International University
Stanford Westjohn, University of Toledo
Srdan Zdravkovic, Bryant University

Corporate social responsibility (CSR) has gained abundant attention from researchers and managers in recent years. However, much is still unknown as to how CSR interacts with other contextual variables. Therefore, grounded in signaling theory, the first objective of this study is to examine the interplay between the CSR signal and the country-of-origin (COO) signal. Second, we examine how consumers' global identity affects their response to CSR signals. The conceptual framework is examined in a sample of US consumers evaluating a new foreign entrant into the US market. The findings suggest a significant interaction effect between CSR and COO. Further, consumers high on global identity are more responsive to positive CSR signals. The findings have important implications as it allows managers to make more informed decisions regarding the CSR initiatives of their organizations. *(For more information, please contact: Peter Magnusson, Florida International University, USA: pmagnuss@fiu.edu)*

Factors of Consumer Responses to Green Advertising: Cultural Orientation, Environmental Concern, and Product Involvement

Chanthika Pornpitakpan, University of Macau
Yizhou Yuan, University of Macau

This research uses a 2 by 2 by 2 by 2 factorial-design experiment with four independent variables, namely, culture (American vs. Singaporean), environmental concern (low vs. high), ad appeals (green vs. financial), and product involvement (low vs. high), resulting in 16 experimental groups. The results show that the interaction effects of cultural orientation, ad appeal and environmental concern on consumer attitude toward the ad and attitude toward the brand are significant in high-involvement condition but not in low-involvement condition. The attitude-intention gap is also found. In low product involvement condition, the effect of environmental concern on purchase intention may be counterbalanced by vertical collectivism. Managerial implications are discussed. *(For more information, please contact: Chanthika Pornpitakpan, University of Macau, China: ynvynv@gmail.com)*

Session: 1.3.8 - Competitive

Track: Track: 8 - Global Strategy, M&As and Competitiveness

How Much Do HR Choices Matter for FDI Performance?

Presented On: June 24, 2014 - 13:00-14:15

Chair: Jesper Edman, Hitsubashi University

Cross-border Mergers and Domestic-firm Wages: Integrating 'Spillover Effects' and 'Bargaining Effects'

Joseph Clougherty, Univ. of Illinois at Urbana-Champaign
Klaus Gugler, WU Vienna
Lars Sorgard, Norwegian School of Economics
Florian Szuecs, DIW Berlin

Two literatures exist concerning cross-border merger activity's impact on domestic wages: one focusing on spillover-effects; the other focusing on bargaining-effects. Motivated by scarce theoretical scholarship spanning these literatures, we nest both mechanisms in a single conceptual framework. Considering the separate phenomena of inward and outward cross-border merger activity, we predict that 'bargaining' ('spillover') effects are relatively more dominant under high (low) unionization rates and under high (low) degrees of relatedness.

Employing US firm-level panel data on wages combined with industry-level data on unionization and merger activity (covering 1989-2001), we find support for our propositions as inward and outward cross-border merger activity generate positive spillovers to wages, but are more likely to generate firm-level wage decreases when unionization rates are high and when cross-border merger activity is best characterized as related. *(For more information, please contact: Joseph Clougherty, Univ. of Illinois at Urbana-Champaign, USA: jaclough@illinois.edu)*

When International Experience and Diversity are (not) Helpful: The Non-Linear Effects of Executives' International Orientation on Foreign Acquisition Performance

Dorota Piaskowska, University College Dublin
 Grzegorz Trojanowski, University of Exeter
 Suparna Ray, University of Exeter
 Rajesh Tharyan, University of Exeter

Recognizing the benefits of international competences for firms expanding abroad, prior research advocated the positive role of executives' international orientation, as reflected in international experience and national diversity of top management teams (TMTs). Yet research into managerial beliefs and biases as well as research into team composition suggests potential negative consequences of TMT international orientation due to overconfidence and inefficient decision-making. Combining these two perspectives, we predicted and tested non-linear effects of TMT international orientation on firm performance following foreign acquisitions. Analyses of 1,697 deals completed by 428 UK companies over a period 1999-2008 revealed that performance benefits may only accrue to the most experienced TMTs and that the benefits from TMT national diversity wane after a relatively low threshold. These findings shed new light on when TMT international orientation may (not) improve foreign acquisition performance, beyond the impact it has on internationalization decisions themselves as documented in prior research. *(For more information, please contact: Dorota Piaskowska, University College Dublin, Ireland: dorota.piaskowska@ucd.ie)*

Legal Astuteness and International Expansion Modes

Brian C. Pinkham, Ivey Business School

How does CEO background shape firm international expansion modes? By drawing on upper echelon and transaction cost theories we develop a model that incorporates CEO demographics in the analysis of the choice of acquisitions versus strategic alliances in international decision making. The data include 113 international CEOs who made 1,322 cross-border CEO-transaction decisions between 1992 and 2007. Drawing on the legal astuteness construct, we hypothesize that CEOs who are legally astute are more likely to choose international acquisitions, and that this relationship will be stronger (more positive) relative to highly educated CEOs and CEOs from throughput functional backgrounds alone. Our findings largely support these relationships. We also predict that CEO tenure will decrease the likelihood of choosing international acquisitions. However, we do not find support for this relationship. Overall, CEO demographics appear to influence international expansion decisions and some CEO demographics may be more important relative to others in the cross-border setting. *(For more information, please contact: Brian C. Pinkham, Ivey Business School, Canada: bpinkham@ivey.ca)*

Foreign-Born CEO Successions and Changes in M&A Strategy

Yannick Thams, Suffolk University
 Aya Chacar, Florida International University

While extant research suggests that CEOs' company and industry origins may shape their strategic actions, little is known about CEOs' country of origin and its strategic implications. In this paper, we build on this research and explore the link between foreign CEO successions and changes related to firms' M&A strategy. We argue that foreign-born CEOs are likely to possess skills and knowledge related to foreign institutional environments and have a mindset less focused on firms' domestic environments. Such skills and mindset may give foreign

CEOs greater confidence and an edge to engage in foreign expansions. Using a sample of 261 CEO successions taken place in the largest companies around the world from 2005 to 2010, we find that foreign-born CEOs are likely to initiate more changes in firms' international M&A strategy than their national counterparts. Additionally, we show the moderating role of new CEOs' insidership; new CEOs with firm-specific skills are more likely to alter firms' international M&A strategy than CEOs with a low level of firm-specific skills. *(For more information, please contact: Yannick Thams, Suffolk University, USA: ythams@suffolk.edu)*

Session: 1.3.9 - Competitive

Track: Track: 5 - Global Value Chains and the Geography of IB

Slicing and Dicing for Innovation

Presented On: June 24, 2014 - 13:00-14:15

Chair: Vikas Kumar, University of Sydney

Fine-Slicing Global Value Chains: A Protection for Proprietary Content

Julien Gooris, CEPII

Carine Peeters, Université Libre de Bruxelles

This study shows that firms adjust the scope of activities entrusted to foreign services production units to adapt their knowledge and content protection strategy to the availability of strong legal protection or internal control mechanisms. We hypothesize and empirically confirm that, when the above mechanisms are not available, firms use the substitute protection mechanism of "fine-slicing" foreign value chain activities to exploit the complementarities that exist between tasks and reduce misappropriation hazard. We also find a positive moderating effect of firm country-specific experience and content value on the propensity to use the fine-slicing mechanism. *(For more information, please contact: Julien Gooris, CEPII, France: julien.gooris@cepii.fr)*

The Role of Non-Economic Factors in Offshoring Decisions: A Qualitative Analysis

Martina Musteen, San Diego State University

Using the behavioral lens as a theoretical complement of rational models, we examine the non-economic factors in decisions related to offshoring of business activities. A qualitative analysis of 22 case of companies from six diverse industries provides evidence that besides the commonly acknowledged offshoring decision related factors, such as labor cost, risks, access to markets, and talent (Lewin & Peeters, 2006), there are other important influences. These reflect decision makers' personal experiences, attitudes and emotions and cognitive limitations. We discuss our findings in light of current theory and practice. *(For more information, please contact: Martina Musteen, San Diego State University, USA: mmusteen@mail.sdsu.edu)*

Dynamics of Persistent Heterogeneity in the Global Configuration of Business Services Value Chains

Carine Peeters, Université Libre de Bruxelles

Arie Y. Lewin, Duke University

The paper develops an integrative framework that identifies, describes and links the firm-specific and non-firm-specific factors that co-evolve and mutually influence the changes in configurations of global business services value chains over time. We focus on the heterogeneity of configurations resulting from idiosyncratic choices regarding what processes to unbundle, what activities to locate where, and what control mechanisms to use. Expanding current models and empirical studies in International Business, we argue in particular in favour of a behavioural approach that gives more room to decision makers and the decision making process to explain changing but persistent heterogeneity in ALC configuration (Activity-Location-Control mechanisms) of business

services global value chains. (For more information, please contact: Carine Peeters, Université Libre de Bruxelles, Belgium: carine.peeters@ulb.ac.be)

Thriving Innovation Amidst Manufacturing Collapse: Detroit and the Stickiness of Local Knowledge

Marcelo Cano Kollmann, Temple University

Thomas Hannigan, Temple University

Hongryol Cha, Temple University

This paper uses a comprehensive dataset of 35 years of patenting activity in the U.S. to analyze the evolution of innovative activity in the Detroit area and its degree of connectivity to global innovation networks. We used this empirical setting to explore the resilience of the innovative activity in an industrial cluster as it suffers structural changes caused by the flight of the manufacturing activity. We explore in detail the evolution of the innovative activity in Detroit and contribute to prior literature in at least three aspects. First, our analysis confirms that knowledge is “sticky” and that innovation in clusters can be resilient in a context of industrial collapse. Second, we map the global connectivity of local innovation networks and suggest that this connectivity may one of the pillars that sustain local innovation. Finally, we disentangle the drivers of this connectivity and distinguish between the geographic proximity to neighboring clusters and the “knowledge proximity” to faraway locations where MNEs source specialized knowledge. We believe our conclusions, obtained in the context of the auto industry, also provide insights that can be generalized to other industrial clusters undergoing major structural changes. (For more information, please contact: Marcelo Cano Kollmann, Temple University, USA: mck@temple.edu)

Session: 1.3.10 - Competitive

Track: Track: 10 - Theories of the MNE and of FDI

Governance

Presented On: June 24, 2014 - 13:00-14:15

Chair: Nancy R. Buchan, University of South Carolina

Ownership and Productivity: Estimate Direct and Indirect Causal Effects of FDI

Yundan Gong, Aston University

Sourafel Girma, University of Nottingham

Holger Görg, Kiel Institute for the World Economy and Christian-Albrechts University of Kiel

Sandra Lancheros, Nottingham University China

A fundamental assumption made in empirical studies examining causal relationships between foreign ownership and firm productivity is that of no interactions between firms. However, a related literature on host country effects of inward FDI has documented the existence of spillover effects from foreign firms to domestic firms within a sector. In this paper we evaluate the causal effects of inward FDI on firms' productivity by taking interactions between firms into account. Our results show that the assumption of no interference (also referred as Stable Unit Treatment Value Assumption –SUVTA-) is unlikely to hold in our data. We relax SUVTA and calculate the direct effects of foreign-ownership on foreign firms and the indirect effects (or spillovers) from the presence of foreign-owned firms on other foreign and domestic firms in a unifying framework. Our results show that all these effects vary with the level of foreign presence within a cluster. The importance of our approach is for example demonstrated in our finding that the proportion of foreign firms in a cluster has a negative impact on productivity in other foreign firms until a threshold of 35% - an important finding for the academic literature and policy debate on the benefits of “agglomerations” of foreign-owned firms. The approach taken in this study is also highly relevant for other international trade research on spillovers, like for example export spillovers. (For more information, please contact: Yundan Gong, Aston University, United Kingdom: y.gong1@aston.ac.uk)

Why do the Turkish Firms Invest in Mainland Europe?

Sathyajit. R. Gubbi, University of Groningen
Sinan Sular, University of Groningen

In this study the motivations behind the exceptionally high outward foreign direct investments of Turkish firms in European developed countries are investigated. Content analysis of text material on the foreign investments made by 211 Turkish firms reveals that Turkish firms primarily perform FDI in European developed countries for reasons other than conventional. Our analysis shows that Netherlands is a preferred destination over other countries due to its strategic location and favourable investment policies. Moreover, the Turkish firms seem to use the European countries to (1) present themselves as a European Union company, (2) make use of special features of these countries to expand their businesses within and to other countries and (3) make use of the favourable tax treatment policies available to foreign investors. *(For more information, please contact: Sathyajit. R. Gubbi, University of Groningen, Netherlands: s.r.gubbi@rug.nl)*

A Coasian Analysis of Corporate Governance Systems

Dorothee Feils, University of Alberta
Manzur Rahman, University of San Diego
Florin Sabac, University of Alberta

The marked differences in corporate governance systems observed across different countries present a challenge to existing theory: Is there an optimal corporate governance system? We examine this question within the framework of the theory of the firm in the Coasian tradition. First, we explore the link between a Coasian firm and governance, and establish that the central role of governance in a Coasian firm is to ensure that necessary firm-specific investments are made. We show that the theory of the firm is consistent with diversity of corporate governance systems, and that it does not point towards a single, optimal (national) corporate governance system. However, any successful corporate governance system has to fulfill the essential role of incentivizing firm-specific investments by the team members in the corporation. We also show that a Coasian firm will not exist if any one team member has exclusive control rights. We derive empirical implications on the link between governance and firm performance. We then use the corporate governance systems in the US and in Germany to illustrate our analysis. *(For more information, please contact: Dorothee Feils, University of Alberta, Canada: dfeils@ualberta.ca)*

Session: 1.3.11 - Competitive

Track: Track: 10 - Theories of the MNE and of FDI

Networks and Linkages

Presented On: June 24, 2014 - 13:00-14:15

Chair: Ulrike Mayrhofer, IAE Lyon

The Moderating Influence of Corruption Pervasiveness and Industrial Sector on Cross-National Distance and Foreign Subsidiary Adaptive Capability Building

George O. White III, Old Dominion University
Orhun Guldiken, Old Dominion University
Shuji Rosey Bao, Old Dominion University

In drawing from institutional theory and applying the dynamic capabilities perspective, this study examines the influence of cross-national distance as a determinant of multinational enterprise (MNE) wholly owned foreign subsidiary (WOFS) organizational adaptive capabilities in an emerging market. By employing data from 175 WOFSs operating in the Philippines, we find that cross-national distance negatively affects a WOFS's tendency

to build organizational adaptive capabilities. In addition, our results reveal that the simultaneous presence of perceived corruption pervasiveness and involvement in a manufacturing-based industry diminish the negative relationship between cross-national distance and a WOF's propensity to develop organizational adaptive capabilities. Managerial implications and avenues for future research are offered. *(For more information, please contact: George O. White III, Old Dominion University, USA: gowhite@odu.edu)*

When in Rome, do as the Romans do: Subsidiary Autonomy as a Response to Corruption Distance after Entry
Grazia D. Santangelo, University of Catania
Larissa Rabbiosi, Copenhagen Business School

Research on the HQ-subsidiary relationship that has studied subsidiary autonomy in relation to the local context has mainly seen the local context as a source of opportunities. However, the concept of liability of foreignness reminds us that the local context also imposes constraints to foreign entrants, which translate into more or less tacit costs of doing business abroad. We focus on corruption as a local context constraint that reflects the more tacit and implicit form of liability of foreignness, and study the influence of corruption distance between home and host country on subsidiary autonomy. Drawing on institutional theory, we argue that majority-owned foreign subsidiaries experience greater autonomy for high levels of corruption distance as a result of a pressure for local conformity. However, the ultimate organizational response of the MNE to corruption distance critically depends on internal forces based on socialization and resource-dependence, which exert different pressures for internal consistency. A tension between internal and external pressures materializes for high levels of socialization and subsidiary autonomy will be reduced in presence of high corruption distance. Instead, internal and external pressures reinforce one another and subsidiary autonomy will be enhanced when the subsidiary controls critical resources and corruption distance is high. *(For more information, please contact: Grazia D. Santangelo, University of Catania, Italy: grsanta@unict.it)*

Network and Internationalisation - A Review of more than 20 Years of Research
Pao T. Kao, Uppsala University

In last 20 years, the network approach to internationalisation has emerged as a leading framework to describe and explain internationalisation. This paper proposes to understand the development of network theory from an analysis of published empirical articles, and aims to identify how network theory is employed, how network concepts are applied, and whether there is coherency and consistency within these studies. Forty-two articles are included in this review. A distinction is first made between network as theory or as variable, and whether it was described in general or in specific. We also identify three types of relationships: business, social and institutional, and three types of networks: integrated, foreign and home. We discover that a dominant structure view of network and position-related concepts are developed. We suggest there is not enough coherency and weak consistency in the current network studies, partially due to the lack of theoretical and empirical specificity in how networks and relationships are theorised, studied, and reported. We finish this review with suggestions for future studies into the impact of institutional relationships, and encourage network researchers to take on bigger challenges to bring in time and change dimensions that address the process view. *(For more information, please contact: Pao T. Kao, Uppsala University, Sweden: pao.kao@fek.uu.se)*

What Explains Better the Success of Cross-border Technology Transfers in MNCs: Traditional Coordination Instruments or Modern Management Concepts?
Joachim Wolf, University of Kiel
William G. Egelhoff, Fordham University
Christian Rohrlack, Sauer Danfoss

This paper reports on an empirical study analyzing the relative influence of (a) traditional coordination instruments (structural, technocratic, person-oriented) and (b) modern management concepts (epistemic community, absorptive capacity) on the success of forward technology transfers within MNCs. The study finds

evidence that all three types of traditional coordination instruments relate to specific aspects of the success of such transfers. Comparing the different types of coordination instruments, the paper shows that the structural and technocratic coordination instruments relate most positively with the achievement of technology transfer goals. Whilst the absorptive-capacity concept has some positive relationship to the success of forward technology transfers, the epistemic-community concept did not relate to it. We think that these results have important implications on the management of international technology transfers in particular as well as on the foci of future (international) management research in general. *(For more information, please contact: Joachim Wolf, University of Kiel, Germany: wolf@bwl.uni-kiel.de)*

Session: 1.3.13 - Interactive

Track: Track: 2 - Entrepreneurship, SMEs, and Born Globals

MNEs, Non-market Actors and Entrepreneurship

Presented On: June 24, 2014 - 13:00-14:15

Chair: Simon Harris, University of Edinburgh

A Complementarity Perspective on Dual Embeddedness and Subsidiary Entrepreneurship: The Importance of Matching Ties to Internal and External Actors

Nathaniel Curtis Lupton, Fordham University

Christopher Williams, Ivey Business School

This article presents a new theoretical perspective on the role of embeddedness in MNC subsidiary entrepreneurship. We posit that the success of subsidiary entrepreneurship is dependent on how the complementarity of its internal and external ties aids the mobilization and assimilation of resources that can be used to pursue opportunities. Prior research has taken the perspective that embeddedness involves tradeoffs between access to key resources, and exposure to risks and imposition of constraints. To enhance resource access while mitigating negative consequences, we argue that ties to internal and external actors must match, and that the match depends on the identities of actors involved. This perspective contributes to MNC research by providing a new theoretical perspective to the field of subsidiary entrepreneurship. *(For more information, please contact: Nathaniel Curtis Lupton, Fordham University, USA: nlupton@fordham.edu)*

The Role of Religious-Based Social Networks in SME Internationalization

Yusuf Kurt, University of Manchester

While internationalization of firms has historically been studied through focusing mostly on internal firm resources and capabilities with a firm-centric perspective, a broad lens, which takes external environment into account, is becoming more necessary in order to understand the dynamics behind internationalization of firms, especially SMEs. The traditional IB perspective accepted internal firm capabilities as the main driver of internationalization. However, small firms obtain resources, knowledge, information, and thus develop capabilities in order to compensate their lack of resources, which large MNEs possess through their networks. So, revealing the importance and potential of networks for SME internationalization will make a significant contribution to the IB literature, as the applicability of traditional IB theories to SME internationalization is being questioned nowadays. The present study extends the boundaries of research beyond a firm-based study through taking social networks and institutional environment into account in the case of Turkish SMEs and Turkish socio-cultural context. It aims to reveal the dynamics, characteristics, patterns of these networks, and also understand how these networks embedded in socio-cultural environment, thus how organically they are formed through understanding the importance of religion as a binding force among the actors. *(For more information, please contact: Yusuf Kurt, University of Manchester, United Kingdom: yusuf.kurt@postgrad.mbs.ac.uk)*

Making Internationalization Research More Policy Relevant: A Processual Methodology to Engaged Scholarship

Margaret Fletcher, University of Glasgow
 Stephen Young, University of Glasgow
 Pavlos Dimitratos, University of Glasgow

In response to calls for more policy-relevant academic research, this paper provides an assessment of an innovative evaluation and research study of a public policy programme to support the internationalisation of Small and Medium Sized Enterprises (SMEs) in Scotland, namely the Global Companies Development Programme (GCDP); and, to analyse and interpret the processual methodology pursued within an engaged scholarship (ES) framework. The study was undertaken by academics and included a combined formal evaluation and research study, a follow-up workshop and group interviews; and policy maker reflections. The findings suggest that researchers and policy makers produced excellent results when they worked cooperatively over a long-time period; so that stakeholder groups acquired ownership of the outputs of their cooperation, which led to a communal behaviour. Our principal contribution derives from the application of stewardship theory in understanding key factors that influence successful ES. *(For more information, please contact: Margaret Fletcher, University of Glasgow, United Kingdom: margaret.fletcher@glasgow.ac.uk)*

Strategic Approach to Subsidiary Entrepreneurship: Opportunity Identification and Exploitation

Kim Clark, St. Mary's College of California
 Indu Ramachandran, Texas State University

Subsidiary entrepreneurship is an important manifestation of corporate entrepreneurship and commences with identifying 'opportunities' in the host environment. While subsidiary entrepreneurship literature emphasizes the subsidiary specific capabilities, resources and the industry environmental factors of subsidiary entrepreneurship, the nature of entrepreneurial opportunities that the subsidiaries may find in the host environment has not been explored. Drawing upon international business literature, institutional perspective and entrepreneurship literature, this study examines the entrepreneurial opportunities in regards to the institutional context and suggested that foreign subsidiaries have unique advantages to identify them. Furthermore, we propose a contingent perspective on the different views of entrepreneurial opportunities with respect to legitimacy requirement of the host country's institutional environment. Finally, we suggest appropriate strategic approaches that subsidiaries can adopt to exploit these entrepreneurial opportunities. *(For more information, please contact: Kim Clark, St. Mary's College of California, USA: kjc6@stmarys-ca.edu)*

Interactive Influence of Public Policy and Societal Culture on Entrepreneurship: Propositions and a Three-Nation Illustration

Joseph L.C. Cheng, University of New South Wales
 Bradley R. Skousen, University of Illinois at Urbana Champaign
 Dan V. Caprar, University of New South Wales

This paper seeks to contribute to the comparative entrepreneurship literature by examining the interactive influence of public policy and societal culture on new business creation. It argues that public policy can help promote entrepreneurship by taking on a compensatory or reinforcing role in relation to societal culture. A compensatory role would be for public policy to make up for a societal culture that is not particularly supportive of entrepreneurial behaviors. A reinforcing role, on the other hand, would be for public policy to add to, or further enhance, the impact of an already existing supportive culture. It also argues that societal culture has a more intrinsic and enduring effect on entrepreneurial behaviors than public policy that seeks to provide economic incentives or reduce transaction costs. This is particularly true for the high value-added entrepreneurship that involves new product and/or new technology development. These ideas are presented as theoretical propositions and assessed with illustrative evidence from experiences in Brazil, Japan, and Romania. *(For more information, please contact: Bradley R. Skousen, University of Illinois at Urbana Champaign, USA: skousen2@illinois.edu)*

Session: 1.3.14 - Interactive

Track: Track: 4 - Marketing and Consumers in IB

National Differences in International Marketing Strategy

Presented On: June 24, 2014 - 13:00-14:15

Chair: Gary A Knight, Willamette University

Friendliness, Helpfulness and Respectfulness: The Effect of Employee Attributes on Customer Satisfaction

Li Yan, University of Macau

Matthew T. Liu, University of Macau

This study aims to investigate how the three employee-attributes (displayed positive emotion, employee helpfulness and respectfulness) influence customer satisfaction in international service industry. The authors conducted an experiment based on 2 x 2 x 2 factorial design. 242 valid samples were collected in China in 2013. ANOVA and ANIMP were used to test the hypotheses. Results show that employee friendliness, helpfulness and respectfulness are all positively related to customer satisfaction. The impact of respectfulness is the strongest in Chinese interaction. In addition, the effect of friendliness is contingent upon the level of helpfulness. The effect of helpfulness can be significantly higher when respectfulness is high rather than low. *(For more information, please contact: Matthew T. Liu, University of Macau, Macau: matthewl@umac.mo)*

Dynamic Capabilities, Export Pricing Strategies and the Influence on Export Performance

Katharina Maria Hofer, Johannes Kepler University Linz

Lisa Niehoff, Johannes Kepler University Linz

Gerhard A. Wuehrer, Johannes Kepler University Linz

This study examines the influence of internal and external factors as well as dynamic capabilities on different pricing strategies. Furthermore, the impact of pricing strategies on export performance is analyzed. Specifically, the strategies of cost-based pricing, competitor-based pricing and value-based pricing are considered. We propose a conceptual model and analyze the impact of pricing strategies on export performance. Using data from a survey among 172 export managers, we test our hypotheses through structural equation modeling. The results show that the pricing strategies alone do not have a significant influence on export performance. However, we found a significant influence of internal factors, external factors as well as dynamic capabilities on pricing strategies. The comparison of European Union versus non-European Union target markets did not reveal any significant differences, i.e. the impact of different antecedents of the pricing strategies and the influence of the pricing strategies on export performance do not vary according to the target market regions. We conclude that export performance is not determined by a specific pricing strategy alone, but also by additional factors. *(For more information, please contact: Katharina Maria Hofer, Johannes Kepler University Linz, Austria: katharina.hofer@jku.at)*

Exporting Agricultural Geographical Indicators: The Challenge of Consumer Confusion from Non-Genuine Products

Stefanie Beninger, Simon Fraser University

June N. P. Francis, Simon Fraser University

Geographical indicators (GI) are shared rights held by a group of people from a specific area regarding distinctive products, such as Jamaica Blue Mountain coffee. Importantly, GIs are often exported. However, products falsely portraying GIs abound in international markets where weak legal protections at both international and local levels in some markets allows for marketing practices that free-ride on a GI's reputation. This study reports an experimental study that investigates consumers' reaction to of genuine and

non-genuine exported GI products. The results indicate that consumers are unable to tell the difference between genuine and non-genuine GI products. Mechanisms to differentiate GI products, such as logos and authenticity messages, are also investigated. Recommendations for academics and practitioners and directions for future research are suggested. *(For more information, please contact: Stefanie Beninger, Simon Fraser University, Canada: sbeninge@sfu.ca)*

The Impact of Risk Aversion and Prior Experience in Tourism Destination Decisions

Albert Nugraha, Macquarie University
Greg Elliott, Macquarie University
Hamin Hamin, Macquarie University

The aim of this study is to explain the differences people make between tourism destination decisions based on risk aversion measures. In tourism literature, risk aversion is much discussed in relation to destination decisions; however, there is little or no research on the extent of its influence in when comparing between leisure and medical tourism settings. The results of this study indicate that risk aversion distinguishes destination decisions in the context of both leisure and medical tourism in Indonesia; but not in Singapore. Despite the fact that risk averse groups are less likely to visit Indonesia, risk taker groups have a higher likelihood to travel for leisure rather than medical purposes. However, risk aversion does not distinguish their decision to go to Singapore. Risk averse groups are more likely to visit Singapore than Indonesia for leisure and medical purposes though the likelihood of travel for both purposes is not significantly different. Furthermore, prior experience significantly distinguishes the likelihood for both risk aversion groups to travel to Singapore and Indonesia for leisure. Conversely, prior experience is not significant for medical tourism in Indonesia, while results are mixed for medical and leisure in Singapore. *(For more information, please contact: Hamin Hamin, Macquarie University, Australia: hamin@aib.msu.edu)*

Affordability Strategies for Central and Eastern Europe: From Charity to a Sustainable Business Model

Arnold Schuh, WU Vienna
Verena Gumpoldsberger, WU Vienna

To be successful in the fast growing emerging markets of the world Western multinationals have to consider affordability strategies to reach the large market of low-income consumers. This paper examines how attractive Central and Eastern European markets are for Western consumer goods companies and what options exist to enter these price-sensitive mass markets. A case study of the affordability initiatives of Danone Poland shows how global firms can move from a program based on pure social considerations to a sustainable business model. *(For more information, please contact: Arnold Schuh, WU Vienna, Austria: arnold.schuh@wu.ac.at)*

A Conceptualization to Investigate the Direct and Indirect Impacts of Government Policy on the Performance of SME Cocoa Exporter in African Economies

Michael Zisuh Ngoasong, Open University
Sam Zisuh Njinyah, University of Wales Trinity Saint David

A conceptual framework is developed for studying the impact of government policies on the performance of SME cocoa exporters in cocoa-producing African economies. The framework builds on the literature discussing the relationship between government policy and the international activities of exporting SMEs. The proposed framework consists of nine propositions/hypotheses about the direct and indirect effects of government policies on the export performance. In conclusion, measures that can be used to collect and analysis data as a way of testing the hypotheses are discussed. *(For more information, please contact: Michael Zisuh Ngoasong, Open University, United Kingdom: michael.ngoasong@open.ac.uk)*

The Perceived Threats from Immigrants and their Effects on Government Services Equality

Amro Maher, Qatar University

Olfa Benarfa, Qatar University

Previous research has examined how consumers who migrate to another country acculturate and assimilate into the culture they are moving to (e.g., Ataca & Berry, 2002; Kotic, 2002; Ouarasse & van deVijver, 2005; Rostila, 2010). However, there is a dearth of marketing literature examining how residents of the host country respond to the incoming foreign migrant population. This issue is especially relevant in Gulf countries where the foreign population by far exceeds the local one. The minority status of consumers in their own country creates a unique context in which there is pressure for the locals to acculturate to the immigrant culture rather than the normal reverse situation. Toward bridging the research gap identified, the aim of this cross-cultural study is to provide the first investigation of the effect of the symbolic and realistic threats on the perceived government service equality (GSE). The results show that perceptions of government service equality are driven by perceived threats from the expatriate population, whether symbolic or realistic and that tradition affects both realistic and symbolic threats while cosmopolitanism has an effect on symbolic threat and collective narcissism has an effect on realistic threat. (For more information, please contact: Amro Maher, Qatar University, Qatar: amaher@qu.edu.qa)

Session: 1.3.15 - Interactive**Track: Track: 9 - Home Economies and the MNE*****Home-country Institutions and the Internationalization of MNEs*****Presented On:** June 24, 2014 - 13:00-14:15

Chair: Luis Alfonso Dau, Northeastern University

Home Institutions and Outward Foreign Direct Investment- OFDI from Developing Countries

Mohamed Amal, Regional University of Blumenau- FURB

Bruno Thiago Tomio, Regional University of Blumenau- FURB

The impact of institutions on FDI is still controversial, particularly in the case of developing countries. This paper examines the importance of home country governance as a determinant of OFDI. Using a panel data model for 43 developing countries over the period from 1996 to 2010, we estimated the relationship between OFDI and governance indicators, and we control for several economic variables, like the size and openness of the home economy of OFDI. The result of the model estimation has shown that political stability registered negative correlations with OFDI. These finding points out to the hypothesis of Institutional Escapism, a particular behavior of Multinational Companies where a negative institutional scenario may stimulate OFDI, since companies may feel encouraged to operate across borders to run away from some home market restrictions or uncertainties. On the other hand, the results show positive correlation between OFDI and the control of corruption and regulatory quality in the home country, suggesting at the same time, that improved institutional environment may stimulate the competitiveness of firms in foreign markets. The effects of the control variables, like GDP, Trade, and Inward FDI registered higher coefficient, pointing out to a significant role of economic openness (For more information, please contact: Mohamed Amal, Regional University of Blumenau- FURB, Brazil: mohamedamal.amal@gmail.com)

The Effect of Home Origin in MNEs' Diversification-Performance Relationships: An Analysis Across 33 Countries

Brian Tan, Nanyang Technology University

Asda Chintakananda, Nanyang Technology University

This research examines how home origins influence the diversification performance of MNEs. Specifically, we examine how transaction costs and the development of the resources and capabilities that influence

diversification performances are influenced by the political, legal, and social aspects of the MNEs' home origin. We hypothesize that while the political stability of the home origin positively influences MNEs' diversification performance, the regulatory effectiveness and some social aspects of the home origin negatively influence MNEs' diversification performance. These results have important theoretical and practical implications for the MNEs' international strategies. *(For more information, please contact: Asda Chintakananda, Nanyang Technology University, Singapore: asda@ntu.edu.sg)*

Emerging Economy Firm Acquisitions in Tax Havens

Murali D.R. Chari, Rensselaer Polytechnic Institute
Senay Acikgoz, Gazi University

We note that a non-trivial fraction of international acquisitions by emerging economy firms are in tax havens. We argue that such acquisitions are driven by different motivations than the four (market seeking, resource seeking, low cost seeking, and knowledge or strategic asset seeking) identified in the international business literature. Specifically, we argue that such acquisitions are driven by institutional weakness in the home country and lower taxes in the host country. Empirical tests using data on cross border acquisitions by firms from ten emerging economies with the most numbers of cross border acquisitions lend support to our arguments. *(For more information, please contact: Murali D.R. Chari, Rensselaer Polytechnic Institute, USA: charim2@rpi.edu)*

National Context and Organizational Performance

G.Ronald Gilbert, Florida International University
Mary Ann Von Glinow, Florida International University

This paper examines the performance of three distinct institutional systems in two unique national contexts—Jamaica and the United States. Institutional and economic theories are used to predict the behavior of public, private and not-for-profit sector organizations in different national contexts. It is hypothesized there are greater diffusional outcomes in the performance of organizations in a developed nation than in a developing nation due to resource differences that foster the integration of organizational practices across sectors. We find that where stronger diffusional characteristics exist within a nation, the three sectors are more likely to employ commonly shared management practices. Differences in sector performance reported in the literature are also found in the developing country where diffusional pressures are less, but not supported in the developed country where there is more opportunity for cross sector isomorphism to occur. As hypothesized, cross national differences have stronger influence on organizational performance than sector differences internal to the countries involved. As organizations are increasingly working in networks consisting of multiple countries, the differences found between Jamaica and US organizations may be indicative of like variations among other nations of wealth and poverty. *(For more information, please contact: G.Ronald Gilbert, Florida International University, USA: g.gilbert@fiu.edu)*

Local Home-Market Competitive Intensity and Foreign Market Entry Timing

K. Skylar Powell, Western Washington University

Research in the context of manufacturing has identified an inverted U-shaped relationship between competitive position and speed of foreign market entry. Given an emphasis on manufacturing industries, competition has appropriately been framed within an entire national home market. However, in industries such as professional services, firms from different local-home markets are likely to share the same unique resource imperatives, be structurally equivalent, and have a long history of competitive interaction and rivalry. As a result, considering the effect of local-home market competitive conditions on the competitive position and foreign market entry timing relationship may allow us to refine our understanding of this area. Consistent with expectation, this analysis finds that the inverted U-shaped relationship between competitive position and foreign market entry is moderated by local-home market competitive intensity in the context of large US law firms entering the Chinese market. Specifically, less-dominant firms from highly competitive local-home markets entered China more

quickly than less-dominant firms from less competitive local-home markets. In addition, first movers from highly competitive local-home markets tended to have more advantageous competitive profiles than first movers from less competitive local-home markets, as measured by relative profitability. *(For more information, please contact: K. Skylar Powell, Western Washington University, USA: skylar.powell@wwu.edu)*

Session: 1.3.16 - Interactive

Track: Track: 11 - Stakeholders, Responsible Leadership and Governance

HR, Governance, and Ownership

Presented On: June 24, 2014 - 13:00-14:15

Chair: Wolfgang Sofka, Copenhagen Business School

External Social Ties as Binding and Blinding: The Case of a Vietnamese Social Enterprise

Sarah Easter, University of Victoria

Mary Conway Dato-on, Rollins College

The majority of organizational studies have examined social capital in the context of the traditional firm, whose focal goals are economic in nature. With an amplified focus on social enterprise research and practice, it is both timely and pertinent to investigate how these organizations experience and utilize social capital, in terms of examining both benefits and risks. Based upon a one-year ethnographic case involving a Vietnamese social enterprise, this grounded qualitative study investigates how a socially focused organization's external social ties (i.e., bridging social capital) function as an asset in helping it to achieve its goals, while simultaneously, imposing constraints on the organization's ability to advance. The qualitative data from field experience in Vietnam, shows the enabling and constraining aspects of the social enterprise's bridging social capital, explores the multitude of tactics employed by the focal social enterprise in an attempt to effectively manage its social relations and offers theoretical and practical implications for understanding social capital tensions in a social enterprise within the institutional context of a transitional economy. *(For more information, please contact: Sarah Easter, University of Victoria, Canada: seaster@uvic.ca)*

Obstacles to Localization from an Expatriate and National Perspective in the Emirate of Qatar

Justin Shale Williams, University of Calgary

Ramudu Bhanupopan, Charles Sturt University

Amidst burgeoning expansion plans and double digit GDP growth, the challenge of employing nationals in a country dominated by expatriates raises serious challenges to the social, cultural and political landscape in Qatar. The purpose of this paper was to explore the localization dimensions in the State of Qatar. Using a sample of 204 expatriates and 200 nationals, principal-components factor analysis was employed, which uncovered five main dimensions for expatriates and three for nationals. These dimensions were then correlated with demographic and organizational variables using structural equation modelling and then regression analysis. The results showed that the dimensions of localization have a significant effect on demographic variables such as age, education level, length of stay in the host country and attitude of expatriate and national managers. Managerial and theoretical implications arising from the findings were discussed. *(For more information, please contact: Justin Shale Williams, University of Calgary, Qatar: juwillia@ucalgary.edu.qa)*

Agency Theory and China: A Meta-Analysis

Canan Canbulat Mutlu, University of Texas at Dallas

Mike W. Peng, University of Texas at Dallas

Sabrina Saleh, University of South Carolina

A research question that has recently risen to prominence in the corporate governance literature is whether the agency theoretical “good governance” principles apply to the Chinese context. A straightforward answer to this important question is lacking, however, because both theoretical arguments and empirical evidence are inconclusive across studies. Through a combination of research synthesis and theory-extension efforts, we shed new light on this relationship in two ways. First, we assess the impacts of (i) board independence, (ii) board leadership structure, and (iii) managerial incentives and their relationship to firm performance as these elements have been central to both agency theory and Chinese corporate governance reforms, finding overall support for agency theory. Second, we extend current theorizing by showing support for the temporal hypothesis that over time with the improvement in the quality of the Chinese market institutions, the monitoring mechanism of the board becomes more important whereas the incentive mechanism loses its significance. Empirically, our study draws on a pooled database comprising 81 studies, 272 effect sizes, and 212,777 firm-year observations in the period between 1991 and 2008. *(For more information, please contact: Canan Canbulat Mutlu, University of Texas at Dallas, USA: cxm101020@utdallas.edu)*

Financial Logic Versus Community Logic: the Contingent Effect of Foreign Ownership on R&D Search Pattern in Japan

Xing Chen, Chinese University of Hong Kong

Daphne W. Yiu, Chinese University of Hong Kong

While previous research predominately focuses on the impact of performance feedback on strategy formulation, forward-looking firm searching behaviors have been understudied. We draw on institutional logic literature to explain how the shared socially constructed mental models of transactional owners and relational owners exerted different impacts on forward-looking R&D search pattern in the context of Japan. Based on a sample of 1190 Japanese listed firms from 2004 to 2009, we found that firms with owners embedded in the community logic are more likely to increase R&D search intensity in response to anticipated gain and loss. Besides, we found foreign ownership's impact on search behavior is contingent on embeddedness of the community logic. Our study contributes to the behavioral theory of firm by enriching forward-looking search model and to corporate governance literature by providing a new, alternative perspective in explaining the effects of different ownership types on firms' strategic behaviors. *(For more information, please contact: Xing Chen, Chinese University of Hong Kong, Hong Kong, SAR-PRC: chenxing@baf.cuhk.edu.hk)*

The Effect of Foreign Institutional Investors on R&D Investment

KwangWook Gang, Ulsan National Institute of Science and Technology

Han-Gyun Woo, Ulsan National Institute of Science and Technology

Ji-Yu Kim, Ulsan National Institute of Science and Technology

Governing structures explain firms' heterogeneous strategies. Agency theory argues that there is incongruence in interests between principals and agents while stewardship theory predicts otherwise. Based on interest misalignments between principals, this research examines how foreign institutional investors influence R&D investment in the stewardship-based environment. Foreign institutional investors have effective monitoring power that fosters R&D investment, but high information asymmetry may decrease R&D investment. We attempt to explain such inconclusive role of ownership structure through an empirical study of Korean firms between 1998 and 2003 period. Our findings suggest that incentives initially play a greater role in the context of the stewardship-based environment, but that role lessens as their shares become concentrated. Furthermore, the results show the significant moderating roles of firm heterogeneities: the positive moderations of Tobin's Q, firm size and export ratio, and the negative moderation of domestic institutional owners. *(For more information, please contact: KwangWook Gang, Ulsan National Institute of Science and Technology, Korea, South: gangk@unist.ac.kr)*

When do Owners Prefer Longer Debt Maturity? International Evidence from SE Asia
Sorin Rizeanu, University of Victoria

A firm's debt maturity is often considered an indication of its governance health, as banks will impose shorter maturities on firms that call for increased monitoring. However, in many countries, blockholders benefit from the existence of private networks, commonly including banks and other financial institutions, thus accessing long-term debt despite likely corporate governance concerns. We focus on large firms in nine SE Asian countries for which extensive evidence proves the existence of such private networks of influence. We show that in these countries a higher separation of ownership and control rights is significantly associated with the use of longer debt maturity, evidencing that when blockholders are more likely to extract private benefits they will prefer longer maturities in order to avoid bank supervision. The effect is particularly notable when the largest owner is a widely held corporation or a family. *(For more information, please contact: Sorin Rizeanu, University of Victoria, Canada: srizeanu@uvic.ca)*

Session: 1.4.1 - Special Session

Peter J. Buckley and Mark Casson AIB Dissertation Award Presentations

Presented On: June 24, 2014 - 14:30-15:45

Chair: Peter J. Buckley, University of Leeds

Trajectory of Innovation in Emerging Industries: Evidence from the Global Wind Power Industry
Snehal Suyash Awate, Indian School of Business

Global dispersion of technology and the growing geographic spread of value creation define today's knowledge economy. As a result, firms are increasingly coordinating their knowledge creation activities across geographic space, especially in knowledge-intensive industries. This expanding geography of innovation has several effects in knowledge-intensive industries. While existing innovative locations are becoming more globally connected, new locations are increasingly entering these industries' global innovation systems. With this dissertation, I examine how the forces of the new knowledge economy that promote dispersal of technology and value creation affect the geographic clustering of innovation in emerging industries. *(For more information, please contact: Snehal Suyash Awate, Indian School of Business, India: snehal_awate@isb.edu)*

The Organizational Design of Offshoring
Marcus M. Larsen, Copenhagen Business School

The general research question guiding this thesis is: What are the organizational consequences of offshoring? Increasingly firms are becoming caught up by the "harsh realities of offshoring" (Aron and Singh, 2005: 135). Many firms have begun to realize that managing an increasingly globally dispersed organization is more difficult and costly than initially expected (Dibbern et al., 2008; Stringfellow et al., 2008). In particular, decision makers often fail to accurately estimate the costs of offshoring and are therefore surprised by unexpected costs of implementing offshoring decisions. Accordingly, the overall purpose of this thesis is to investigate why some firms fail when offshoring and others do not. To accomplish this, offshoring is conceptualized as an organizational reconfiguration which requires firms to coordinate and integrate geographically dispersed activities across distances. In this respect, a number of questions arise. For example, how does the added distance between the organizational activities signified by offshoring impact task interdependencies and performance? How do bounded rational decision makers account for and plan the organizational change from co-location to international dispersion? How do firms accumulate architectural knowledge so that efficient design decisions can be taken when relocating certain activities to foreign locations? *(For more information, please contact: Marcus M. Larsen, Copenhagen Business School, Denmark: mml.smg@cbs.dk)*

Pro-Internationalisation Policy and Outward Foreign Direct Investment

Miguel Matos Torres, Universidade de Aveiro

This thesis builds and tests a theoretical framework to explain the mechanisms through which public support policy, directed towards outward internationalization, impacts the behavior of domestic firms. We pose the question "What is the mechanism, or mechanisms, through which public support influence the internationalization behavior of domestic firms?" In order to answer to this question, this thesis integrates the mechanisms of official government intervention – mainly trade promotion – into the body of IB theory via a novel framework within which we are able to interpret why, and how, public aid for internationalization can increase not only exports but also FDI. *(For more information, please contact: Miguel Matos Torres, Universidade de Aveiro, Portugal: miguel.torres@ua.pt)*

Multinational Enterprises and Performance: Three Essays at the Interface between International Business and Strategic Management

Lars Matysiak, Justus Liebig University Giessen

My dissertation as a whole focuses on the the role of non-location bound and location bound firm-specific advantages as well as country-specific advantages in the performance of multinational enterprises. It consists of three essays: a systematic narrative literature review, an empirical study, and a conceptual theory development paper. *(For more information, please contact: Lars Matysiak, Justus Liebig University Giessen, Germany: research@matysiak.com)*

Foreign Acquisitions by Indian Multinational Enterprises: A Test of Internationalisation Frameworks

Surender Munjal, University of Leeds

Using quantitative methods of data analysis on foreign acquisitions undertaken by Indian MNEs, between 2000 and 2007, and the Ownership-Location-Internalisation (OLI) and Linkage-Leverage-Learning (LLL) frameworks from international business literature, this thesis explores the determinants of outward FDI undertaken by Indian MNEs through acquisitions. The thesis offers theoretical extensions. It finds that though the OLI and the LLL frameworks explain different facets of internationalisation behaviour of MNEs, they do not compete but complement each other. This complementarity among tenets underlying the frameworks is found at country- and firm-level units of analysis. *(For more information, please contact: Surender Munjal, University of Leeds, United Kingdom: smu@lubs.leeds.ac.uk)*

Session: 1.4.2 - Special Session**Track: 18 – Scholars Meet Practice Session*****Managing New Forms of Risk and Sustainability Challenges in the Global Economy*****Presented On:** June 24, 2014 - 14:30-15:45

Chair: Chang Hoon Oh, Simon Fraser University

Managing New Forms of Risk and Sustainability Challenges in the Global Economy

Ray Castelli, CEO, Wetherhaven

Jennifer Oetzel, American University

Witold J. Henisz, University of Pennsylvania

Rob van Tulder, RSM Erasmus University

(For more information, please contact: Chang Hoon Oh, Simon Fraser University, Canada: coh@sfu.ca)

Session: 1.4.3 - Panel

Track: Track: 6 - Innovation and Knowledge Management

Boundary Spanning in Global Organizations

Presented On: June 24, 2014 - 14:30-15:45

Chair: Ajai Gaur, Rutgers University

Panelists:

Andreas Schotter, Ivey Business School

Ram Mudambi, Temple University

Yves Doz, INSEAD

Felipe Monteiro, INSEAD

In today's interconnected world, there is ever greater need for developing new ways of coordinating, organizing, and reconfiguring of organizational structures and routines across inter and intra-organizational boundaries. Consequently, the boundary spanning function has become critical in global organizations. Despite its importance, there is limited scholarly attention to the topic of boundary spanning. Existing research on boundary spanning is mainly conceptual or based on a limited number of case studies. The research suggests that a small number of managers with unique skill sets or personality traits have emerged as critical facilitators for cross-boundary coordination. However, boundary spanning phenomenon is much more complex than the simple treatment offered by the extant literature, and provides an opportunity for moving beyond emblematic borrowing of individual level theories and applying them to organizational level research. With this panel, we seek to advance the understanding of the structure and evolution of boundaries in and across global organizations and the roles that individual managers play in organizational development and coordination processes in multinational corporations. *(For more information, please contact: Ajai Gaur, Rutgers University, USA: ajai@business.rutgers.edu)*

Session: 1.4.4 - Competitive

Track: Track: 2 - Entrepreneurship, SMEs, and Born Globals

International Entrepreneurship: Knowledge, Capabilities and Learning

Presented On: June 24, 2014 - 14:30-15:45

Chair: Peter W. Liesch, University of Queensland

Learning by Exporting: Short-Term vs. Longer Term Effects of Export Duration on Product Innovations. Do Born Globals Learn Differently?

Matthias Baum, University of Kaiserslautern

Sui Sui, Ryerson University

In this paper, we study the learning by exporting effect among small-to-medium sized enterprises (SMEs). Using longitudinal data (1997-2005) of 1,689 Canadian SMEs, we show that the relationship between export duration and new product innovations is not a linear one, but has an inverted-u shape. In earlier phases of export activities, there is a strong positive effect from exporting on SMEs' innovations, which however diminishes over time. This inverted-u shape effect is even more distinct for born global firms. Born globals learn faster at early stages of exporting but also restrain their innovations more strongly than gradual internationalizers in the longer run, leveling out the initial learning advantages of newness. Thus, while we do not find evidence that born globals learn more from exporting than gradual internationalizers, our study suggests that born globals have a

significantly different learning trajectory than gradual internationalizers. In general, our study corroborates to recent studies arguing for a “learning by exporting” effect. Providing longitudinal firm-level evidence, we however also forward a dynamic perspective and show that learning by exporting is duration dependent and contingent upon the market entry strategy pursued by SMEs. *(For more information, please contact: Matthias Baum, University of Kaiserslautern, Germany: matthias.baum@wiwi.uni-kl.de)*

A Longitudinal Study of Learning for Sustainable Internationalization

Simon Harris, University of Edinburgh
Margaret Fletcher, University of Glasgow

This paper investigates the learning firms may need for sustainable internationalization. We draw on organisational learning theory implicit in internationalization process and international entrepreneurship research to identify learning needs as firms internationalize and compete in the international market place. We study the development of a single longitudinal case study of a firm as it developed from being an international new venture to its evolution as a successful international enterprise. We find exploration and exploitation learning for market entry and for network relationships are most important at early and growth stages of internationalization. International management capabilities are imperative for firms to achieve sustainability and profitability. This research is part of a new research avenue that helps to make the specific learning needed for internationalization at different stages more explicit. Managerial implications are that firms need to have the right information before they make international commitments rather than afterward help them to develop sustainably and avoid costly mistakes. *(For more information, please contact: Simon Harris, University of Edinburgh, United Kingdom: simon.harris@ed.ac.uk)*

Developing International Opportunities in Firm Internationalization: Non-Linear Effects of Market Knowledge and Internationalization Knowledge

Niklas Åkerman, Linnaeus University

This study focuses on determinants of development of international growth opportunities. Market knowledge and internationalization knowledge are applied in order to understand how opportunities are developed in internationalization and these relations are tested for linearity. The study relies on data collected from 144 Swedish firms exporting to the Baltic States, Poland, Russia, and China. A regression analysis shows that knowledge about the local business network is positively and non-linearly related to international opportunity development. The non-linearity gives an accelerated effect of further learning about the local business network. Also spread in internationalization knowledge is related to opportunity development but exhibits an inverted u-shape. Consequently, there is a threshold for when the marginal effect of further internationalization becomes negative for international opportunity development. The results suggest that local, societal knowledge and depth in internationalization knowledge do not influence how international opportunities are developed. The results of the study contribute to theory of growth behavior beyond early internationalization by integrating learning from internationalization process theory and international entrepreneurship. *(For more information, please contact: Niklas Åkerman, Linnaeus University, Sweden: niklas.akerman@lnu.se)*

A Process of New Ventures Internationalization: Capabilities, Alertness and the Moderating Role of Technological Turbulence

Nuno Fernandes Crespo, Lisboa - School of Economics & Management
Vitor Corado Simoes, ISEG, University of Lisboa
Margarida Fontes, Laboratorio Nacional de Energia e Geologia

This research is based on the perception that the explanation of International New Ventures' (INVs) performance demands a process view, going deeper than the standard approach, in empirical papers, of testing a direct relationship between individual- and company-level antecedents, and performance. In line with Aspelund, Madsen & Moen (2007) and Keupp & Gassmann (2009) arguments, a three-tier model was developed

to investigate the process leading to INVs international performance. Based on the dynamic capabilities framework, entrepreneurial alertness was envisaged as the mediating element between firms' capabilities and their international performance. Empirical research confirmed the hypothesized model. Firms' capabilities (entrepreneurial orientation, foreign market knowledge, and absorptive capacity) significantly influence the level of entrepreneurial alertness, which impacts on company international performance. The paper makes three contributions to International Entrepreneurship literature. First, it highlights the key role played by entrepreneurial alertness in explaining INVs' international performance. This is convergent with the dynamic capabilities view on firms' ability to sense and seize specific international business opportunities. Second, it shows that alertness is based on a set of first order capabilities, namely entrepreneurial orientation, foreign market knowledge, and absorptive capacity that simultaneously leverage and constrain alertness. is a key element to foster INVs' higher performance. Third, it underlines the role of technological turbulence as a moderator of the relationship between entrepreneurial alertness and INVs' international performance. *(For more information, please contact: Nuno Fernandes Crespo, Lisboa - School of Economics & Management, Portugal: ncrespo@iseg.utl.pt)*

Session: 1.4.5 - Competitive

Track: Track: 11 - Stakeholders, Responsible Leadership and Governance

Bottom of the Pyramid and Ethical Challenges in Emerging Economies

Presented On: June 24, 2014 - 14:30-15:45

Chair: Htwe Htwe Thein, Curtin University

Religious versus Secular Microfinance Institutions (MFIs): An Examination of Their Social Performance in Base of Pyramid (BoP) Markets

Abraham Stefanidis, St. John's University

R. Mitch Casselman, St. John's University

Linda M. Sama, St. John's University

As the debate intensifies over the value that microfinance institutions (MFIs) bring to the development equation in poor and developing economies, it remains apparent that microfinance has established itself as an industry that is attractive to many different players, and that micro-credit may, at the very least, be considered as one tool in the arsenal of the war against poverty. Given the variety of actors in the microfinance arena, and the concern with mission drift that has plagued the industry, stakeholders have placed a relatively new emphasis on performance reporting for MFIs that is transparent and consistent, allowing comparison and identification of performance gaps. One result of this scrutiny is an increased importance placed on MFIs' social performance, with an eye to understanding, through social performance measures, MFIs' intent, process, and results in the social realm in addition to their financial sustainability. While a number of factors may explain a difference in social performance, in this paper we take a close look at one factor in particular that may have a positive relationship with higher social performance – that of an MFI's religious affiliation or religiosity. Using archival data, we derived three sets of randomly paired samples, pairing religious MFIs with non-religious ones, and compared social performance indicators across the samples. We sought to understand whether there was evidence that religiously-affiliated MFIs would, in fact, demonstrate stronger social performance intent, wider social performance reach via service delivery processes, and better social performance outcomes. Statistical tests offered encouraging results that provide preliminary support for our research questions and suggest new avenues for future research. *(For more information, please contact: Abraham Stefanidis, St. John's University, USA: stefania@stjohns.edu)*

Articulating Globalization: Exploring the BOP Terrain
Suparna Chatterjee, Xavier University

I examine how globalization is produced and consumed in one particular site, that is, the much acclaimed Bottom/Base of the Pyramid (BOP) approach. Employing the notion of articulation, I look at how globalization is enacted and enunciated in this particular site and what are some of its larger socio-economic, political, and ethical ramifications. Even as globalization provides the historical and political conditions of possibility for the BOP initiative, there is little discussion on globalization, as such in the BOP domain. Thus, by extrapolating from what is being said to what remains unsaid and muted, the present study attempts to highlight the different ways in which globalization is articulated in the BOP project; and what kinds of positions, perspectives, and interests are animated in such articulations of globalization. How does the BOP program conceptualize some of the categories, divides, and demarcations that mark our contemporary world? And, how does it imagine markets and the place of the poor in the current global economic order? These are some of the questions that guide the present analysis as it attempts to navigate through the BOP terrain looking for clues to arrive at an understanding of how globalization as a phenomenon emerges at this particular moment, and whose interests does it best promote or advance. *(For more information, please contact: Suparna Chatterjee, Xavier University, USA: chatterjees@xavier.edu)*

Ethical Lobbying? Explaining the Determinants of Foreign Firms' Political CSR Activities in Emerging Economies
Vikrant Shirodkar, University of Sussex
Eshani Beddewela, University of Huddersfield
Ulf-Henning Richter, Nottingham University China

In emerging markets, MNEs' frequently adopt corporate social responsibility (CSR) activities that are targeted towards influencing public policy. While CSR activities are known to increase foreign firms' legitimacy in developing institutional contexts, we suggest that 'political' CSR, defined as CSR activities targeted towards influencing policymaking, is further useful in building relationships with the state and other key external stakeholders. As research on this new dimension of CSR is gaining momentum, particularly within the context of emerging economies, we suggest that only a limited number of studies have investigated how specific firm-level variables can affect the extent to which foreign firms' subsidiaries in emerging economies pursue political CSR. Using insights from resource-dependency, institutional and social capital theories we argue that foreign firms' subsidiaries that depend on local resources critically, have greater managerial ties with related local businesses and government agencies, and those that are highly integrated with other foreign subsidiaries would be more likely to be involved in political CSR practices. We test our hypotheses using a sample of 105 foreign subsidiaries in India. Our findings enhance our understanding of the factors that affect foreign firms' adoption of political CSR in emerging economies. *(For more information, please contact: Vikrant Shirodkar, University of Sussex, United Kingdom: v.shirodkar@sussex.ac.uk)*

Invisible Compromises: Global Business, Local Ecosystems, and the Commercial Bumble Bee Trade
Carol Reade, San Jose State University
Koichi Goka, National Institute for Environmental Studies
Robbin Thorp, University of California, Davis
Masahiro Mitsuhashi, Arysta LifeScience Corporation
Marius Wasbauer, University of California, Davis
Mark McKenna, Hult International Business School

The purpose of this paper is to challenge business leaders and organizational scholars to consider more comprehensively the indirect impact of global business activities on local ecosystems, through the lens of the global trade in bumble bees. The global bumble bee industry rears and supplies bumble bees to satisfy a growing demand worldwide for the pollination of greenhouse crops. While the industry provides a natural or 'green' pollination service, the introduction of bumble bee species into areas of the world where they are not native may have serious long-term ramifications for biodiversity and the sustainability of local ecosystems.

Drawing on the sustainability, management, and entomology literature, we conclude that the global standardization strategy often adopted by global business to achieve cost efficiencies, indicative of a weak sustainability approach, can harm local ecosystems, while a local responsiveness approach advocated by scientists and other stakeholders that is more consistent with strong sustainability, can help to address the invisible compromises to ecosystem health that often result from the efforts of global firms to provide otherwise beneficial products and services. *(For more information, please contact: Carol Reade, San Jose State University, USA: carol.reade@sjsu.edu)*

Session: 1.4.6 - Competitive

Track: Track: 12 - The Institutional and Political Environment of IB

National and Subnational Institutions in International Business

Presented On: June 24, 2014 - 14:30-15:45

Chair: Saul Estrin, London School of Economics

SOE as a Double-Edged Sword: The Effects of Subnational Political Institutions on Foreign Firms' Ownership Strategy

Shu Yu, National University of Singapore

Andrew Delios, National University of Singapore

We examine how the subnational political institutions in China affect foreign firms' ownership strategies. We introduce subnational political institutions as an important factor influencing the ownership strategies of MNCs, and focus on two major dimensions: government corruption and government inefficiency. Following the key tenets of institutional theory, we argue that as local partner SOEs play different roles under corrupt and inefficient institutions, foreign firms have different preference orderings for three ownership strategies (WOS, JV-state, JV-private). We propose that a firm's responses to political institutions are moderated by the firm's home country institutions and the political dependence of the industry. *(For more information, please contact: Shu Yu, National University of Singapore, Singapore: yushu@nus.edu.sg)*

IPR at the Host Locations and the Internal Division of Innovative Labor within Multinational Enterprises

Anand Nandkumar, Indian School of Business

Kannan Srikanth, Indian School of Business

Drawing from the literature on how patents influence the efficient division of labor between firms, we study how the strength of intellectual property regimes (IPRs) at the host destination where R&D is offshored by a multinational enterprise (MNE) influences the division of innovative labor between the MNE's headquarters and its international subsidiary. We argue that the internal division of innovative labor in an MNE is influenced by efficiency considerations, such as differences in the cost of talent across locations, and the potential threat of IP leakage due to weak IPRs at the host destination. We find that a stronger IPR at the host destination increases the participation of that country's inventors. This IPR effect is greater when the R&D project is more relevant for the host market than when it is more relevant for the market of the MNE's headquarters. *(For more information, please contact: Anand Nandkumar, Indian School of Business, India: anand_nandkumar@isb.edu)*

Subnational Institution, Regional and Foreign Subsidiaries' Characteristics and Foreign Subsidiary Performance

Christine M. Chan, University of Hong Kong

Andy C. Niu, University of Hong Kong

Jia Lin Du, University of Hong Kong

Tao Bai, University of Hong Kong

This study examines how different aspects of subnational institutions influence foreign subsidiary performance based on the institution-based view. We propose that different development levels of subnational economic, political, and social institutions can facilitate and constrain foreign subsidiary performance in different ways and magnitudes, and such relationships are contingent on the different characteristics of subnational regions and foreign subsidiaries. Using panel data of 87,782 foreign subsidiaries established in China during the period 1998-2008, our results show that the development level of subnational economic, political, and social institutions has positive influence on foreign subsidiary performance, and this positive relationship is stronger when subnational regional competitive and instable levels are low, and when foreign subsidiaries are larger and older. *(For more information, please contact: Christine M. Chan, University of Hong Kong, Hong Kong, SAR-PRC: mkchan@business.hku.hk)*

How and When Do Sub-national Institutions Matter for Corporate R&D in Emerging Economies?

Pei Sun, Fudan University

Zhe Qu, Fudan University

Integrating the institution-based view of strategy and literature on the appropriability of innovation, this paper develops a conceptual model of rent creation and rent capture to analyze how sub-national institutions will impact upon corporate R&D intensity in emerging economies. Furthermore, we develop hypotheses regarding the ways in which certain organizational characteristics – a firm's technological competence and ownership identity – may moderate the relationship between local institutions and R&D investments through the creation and capture of innovation rents respectively. Using a large sample of firms in China's pharmaceutical industry, we test the conceptual framework and find that the quality of local institutional environments has a significantly positive effect on corporate R&D intensity. Furthermore, this positive effect is less pronounced in firms that are technologically more competent, and is more salient in indigenous firms than in wholly owned foreign subsidiaries. *(For more information, please contact: Pei Sun, Fudan University, China: sunpei@fudan.edu.cn)*

Session: 1.4.7 - Competitive**Track: Track: 4 - Marketing and Consumers in IB*****Marketers' and Consumers' Responses to Cultural Issues*****Presented On:** June 24, 2014 - 14:30-15:45

Chair: Saeed Samiee, University of Tulsa

The Inconsistency of Explicit and Implicit Manifestations of Ethnocentric Bias

Ting-hsiang Tseng, Feng Chia University

George Balabanis, City University London

Matthew T. Liu, University of Macau

This article examines the inconsistency of explicit and implicit manifestations of ethnocentric bias across different types of products. The research conducts two studies in two countries respectively to examine the issue stated above. The first study collected data through mall intercept survey method in Taiwan and identified 189 valid respondents. The second study applied a 2 (ethnically typical products vs. ethnically atypical products) × 2 (ethnocentrism pitch vs. no pitch advertisement) × 2 (domestic vs. foreign) between-subjects factorial experiment in China and 200 college students participated in this study. Results show that ethnic product

typicality can explain such inconsistencies. For ethnically typical products, ethnocentric bias is more pronounced in consumers' explicit attitudes but remains insignificant in consumers' implicit attitudes. On the contrary, for ethnically atypical goods, ethnocentric bias makes itself present in both explicit and implicit attitudes. The results shed new light on ethnocentric bias and confirm that the bias could divergate between explicit and implicit attitudes in the case of ethnically typical products. *(For more information, please contact: Ting-hsiang Tseng, Feng Chia University, Taiwan: dinshang1@yahoo.com.tw)*

How to Build a Cross-Cultural Brand by Merging Cultural Elements: Case Study of Taiwanese Cultural Creative Brands

Hsiu Ying Huang, Feng Chia University
Sheng Tsung Hou, Feng Chia University

As the increasing complex of globalisation process, the conventional binary positioning strategy of an international brand, global vs. local, has become incapable of explaining the rise of new cross-cultural brands, particularly, new cultural brands from emerging markets. This study explores how companies from the emerging countries, by the use of cultural resources, build up cross-cultural brands. Based on a seven-year qualitative research on two Taiwanese cultural-creative brands, JIA and Franz, both position their brands by merging the western and eastern cultures, this study proposes a three-level framework cultural merging: merging orientation, merging construction, and merging presentation. Moreover, the study suggests two key factors related to the framework: the connection between consumers and culture merging and the mastering of culture merging. The results of the study may shed light on how cultural-based brands take advantage of as well as balance global and local cultural elements, and thus make both practical and theoretical contributions to the field of international branding strategy. *(For more information, please contact: Hsiu Ying Huang, Feng Chia University, Taiwan: huanghy@fcu.edu.tw)*

Cultural Intelligence, Collective Identity, and Willingness to Buy

Alexey V. Semenov, Saint Louis University
Arilova A. Randrianasolo, Saint Louis University
Mark J. Arnold, Saint Louis University
Kristy E. Reynolds, University of Alabama

This study introduces the concept of consumer's cultural intelligence (CQ) and proposes and tests a model which relates dimensions of CQ, collective identity, and the personality trait of agreeableness in predicting willingness to buy foreign and domestic products. We find that two of the dimensions of CQ, motivational CQ and meta-cognitive CQ, are positively related to global identity as well as mediate the effects of agreeableness. Furthermore, we find that cognitive CQ moderates the relationship between agreeableness and national identity, and both national and global identity are positively related to willingness to buy domestic and foreign products, respectively. We add to the theoretical understanding of how meta-cognitive constructs, such as CQ, relate to personality and self-identity constructs. Finally, we provide valuable guidance to global marketers in understanding and better predicting consumer willingness to buy foreign and domestic products. *(For more information, please contact: Alexey V. Semenov, Saint Louis University, USA: asemenov@slu.edu)*

Differences in Attributions to Globalization and Liberalization in India

Kubulay Gok, Abdullah Gul University
Daniel Rutledge, University of Lethbridge
Sameer Deshpande, University of Lethbridge
Gordon Hunter, University of Lethbridge
Michelle Nelson, University of Illinois at Urbana-Champaign

In this study, we describe opinions of experts and the three groups of Indian citizens relating to the consequences of globalization and liberalization efforts in India. Opinions of experts were derived from the

published literature while insights from the three citizen groups are based on personal interviews. Results between experts and Indian citizens are similar, but the priority of issues is different. Using the number of references as evidence, changes to Indian culture are the most relevant changes that Indians have seen in recent years. Cultural changes that Indians have seen include changes to sexuality in society, increased self-centeredness, and changes in consumption. *(For more information, please contact: Kubulay Gok, Abdullah Gul University, Turkey: kgok@hotmail.com)*

Session: 1.4.8 - Competitive

Track: Track: 8 - Global Strategy, M&As and Competitiveness

Emerging Economies and the Determinants of Corporate Performance

Presented On: June 24, 2014 - 14:30-15:45

Chair: Dean Xu, University of Melbourne

Strategic Role of Corporate Social Responsibility in International Expansion of Emerging Market Multinationals
Olga Hawn, Boston University

This paper studies the strategic impact of corporate social responsibility (CSR) in international expansion of emerging market multinationals (EMMs). EMMs face significant challenges in international expansion, partly due to suspicions about their origin or lack of home country legitimacy; we argue that they can overcome these challenges by generating social legitimacy with critical actors in host countries from CSR activities in their home countries. We use a quantitative analysis of almost 5,000 cross-border M&A deals from 1990 to 2011, where the buyers come from Brazil, Russia, India, China, and South Africa. The results show that positive CSR helps overcome low home country legitimacy, leading to greater likelihood of and faster deal completion (vice versa for negative CSR). We contribute to strategic CSR and neo-institutional literatures. *(For more information, please contact: Olga Hawn, Boston University, USA: olgahawn@bu.edu)*

Perils of Quasi Global Mindset: Why Japanese MNEs Struggle in Emerging Economies
Katsuhiko Shimizu, Keio University

When multinational enterprises (MNEs) from developed countries try to enter and succeed in emerging economies, they need to compete not only with each other but also with local firms. Although both practitioners and researchers repeatedly call for the importance of global mindset in such contexts, many top managers seem to fail to utilize the advice. In this paper, in response to the question raised by JIBS editors in 2009: "How should the MNE effectively compete with rising competitors from emerging markets who are imprinted with very different national institutional configurations, business models, belief systems and stakeholder relations?" we intend to take the perspective of global mindset and provide a modest description of MNEs in emerging economies as a base for discussing prescriptions. In doing so, we examine Japanese MNEs that had been praised for their successful globalization in late 1970s and 1980s but lost some of their luster lately. *(For more information, please contact: Katsuhiko Shimizu, Keio University, Japan: kshimizu22@gmail.com)*

The Effects of Internationalization and Organizational Slack on Performance of Emerging Market Firms: Empirical Evidence from India 2000-2010

PhilSoo Kim, Yonsei University
Young-Ryeol Park, Yonsei University

Building on the internationalization theory and the resource-based view (RBV) of the firm, this research seeks to both theoretically and methodologically explore the impacts of the relationship between internationalization, organizational capabilities and slack regarding the performance of emerging market firms by analyzing a sample

of 1,915 Indian firms for the research period of 2000-2010 with a total of 20,041 unbalanced panel data observations. The empirical results indicate that there is significant and positive statistical support for the effects of internationalization and organizational capabilities on the performance of emerging market firms. Empirical findings also indicate a strengthening role of unabsorbed organizational slack resources within the relationship between internationalization and firm performance. Furthermore, absorbed slack, R&D, and marketing capabilities are found to negatively moderate the performance consequences of internationalization. *(For more information, please contact: PhilSoo Kim, Yonsei University, Korea, South: kimseolhyun@yonsei.ac.kr)*

Factors Affecting International Joint Venture Innovation: An Empirical Analysis of Market Challenge, Strategic Orientation and their Impact on Innovation in IJVs

Chansoo Park, Memorial University of Newfoundland
Yiannis Kouropalatis, Cardiff University

This study investigates how market challenge and strategic orientation effect the development of innovations in International Joint Ventures (IJVs). In our study, we look at two components of strategic orientation, 1) market orientation, which focuses on customer and competitor, and 2) learning orientation, which is further divided into articulated goals and commitment-to-learning. We estimate a structural equation model using survey data collected from 199 IJVs in South Korea. We found that market challenge only positively has a significant influence on market orientation, but not on commitment-to-learning in IJVs. On the other hand, results indicate that the articulated goal between partners is only positively related to commitment-to-learning. In turn, commitment-to-learning is found to be a positive antecedent to innovation. We also found that while market orientation is shown to have a significant positive impact on innovation, the impact was stronger in IJVs with higher levels of commitment-to-learning. *(For more information, please contact: Chansoo Park, Memorial University of Newfoundland, Canada: cpark@mun.ca)*

Session: 1.4.9 - Competitive

Track: Track: 12 - The Institutional and Political Environment of IB

Corporate Political Ties around the World

Presented On: June 24, 2014 - 14:30-15:45

Chair: Deli Yang, Trinity University

What is the Logic behind Political Connectedness? Institutional Logics and Varieties of Firm-Government Interactions

Tolga Ulusemre, University of South Carolina

This study examines the varieties of firm-government interactions across countries. Specifically, I draw on the institutional logics and comparative capitalism perspectives to explain the differences between developed and developing countries in the way that exchanges between firms and governments take place. I argue that the interplay among four institutional orders in developing countries, namely, the market, state, family, and community, leads to the generation of patrimonial logic, which results in the prevalence of personalized, relationship-based exchanges between firms and governments. In developed countries, on the other hand, state logic and market logic come together to generate bureaucratic logic, which pervades the institutional systems of these countries, and isolates the domain of firm-government interaction from the logics of the family and community. This results in the prevalence of rule-based, impersonal exchanges between firms and governments in developed countries. *(For more information, please contact: Tolga Ulusemre, University of South Carolina, USA: tolga.ulusemre@grad.moore.sc.edu)*

Ties that Bind: A Study into Ambassadors' Contribution to Commercial Diplomacy and Trade

Huub Ruel, Windesheim University
 Han Abbink, University of Twente
 Harry Van Der Kaap, University of Twente

This paper presents a study that investigates the involvement of ambassadors in commercial diplomacy, to what extent this involvement can explain the performance of the economic department of their embassy, and trade volumes between the home and host country. Data was collected via a survey among all ambassadors residing in the Netherlands and via trade figures data available in a central public database. The results indicate that the years of experience of ambassadors in private firms is positively related to the time ambassadors spend on commercial diplomacy, whereas the number of years of experience in governmental organizations is negatively related to the time spent on commercial diplomacy. The time ambassadors spend on commercial diplomacy, together with their opinion about commercial diplomacy and their involvement in business promotion are positively related to the performance of the economic department of their embassy in commercial diplomacy. We did not find any relationship between the background of the ambassador and the involvement in commercial diplomacy, or outcomes in commercial diplomacy. There was also no relationship between the involvement of the ambassador in commercial diplomacy and his background and experience with the growth of trade figures between the host country and an ambassador's home country. This empirical study laid a first basis in exploring the ambassadors role in commercial diplomacy and can serve as a good framework for further research. *(For more information, please contact: Huub Ruel, Windesheim University, Netherlands: hjm.ruel@windesheim.nl)*

Do Political Connections Protect Firms from Adverse Policies? The Case of Partial Nationalization in Argentina, 2008-2011

Marcelo Cano Kollmann, Temple University
 Susan Feinberg, Temple University
 Jongmoo Jay Choi, Temple University

We examine whether political connections protect firms from losses resulting from adverse policies enacted by governments to whom the firms are connected. We examine this question in the context of Argentina's partial nationalization of publicly traded firms in 2008. We find that partially nationalized firms in Argentina incurred much greater losses than firms in a control group. Among the partially nationalized firms, those with political connections were hurt relatively less than non-connected firms. However, political connections lost all of their value in firms where the government acquired a very large ownership stake. We also find that foreign ownership offered firms no protection against losses stemming from partial nationalization. Our results suggest that in unfavorable policy environment, firms may not be able to rely on political connections for protection. *(For more information, please contact: Marcelo Cano Kollmann, Temple University, USA: mck@temple.edu)*

Political Ties and Regulator Vulnerabilities to Political Pressure: The Moderating Effects of Regulatory and Political Distance

George O. White III, Old Dominion University
 Thomas A. Hemphill, University of Michigan-Flint
 Tazeeb Rajwani, Cranfield University

This study provides new insights concerning how managerial perceptions of regular vulnerability to political pressures and institutional distance will influence wholly owned foreign subsidiary (WOFS) development of political ties. Our analysis of 181 WOFSs operating in the Philippines suggests that managerial perceptions of regulator vulnerability to political pressures is positively related to enhanced development of political ties. Our results also reveal that regulatory distance and, more importantly, the simultaneous presence of political and regulatory distance diminishes the positive relationship between managerial perceptions of regulator vulnerability to political pressures and a WOFS's propensity to enhance its development of political ties. Implications and future research directions are discussed. *(For more information, please contact: George O. White III, Old Dominion University, USA: gowwhite@odu.edu)*

Session: 1.4.10 - Competitive

Track: Track: 2 - Entrepreneurship, SMEs, and Born Globals

SME Exporting and Internationalization

Presented On: June 24, 2014 - 14:30-15:45

Chair: Erkkö Autio, Imperial College

Regional and Global Exporting in SMEs: An Investigation of Ownership and Outside Managers

Alfredo D'Angelo, University of Glasgow

Antonio Majocchi, University of Pavia

Trevor Buck, University of Glasgow

Using data from a large sample of 2,988 Italian manufacturing SMEs we tested the effects of ownership and managerial characteristics on firms' export performance on both regional and global markets. Distinguishing between regional and global export sales allowed us to refine the generic concept of export performance and shed new light on the effects of governance variables. We argue that previous SME exporting studies have failed to take into account the burden of the liability of inter-regional foreignness, thus producing ambiguous results. Our research shows that the ownership and managerial influences on SME export performance vary according to the geographic scope of exporting. Theoretical and practical implications of these findings are discussed. *(For more information, please contact: Alfredo D'Angelo, University of Glasgow, United Kingdom: alf_dangelo@hotmail.com)*

Antecedents and Consequences of Firm's Export Marketing Strategy: An Empirical Study of Austrian SMEs

Manfred Fuchs, Karl-Franzens University Graz

Mariella Koestner, Karl-Franzens University Graz

The study investigates the relationships between organizational factors (export market experience, international commitment), external environment (competitive intensity), export marketing strategy and export success. Using data from 220 export ventures, this study confirms that export market specific experience and international commitment are significant drivers of export success. In addition, the results indicate that the degree of product adaptation is positively related to profitability and overall success. Price and distribution adaptation to local conditions have a direct impact on sales growth. Finally, we found evidence that international commitment exerts a positive effect on the adaptation of marketing strategies to country-specific requirements. *(For more information, please contact: Mariella Koestner, Karl-Franzens University Graz, Austria: mariella.koestner@uni-graz.at)*

Offshoring of Knowledge Activities: An Empirical Study of U.S. and South Korean SMEs

Mujtaba Ahsan, San Diego State University

Martina Musteen, San Diego State University

Taekyung Park, Yeungnam University

We develop a model of offshoring of knowledge-intensive activities by small and medium-sized firms (SMEs) firms. Utilizing the literature on human capital, social capital, and organizational capital, we investigate offshoring of knowledge activities by SMEs. We empirically test the hypothesized relationships using data from 209 SMEs from US and South Korea, and find support. Specifically, we find evidence that lower levels of human capital is associated with offshoring of knowledge activities; while greater social capital is found related with greater offshoring of knowledge activities. *(For more information, please contact: Mujtaba Ahsan, San Diego State University, USA: mahsan@mail.sdsu.edu)*

The Evolution of International New Ventures - A Process Study of the Short and Medium Term Growth
 Francisco J. Acedo , Universidad de Sevilla
 Olli Kuivalainen, Lappeenranta University of Technology
 Jose C. Casillas, Universidad de Sevilla

The literature has characterized INVs with the 'learning advantage of newness' that allow them to reorganize and adapt their strategy quickly in order to achieve better results. However, the post-entry growth is an underdeveloped field that needs further attention. Different studies have focused on the short term performance and the survival of these types of firms. In this paper we analyse the phenomenon of the post-entry evolution by studying not only the international/export intensity growth but also the total sales growth. The evolution of the INVs is measured in both when the focal firms are in new venture and adolescent phases and consequently a process trajectory can be deduced from this analysis. *(For more information, please contact: Olli Kuivalainen, Lappeenranta University of Technology, Finland: olli.kuivalainen@lut.fi)*

Session: 1.4.11 - Competitive

Track: Track: 10 - Theories of the MNE and of FDI

New Perspectives on Internationalization

Presented On: June 24, 2014 - 14:30-15:45

Chair: Bent Petersen, Copenhagen Business School

MNEs' Semiglobalization: A Firm-Level Contingency Analysis

Jean-Luc Arregle, EMLYON
 Toyah L. Miller, Indiana University
 Michael A. Hitt, Texas A&M University
 Paul W. Beamish, Ivey Business School

Semi-globalization emphasizes the importance of geographic regions and region-bound, firm-specific advantages in multinational enterprises' (MNEs) internationalization process. It suggests that a MNE's prior internationalization in a region influences its propensity to internationalize into other countries within the region. Yet, little work has explored whether this relationship might be contingent upon different components of internationalization. In this paper, we develop and test hypotheses about the moderating effects of an MNE's internationalization patterns on semiglobalization. We develop hypotheses about MNEs' general international experience, firm specific intangible assets, institutional diversity, cultural diversity and international asset dispersion, as moderators. The results validate the contingent effects on semiglobalization, showing that both general international experience and international geographic scope play an important role in semiglobalization. These results present a new perspective to understand how MNEs' characteristics explain semiglobalization. *(For more information, please contact: Jean-Luc Arregle, EMLYON, France: arregle@em-lyon.com)*

A Fined-Grained Approach to Firm's "Degree of Internationalization" Construct

Gilberto Figueira da Silva, Pontifical Catholic University of Rio de Janeiro
 Jorge Carneiro, Pontifical Catholic University of Rio de Janeiro

This paper advances a comprehensive and dimensionally-structured conceptualization of the firm's "degree of internationalization" (DoI) construct. We argue that a new conceptual framework is needed, since the conceptual literature of firm's DoI has proposed models that have several limitations and the empirical literature has mostly employed very simplistic operational indicators of the construct, even though it is well known that firm's DoI is a multifaceted latent concept. Therefore, we propose an original multifaceted conceptual map of

the firm's "degree of internationalization" construct. Additionally, we present some limitations of the study and suggestions for future researches. *(For more information, please contact: Gilberto Figueira da Silva, Pontifical Catholic University of Rio de Janeiro, Brazil: gilbertofigueira@gmail.com)*

Beyond Embedding in MNC Research: A New Way of Economic Sociology Thinking

Matevz Raskovic, University of Ljubljana
Maja Makovec Brencic, University of Ljubljana

The IB literature has drawn from economic sociology and its embeddedness paradigm, introducing with it a tautology and wrongly employing it as a theory instead of a methodological principle. While the embeddedness paradigm has enabled a more systematic analysis of nested MNCs – constrained and enabled by social context, as well as proactively constructing it in time and space – it has led us to ask the wrong kind of research questions. We propose a new kind of “beyond embedding” thinking about MNCs through a simple source-mechanism-outcome framework, as well as outline possible transdisciplinary directions for future MNC research through the application of economic sociology. *(For more information, please contact: Matevz Raskovic, University of Ljubljana, Slovenia: matevz.raskovic@ef.uni-lj.si)*

Local Responsiveness of Chinese FDI Projects in Australia: A Fuzzy-Set Analysis of Configurations

Di Fan, Deakin University
Lin Cui, Australian National University
Yi Li, Australian National University
Cherrie J. Zhu, Monash University

Utilising cross-level and in-depth interviews this paper extends empirical and conceptual studies that have clarified the underlying factors that determine how multinational enterprises (MNEs) respond to local contingencies. The study examines the applicability of these factors in the context of Chinese MNEs with operations in Australia. Adopting qualitative methods the study determines which factors affect the local responsiveness of emerging market MNEs and how these elements function. The capturing of senior management mind-sets at both headquarters (HQ) and subsidiary levels of the firm enables intra-management comparison, surfaces notable perception gaps, identify core and peripheral configurational conditions, and highlights the equifinality of multipath leading to local responsiveness. *(For more information, please contact: Di Fan, Deakin University, Australia: david.fan@deakin.edu.au)*

Session: 1.4.12 - Competitive

Track: Track: 1 - People and Careers in Cross-Cultural Business

Adapting to Intercultural Situations: Cultural Intelligence, Sensemaking, and Relational Negotiation Behavior

Presented On: June 24, 2014 - 14:30-15:45

Chair: Davina Vora, State University of New York at New Paltz

Measuring Cultural Intelligence: Validation of a New Scale

David C. Thomas, University of New South Wales
Yuan Liao, University of New South Wales
Zeynep Aycan, Koc University
Jean-Luc Cerdin, ESSEC
Andre A. Pekerti, University of Queensland
Elizabeth C. Ravlin, University of South Carolina
Mila B. Lazarova, Simon Fraser University

Henry Fock, Hong Kong Baptist University
 Denni Arli, Griffith University
 Miriam Moeller, University of Queensland
 Tyler Okimoto, University of Queensland
 Fons van de Vijver, Tilburg University

This article reports the development and validation of a short, theory-based, measure of cultural intelligence. It captures the original theoretical intent of a multifaceted culture general form of intelligence that is related to effective intercultural interactions. The validity of the scale is established with 3526 participants in five language groups from around the world. Results provide evidence for construct and criterion related validity of the measure. It indicates that cultural intelligence is a single latent factor consisting of three subordinate facets. In support of construct validity the measure is modestly related to but distinct from emotional intelligence and personality and correlates positively with several indicators of multicultural experience. With regard to criterion-related validity, it relates as predicted to several dimensions of intercultural effectiveness. *(For more information, please contact: David C. Thomas, University of New South Wales, Australia: d.thomas@unsw.edu.au)*

The Dynamics of Relational Behavior in International Negotiations: Adaptation across Cultural Gaps

Junjun Cheng, Fudan University
 Yong Su, Fudan University
 Zhan Wu, University of Sydney

Relational negotiation behavior represents the extent to which negotiators attempt to establish intimate relationship with their counterparts by employing certain behavioral tactics. Negotiators from different cultural backgrounds exhibit either high or low relational behavior. Negotiators are not likely to adjust their relational behavior in intra-cultural negotiations because they would not perceive a mismatch of relational behavior with their counterparts. In inter-cultural negotiations, however, negotiators adapt their relational behavior in order to achieve a better performance, with their past experience as an active factor. Moreover, this adaptation process would have significant implication for the negotiation outcomes. Departing from the static linear paradigm of negotiation research in existing literature, this paper offers an evolving relational perspective in describing repeated negotiation dynamics in the substantive world. *(For more information, please contact: Junjun Cheng, Fudan University, China: 11110690015@fudan.edu.cn)*

Joint Sensemaking, Socialization Mechanisms, and Cultural Intelligence for International Alliance Performance

Robin Nico Pesch, University of Bayreuth
 Ricarada B. Bouncken, University of Bayreuth
 Mehrnaz Karimi, University of Bayreuth
 Tanja Linz, University of Bayreuth

This paper examines the impact of joint sensemaking on performance of international alliances and clarifies how alliance managers can improve joint sensemaking within international alliances. We consider socialization mechanisms and managerial cultural intelligence as antecedents of joint sensemaking. Results of our survey on 148 international alliances in the photonics and biotechnology industry indicate that joint sensemaking significantly improves alliance performance. Moreover, managerial cultural intelligence plays a critical role for the improvement of joint sensemaking. Beyond that, managerial cultural intelligence turns destructive effects of socialization mechanisms on alliance performance into beneficial ones. *(For more information, please contact: Robin Nico Pesch, University of Bayreuth, Germany: robin.pesch@uni-bayreuth.de)*

Helping Behavior in Executives' Global Networks

Stewart Miller, University of Texas at San Antonio
 Marie Louise Mors, Copenhagen Business School
 Michael McDonald, University of Texas at San Antonio

Drawing on research on helping behavior in networks at the upper echelons, we develop and test theory about helping behavior in senior executive networks. We examine the location and relational dependence of the network contact. Our results reveal that executives are more likely to perceive insiders in their network to be helpful, but geographic location has no effect on expectations of receiving help. With regards to relational dependence: executives who are more dependent on their contacts are more likely to perceive them to be helpful. We also look at whether perceived helpfulness affects an executive's willingness to engage in risky new business development -- an important performance indicator - and indeed find that those executives that perceive their networks to be helpful are more likely to be willing to take risky decisions. We test these arguments using primary data on 1845 relationships of 102 partners in a global management consultancy. *(For more information, please contact: Stewart Miller, University of Texas at San Antonio, USA: stewart.miller@utsa.edu)*

Session: 1.4.13 - Interactive

Track: Track: 2 - Entrepreneurship, SMEs, and Born Globals

SME Internationalization: Location and Mode

Presented On: June 24, 2014 - 14:30-15:45

Chair: Sylvie Chetty, University of Otago

Similar But Disparate: The Early Internationalization Phase of Family vs. Non-Family Firms

Pascal Wild, School of Management Fribourg
 Patrick Schueffel, School of Management Fribourg
 Wolfgang Amann, Goethe Business School
 Rico Baldegger, School of Management Fribourg
 Philippe Régnier, Swiss Management School Fribourg

Research has shown that ownership is as a decisive factor in company decision-making and practices. Conversely, the extant literature is inconclusive regarding whether familiness is an asset or liability when internationalizing. Family businesses may be more risk-averse, introverted, and oriented towards their domestic markets, but their decision-making may be faster. Furthermore, their longer-term orientation could catalyze internationalization, especially if family businesses operate in small and open economies (SMOPECs), in which the only way to grow in the long term may well be abroad. This study surveys a large sample of Swiss family and non-family SMEs on the point in time of their initial geographic diversification abroad, the pace of their internationalization, as well as the scope of this internationalization in terms of the foreign countries they served and the continents they covered. In all three of these crucial internationalization dimensions, Swiss family SMEs lag behind their non-family counterparts, suggesting that familiness is a liability for Swiss SMEs. *(For more information, please contact: Wolfgang Amann, Goethe Business School, Germany: amann.wolfgang@gmail.com)*

Centricity, Entry Modes and Performance of International Spanish SMEs

David Tanganelli, Universitat Internacional de Catalunya

Jean-Louis Schaan, Ivey Business School

Min (Megan) Zhang, Ivey Business School

The paper examines the role of the orientation of a firm's top management team (TMT) in shaping the internationalization behavior of SMEs. Specifically it investigates the impact of the TMT's orientation towards international cultures and markets (centricity) on the selection of equity vs. non-equity modes of operation in international markets and on the international performance of Spanish SMEs. We find that a firm's age and international experience influence its centricity. Older firms are more associated with poly/regiocentrism than with ethnocentrism, and more associated with ethnocentrism than with geocentrism. In addition, firms with more international experience are more likely to be associated with poly/regiocentrism than geocentrism. In turn, poly/regiocentric firms are more likely to be associated with equity than with non-equity international operations. Although a firm's centricity does not directly influence its international intensity, an indirect effect is achieved through mode choices: equity modes are more likely to be associated with higher levels of international intensity. Finally we found that both a MNE's centricity and mode choice influence the number of countries to which it exports. Thus our results shed important new insights about the complexity of the relationship between centricity, mode choice and international performance. *(For more information, please contact: David Tanganelli, Universitat Internacional de Catalunya, Spain: databer@uic.es)*

Assessment of Financial Constraint Influence on the Degree of Internationalization of SMEs: Focus on the Financial Advantage within the OLI Paradigm

Marion Sandrine Bitsch, Turku School of Economics

Financial support for small and medium sized enterprises plays an important role on the public scene especially since the 2008 economic crisis; nevertheless its effectiveness and role in influencing firm's degree of internationalization remain controversial. Through the lens of the financial factor within the OLI paradigm framework we looked at the determinants of 813 SMEs' international commitment in three different but comparable countries within the same economic area of Europe. Our results were significant and we uncovered some unexpected moderator effect for the public support. The findings suggested the importance of including distinguished financing effects in the firm's internationalization process analysis. *(For more information, please contact: Marion Sandrine Bitsch, Turku School of Economics, Finland: marion.bitsch@utu.fi)*

Negative Growth and entrepreneurship approach: Internationalization and Performance of SMEs

Mehdi Farashahi, Concordia University

Mahdi Tajeddin, Concordia University

In this paper we discussed the effects of internationalization on performance of SMEs based on an entrepreneurial approach. Using concepts derived from the international business and international entrepreneurship literatures, we develop three propositions that relate the degree of internationalization and performance of non-born global SMEs, and managerial ties and entrepreneurial orientation as moderating variable for the relationship between firms' performance and the degree of internationalization. We conclude that there is a negative correlation between the degree of internationalization and performance of non-born global SMEs at the early stage of their internationalization (stage one) because of two types of costs including fixed and modest costs such as liabilities of foreignness and newness and continuous and immense costs such as coordination and monitoring demands. However, managerial ties and entrepreneurial orientation moderate this link and improve the performance of non-born global SMEs. These moderators help SMEs find the required knowledge and resources to legitimate themselves in host countries, reduce their costs, optimize utilization of their resources based on entrepreneurial approaches, and find brilliant international opportunities. *(For more information, please contact: Mahdi Tajeddin, Concordia University, Canada: m_tajed@jmsb.concordia.ca)*

SME's Export Channel Choice: Predictions from Real Options Theory

Edith Ipsmiller, WU Vienna

Keith D. Brouthers, King's College London

For the most part SMEs use exporting as a means to expand sales and create value. Past research examining the export channel choice decision focuses on selecting the most efficient, transaction cost based channel. Yet these transaction cost based decisions tend to ignore value creation. In this study, we add real options theory to a transaction cost model of export channel choice in order to expand our understanding of value creation in export channel decisions. Based on data gathered from a sample of Austrian SMEs, we find that adding real option insights results in better performing export channels. Our results indicate that when demand uncertainty is high firms tend to use real option based hybrid export channels. Yet firms that have developed strategic flexibility tend to use hierarchical or market channels because these firms do not need the protection from downside risk that real option hybrid channels provide. Moreover, our analysis indicates that the irreversibility of the export channel investment also impacts the export channel choice. *(For more information, please contact: Edith Ipsmiller, WU Vienna, Austria: edith.ipsmiller@wu.ac.at)*

Exporting, Management Practice and Ownership: Evidence from Large Developed and Emerging Countries

Elena Beleska-Spasova, University of Portsmouth

James T Walker, University of Reading

We examine how the extent of firm exports is determined by management practices and ownership differences in three large developed nations - the US, UK and Germany – and three large emerging markets – China, India and Brazil. We find that (a) exporting is typically positively related to managerial quality, but that there are quite significant differences between nations; (b) there are substantive differences in the extent that different ownership types impact upon the extent that exporting occur; and (c) there are differences in the behavior of domestically located and international MNEs. *(For more information, please contact: Elena Beleska-Spasova, University of Portsmouth, United Kingdom: e.beleska-spasova@henley.ac.uk)*

Foreign Operation Mode Selection and Diversity: Extending Current Theories with Learning Advantage of Newness and Firm-Level Analysis

Minnie Kontkanen, University of Vaasa

Mika Gabrielsson, University of Eastern Finland

Peter Gabrielsson, University of Vaasa

In spite of the large amount of studies available on foreign operation mode choice, there are several areas, for which there is need for further investigation. First of all, there is lack of understanding of how rapidly internationalizing firms make their foreign operation modes decisions. Secondly, there is a need to explore how firms choose foreign operation modes at the firm-level instead of focusing only on the single isolated operation mode choices. In addition, it is important to understand better what kind of effect operation mode choices have on firm performance when the contingency perspective is applied. In this research we explore the FOM choice and its performance implications at the firm-level based on transaction cost approach and organizational learning theory taking into account the age at the time of internationalization. As a result of the study, we develop a conceptual framework based on transaction cost approach and organizational learning theory and postulate hypothesis on foreign operation mode choice and diversity and their performance implications. We conclude by calling for robust empirical testing of the presented results. *(For more information, please contact: Minnie Kontkanen, University of Vaasa, Finland: mish@uva.fi)*

The Role of Entrepreneurial Orientation, Informational Resources, Service Capabilities and Competitive Strategy on Performance of International New Ventures

Silvia Martin, Lynchburg College
Rajshekar Javalgi, Cleveland State University

The theory of international new ventures (INVs) posits that the entrepreneurial endowments of new firms facilitate to spot, recognize, and exploit new business opportunities in international markets (Oviatt & McDougall, 1994; Zahra, 2006). Using the resource based view of the firm we theorize and empirically test the effect of entrepreneurial orientation on informational resources and service capabilities within the competitive strategy and performance of INVs. The results show that, in the context of high-technology INVs, these interactions may facilitate the adoption of a combined marketing strategy based on marketing differentiation and cost advantage, indicating lacunas in the fulfillment of customer needs for differentiated low-cost products. The study findings have important implications for research on new ventures' internationalization decisions. *(For more information, please contact: Silvia Martin, Lynchburg College, USA: lozano.s@lynchburg.edu)*

Session: 1.4.14 - Interactive

Track: Track: 6 - Innovation and Knowledge Management

Networks of Innovation

Presented On: June 24, 2014 - 14:30-15:45

Chair: Phillip C. Nell, WU Wien & Copenhagen Business School

Local Knowledge Development through Political Sensemaking in MNCs

Jacky Hong, University of Macau
Robin Snell, Lingnan University
Carry Mak, University of Macau

We analyze political sensegiving by expatriates and political sensemaking by local employees through stages of development of local knowledge in two China based subsidiaries of Japanese MNCs, SBM and TESS. At both sites, at the establishment stage, expatriates had attempted to embed home country knowledge through standardized sensegiving and the locals had reciprocated through compliant sensemaking. At TESS, this had been largely internalized by locals with relatively little subsequent contestation, and a cooperation stage had ensued, involving formative sensegiving by expatriates and cooperative sensemaking by locals. Furthermore, within the domain of environmental protection, local knowledge development had progressed to an integration phase, with locals initiating solutions that were being recognized as breakthroughs for the company. By contrast, at SBM, the home country model was merely symbolic, an unfavorable enterprise context and coping-based and oppositional sensemaking by locals at the contestation stage had undermined progress through the cooperation stage, and there were few signs of integration. Our findings suggest that contestation may serve as a barrier to further progress in local knowledge development, unless expatriates respond to constructive feedback by local managers by: reframing oppositional sensemaking as attempted cooperative sensemaking, refraining from coercive sensegiving, and adjusting the home country model. *(For more information, please contact: Jacky Hong, University of Macau, Macau: fbafh@umac.mo)*

How Does Political Networking Capability Matter to the Innovative Performance of Emerging-Market Firms? A Complementary Perspective

Masaaki Kotabe, Temple University
Crystal X. Jiang, Bryant University
Janet Y. Murray, University of Missouri-St. Louis

By incorporating institutional theory with the resource-based view, this study examines how emerging-market firms' (EMFs') ability to acquire resources through political networking with government officials (PNC) complements their absorptive capacity (ACAP) in enhancing incremental and radical innovations. Further, this study investigates how the complementary effect matters under the conditions of structural uncertainty and competitive intensity. Based on a survey of 108 senior executives in China, the findings indicate that PNC complements ACAP in enhancing firms' innovations, and the effect is more effective in improving radical rather than incremental innovations. Further, the complementary effect becomes stronger for EMFs' radical innovations when facing intense competition. *(For more information, please contact: Crystal X. Jiang, Bryant University, USA: cjiang1@bryant.edu)*

The Path to Innovation in Innovation – the Empirical Evidence of Entrepreneurial Universities in East Asian Economy

Daw Ma, Chung-Hua Institution for Economic Research
Yen-Ching Chang, Chung-Hua Institution for Economic Research

Universities, of which the original mission is education, had used to be peripheral to innovation; however, after the two academic revolutions, they underwent the incorporation of research and a role in economic development as additional academic missions. Subsequently, universities have increasingly become crucial in the process of innovation, resulting in the global phenomenon of "university entrepreneurship." Nonetheless, the literature mainly focuses on the studies of the United States, United Kingdom, and continental Europe but rarely on East Asian countries; as for the topic of "Innovation in Innovation", past studies primarily sheds light on the hybrid or tri-lateral organizations such as technology transfer office, industrial liaison office, incubator, and science park. This study found that a new process of industry-academia collaboration arises in Eastern Asia, through a creative way of organizational design and as a synthesis of elements of triple helix model, successfully facilitates the establishment of more hybrid and tri-lateral organizations, and becomes the backbone of entrepreneurial universities. This paper examines these new organizational structures and functionalities, explores their roles in the universities' interaction with industries and government, and investigates how they effectively resolve the obscurities in the industry-academia collaboration activities to be the main driving force for innovation. *(For more information, please contact: Daw Ma, Chung-Hua Institution for Economic Research, Taiwan: daw_ma@cier.edu.tw)*

Understanding International R&D Networks- A Structural Contingency Approach

Xingkun Liang, University of Cambridge
Yongjiang Shi, University of Cambridge

Earlier scholars observed international R&D networks at intra-firm level around 2000s. Afterwards, there is rather limited research on this topic while practitioners with global integrated R&D network began expanding global R&D activities again. Such practices fail to be predicted by previous theories, which necessitate a revisit to international R&D network theory. In this paper, we systematically revisit three European companies that have been studied previously for case study. Our revisit revealed two different but new dimensions to differentiate roles of R&D units. With both dimensions, we further typologised three generic global integrated R&D network to forward theoretical understanding on international R&D networks. From structural contingency perspective, our finding suggests a more general contingency, international interdependency of R&D that is critical to shape the global R&D structure. Theoretical and practical implications are also discussed. *(For more information, please contact: Xingkun Liang, University of Cambridge, China: xl345@cam.ac.uk)*

Middle Manager Practices and Boundary-Spanning Roles

Jie Xiong, ESC Rennes School of Business
Philippe Monin, EMLYON

In contrast to the majority of research on middle management, which has tended to focus on normative strategy implementation roles (e.g., championing, synthesizing, facilitating and implementing), we focus on middle manager practices and the roles these practices are linked to. Based on four longitudinal case analyses of hypermarket retailers in China, we find that middle managers enact boundary-spanning roles (e.g., roles belonging to other intra-organizational management levels) in addition to their normative roles. Our study also examines the influence of organizational control systems and environment change on the process of middle managers' practice-role management. Our lens on middle management practices in grocery hypermarket retailers extends theory on middle managers' normative roles. Our study enriches the middle management literature with analysis of the boundary-spanning roles of middle managers. Empirically, we take a holistic view of middle managers in subsidiaries and operational departments, providing insight into the contribution of middle management in transitional economies. *(For more information, please contact: Jie Xiong, ESC Rennes School of Business, France: jie.xiong@esc-rennes.fr)*

Lost in Transition: Knowledge Acquisition and Knowledge Loss in Interpersonal Exchanges within an MNC

Florian Taeube, Universite Libre de Bruxelles
Marco Tortoriello, IESE
Sebastian Moebus, EBS Business School

In this paper, we study knowledge loss in knowledge transfer processes as a novel theoretical concept. In particular, we focus on 3,429 knowledge sharing ties among 330 employees in a data solution company and consider network features associated with incomplete transfers of knowledge from a source to a recipient. Results indicate that while strength of ties facilitates knowledge acquisition and reduces the amount of knowledge lost in interpersonal exchanges, network range (i.e. ability to connect with otherwise disconnected others) facilitates knowledge acquisition while increasing, at the same time, the amount of knowledge lost. Tie strength further moderates the relationship between network range and knowledge loss. By observing a "cost" to network range in terms of lost knowledge, we suggest that more attention should be paid not only to the advantages, but also to the liabilities of different network positions. *(For more information, please contact: Florian Taeube, Universite Libre de Bruxelles, Germany: taeube.florian@gmail.com)*

Session: 1.4.15 - Interactive***International Financial and Corporate Governance***

Presented On: June 24, 2014 - 14:30-15:45

Chair: Bersant Hobdari, Copenhagen Business School

Sovereign Credit Default Swaps as Currency Safe Havens

Mitchell Ratner, Rider University
Chih-Chieh Chui, Rider University

This study examines the potential risk reducing benefits of sovereign credit default swaps (CDS) against foreign currency risk in 16 emerging markets from January 2005 through June 2013. Tests of GARCH dynamic conditional correlation coefficients indicate that in times of extreme currency market volatility CDS provide a significant safe haven against risk in all currencies. During the 2008 financial crisis CDS offer significant risk reduction in most currencies. *(For more information, please contact: Mitchell Ratner, Rider University, USA: ratner@rider.edu)*

The Impact of Outside Board Members on Earnings Management in Japan

Kazuhiko Kobori, National Cheng Kung University
 Yao-Chuan Tsai, National Cheng Kung University
 Tsing-Zai Wu, National Cheng Kung University

This study examines whether the outside board members from main banks are related to earnings management. The results show that the involvement of commercial banks which have outside board members in the focal firms, as well as owning stock in them, is not related to earnings management. The results also show that stock ownership by trust banks is positively related to earnings management. These findings may be consistent with the stockholding data from the Tokyo Stock Exchange from 1986 to 2011, which shows a higher percentage of stock ownership by trust banks and a lower percentage by commercial banks after 2000. *(For more information, please contact: Kazuhiko Kobori, National Cheng Kung University, Taiwan: alopharaoh@hotmail.com)*

Cost Stickiness and Financial Analysts' Information Environment

Jaehyeon Kim, University of Hawaii at Manoa
 Saerona Kim, Soongeui Women's College
 Jian Zhou, University of Hawaii at Manoa

In this paper, we investigate the relationship between cost stickiness and analysts' information environment. First, we provide a novel explanation why analysts' earnings forecasts are less accurate for firms with cost stickiness using the framework of analysts' public and private information of Barron et al. (1998). We find that cost stickiness is negatively associated with the precision of analysts' public and private information, which leads to less accuracy of financial forecasts for firms with cost stickiness. Second, we test whether there is an interactive relationship between private information and cost stickiness. We confirm the finding in the previous literature that analysts' greater dependence on private information increases the accuracy of their earnings forecasts. More importantly, we find that there is an interactive relationship between private information and cost stickiness. That is, analysts' dependency on private information increases the accuracy of analysts' earnings forecasts even more for firms with cost stickiness. Our study provides the following three important contributions to the literature: (1) provide a novel explanation for less accurate analyst forecast for firms with cost stickiness; (2) demonstrate there is an interactive relationship between cost stickiness and analysts' private information; (3) combine a topic in financial accounting (analyst forecast) with a topic in managerial accounting (cost stickiness). *(For more information, please contact: Jaehyeon Kim, University of Hawaii at Manoa, USA: jaehyeon@hawaii.edu)*

Same Rules, Different Enforcement: Market Abuse in Europe

Douglas Cumming, York University
 Alexander Groh, EMLYON
 Sofia Johan, York University

We present and analyze enforcement data from the European Securities Market Authority over the period following European Union harmonized rule setting on securities market abuse. The data show significant differences in the intensity of enforcement across Europe. The empirical tests are highly consistent with the view that the intensity of enforcement is the most statistically robust and economically significant predictor of market abuse detections. In particular, the data identify three important arms of enforcement: the number of supervisors which enhances detection, formalized cooperation which facilitates surveillance, and imprisonment which facilitates deterrence. We discuss research, practitioner and policy implications for securities regulation across countries. *(For more information, please contact: Douglas Cumming, York University, Canada: douglas.cumming@gmail.com)*

Terrorism and its impact on the Cost of Debt

William Procasky, Texas A&M International University
Nacasius Ujah Ujah, Henderson State University

We extend the literature on the costs of terrorism by examining its long-term impact on financial markets, an underdeveloped strand of research within the terrorism construct. Specifically, we look at its effect on sovereign risk. In operationalizing the risk of terrorism, we utilize the Institute for Economics and Peace's Global Terrorism Index, the most comprehensive index constructed to date which incorporates both the economic and social dimensions of terrorism. The results of the study support the hypothesis that terrorism results in a higher cost of debt for sovereigns and by extension, firms in impacted countries. In fact, a 10% increase in terrorism on average results in a 2.1% reduction in a sovereign's credit rating, or half a notch (which is roughly equivalent to a change in outlook). Furthermore, this impact is much more pronounced in developing markets where the authors find that a 10% increase in terrorism result in a very material 13% decrease in the sovereign credit rating, *(For more information, please contact: William Procasky, Texas A&M International University, USA: williamprocasky@dusty.tamui.edu)*

Look Under the Hood: How Do Banks React to the Unconventional Monetary Policy?

Wenyu Zhu, George Washington University
Jiawen Yang, George Washington University

This paper looks the responses of the banking sector to the unconventional monetary policy. Using a data set that includes quarterly observations of every insured U.S. commercial bank from 2000Q1 to 2013Q3, we find that conventional monetary is no longer effective in changing bank's lending propensity. Further analysis indicates that the first round of the quantitative easing is the more effective in increasing banks' lending propensity. We also provide direct evidence that the impact of unconventional monetary policy on lending is stronger for banks with less liquid balance sheets (i.e. banks with less liquid assets and cash holding). In addition, we show that internal capital markets are active in global banks in that they respond to the unconventional monetary policy by increasing their foreign office lending. *(For more information, please contact: Wenyu Zhu, George Washington University, USA: wenyuzhu@gwmail.gwu.edu)*

Session: 1.4.16 - Interactive

Track: Track: 9 - Home Economies and the MNE

Knowledge, Capabilities and the Competitiveness of Firms in Emerging Economies

Presented On: June 24, 2014 - 14:30-15:45

Chair: Thomas Maak, ESADE Business School

Competing on Action: Business Models and the Competitiveness of Emerging Market Enterprises

Anoop Madhok, York University
Rogerio Marques, York University

How do emerging market enterprises become competitive actors in a global environment still largely dominated by established firms from advanced economies? Debate on this question is fueled by an apparent paradox: Even though EMEs are increasingly becoming global contenders, their underlying basis of competitive advantage is not so obvious at first glance. Traditional international business and strategic management research typically focus on industry, resource and institution-based explanations of firm competitiveness. We introduce the perspective of international competition based on actions articulated by and executed through firms' business models. We attribute EMEs' successful expansion to their business models, which leverage their particular conditions and history and manifest themselves in greater agility. We then apply our argument to four case

illustrations and discuss the implications for the basis of competitive advantage. *(For more information, please contact: Anoop Madhok, York University, Canada: amadhok@schulich.yorku.ca)*

Equity Participation in Emerging Market Cross-border Acquisition: Impact of Target Country Governance, Market Potential and Acquirer's Prior Experience

Somnath Lahiri, Illinois State University

Research analyzing MNE's equity participation in cross-border acquisition, particularly in emerging markets, remains limited. Drawing on several strands of research within international business scholarship, we theorize and examine in this study how target country governance quality (government effectiveness, rule of law, control of corruption), market potential, and acquirer's prior target country experience impacts equity participation in cross-border acquisitions. Analysis of a sample of 1447 acquisitions undertaken over a 11-year time by US-based MNEs in four emerging markets (Brazil, Russia, India and China) suggest that target country governance quality strongly influences equity participation, and market potential moderates the influence of governance quality on equity participation. In addition, findings suggest that acquirer's target country experience amplifies the positive influence of market potential on governance quality-equity participation relationship. We discuss various contributions of the study and suggest avenues of future research. *(For more information, please contact: Somnath Lahiri, Illinois State University, USA: slahiri@ilstu.edu)*

Asset Orchestration Through Acquisitions and Its Impact on Performance: A Study of Indian Firms

Sathyajit. R. Gubbi, University of Groningen

B. Elango, Illinois State University

Firms use acquisitions to acquire difficult to trade resources and capabilities, especially when internal development is unlikely. We seek to add to the literature by bringing in two perspectives: the type of acquisition sought by a firm and the effect of performance against aspiration. We propose that in the context of emerging economies, in a post-reform period, indigenous firms will use acquisitions as a vehicle to strengthen the existing resource position benefit. Further, the benefits of acquisitions to strengthen, rather than stretch, existing resource positions are higher. However, those firms performing below aspiration levels are not expected to gain from acquisitions. Using a sample of 1375 acquisitions conducted by Indian firms during the period 2000-2010, we find support for our model. *(For more information, please contact: B. Elango, Illinois State University, USA: elango@ilstu.edu)*

Key Success Factors of Emerging Economy Firms in Global Competition

D'Arcy Nelson Caskey, Feng Chia Univeristy

Homin Chen, National Taiwan University

Firms from newly industrialized countries (NICs) and developed countries (DCs) directly compete in many global consumer product sectors. On paper, DC firms, with their sophisticated marketing capabilities and greater international experience, seem to have the advantage. But contrary to expectations, some NIC firms have already captured dominant market shares in many product categories. At the same time many fast-rising NIC firms have seen their ambitious growth curtailed and some even fade into irrelevancy. This working-paper explores possible key factors influencing NIC firms' success in selling own-branded consumer products. The authors introduce several propositions that, with supporting preliminary analysis from the smartphone and PC industries, suggest that an NIC firm's success or failure in global competition is highly dependent on dynamic marketing capabilities, defensive and productive technological capabilities, and a healthy home base that cushions unanticipated shocks and generates revenue for continued internationalization. The authors discuss the unique challenges and opportunities these factors present to NIC firms. This study contributes to the literature on the internationalization of NIC firms, and will be of particular interest to anyone seeking insights into the success and failure of NIC firms that attempt to compete with own-branded products. *(For more information, please contact: D'Arcy Nelson Caskey, Feng Chia Univeristy, Taiwan: darcaskey@gmail.com)*

Export-Led Development and Capability Upgrading through Internationalization and Multinationalization
Pavida Pananond, Thammasat University

In this paper I analyze how the home country's export-led policy affects domestic firms' capability upgrading in emerging countries. I propose a process model of capability upgrading via internationalization and multinationalization. I argue that export-led industrialization policy induces domestic firms to upgrade their capabilities to enter export markets and become suppliers to global industries. However, while this strategy allows domestic firms to internationalize through exports, many firms in emerging markets remain in the lowest value-added position because of the strong control exerted by the industry lead firms in advanced economies. Hence, I additionally propose that for domestic exporting firms to become world class, they need to upgrade their capabilities by becoming multinationals. These insights are derived from an in-depth case study of the largest canned tuna manufacturer in the world, Thai Union Frozen (TUF), and complement previous studies of capability upgrading in emerging markets that have discussed capability upgrading in the home country. *(For more information, please contact: Pavida Pananond, Thammasat University, Thailand: pavida@tbs.tu.ac.th)*

Internationalization and Innovation: A Novel Link in Russian Innovative Firms
Irina Mihailova, Aalto University

There is growing research that explores the link between innovation and internationalization. Yet, literature on Emerging Market (EM) firms is very limited in this area and has a narrow view on innovations in EM firms. This paper adds to existing knowledge of how innovations and internationalization is connected in EM firms. I take the view of innovation as a process and integrate this approach to innovation with internationalization and institutional perspectives. This research develops a theoretical framework that extends the recently emerged 3Is approach that allows for understanding of the relationships between different stages of innovation (I) process and internationalization (I) in EM firms and explains how institutional (I) factors shape these relationships. The paper provides an empirical illustration of the framework with data collected from Russian technology-intensive firms. The study reveals insights that international expansion is being initiated with the objective to undertake commercialization of own innovations and explains institution- and strategic-based rationales behind this objective. Thus, this research contributes to existing theoretical knowledge by revealing novel innovation-related incentives for internationalization of EM firms and extends empirical knowledge of Russian technology-intensive firms. *(For more information, please contact: Irina Mihailova, Aalto University, Finland: irina.mihailova@aalto.fi)*

Acquisitions and Greenfield Investments by Chinese and Indian firms in Europe: A Comparative Analysis of Knowledge-Sourcing Strategies

Vittoria Giada Scalera, Temple University / Politecnico di Milano
Lucia Piscitello, Politecnico di Milano

This paper investigates the entry mode choice of Chinese and Indian high tech and medium-tech manufacturing companies investing in Europe from 2003 to 2011, analyzing how firm-specific (dis)advantages and home country-specific characteristics influence the decision between a greenfield investment or an acquisition. Why do Chinese and India MNEs internationalize their activities in Europe opening a new subsidiary or acquiring an existing target company? How does the knowledge-seeking motivation behind their investments influence their entry mode decisions? We first review the literature based on Chinese and Indian internationalization strategies and then provide original empirical evidence based on a new and comprehensive dataset that includes both greenfield investments and acquisitions from China and India to Europe. According to our results, compared to Indian MNEs, Chinese investors operating in high tech industries prefer to set up new subsidiaries to contain the transactions costs related to possible failures of acquisitions. Finally, both Chinese and Indian MNEs acquire less control when they seek for technological competences rather than when they invest for market-seeking motivations. So, they prefer to rely on the local partner in order to ensure a smooth transfer of knowledge. *(For more information, please contact: Vittoria Giada Scalera, Temple University / Politecnico di Milano, Italy: vittoriagiada.scalera@polimi.it)*

Session: 1.5.1 - Panel

Track: Track: 10 - Theories of the MNE and of FDI

Spreading the Wealth Around: Reflections on the Role of the MNE in Economic Development and the Theory of the MNE

Presented On: June 24, 2014 - 16:15-17:30

Chairs: David Teece, University of California, Berkeley and Sunyoung Leih, University of California, Berkeley

Panelists:

Geoffrey Jones, Harvard University
Donald Lessard, Massachusetts Institute of Technology
Hwy-Chang Moon, Seoul National University
Alan Rugman, University of Reading
James Zhan, United Nations Conference on Trade and Development

The increase in the gap between MNEs' competitive advantage and national competitiveness has led to considerable discussion and controversy between economists, including offshore outsourcing debates. Borne out of this intellectual climate, the panel reflects on the role of the MNE in economic development and aims to better specify and theorize the linkages between international management, strategy and national competitiveness. It begins with an overview of FDI trends and global production shifts and flexibility, followed by discussions on emerging innovations in global management by MNEs. Conventional frameworks such as the diamond model are found to be limited, as they lead to predictions that conflict with empirical observations across countries. We also explore whether Geschenkron's late developer thesis is relevant given the role that MNEs play in outsourcing globally. The panel will explore new frameworks, such as the dynamic capabilities and the double-diamond model, according to which neglected factors such as capabilities, outsourcing and the size of the country should be considered. *(For more information, please contact: Sunyoung Leih, University of California, Berkeley, USA: sunyoung.leih@gmail.com)*

Session: 1.5.2 - Panel

Track: Track: 9 - Home Economies and the MNE

Do Emerging Market Multinationals Take Different Approaches to International Management (From Developed Country MNEs)?

Presented On: June 24, 2014 - 16:15-17:30

Chair: Peter James Williamson, University of Cambridge

Discussant: Ravi Ramamurti, Northeastern University

Panelists:

Afonso Fleury, Universidade de Sao Paulo
Maria Tereza Leme Fleury, FGV-EAESP
Tamer Cavusgil, Georgia State University
Ravi Sarathy, Northeastern University

A growing body of evidence suggests that Emerging Market Multinational Enterprises (EMNEs) demonstrate differences (in emphasis and perhaps more fundamentally) compared with multinationals from developed markets in their motivations for going abroad, their entry modes, and sources of international competitive advantage (which are often non-traditional). But there has been much less research and debate about the related question: Do Emerging Market Multinationals Take Different Approaches to International Management to those that are most common among their cousins who have internationalized from developed home markets?

We therefore believe it is opportune for AIB to host a panel addressing this key aspect of “does origin matter?” Specifically, whether EMNEs adopt different strategies, structures, and/or management processes when they go abroad? We have invited panelists to examine this issue by looking at evidence from EMNEs of different origins and asking if these are different from common practices observed among developed country MNEs. Each panelist will focus on one of four aspects of international management: operations; innovation; marketing and brand building; and entrepreneurial leadership. Our discussant will then compare and contrast the findings, providing a set of propositions to stimulate discussion and debate from the floor. *(For more information, please contact: Peter James Williamson, University of Cambridge, United Kingdom: p.williamson@jbs.cam.ac.uk)*

Session: 1.5.3 - Panel

Track: Track: 10 - Theories of the MNE and of FDI

Re-visiting the Efficiency Assumption of the Multinational Enterprises: Theoretical, Managerial, Developmental and Empirical Explorations

Presented On: June 24, 2014 - 16:15-17:30

Chair: Joseph Clougherty, Univ. of Illinois at Urbana-Champaign

Discussant: Ram Mudambi, Temple University

Panelists:

Jin Uk Kim, University of Illinois at Urbana Champaign

Bradley R. Skousen, University of Illinois at Urbana Champaign

Jean-Francois Hennart, Tilburg University/University of Pavia

Christos Pitelis, University of Bath

Mohammad Yamin, University of Manchester

The aim of the proposed panel is to evaluate the fundamental assumptions underpinning the theory of the multinational enterprise (MNE) by re-visiting the debate between market-power and efficiency interpretations of the MNE. We assess that the latter interpretation of the MNE, which sees MNEs as efficiency enhancing institutions with positive welfare implication, has largely become a taken-for-granted assumption within International Business (IB) literature. Yet, we believe that this assumption needs to be questioned and scrutinized more rigorously as the antecedents and consequences of multinational activities are becoming increasingly complex and sole reliance on the efficiency assumption is insufficient. The four presentations in the proposed panel explore different facets of this issue, namely: (i) the extent to which efficiency interpretation can be substantiated theoretically and empirically; (ii) the shortcomings of extant efficiency interpretations and appropriate directions for future research; (iii) why and how we should re-incorporate the market-power view into IB research; and (iv) the developmental and societal implications of the debate. *(For more information, please contact: Jin Uk Kim, University of Illinois at Urbana Champaign, USA: jkim198@illinois.edu)*

Session: 1.5.4 - Competitive

Track: Track: 2 - Entrepreneurship, SMEs, and Born Globals

Entrepreneurship and Emerging Economies

Presented On: June 24, 2014 - 16:15-17:30

Chair: George Yip, China Europe International Business School

Endurance and Internationalisation of Firms from Emerging Markets: The Case of Colombian Textile and Apparel Companies

Maria Alejandra Gonzalez-Perez, Universidad EAFIT

Eva Cristina Manotas, Universidad Nacional de Colombia

This paper aims to provide a methodological and conceptual contribution to the internationalisation literature by providing an understanding of internationalisation processes of firms from emerging countries and its function to firm survival and endurance. This paper presents the results of an empirical, conceptual and theoretical study of the internationalisation processes of firms from emerging markets and its relationship to firm survival and endurance. This research was based on mixed methods for both data collection and analysis of a sample of 80 Colombian textile and apparel firms. The main data collection method was 80 face-to-face interviews with managers and owners of apparel and textile companies, supported by secondary data from Colombian government official databases. Based on both qualitative and quantitative analysis, this study concludes and provides evidence that the process of internationalisation of a firm positively affects its endurance and survival likelihood in an emerging economy. *(For more information, please contact: Maria Alejandra Gonzalez-Perez, Universidad EAFIT, Colombia: mgonza40@eafit.edu.co)*

An Empirical Investigation of the Founder-CEO Effect on Entrepreneurial Firms' Intention to Go Public in Emerging Markets

Xiaoyu Zhou, Peking University

Rui Wang, Peking University

We examine the founder-CEO effect on entrepreneurial firms' intention to go public in the context of emerging markets and moderator factors influencing this effect such as founders' ability to acquire financial capital (i.e., political connection) and entrepreneurial firms' ability to acquire financial capital (i.e., current access to financial capital). With a large-scale nationwide entrepreneurial firm survey in China, our analysis of a hierarchical lineal model suggests a negative founder-CEO effect on firms' intention. The results also indicate the negative founder-CEO effect is weakened when founder-CEOs are politically connected and when entrepreneurial firms currently have external financial investors. *(For more information, please contact: Xiaoyu Zhou, Peking University, China: xiaoyuzhou@pku.edu.cn)*

Toward a Process Framework of Business Model Innovation in the Global Context: Strategic Entrepreneurship and Dynamic Capability of Medium-sized MNE

Yangfeng Cao, Copenhagen Business School

Peter Ping Li, Copenhagen Business School

Peter Skat-Rørdam, Universe Foundation

Primarily due to the large gaps in economic and institutional contexts between the developed and emerging economies, effective business models in the two distinctive contexts tend to differ. In particular, the business model innovation (BMI) at the subsidiary level plays an important role in the success of multinational enterprises (MNE) from the developed economies operating in the emerging economies as top-down ventures. While some studies claim that direct involvement of headquarters (HQ) in the operations of subsidiaries is critical, surprisingly little is known about how HQ specifically enable BMI at the subsidiary level, especially for medium-

sized MNE. Adopting the method of comparative and longitudinal case study, we tracked the BMI processes of six Danish medium-sized MNE operating in China. The emergent framework indicates that entrepreneurial aspiration and flexibility at the HQ level are two primary enablers of BMI (in terms of new value creation and new value capture) at the subsidiary level via dynamic capability (in terms of sensing and seizing new opportunities) as the underlying mechanism. Further, we also found that BMI can contribute to the initial enablers in a feedback loop. Hence, we contribute to the literatures of BMI and dynamic capability by enriching both research streams, especially the critical link between BMI and dynamic capability in the context of international strategic entrepreneurship. *(For more information, please contact: Yangfeng Cao, Copenhagen Business School, Denmark: fc.int@cbs.dk)*

Export Diversity or Focus? What Strategy is Best for First-Time Internationalizing SMEs from an Emerging Market?

Desislava Dikova, WU Vienna
 Jaklic Andreja, University of Ljubljana
 Anze Burger, University of Ljubljana
 Aljaz Kuncic, University of Ljubljana

The question how much internationalization is beneficial for emerging-market small and medium enterprises (EM SMEs) remains challenging to answer for both international business (IB) scholars and managers. First time internationalizing EM SMEs tend to have high failure rates, in spite of rising policy efforts of home governments to support them. We explore export strategies of first time exporters and focus on the scope of SMEs internationalization activities. We tackle the question whether more focused or more diversified internationalization through exporting is beneficial for EM SMEs. We examine the impact of foreign market (geographical) diversification, product diversification and export intensity (with respect to markets and products exported) on firm performance on an entire population of first-time exporters from an emerging east European market using a panel population data in the period 1991-2012. In addition, we test whether a complex export strategy—an export strategy of simultaneous product and market export diversification—is beneficial for EM SMEs. We find that rapid and diversified internationalization significantly improves productivity and sales performance for EM SMEs. Furthermore, EM SMEs with complex export strategies enjoy significantly improved productivity and sales performance. *(For more information, please contact: Desislava Dikova, WU Vienna, Austria: desislava.dikova@wu.ac.at)*

Session: 1.5.5 - Competitive

Track: Track: 2 - Entrepreneurship, SMEs, and Born Globals

Opportunity Identification and Decision-making in Internationalization

Presented On: June 24, 2014 - 16:15-17:30

Chair: Marion Sandrine Bitsch, Turku School of Economics

International Opportunity Identification in the Internationalisation of the Firm

Olga Muzychenko, University of Adelaide
 Peter W. Liesch, University of Queensland

Applying a behavioural perspective that was evident in the early formalisation of the Uppsala internationalisation process model of the firm, aspects of which have been re-introduced more recently, we investigate the internationalisation activity of entrepreneurs who intentionally orchestrate the internationalisation process. The internationalisation of the firm is a process of entering new international markets that becomes possible only after an individual within the firm has identified opportunities in those markets. Using case evidence, we apply the theory of planned behaviour to explain why some individuals and not others identify international opportunities and overcome the liability of foreignness and the liability of outsidership inherent in a new

international market entry. We offer a behavioural model of international opportunity identification, and we outline specific factors that determine an entrepreneur's perception of international opportunity identification as a feasible and desirable activity. *(For more information, please contact: Olga Muzychenko, University of Adelaide, Australia: olga.muzychenko@adelaide.edu.au)*

Cognitive Cultural Intelligence and Global Entrepreneurial Intention of Young People

Henry Fock, Hong Kong Baptist University
You Yan Rona Chau, Hong Kong Baptist University

This study investigates the joint effects of entrepreneurial factors and cognitive culture intelligence (i.e., knowledge of foreign cultures)(CCQ) on the global entrepreneurial intention of young people. We aim to find out why some young people lack, but others possess a vision for starting a global business. Findings of a pilot survey showed that perceived self-efficacy, innovativeness and risk-taking propensity were related to the global entrepreneurial intention of young people. More interestingly, while CCQ moderated and reinforced the efficacy feeling of young entrepreneurs in development of a global market, CCQ attenuated young people's intention to start a business locally. *(For more information, please contact: Henry Fock, Hong Kong Baptist University, China: hfock@hkbu.edu.hk)*

The Effect of Brazilian and French Canadian SME Decision Maker's Perception of Psychic Distance in Their Internationalization Process

Thomas Leblond, Z&T Consultants
Zandra Balbinot, UQAM
Sergio Bulgacov, FGV

The objective of this work was to analyze the effect of Brazilian and French Canadian SME decision maker's perception of Psychic Distance (PD) in their internationalization process. Based on the behaviour theory of internationalization, a framework has been built in order to look at the relationship between the decision makers, the PD, their network and the context where they operate. Empirically, a qualitative questionnaire was applied to 23 respondents coming from Quebec and the Southern and South-eastern regions of Brazil. This work proposes significantly different results from the ones proposed in the dominant PD literature. More than the PD itself and its perception, the importance given by the decision maker to the PD affects the internationalization strategy of the firm. The results suggest that PD can be either positive or negative, and the perception of a distance can change over time. The effects of the distance were not found during the entry mode or the market selection, but later, as commitment increased, in the pace of development and/or the mode of actuation. The real effect of the distance between two partners should be calculated as the addition of the perceived importance of distance by both partners. *(For more information, please contact: Zandra Balbinot, UQAM, Canada: zbalbinot@gmail.com)*

Entrepreneurial Marketing of International New Ventures – An Entrepreneurial Decision-Making Perspective

Man Yang, University of Vaasa
Peter Gabrielsson, University of Vaasa

This conceptual paper studies the entrepreneurial marketing process in international new ventures by focusing on entrepreneurs' decision-making. The paper defines the concept of international entrepreneurial marketing and identifies its dimensions – entrepreneurs, international entrepreneurial marketing culture, strategy, and tactics. A model of the international entrepreneurial marketing process is proposed and propositions are developed from the perspective of entrepreneurial decision-making, based on effectuation theory. The model suggests that entrepreneurs in international new ventures adopt an effectual decision-making process, utilize international entrepreneurial marketing culture and leverage contingences in the international business environment to create new marketing opportunities. As the outcome of the entrepreneurial decision-making process, international entrepreneurial marketing strategy and tactics shape the international business

environment and create new markets. The paper makes theoretical contributions in international entrepreneurship and international marketing, as well as provides managerial implications for entrepreneurs or managers who conduct international marketing activities. *(For more information, please contact: Man Yang, University of Vaasa, Finland: man.yang@uva.fi)*

Session: 1.5.6 - Competitive

Track: Track: 12 - The Institutional and Political Environment of IB

Institutions and International Corporate Governance

Presented On: June 24, 2014 - 16:15-17:30

Chair: Toru Yoshikawa, Singapore Management University

Institutions, Liberal Market Economies and Comparative Capitalisms

Chris Brewster, University of Reading

James T Walker, University of Reading

Geoffrey T. Wood, University of Warwick

Since the landmark 2001 Hall and Soskice collection, a major concern within the literature on comparative capitalism has been to explore key distinctions between coordinated markets. In contrast, it has been persistently suggested that liberal markets represent a coherent category enabling it to be used as a conceptual and empirical comparator with other capitalist forms. This study seeks to explore the extent to which this is really the case, looking at how key work and employment institutions influence participation in ownership schemes. Using survey data from the USA, Canada, Australia, New Zealand and the UK we show that there are substantive differences within Liberal Market Economies undermining the validity of the LME grouping being used as a reference group to analyze alternative capitalist forms. However, we show that these country level differences within Liberal Market Economies in the use of employee share ownership schemes can explained institutional labor market differences. These findings highlight the importance of capturing salient institutional differences at the firm level in the analysis of comparative capitalisms in order to provide meaningful conceptual and empirical analyses. *(For more information, please contact: Chris Brewster, University of Reading, United Kingdom: c.j.brewster@henley.ac.uk)*

Corporate Governance as a Balance between Domestic and Global: Evidence from Emerging Market Firms

Luisa Fernanda Melo, Bentley University

This study investigates how globally ranked emerging market multi-nationals (EMNEs) organize internal corporate governance structures, given global and home country standards. The author developed a unique dataset on governance structures of EMNEs ranked in the Fortune Global 500, 2011. Four cases were developed using data on 70 EMNEs from Brazil, Russia, China, and India; they were analyzed using the comparative case method. This work fills significant empirical gaps on board research in the emerging market context, as well as interpretations of EMNE practice. The findings suggest that Global 500 EMNEs follow the Anglo-Saxon standard of governance, balancing global and home country standards as they compete. The study highlights implications for corporate governance study, challenging some interpretations, but ultimately supporting the effort to encourage corporate governance reform in emerging market firms. *(For more information, please contact: Luisa Fernanda Melo, Bentley University, USA: melo_luis@bentley.edu)*

Varieties of Capitalism and the Comparative Advantages of Nations

Michael A. Witt, INSEAD

Gregory Jackson, Free University of Berlin

In their seminal contribution to the literature on comparative institutional analysis, Hall and Soskice (2001) argued that coordinated market economies such as Germany have comparative advantages in industries with incremental innovation, while liberal market economies such as the United States excel at industries featuring radical innovation. Despite the potentially great significance of this “Hall and Soskice hypothesis” for MNE location decisions and economic policy, it has yet to be tested conclusively. This paper seeks to fill this gap. Using hierarchical linear modeling on a sample of 14 industries in 22 countries across 9 years, we find no clear support of the hypothesis. *(For more information, please contact: Michael A. Witt, INSEAD, Singapore: michael.witt@insead.edu)*

Regulation, Rule-of-Law, and Norms: Separating the Institutions of Investor Protection

Anthony Cannizzaro, George Washington University

This paper seeks to understand how societal institutions influence whether firms orient their governance structure towards protecting minority investors. Prior work approaching corporate governance from an agency theoretic perspective tends to operationalize institutions too simplistically, imposing the assumption that laws and the rule-of-law impact firm-level investor protection equally. Furthermore, these same studies ignore the role societal norms may play in firm-level governance. Using data from 21 developed countries, I find that de facto and de jure institutions uniquely impact a firm's corporate governance. *(For more information, please contact: Anthony Cannizzaro, George Washington University, USA: tony_c@gwmail.gwu.edu)*

Session: 1.5.7 - Competitive***Taxes, Ownership and Firm Performance*****Presented On:** June 24, 2014 - 16:15-17:30

Chair: Susan Feinberg, Temple University

What Determines Tax Haven FDI?

Chris Jones, Aston University

Yama Temouri, Aston University

This paper examines the determinants of a multinational enterprise's (MNEs) decision to invest in countries classified as tax havens. To the best of our knowledge this has not been analysed at the cross-country level before. We use the ownership-location-internalisation (OLI) paradigm and link it with financial specific advantages to develop a number of hypotheses which are subsequently tested by our empirical model. Our analysis is based on a large firm-level database covering 39,543 MNEs across the world for the period 2002-2011. We find that higher corporate taxes faced by MNEs at home increase the likelihood of locating in a tax haven. Moreover, high technology manufacturing and services MNEs that possess large levels of intangible assets are also more likely to locate subsidiaries in tax havens. Finally, we find evidence that MNEs from countries with a more coordinated market orientation are less likely to locate in tax havens. *(For more information, please contact: Chris Jones, Aston University, United Kingdom: c.jones2@aston.ac.uk)*

Tax Havens and Firm Performance

Chris Jones, Aston University
Yama Temouri, Aston University

The purpose of this paper is to provide evidence on the link between tax haven presence of MNEs and firm level performance. To the best of our knowledge this has not been done before. By presenting total factor productivity (TFP) and profitability estimates over the period 2002-2011, our results show that MNEs that have tax haven presence perform better in terms of profitability than their counterparts that do not. However, tax haven presence does not have any discernible significant effects on firm level productivity. These findings are robust for MNEs that operate in both the manufacturing and services sector. This suggests that the use of tax havens by multinational firms has no impact on economic dynamism and may thus result in the erosion of the cross-country corporate tax base. *(For more information, please contact: Chris Jones, Aston University, United Kingdom: c.jones2@aston.ac.uk)*

Do Private Firms Perform Better than Public Firms?

Serkan Akguc, Temple University
Jongmoo Jay Choi, Temple University
Suk-Joong Kim, University of Sydney
Michael McKenzie, University of Liverpool

We use various indicators of operating performance and efficiency to examine the differences in performance between publicly and privately held firms in the UK over the period 2003-2012. We find that privately held firms, on average, perform better than publicly traded firms. This finding is robust in various model settings, using industry and size as well as propensity scored matched samples, considering alternative definitions of operating performance, ownership structure and taking into account the endogeneity of firm's exchange listing choice. We also show that average operating profitability of public firms is even lower than that of private firms when both types of firms are financially constrained. Finally, we show that informational value of R&D is higher for private firms than it is for public firms. *(For more information, please contact: Serkan Akguc, Temple University, USA: serkan.akguc@temple.edu)*

Collectivism and Bank Corruption: How to Break the Curse?

Sadok El Ghouli, University of Alberta
Omrane Guedhami, University of South Carolina
Chuck Kwok, University of South Carolina
Xiaolan Zheng, Nottingham University China

Zheng et al. (2013) document robust evidence that collectivism breeds corruption in bank lending. This finding, together with the stickiness of culture, poses a direct challenge to policymakers that aim to promote economic growth in collectivist societies. In this paper we address this grim outlook by examining the types of firms that are susceptible to the detrimental effect of collectivism on lending integrity and the formal institutions that can help alleviate such effect. We find that the adverse effect of collectivism on bank corruption is more severe in small and medium firms, privately owned firms, and non-exporting firms, while it is considerably weaker in countries with more effective private monitoring, a higher (lower) fraction of foreign-owned (government-owned) banks, a more competitive banking sector, better information sharing, and stronger legal and political institutions. Our findings provide guidance to policymakers interested in promoting economic growth in collectivist countries by identifying the types of firms to support in the short term and the formal institutions to strengthen in the longer term to mitigate the adverse effect of collectivism on lending integrity. *(For more information, please contact: Xiaolan Zheng, Nottingham University China, China: xiaolan.zheng@nottingham.edu.cn)*

Session: 1.5.8 - Competitive

Track: Track: 8 - Global Strategy, M&As and Competitiveness

Organizational and Geographic Determinants of FDI Performance

Presented On: June 24, 2014 - 16:15-17:30

Chair: Sjoerd Beugelsdijk, University of Groningen

Antecedents of MNE Performance in the Home Region and Beyond

Lars Matysiak, Justus Liebig University Giessen

Andreas Bausch, Justus Liebig University Giessen

Integrating internalization theory with the regionalization perspective and upper echelons theory, we explain why, how, and when technological firm-specific advantages (FSAs) and top management team (TMT) higher-order FSAs conveyed by international experience affect MNE performance. Besides corroborating that the costs of doing business abroad are higher beyond an MNE's home region than within it, we find that MNEs can successfully deploy strong technological FSAs within their home region but not necessarily beyond it. In contrast, strong TMT higher-order FSAs primarily benefit an MNE with substantial operations in the rest of the world. Altogether, our paper clarifies the role of two important types of advantages in the performance of MNEs and substantiates key points of the regionalization perspective. *(For more information, please contact: Lars Matysiak, Justus Liebig University Giessen, Germany: research@matysiak.com)*

The Impact of Organizational and National Culture on International M&A Performance: Looking Back and Moving Ahead

Daniel Rottig, Florida Gulf Coast University

This paper critically reviews the state of the literature on the role of organizational and national culture in international M&A performance by developing an integrative framework. In so doing, this paper relates extant culture-based M&A research to the contingency and process-related M&A research streams in order to gain a more inclusive understanding of culture's consequences for the performance of these international transactions. The paper further sketches out new directions for research that are promising to advance knowledge in the field, and forwards a research agenda to stimulate new insights and novel work on the variables that determine the success of international acquisitions. *(For more information, please contact: Daniel Rottig, Florida Gulf Coast University, USA: drottig@fgcu.edu)*

Comparing the Survival of Emerging Country (China) and Developed Country (U.K.) Firms in the U.S.

Kun Yang, Central Michigan University

William Newburry, Florida International University

Ronaldo Parente, Florida International University

This study compares the survival of emerging country firms (ECFs) and developed country firms (DCF) in a developed country. Applying organizational ecology and institutional theories, the paper depicts the survival trajectory of the two types of firms, compares DCFs with ECFs, and points out differences in which factors influence survival of firms from emerging and developed countries. Taking Chinese firms and U.K. firms as examples, the empirical results support the arguments that firms' relative size, legal status, and international experience impact the survival of ECFs and DCFs in the U.S. New to the current literature, the results show that a large relative size threatens ECFs' survival while it strengthens DCFs' vitality. Listed legal status negatively impacts ECFs' survival, but it tends to benefit DCFs in the U.S. Ownership does not have significant impact on ECFs' survival. The moderating effects of international experience in both emerging markets and developed countries are discussed. *(For more information, please contact: Kun Yang, Central Michigan University, USA: yang1km@cmich.edu)*

Session: 1.5.9 - Competitive

Track: Track: 6 - Innovation and Knowledge Management

Venture Capital and Networks of Innovation

Presented On: June 24, 2014 - 16:15-17:30

Chair: Ivo Zander, Uppsala University

Venture Capital Experience and the Innovative Outcomes and Legal Environment of Startups: A Global Analysis
Elisa Alvarez-Garrido, Georgia State University

This paper seeks to explain how the innovative outcomes of startups are affected both by the heterogeneity of the resources of their investors and the conditions of their local legal environment. The institution of venture capital has become globally widespread in the last two decades, raising the question of whether its positive impact on innovation extends globally, and the role that institutional environments play in this relationship. I posit that the institution of venture capital smooths some of the differences across national legal regimes, but not all. I ask whether the positive effects of VCs on the innovative performance of U.S. startups are present abroad, and explore the extent to which these effects depend on the startup's legal environment, which is the external environment where the startup's innovative processes unfold. I focus on two distinct facets of the startup's legal environment—regulatory quality and rule of law—and I leverage the context, which provides two innovative outcomes—scientific publication and patents—that are affected by the legal environment in different ways. I test the hypotheses on a sample of 333 VC-backed biotechnology startups; the results support the predictions and are robust to endogeneity. *(For more information, please contact: Elisa Alvarez-Garrido, Georgia State University, USA: ealvarezgarrido@gsu.edu)*

The Liability of Foreignness in Cross-border Corporate Venture Capital Investment: Partner Uncertainty and Resource Uncertainty

Shin Hyung Kang, KAIST
Zong-Tae Bae, KAIST

Along with globalization of non-U.S. large corporations, their corporate venture capital activity is becoming more influential on U.S.-based ventures. This research aims to examine the difference between local and cross-border CVC investment with resource dependence lens. Resource dependence theorists consider corporate venture capital investment as the foothold to access complementary resources of incumbents, but entrepreneurs become exposed to opportunistic behavior of corporate investors. Hence, we suggest that the liability of foreignness in cross-border corporate venture capital investment is articulated as higher level of perceived partner uncertainty. Consequently, entrepreneurs become more defensive against foreign corporate investors. They tend to receive cross-border corporate venture capital investment at later rounds, from foreign corporations of different industry, and with 'Wholly-owned Subsidiary' structure. However, when the need for complementary resources increases, entrepreneurs tend to be less defensive in order to obtain the needed resources. We also found out that, unlike local corporate venture capital investment, financial resource needs of entrepreneurs do not facilitate a tie formation with foreign corporate investors, and only the need for complementary resources do. *(For more information, please contact: Shin Hyung Kang, KAIST, Korea, South: davidkang@business.kaist.ac.kr)*

So Near And Yet So Far? Corporate Venture Capital, External Knowledge Search, and Knowledge Recombination Across Geographic And Technological Distance

Sheryl Winston Smith, Temple University
Ahreum Lee, Temple University

In order to remain competitive, organizations engage in intentional knowledge search that spans both technological and geographic space. However, organizations often suffer from liability of distance – i.e., an inherent trade-off between technological and geographic distance. In this paper, we investigate organizational learning through the theoretical lens of recombinant search. Building on the external knowledge search and organizational learning literatures, we propose that CVC investments enable incumbents to overcome technological and geographical constraints, thereby enhancing recombination of external knowledge generated by startups with their existing knowledge base to generate new knowledge. We hypothesize that CVC investments can significantly enhance organizational learning, i.e., exploitation and exploration, by investing in a set of startups that have diverse spectrum of technological knowledge base and locate in various geographical regions. The empirical setting is the medical device industry. We test our hypotheses with novel, hand-collected panel data on 1,405 matched patent dyads between citing (i.e. incumbent) and cited firms (i.e. startup) in the global medical device industry over the period 1978-2010. Our results show that multinational enterprises engage in both exploitation and exploration through CVC investment, but that these two types of knowledge search are situated distinctly along technological and geographic distance from the incumbent. *(For more information, please contact: Sheryl Winston Smith, Temple University, USA: sheryl.winston.smith@temple.edu)*

The Effect of Intellectual Property Standards on the Catch-Up Process Of Emerging Market Economies

Izzet Darendeli , Temple University
Kristin Martina Brandl, Copenhagen Business School
Robert D. Hamilton, III, Temple University

The catch-up process of emerging market economies is dependent on multiple factors, such as local governmental regulations but also global industry developments. We investigate how intellectual property (IP) protection standards affect this catch-up process. The alignment of these standards with the country's level of innovation capabilities set the framework for the study. We use patent data from the United States Patent Office and compare the catch-up process of Brazil, India and Turkey based on the countries implementation of TRIPS regulations. We find that countries with a gradual implementation of IP protection standards gain a higher level of innovation capabilities compared to countries that immediately ratify the standards. These countries require more time to catch-up to global standards as a misalignment of IP protection and innovation capabilities is evident. *(For more information, please contact: Izzet Darendeli, Temple University, USA: tuc71197@temple.edu)*

Session: 1.5.10 - Competitive

Track: Track: 2 - Entrepreneurship, SMEs, and Born Globals

Cross-border Migration: Returnee and Transnational Entrepreneurs

Presented On: June 24, 2014 - 16:15-17:30

Chair: Sui Sui, Ryerson University

Returnee Entrepreneur, Institutions, and Firm Performance: Evidence from Chinese Private Firms

Runjuan Liu, University of Alberta

Qing Liu, University of International Business and Economics

Qin Han, University of Alberta

Ruosi Lu, University of Birmingham

Chao Zhang, University of International Business and Economics

Drawing on the entrepreneurship and neoinstitutionalism literature, we investigate how institutional factors and returnee entrepreneurs' human and social capital jointly influence firm performance. We first innovatively distinguish two types of returnees, returnees with oversea degree education (RDs) and returnees with oversea training experience (RTs), and study their distinct competitive advantages in entrepreneurship. We further examine how the imbalanced institutional development in different regions of China moderates the relationships between the leadership of the aforementioned two types of returnees and their firms' performance. Applying rigorous econometric methods to nationwide survey data of Chinese private firms, we find that firms led by both types of returnees have significantly better performance than those led by the local. Specifically, firms led by RDs or RTs have competitive advantages in internationalization and R&D investment. In additions, firms led by RDs are advantageous also in human resource management and market research while firms led by RTs have better access to bank loans. Last, we find strong empirical evidence for the moderating effects of institutions on the financial performance of firms led by returnees. *(For more information, please contact: Runjuan Liu, University of Alberta, Canada: runjuan.liu@ualberta.ca)*

Entrepreneurial Survival Abroad

Jose Mata, Nova School of Business and Economics

Claudia Alves, Nova School of Business and Economics

We study the survival of firms created by foreign entrepreneurs and reach the following findings. Survival of firms created by foreign entrepreneurs is lower than that of comparable domestic ones. Previous experience in the host country increases the prospect of survival of firms created by foreigners. Entrepreneurs originating from more developed countries confront lower chances of exit than those coming from less developed countries. However, firms created by entrepreneurs coming from countries in which institutions are more different from those in the host country exhibit lower exit rates. *(For more information, please contact: Jose Mata, Nova School of Business and Economics, Portugal: jmata@novasbe.pt)*

The Land of Opportunity: Pursuit of Entrepreneurial Opportunities through Effectuation by Transnational Entrepreneurs

Daniel Richard Clark, Indiana University

Transnational Entrepreneurs (TEs) bring to their ventures a wide range of social, financial and knowledge capital. Integrating these resources to maximize their utility is a challenge through traditional opportunity identification and exploitation techniques. Sarasvathy's (2001) effectuation – causation framework presents a solution uniquely well suited to TEs. By using effectuation the TE can create opportunities that optimize their personal needs, resources and risk thresholds; ultimately leading to better personal and venture outcomes. This paper explores the utilization of effectuation by TEs in venture formation, and outlines four propositions that

influence the likelihood of the TE pursuing their new venture through effectuation as opposed to causation. (For more information, please contact: Daniel Richard Clark, Indiana University, USA: drc2@indiana.edu)

Migrant Diasporas: New Organizational Forms for Understanding Business Venturing and Underlying Business Norms in Developing Countries

Michael Cummings, University of Minnesota
Paul Vaaler, University of Minnesota
Florian Taeube, Universite Libre de Bruxelles

With over 250 million people living abroad, international migrant diasporas are both economically and politically significant. Little research to date, however, has guided our understanding of the role these migrant diaspora play in promoting venture funding and the development of business norms in their home countries. Relying on theories of transaction-costs and small-world networks, we explore the role that migrants' financial and social remittances play in building up capital markets and ways of doing business. Our empirical analysis of developing countries since 2001 suggests that migrant remittances substantially impact funding opportunities for entrepreneurial ventures and that these migrants also absorb and communicate underlying business norms. We find also that migrants' influence depends not only on the value of their money, but by the norms and ideas they absorb while living abroad. We conclude with a discussion of future research directions, preliminary related findings, and policy implications. (For more information, please contact: Florian Taeube, Universite Libre de Bruxelles, Germany: taeube.florian@gmail.com)

Session: 1.5.11 - Competitive

Track: Track: 10 - Theories of the MNE and of FDI

Foreign Operation Modes

Presented On: June 24, 2014 - 16:15-17:30

Chair: Congcong Zheng, San Diego State University

Impact of Institutions and Industry Structures on Transformation and Retention of Foreign Operation Modes: A Case Study

Mujtaba Ahsan, San Diego State University
Jay VanWyk, Pittsburg State University

Why and when do MNEs convert their entry modes to other operation modes? The extant literature on MNEs operations mode has significantly been concerned with the question whether MNEs have adopted appropriate mode of entry in host countries. Consequently, inquiry in to MNEs motives to retain or change their mode of operation is limited. Utilizing the literature on institutional theory and strategic rationale for internationalization we seek to address the following question in our paper: What are the factors that inform operation mode change or continuation? Evidence from our case study indicates that the retention of the joint venture (JV) mode may be influenced by the presence of external isomorphic factors, market-seeking strategic intent, and a concentrated industry. Whereas, internal isomorphic factors, efficiency-seeking strategic intent, and the presence of a fragmented industry could lead to mode conversion from JV to wholly owned subsidiary (WOS). (For more information, please contact: Mujtaba Ahsan, San Diego State University, USA: mahsan@mail.sdsu.edu)

Exiting from a Foreign Market: The Two Key Triggers and the Moderating Role of Marketing Capability

Qun Tan, Xiamen University

Carlos M. P. Sousa, Durham University

Lack of strategic fit between a foreign affiliate and its headquarters has long been suggested as a trigger, equally as important as poor performance, of its exit from the foreign market. However, little empirical effort was made to address the strategic trigger of an international exit decision. By simultaneously examining the influence of performance and strategy factors on firms' exit decision, this study aims to probe: (1) whether the impact of the proposed strategic reason (i.e. strategic misfit between headquarters and a foreign affiliate) in conceptual studies can be supported by empirical studies; (2) whether performance and strategic fit are associated with each other; and (3) whether the relationships between an international exit decision and the two triggers are moderated by a foreign affiliate's marketing capability. Our results, based on data collected from multiple informants in 180 Chinese outward foreign direct investment firms, show that internal strategic misfit between a foreign affiliates and its headquarters is a more important trigger than dissatisfactory international performance. While a foreign affiliate's marketing capability strengthens the relationship between international performance and its exit from the foreign market, it has no influence on relationship between the internal strategic misfit and its exit decision. *(For more information, please contact: Qun Tan, Xiamen University, China: qun.tan@xmu.edu.cn)*

The Evolution of Foreign Market Entry Literature: A Systematic Review and Future Directions

Irina Minodora Surdu, University of Warwick

Kamel Mellahi, Warwick Business School

Foreign market entry (FME) is one of the most studied subjects in international business. The literature draws on a number of theories to help understand the motives for and modes of FME. This paper reviews the theoretical foundations of the FME literature focusing particularly on academic papers published over four decades (1970-2013). Based on the analysis of 1,016 academic articles the paper discusses the theoretical underpinnings of the FME literature, synthesizes scholarly contributions, highlights key gaps in the literature, and recommends directions for further research several future research recommendations. *(For more information, please contact: Irina Minodora Surdu, University of Warwick, United Kingdom: phd12is@mail.wbs.ac.uk)*

Switching Options and Foreign Entry Decisions

Rene Belderbos, Catholic University of Leuven

Tony Tong, University of Colorado

Shubin Wu, Shanghai University of Finance and Economics

The literature on foreign market entry by multinational firms has rarely considered that entry decisions depend on the existing portfolio of overseas affiliates. We argue that multinational firms take into account the contribution that each entry into a new location makes towards enhancing the operational flexibility of their manufacturing affiliate portfolios. In real option theory, this operational flexibility derives from the enhanced options to switch value added activities across internationally dispersed plants in case of diverging labor cost developments. Analysis of longitudinal data (1989-2006) on the population of publicly listed Japanese manufacturing multinationals strongly confirms this notion. At the same time, we establish boundary conditions to the influence of switching options on entry. Substantial differences in labor cost levels across locations reduce effective switching potential, while moderate differences increase it. Product diversification in manufacturing portfolios hampers production adjustment and switching across plants, while growth potential in the host country market strengthens flexibility considerations by compensating for the carrying costs of maintaining switching options. *(For more information, please contact: Rene Belderbos, Catholic University of Leuven, Belgium: rene.belderbos@kuleuven.be)*

Session: 1.5.12 - Competitive

Track: Track: 1 - People and Careers in Cross-Cultural Business

Gender, Diversity, and Teams

Presented On: June 24, 2014 - 16:15-17:30

Chair: Mary Zellmer-Bruhn, University of Minnesota

The Influence of Cultural Context on the Relationship between Gender Diversity and Team Performance: A Meta-Analysis

Rodrigo Isidor, University of Paderborn
Matthias Schneid, University of Paderborn
Chengguang Li, University of Paderborn
Ruediger Kabst, University of Paderborn

The impact of gender diversity on team performance has become a central topic in the field of human resource management (HRM) for research and practitioners alike. Extant research provides conflicting evidence on the relationship between gender diversity and team performance. To resolve these contradictory findings, we meta-analyze the impact of gender diversity on different team performance measures. Grounded in categorization-elaboration model (CEM), we simultaneously consider the positive and negative aspects of gender diversity. We further examine the effect of cultural context as a moderator on the relationship between gender diversity and team performance. Based on 63 independent samples from 61 studies published between 1966 and 2012, we find that the cultural dimensions gender egalitarianism and humane orientation have significant moderating influences on the gender diversity-team performance relationship for a number of different team performance measures. *(For more information, please contact: Rodrigo Isidor, University of Paderborn, Germany: rodrigo.isidor@upb.de)*

Career Barriers for Chinese Immigrant Women: A Test for Two Competing Hypotheses

Nikos Bozionelos, Audencia School of Management
Giorgos Bozionelos, Psychiatric Hospital of Petra Olympou

The study explored perceived barriers to career progression of Chinese immigrant women, and examined these under the prism of the double jeopardy and the ethnic prominence hypotheses. Semi-structured interviews with two groups of 10 women in each were conducted in the United Kingdom: Chinese immigrant women employed in professional and managerial jobs who were matched with white native British women. The findings concurred neither with the double jeopardy nor with the ethnic prominence proposition. Beyond career barriers due to gender, evident in both groups, it did not emerge that Chinese women perceived career barriers due to their ethnicity per se. In fact, it emerged that the stereotype of the Chinese functioned as a facilitating factor in their employment and careers in the UK. The major contribution of the research is that it suggests that ethnicity should not be seen as a unitary factor as far as employment and career outcomes in host countries are concerned. Membership to certain ethnic groups may in fact confer advantages for migrants because the corresponding ethnic stereotypes may have positive connotations with regards to work and achievement. The findings also imply the possibility that successful immigrants may form a group with distinct characteristics. *(For more information, please contact: Nikos Bozionelos, Audencia School of Management, France: nbozionelos@audencia.com)*

Linking Multicultural Teams to Organizational Context: The Role of Diversity Climate, Multicultural Team Interactions and Cognitive Integration/Differentiation

Aida Hajro, Brunel University
Markus Pudelko, Tuebingen University
Cristina Gibson, University of Western Australia

We develop a model of multicultural team (MCT) interaction based on an analysis of critical incidents expressed in 121 in-depth interviews and observations with team members and leaders across 48 teams from eleven different companies. Our findings suggest that during critical incidents MCTs navigate the means for grappling with their cultural differences and the complex information processing challenges that can detail them. We highlight that this navigation occurs by oscillation between assertive and cooperative knowledge exchanges. Emphasis on one type of knowledge exchange in the absence of other mode of interacting results in the inability to establish equilibrium in cognitive integration and differentiation in MCTs. Our analysis also suggests that diversity climate can either facilitate or impair the dual processes of cognitive integration and differentiation. We formulate specific propositions about achieving equilibrium based on our findings and in doing so, build an evidenced-based model of MCT interaction that guides future research and practice. *(For more information, please contact: Aida Hajro, Brunel University, Austria: aida.hajro@brunel.ac.uk)*

Session: 1.5.13 - Interactive

Track: Track: 2 - Entrepreneurship, SMEs, and Born Globals

Networks, Learning and Entrepreneurial Internationalization

Presented On: June 24, 2014 - 16:15-17:30

Chair: Marian V. Jones, University of Glasgow

SMEs Learning from International Sales, Innovations and Performance

Alex Tai Loong Tan, University of Western Australia
Terence Ping Ching Fan, Singapore Management University

This study investigates the link between international sales experience in the past and the probability of the focal firm developing innovations, and in turn, the link between innovations and future sales performance. Using data from Australian businesses – largely small- and medium-sized enterprises, the positive relations in the two links are confirmed. However, innovations that present a mediating variable between international sales experience in the past and future sales are only significant in boosting domestic and total sales. In contrast, domestic sales experience in the past actually reduces the probability of firms developing innovations. *(For more information, please contact: Terence Ping Ching Fan, Singapore Management University, Singapore: terencefan@smu.edu.sg)*

It is Not What You Know, It is Who You Know: The Role of Entrepreneurial Networks in Turkey

Tugba Kalafatoglu, ESADE Business School
Pinar Buyukbalci, Yildiz Technical University

In today's business world, globalization has made geographical distance, and even national borders, less relevant because of information and communication. The dynamic environment of the global business field provides multiple international opportunities for entrepreneurs. Most importantly, the increasing use of networks for the firms has been reported as a factor influential in the developmental process of entrepreneurial activity. Entrepreneur's networks are important for their success in all stages of entrepreneurial process, but still today we don't know how much entrepreneur's network play important role in this process especially in the case of Turkey. Therefore, this paper examines how the Turkish entrepreneur's involvement in firm's internationalization and how much this process is influenced by entrepreneurial team and its networks. In this

explorative study, five cases on international firms in Turkey provide empirical material enabling us to develop a number of propositions on the entrepreneur and its network effect on the entrepreneurial process. *(For more information, please contact: Tugba Kalafatoglu, ESADE Business School, Spain: tugba.kalafatoglu@esade.edu)*

Early Internationalization through Networks

HoangAnh LuongBuu, Nottingham Trent University
Michael Wei Zhang, Nottingham Trent University

This paper attempts to review and extend the Uppsala model by assessing the impact of managerial characteristics on small a firm's internationalization process. Results from case studies of four British SMEs in Vietnam show that psychic distance has insignificant impact on the decision makers' choices of markets and market entry strategies. SMEs develop their international strategy in a non-systematic and non-linear way. Managerial characteristics, including their network relationship, international experience, influence the firm's decision in identifying business opportunities in new markets and market entry strategies. *(For more information, please contact: Michael Wei Zhang, Nottingham Trent University, United Kingdom: michael.zhang@ntu.ac.uk)*

Consequences of Early Internationalization - R&D Network Embeddedness as a Driver of International Commercialization in Biotech

Marie Oehme, University of Mannheim
Suleika Bort, University of Mannheim

This paper examines the implications of new ventures' early internationalization. More specifically we investigate how interorganizational relationships and network embeddedness resulting from the formation of international and national research and development alliances facilitate the subsequent formation of international marketing and distribution agreements. We argue that the type of alliance partner with whom a firm has international research and development ties impact on subsequent internationalization attempts. We also focus on the effects of international research and development relationships at different levels of analysis, i.e. the effects of direct relationships and global network embeddedness as well as the role of network centrality. We test our hypotheses on the complete population of German biotechnology firms from 1996-2012. The findings of our longitudinal event history analysis confirm that direct and indirect ties with commercial and research-intensive international alliance partners differently impact the likelihood of forming international marketing and research alliances. Moreover, our results show that network centrality moderates the influence of indirect ties in different ways. *(For more information, please contact: Marie Oehme, University of Mannheim, Germany: oehme@bwl.uni-mannheim.de)*

Network Insidership and Internationalizing Technology-based Firms

Nurgul Ozbek, Stockholm School of Economics
Angelika Lindstrand, Stanford University/Stockholm School of Economics

Insidership has been defined as becoming an established player in relevant international networks and has been acknowledged as a necessary condition for expanding successfully to international markets. However how do technology-based small and medium sized firms, particularly in the early stages that commonly lack both the time and the resources fostering the process of building network insidership? When these entrepreneurial firms strive to facilitate access and secure connections to the relevant networks in order to tackle with this challenge they will bring about a social process between the firm -outsider- and the member of the networks that the firm is trying to get connected -insiders-. Based on a variety of primary and secondary data from 16 cases, this paper addresses this question by exploring the social processes of network insidership perceived by internationalizing technology-based firms and examines the activities of these firms related to influencing these processes. Our findings show that internationalizing technology-based SMEs engage in activities in order to achieve network insidership where it refers to acquiring membership and attractiveness as well as sustaining

attractiveness within the relevant networks. Furthermore our data also suggests that three factors affects the process of gaining insidership: (1) Level of technology uncertainty; (2) Perceived network connectivity; (3) Sense-making capability of feedbacks. *(For more information, please contact: Nurgul Ozbek, Stockholm School of Economics, Sweden: nurgul.ozbek@hhs.se)*

Social Capital in Exporters: The Case of Small Taiwanese Trading Firms

Hui Yun Chiu, National Chengchi University
Chow Ming Yu, National Chengchi University
Hsiao Wen Liu, National Chengchi University

Does social capital influence initial export success of a trading firm? Will the nature of social capital differ with the growth of a trading firm? This paper considers the link between social capital and export success for a sample of small Taiwanese trading firms. Using case study method from three small Taiwanese trading firms, we find that stronger social capital of managers leads to higher density of information received by a trading firm and weaker social capital of managers leads to more width of information received. The two types of information affect export opportunities identified and, in turn, affect export performance of trading firms differently when firms are in different stages of growth. *(For more information, please contact: Hui Yun Chiu, National Chengchi University, Taiwan: hychiucandy@hotmail.com)*

The Role of Individual-Level Characteristics of Owners in Early Internationalization of International New Ventures (INVs)

M Amin Zargarzadeh, University of Calgary
Oleksiy Osiyevskyy, University of Calgary

Which factors drive the propensity of some new ventures to go global? We contend that Individual-level characteristics of INV owners, namely pre-launch experience, entrepreneurial capabilities, and international business networks, should be more fully considered in INV empirical studies. We theoretically analyze the effect of the listed characteristics of the owners on early internationalization of INVs. Then, we conduct an empirical testing of our theoretical framework using the Kauffman firm survey data (on 4,928 U.S.-based new businesses founded in 2004). Our results show that education level of owners, immigrant owners, and number of other businesses started by the owners, are highly associated with early internationalization of INVs. *(For more information, please contact: M Amin Zargarzadeh, University of Calgary, Canada: amin@haskayne.ucalgary.ca)*

Session: 1.5.14 - Interactive

International Stock markets and IPOs

Presented On: June 24, 2014 - 16:15-17:30

Chair: Lars Oxelheim, University of Lund

The Link between Financial Development and Knowledge-based Economy - Evidence from Emerging Markets

Soo-Wah Low, National University of Malaysia
Lain-Tze Tee, National University of Malaysia
Si-Roei Kew, National University of Malaysia
Noor Azlan Ghazali, National University of Malaysia

This paper examines the role of financial development in shaping knowledge-based economy in emerging countries using panel data approach from 1995 to 2009. On overall financial development, we find that larger financial sector and financial system that is more bank-based are associated with higher knowledge economy status. On banking development, our results show that a well-developed banking sector contributes positively to

a country's standing in the knowledge economy index. Interestingly, we find no evidence that stock market influences the state of knowledge economy. The findings suggest that bank-based financial system is the key financial structure that best supports knowledge-based development in emerging countries. *(For more information, please contact: Soo-Wah Low, National University of Malaysia, Malaysia: swlow@ukm.my)*

The Competitiveness of Stock Exchanges: An Exploratory Investigation of Austria and Poland

Robert Lindorfer, WU Vienna

Anne Christine d'Arcy, WU Vienna

Igor Filatotchev, City University London

With the lowering of institutional barriers, especially the EU single market for capital, cross-border capital flows occur in a variety of ways. In addition, a growing number of entrepreneurial and former state owned entities are choosing to forego local exchanges altogether in favor of foreign capital markets. This globalization of the capital raising process intensifies competition between national stock exchanges. However, prior literature on the competitiveness of stock exchanges largely focused on financial determinants (e.g. liquidity), whereas little attention has focused on exchange characteristics (micro-level factors) and institutional features (macro-level factors). Building on qualitative empirical data, we could derive a holistic research model, including the micro- and macro-environment of a stock exchange. Furthermore, we could identify the macro-environment as the main driver of stock exchange competitiveness. *(For more information, please contact: Robert Lindorfer, WU Vienna, Austria: robert.lindorfer@wu.ac.at)*

The Dark Side of the Global Securities Markets Consolidation

Pooya Tavakoly, University of Alberta

In this paper, I study the global consolidation of the securities market industry and its consequences for the corporate world and the national economies. While consolidation strategies are mainly advocated by neoliberalism supporters and mainstream economists, sociologists believe that integration and consolidation, especially in financial markets, will have more substantial negative outcomes and undesired side effects. Sociologists believe that too much integration and interconnectedness may create substantial systemic risk and may lead governments to lose their sovereignty and power over their economies. Advocates of consolidation consider interconnectedness as a fundamental necessity, ignoring the potential negative outcomes. To investigate the claims of neoliberal advocates, I present several testable propositions regarding the potential negative consequences of securities markets consolidation such as inequality, instability, and systemic risk. My propositions suggest that the advocacy of financial liberalization and market integration by advanced economies and international organizations may result in increased limitations for firms in developing countries that seek to raise capital, higher likelihood of instability and crisis especially in emerging economies, as well as increase in the dependence of the developing economies on the advanced ones. *(For more information, please contact: Pooya Tavakoly, University of Alberta, Canada: tavakoly@ualberta.ca)*

Individualism, Synchronized Stock Price Movements, and Stock Market Volatility

Feng Zhan, York University

This paper examines the impact of national culture on herding behaviour across international financial markets. The relation between national culture and investor behaviour, and how it impacts overall market volatility is studied by examining synchronized stock price movements and stock market volatility in 47 countries around the world over the period of January 2003 to May 2012. I find that nations with lower values of individualistic culture are more likely to have a higher number of synchronized stock price movements. Further, the correlation between stock price movements apparently increase stock market volatility. Nations with high individualistic culture have a lower number of synchronized stock price movements and thus have lower levels of stock market volatility. The positive relationship between synchronized stock price movements and stock market volatility is stronger for emerging markets during the financial crisis from June 2007 to December 2008.

The results are statistically significant after controlling for legal, economic and market differences. *(For more information, please contact: Feng Zhan, York University, Canada: fzhan09@schulich.yorku.ca)*

Venture Capital Investors' Experiences and Foreign IPO Success: Evidence from China

Jing Zhang, Old Dominion University

Huizhi Yu, Old Dominion University

Taking the perspectives of signaling theory and social network theory, we explore the influences of venture capital investors' (VCs') experiences on a company's success in receiving foreign initial public offering (IPO). Using the data about the population of 289 VC-backed Chinese companies which went IPO in either China or U.S. during 2002-2012, we find that the U.S. VCs' IPO experience on either the U.S. or the Chinese stock exchanges significantly enhances the likelihood of their Chinese portfolio companies' IPO in the U.S.. However, Chinese VCs' IPO experience in neither the U.S. nor China influences U.S. IPO. This study explains why the presence of foreign VCs helps foreign IPO by suggesting that in their home country market the benefits of signal transfer across borders and social embeddedness only apply for the foreign VCs, not VCs from the other countries. Theoretically, this study discovers the "stickiness of legitimacy" and suggests that local players are imperative as information media in transferring the signals of legitimacy across borders. *(For more information, please contact: Jing Zhang, Old Dominion University, USA: j3zhang@odu.edu)*

Stock Market Reaction to Innovation Endeavor: Meta-Analytic Test at the Institutional Level

Hye Sun Kang, University of South Carolina

Cherry Singhal, University of South Carolina

Although numerous researchers have investigated stock market reactions to innovation announcements, the relationship is still in 'noise'. We attempt to resolve this noise in the relation of firm's endeavor for innovation and stock market reaction. We broadly conceptualize the firm's endeavor for innovation by including all activities that are related to innovation outputs. With a collected sample of 179 effects from 46 published studies on this issue, our meta-analytical research shows that a positive relationship exists between firms' innovation endeavor and stock market prices. We also discuss the impact two institutional level moderators (investor protection law and development of legal system), which are the mechanism for information asymmetries reduction as the formal institution. *(For more information, please contact: Hye Sun Kang, University of South Carolina, USA: hyesun.kang@grad.moore.sc.edu)*

Institutional Determinants of Private Equity Investment in African IPO Firms

Bruce Allen Hearn, University of Sussex

This paper draws on a unique hand-collected sample of 131 private sector IPO Firms (state privatization and foreign joint venture/subsidiary omitted) from January 2000 to October 2013 in examining the institutional setting associated with different types of private equity investment. This is business angels, domestic and foreign venture capitalists and the institutional quality prevailing in their IPO target investee firms is examined at the time of IPO as a means to differentiate between each class of early-stage private equity entity. I find evidence that weaker institutions are generally associated with business angel investment while the opposite is true of both domestic and foreign venture capitalists. This is reflective of the relationship-network orientation of business angel investors in contrast to more formal investment methods of their venture capitalist counterparts. *(For more information, please contact: Bruce Allen Hearn, University of Sussex, United Kingdom: b.a.hearn@sussex.ac.uk)*

Session: 1.5.15 - Interactive

Track: Track: 10 - Theories of the MNE and of FDI

Local Contexts and Foreign Entry Strategies

Presented On: June 24, 2014 - 16:15-17:30

Chair: Mohammad Niamat Elahee, Quinnipiac University

Sequential Post-Entry Expansion on Foreign Markets: Drivers of the Establishment of Additional Wholly-Owned Subsidiaries

Anders Pehrsson, Linnaeus University

A firm setting up an additional wholly-owned subsidiary in a foreign country takes great risks due to the amount of capital that is involved. However, there is a lack of research on the crucial issue. Relying on resource-based theory this study explains firm's post-entry sequential expansion. Event histories of Swedish firms in Germany, UK, and the USA were analyzed. It was found that a broader product scope increases the hazard of establishment of a subsequent subsidiary. The relationship is stronger if the first subsidiary has extensive value-adding activities. Furthermore, the activities have a positive direct impact and this is also valid if the first subsidiary was a greenfield investment. The findings indicate that exploitation of resources such as market experiences explain post-entry sequential expansion. The study contributes to literature on foreign direct investments and internationalization. *(For more information, please contact: Anders Pehrsson, Linnaeus University, Sweden: anders.pehrsson@lnu.se)*

Path Dependency and MNE Location Strategy: The Impact of Investment Objectives and Firm Capabilities

Guo-Liang Frank Jiang, Dalhousie University

Guy L. F. Holburn, Ivey Business School

This study examines how investment objectives and firm capabilities affect multinational enterprises' (MNE) location strategy. We argue that variation in investment objectives and firm capabilities influences a firm's tendency to replicate its own location choices and those of other firms. We find support for our hypotheses in an analysis of overseas production investment by Japanese manufacturing firms from 1971-2006. Our results show that firms avoid making repeated entries to the same host country when they seek to access the local market; yet they prefer host countries with a high count of prior entries by other firms when they establish resource-seeking subsidiaries. Our analysis also shows that firms with higher capabilities are less likely to follow other firms' location strategy. Moreover, a high-capability firm is unlikely to locate a resource-seeking investment in the same country in which it has already invested. The results illustrate the usefulness of systematically integrating path dependency, managerial intentionality and firm capabilities in the analysis of MNE location strategy. *(For more information, please contact: Guo-Liang Frank Jiang, Dalhousie University, Canada: frank.jiang@dal.ca)*

Aspirations and Policy Uncertainty: The Impact on the Likelihood and Location of FDI Entry

Kent Hui, Michigan State University

Shige Makino, Chinese University of Hong Kong

Tomas Hult, Michigan State University

Peter J. Buckley, University of Leeds

Whereas substantial international management research highlights the importance of capabilities and international experience to FDI decisions, we offer behavioral explanations for the occurrence and location of FDI. We test the hypotheses using data concerning FDI entry made by Japanese MNEs (n=88,211 firm-year-country observations), and find that the decisions to make FDI entry are sensitive to

organizational outcomes relative to aspirations for performance and multinationality. We also find that the entry-detering effect of policy uncertainty increases with a larger performance gap, indicating that the location of FDI entry is jointly influenced by behavioral and institutional factors. *(For more information, please contact: Kent Hui, Michigan State University, USA: hui@broad.msu.edu)*

Risk Propensity in Location Choice of Foreign Direct Investment

Liang Chen, University of Leeds
Jeremy Clegg, University of Leeds
Hinrich Voss, University of Leeds

Despite the fact that foreign direct investment (FDI) is inherently risky, current location choice theories give insufficient weight to risk. This study draws on behavioural decision research to introduce the concept of risk propensity. Risk propensity represents an individual's tendency to take or avoid risk, but differs from risk preference in that the former is a learned trait and varies with context. We posit that managers hold varying risk propensity when making location decisions, and divergent views on the importance of different dimensions of international risk. Using discrete choice method, we elicit stated preference data from a group of managers of Chinese private manufacturing firms. Logit analyses show that heterogeneity in risk propensity exists and is best represented by a finite mixing distribution of preference parameters, where one group of managers are systematically less risk averse than the other. Covariate analysis concludes that managers associated with less successful domestic experience, more financial slack and larger firm size are less averse to international risk. The absence of positive domestic learning effect suggests that emerging multinationals need to circumvent the behavioural barrier to FDI before being able to capitalise on the home country based advantages proposed by recent studies. *(For more information, please contact: Liang Chen, University of Leeds, United Kingdom: bn10lc@leeds.ac.uk)*

Labor Market Flexibility and FDI Attractiveness

Mikhail Shengeliya, Trinity College Dublin
Louis Brennan, Trinity College Dublin

The analysis of FDI determinants has become increasingly important in international business literature. A number of theoretical models have been developed that study the determinants of FDI flows. The present research studies the effect of labor market flexibility on FDI activity and employs the model applied by Slaughter (2003). The framework has parallels with gravity equations featured in many related studies. The World Bank's Doing Business data and the OECD's strictness of employment protection are used to obtain variables serving as proxies for labor market rigidities. Not all results agree with the original hypothesis of a negative relationship between labor market rigidities and FDI activity. Theoretical and practical implications are drawn. *(For more information, please contact: Mikhail Shengeliya, Trinity College Dublin, Ireland: shengelm@tcd.ie)*

Location Strategies of Firms from Emerging Economies: The Impact of Country-level and Firm-level Factors

Zhennan Wang, York University
Yigang Pan, York University

Drawing from the resource-based and institutional perspectives, we develop a theoretical framework that incorporates both country-level and firm-level factors in determining the location choice of emerging economy MNEs. We propose that host country institutional quality is positively related to the likelihood of foreign investment, and institutional distance between home and host countries is negatively related to the likelihood of investment. We further argue that the effects of institutional environment are contingent upon levels of state ownership in the firm. State ownership might be able to attenuate the impact of host-country institutional quality and formal institutional distance, but it cannot reduce the impact of informal institutional distance on the likelihood of foreign investment. Empirical testing is based on all overseas subsidiaries of all public listed firms in

China. This study offers new insight on location choice of firms from emerging economies. *(For more information, please contact: Zhennan Wang, York University, Canada: zhennanw11@schulich.yorku.ca)*

Strategic International Retail Expansion (SIRE)

Brenda Sternquist, Michigan State University

Strategic International Retail Expansion (SIRE) is an original theory that explains the who, what, when, where and why of international retail expansion. Two types of retail companies are discussed, multinational and global. Multinational firms are decentralized and adapt their offering to each country they enter. Global retailers are standardized and expand with essentially the same offering worldwide. Propositions which explain each type of retailer's internationalization are presented. *(For more information, please contact: Brenda Sternquist, Michigan State University, USA: sternqui@msu.edu)*

Session: 1.5.16 - Interactive

Track: Track: 3 - Organization, Management and Human Resources of the MNE

TMT and Corporate Boards

Presented On: June 24, 2014 - 16:15-17:30

Chair: Benjamin Bader, University of Hamburg

Creating Competitive Advantage on Different Level of Organizational Behavior: Top Management Teams' Competencies and Firms' Internationalization Results

Marina Latukha, Saint-Petersburg State University

Andrei Panibratov, Saint-Petersburg State University

Firms nowadays face numerous challenges when operating abroad. Among others, an important factor influencing on companies' successful operations in international markets is the competencies of the top management team (TMT), which significantly influence an organization's results. This paper explores how TMT's competencies are associated with the realization of a firm's internationalization strategy. The findings indicate the strong correlation between top management competencies and the firm's international results. Moreover, we found that the most significant competencies for internationalization strategy are rational exactingness, ability to create and to use foreign contacts, project aptitude, and ability to create multicultural interaction. *(For more information, please contact: Marina Latukha, Saint-Petersburg State University, Russia: marina.latuha@gsom.pu.ru)*

Board Diversity and Firm Internationalization: The Case of Italy

Gianpaolo Baronchelli, University of Bergamo

Fabio Cassia, University of Verona

Mariella Piantoni, University of Bergamo

Internationalization is seen as a process of firm-level entrepreneurial behaviors, therefore all organizations should show high levels of international market orientation, but even more should be the team of decision makers that are driving company's strategy. The goal of our study is to verify the impact of board director demographic characteristics, as discussed in Upper Echelons and International Entrepreneurship field of studies, and firm degree of internationalization. The analysis of 40 Italian companies quoted at FTSE Mib, Milan Stock Exchange, confirms the importance of Top Management Team national diversity and international experience when associated with international education to improve degree of internationalization. *(For more information, please contact: Gianpaolo Baronchelli, University of Bergamo, Italy: gianpaolo.baronchelli@unibg.it)*

The Determinants of Localization of Japanese Multinationals in Overseas Operations

Daniel Z. Ding, City University of Hong Kong
 Naoki Ando, Hosei University
 Gloria Lan Ge, Griffith University

This study examines the major factors that affect the localization of senior managers in overseas operations of Japanese multinationals. Using panel data containing more than 15,000 observations of Japanese overseas subsidiaries, with a hierarchical linear modeling approach, we tested a number of hypotheses that are derived from both macro institutional perspective and micro corporate strategy and human resource management perspectives. Our research findings show that the strategic importance of subsidiaries, the local market orientation and business experiences of Japanese parent companies in the host country significantly affect the localization of foreign subsidiary staffing. The cultural distance between home country and host country has also been found to have a significant impact on the staffing of senior managers of subsidiary. *(For more information, please contact: Daniel Z. Ding, City University of Hong Kong, Hong Kong, SAR-PRC: mkding@cityu.edu.hk)*

Does Top Management Internationalization affect Top Management Compensation?

Stefan Schmid, ESCP Europe
 Dennis Wurster, ESCP Europe

This paper examines the consequences of top management internationalization on top management compensation. Building upon human capital theory and agency theory, we assume that highly international executives achieve higher market value in terms of their level of compensation than less international executives. To investigate this relationship, we use a multi-dimensional construct of internationalization and differentiate between fixed and variable pay components of top executives. Based on a comprehensive sample of executives from Germany's DAX firms, we find that internationalization pays off. We further contribute to top management research by demonstrating that the internationalization of firms' governance bodies affects the structure of compensation. Our empirical findings have implications for scholars, managers and corporate governance authorities. *(For more information, please contact: Stefan Schmid, ESCP Europe, Germany: ssschmid@escpeurope.eu)*

Industry Experiences of a Board and Growth Value Created through Corporate Ventureing

Shu-Jou Lin, National Taiwan Normal University
 Yu-Chen Chen, National Taiwan Normal University

The purpose of this study is to investigate whether and how board industry experiences influences future growth value generated by corporate venture investments. Different from previous studies mainly focused on the effects of demographic diversity, we carefully examine those from board members' diversity of industry experiences. We found that board composition in terms of their external experiences is a determinant of heterogeneous CVI contribution to firm growth value. Specifically, among three nuanced measures of a TMT's industry experiences, internal experience, aggregate diversity, average individual diversity and dominant diversity, we find that each team member's versatile experiences positively moderate the relationship between the magnitude of CV investments and firm growth value. *(For more information, please contact: Shu-Jou Lin, National Taiwan Normal University, Taiwan: lin.sj@ntnu.edu.tw)*

ABSTRACTS FOR WEDNESDAY, JUNE 25, 2014

Session: 2.1.1 - Panel**Track: Track: 12 - The Institutional and Political Environment of IB*****Distance in International Business Research: Moving beyond Critique*****Presented On:** June 25, 2014 - 09:00-10:15

Chair: Sjoerd Beugelsdijk, University of Groningen

Panelists:

Tatiana Kostova, University of South Carolina
Marc Van Essen, University of South Carolina
Lilach Nachum, City University New York
Heather Berry, George Washington University

Distance research in IB is blossoming and new theoretical ideas, empirical techniques, and research applications are being constantly introduced into the literature. The panel serves to highlight key developments and add to the ongoing conversation on critical challenges and pitfalls in current distance research. More importantly, the objective is to move beyond critique by offering concrete ideas on how to strengthen the theoretical and methodological rigor in using the distance construct. The discussion will be informed by a formal meta-analysis being conducted at the moment which summarizes the research practice in this area and an upcoming survey, especially designed for this panel, of IB scholars on their assessment of the value and the problems in distance research. The panelists, all leading experts instrumental in developing the distance construct and its applications in IB research, as well as in critically evaluating its current use, will present suggestions on moving forward in this field of work. Through an integrative and interactive format, the panel will leverage the competences of both panelists and attendees to develop a more comprehensive and insightful set of ideas on future applications of the distance construct. *(For more information, please contact: Sjoerd Beugelsdijk, University of Groningen, Netherlands: s.beugelsdijk@rug.nl)*

Session: 2.1.2 - Special Session**Track: 18 - Scholars Meet Practice Session*****War For Talent*****Presented On:** June 25, 2014 - 09:00-10:15

Chair: Mila B. Lazarova, Simon Fraser University

Panelists:

Eric Ma, Neusoft
Rosalie L. Tung, Simon Fraser University
Paula Caligiuri, Northeastern University
Pawan Budhwar, Aston University

(For more information, please contact: Mila B. Lazarova, Simon Fraser University, Canada: mbl@sfu.ca)

Session: 2.1.3 - Panel**Track: Track: 1 - People and Careers in Cross-Cultural Business*****Juggling Careers & Family (WAIB Special Session)*****Presented On:** June 25, 2014 - 09:00-10:15Chairs: Amanda Bullough, Thunderbird School of Global Management and Pamela Lirio, EDHEC Business School
Discussant: Dynah Basuil Tobias, University of Auckland*Panelists:*Amanda Bullough, Thunderbird School of Global Management
Pamela Lirio, EDHEC Business School
Susan Forquer Gupta, Monmouth University
Joan P. Mileski, Texas A&M University
Malika Richards, Pennsylvania State University
Dan Li, Indiana University

A panel of WAIB (Women of the Academy of International Business) executive board members offers a discussion of how women in the AIB juggle their careers and family. While the topic of career-family balance has been fairly well-established from a research perspective, it is always topical from a practical one. This panel will represent many of the issues that AIB members face throughout their careers, such as: parenting young children, parenting adult children, wanting children in the future, and caring for elder family members. The panelists will openly discuss these issues with those who might be interested in hearing the experiences of like-minded colleagues and how personal life and career decisions were made. *(For more information, please contact: Amanda Bullough, Thunderbird School of Global Management, USA: amanda.bullough@thunderbird.edu)*

Session: 2.1.4 - Competitive**Track: Track: 3 - Organization, Management and Human Resources of the MNE*****Talking Language*****Presented On:** June 25, 2014 - 09:00-10:15

Chair: Rebecca Piekkari, Aalto University

Foreign Subsidiary Top Manager Nationality and Language Policy: The Interactive Effects of Subsidiary Age and Size

Vesa Matti Peltokorpi, Japan Advanced Institute of Science and Technology

Despite their alleged benefits, very little is known of factors affecting language policies in multinational corporations (MNCs). For more a comprehensive understanding, this paper draws on agency theory to examine how MNC subsidiary top manager nationality affects language policies. Specifically, subsidiaries with expatriate top managers are hypothesized to have more formal language policies than subsidiaries with host country national top managers. Subsidiary top manager nationality is further hypothesized to interact with subsidiary age and size such that older and larger subsidiaries with expatriate top managers have more formal language policies than younger and smaller subsidiaries. Survey and secondary data from 547 subsidiaries in Japan provide support for the hypotheses. Theoretical implications and suggestions for future research are provided. *(For more information, please contact: Vesa Matti Peltokorpi, Japan Advanced Institute of Science and Technology, Japan: vesap@jaist.ac.jp)*

The Impact of Language Barriers on Media Choice in Multilingual Virtual Teams: Radically Rethinking Media Richness, Synchronicity and Naturalness Theories

Helene Tenzer, Tuebingen University
Markus Pudelko, Tuebingen University

This study investigates the impact of language barriers on the selection of communication media in the work process of global virtual teams (GVTs). Based on semi-structured interviews with 30 leaders and members of six GVTs in three automotive and three IT multinationals we show that many team members are cognitively overwhelmed by synchronous virtual communication across language barriers. They reduce this cognitive complexity by resorting to asynchronous media which give them more time to process information in the foreign language. Juxtaposing our findings with media richness theory, media synchronicity theory and media naturalness theory we show that the impact of language barriers on media choice in GVTs radically overturns the propositions of these seminal theories. Our study contributes to research on language diversity in international business by enriching the field with key theories from communication studies and the neuroscientific concept of cognitive load. It outlines how different media capabilities support or impede communication across language barriers and on this basis reconsiders important media choice theories under a language lens. By revealing the momentous influence of language diversity on communication in GVTs, our study suggests that other communication theories should also be reexamined in multilingual settings. *(For more information, please contact: Helene Tenzer, Tuebingen University, Germany: helene.tenzer@uni-tuebingen.de)*

The Influence of Language on Relationships between Subsidiaries and Headquarters

Robert Grosse, American University of Sharjah
Albert Wocke, Gordon Institute of Business Sciences
Alejandro Fonseca, EGADE Business School
Natasha Brits, GIBS Business School

Effective communication is critical for successful management of a multinational company. Without a shared language, effective communication across the company is difficult if not impossible. Previous research has not established what the role of language is in creating strong relationships between subsidiaries and headquarters. Social identity theory suggests that groups of ethnically similar people will cluster together and form strong personal relationships, and that language is one such an ethnic characteristic. We argue that if effective communication is enabled through the use of a shared language, and if effective communication strengthens relationships between subsidiaries and headquarters, then a shared language should influence subsidiary-headquarters relationships positively. In specific, shared language should lead to greater attention and more resources given to the subsidiary. A mixed method approach was used to reflect the perspectives of both headquarters and subsidiaries. Questionnaires were distributed to managers and executives in subsidiaries. Subsequently, based on the results of the questionnaires, semi-structured interviews were conducted with executives from headquarters. We found that language had a significant influence on relationships between subsidiaries and headquarters. A shared language also promoted power and trust within the organisation, leading to greater attention and assignment of resources to the subsidiary from headquarters. *(For more information, please contact: Robert Grosse, American University of Sharjah, United Arab Emirates: rgrosse@aus.edu)*

Session: 2.1.5 - Competitive

Track: Track: 5 - Global Value Chains and the Geography of IB

Role of Distance in Global Value Chains

Presented On: June 25, 2014 - 09:00-10:15

Chair: Douglas Dow, University of Melbourne

Organizational Flexibility, Global Manufacturing, and Tariff Circumvention

Ari Van Assche, HEC Montreal

Alyson Ma, University of San Diego

The core idea behind the paper is that trade policy matters for the organization of global value chains, a notion that has largely been overlooked by economists and business scholars, but which has important implications for our understanding of global manufacturing. We develop a theoretical model in which a firm's ability to spatially separate manufacturing from headquarter services gives them the flexibility to circumvent country-specific tariff changes by switching their assembly location abroad. We show that such tariff circumvention increases the elasticity of bilateral trade to country-specific tariff hikes due to an extra extensive margin effect. Furthermore, we show that tariff circumvention affects the vulnerability of headquarter services and manufacturing to trade policy shocks in opposite ways. While tariff circumvention dampens the vulnerability of headquarter services to trade policy shocks, it amplifies the vulnerability of manufacturing to trade policy shocks. Using firm-level and province-level export data from China, we provide evidence in line with the theoretical model. *(For more information, please contact: Ari Van Assche, HEC Montreal, Canada: ari.van-assche@hec.ca)*

Not All Distances are Created Equal: Culture, Geography, and the Interaction Effect of Networks on Private Equity Investments in Three Emerging Market Regions

Santiago Mingo, Universidad Adolfo Ibanez

Francisco Morales, University of Colorado-Boulder

How is the investment strategy of a private equity (PE) firm investing in an emerging market affected by the cultural and geographic distances between the firm's country and the emerging market destination? How do these effects interact with the centrality of the firm within the syndication network of PE firms investing in the region where the emerging market is located? We propose that: (i) a PE firm has a higher probability of investing in an emerging market that is more proximate culturally and geographically; (ii) the positive effect of cultural proximity strengthens when the firm is more central in the regional syndication network; and (iii) the positive effect of geographic proximity strengthens when the firm is less central in the regional syndication network. The empirical analysis is based on a novel dataset covering more than 5,000 investment transactions made by more than 500 PE firms in three emerging market regions—Latin America, Southeast Asia, and Eastern Europe—during the period 1996-2011. The results support our hypotheses, showing that cultural and geographic distances have differing effects on investment behavior depending on the level of centrality of the firm in the regional syndication network. We conclude that, in the context of cross-border investments in emerging markets, different types of national distances can affect investments in different ways depending on firm-level characteristics. *(For more information, please contact: Santiago Mingo, Universidad Adolfo Ibanez, Chile: santiago.mingo@gmail.com)*

Efficacy of R&D Work In Offshore Captive Centers: An Empirical Study of Task Characteristics, Coordination Mechanisms And Performance

Deepa Mani, Indian School of Business
 Kannan Srikanth, Indian School of Business
 Anandhi Bharadwaj, Emory University

Seizing the latest technological advances in distributed work, an increasing number of firms have set up offshore captive centers in emerging economies to carry out sophisticated R&D work. We analyze survey data from 132 R&D captive centers established by foreign multi-national companies in India to understand how firms manage the division of innovative labor across distance and its subsequent integration. Specifically, we examine the performance outcomes of projects employing different technology-enabled coordination strategies to manage their interdependencies across multiple locations. We find that modularization of work across locations is not an optimal choice when the underlying tasks are less analyzable, less routinized, and more novel to the captive center – the precise situation when modularity theory suggests that task modularization may have the highest impact. We investigate the efficacy of an alternate coordination strategy that relies on greater information and knowledge sharing to overcome the challenges imposed by such tasks. Our results have important implications for the coordination of complex work distributed across geographies. *(For more information, please contact: Deepa Mani, Indian School of Business, India: deepa_mani@isb.edu)*

Inward Internationalization Process

Alvaro Cuervo-Cazurra, Northeastern University
 Alicia Rodriguez, University Carlos III of Madrid

We analyze the inward internationalization process, the process whereby a firm increases its internationalization as it incorporates foreign inputs in its home country activities. We first explain the selection of countries from which to source as a balance between the concepts of factor distance (differences in inputs between home and host countries) and access distance (the ease of transferring inputs from the host to the home country); this balance depends on managerial knowledge. We then explain the selection of methods for obtaining inputs from abroad in terms of a sequence which builds on managers' knowledge and competitive advantage protection. *(For more information, please contact: Alvaro Cuervo-Cazurra, Northeastern University, USA: a.cuervocazurra@neu.edu)*

Session: 2.1.6 - Panel

Advancing Interdisciplinary Research: Lessons from the JIBS Special Issue

Presented On: June 25, 2014 - 09:00-10:15

Chair: Joseph L.C. Cheng, University of New South Wales

Panelists:

John A. Cantwell, Rutgers Business School
 Donald Lessard, Massachusetts Institute of Technology
 Gerald McDermott, University of South Carolina
 Robert J. Weiner, George Washington University
 Joseph L.C. Cheng, University of New South Wales

This symposium will report on the experiences and lessons learned from the JIBS special issue, "Advancing interdisciplinary research in international business: Integrative knowledge and transformative theories," which is scheduled for publication in August 2014. It will examine issues related to the what, why, and how of interdisciplinary research, and do so from both the editors' and authors' perspectives. The symposium will close with discussion about a typology of different interdisciplinary approaches to help advance the IB field, with the

integration of ideas from multiple disciplines to create a new theory with greater explanatory and predictive power as the most challenging. *(For more information, please contact: Joseph L.C. Cheng, University of New South Wales, Australia: joecheng@unsw.edu.au)*

Session: 2.1.8 - Competitive

Track: Track: 8 - Global Strategy, M&As and Competitiveness

What is the Effect of Ownership and Corporate Governance on Cross-Border M&A Performance?

Presented On: June 25, 2014 - 09:00-10:15

Chair: Bernard Yeung, National University of Singapore

The Liability of Opaqueness: State Ownership and the Likelihood of Deal Completion in International Acquisitions

Jiatao Li, Hong Kong University of Science and Technology

Peixin Li, Central University of Finance and Economics

Baolian Wang, Hong Kong University of Science and Technology

State-owned enterprises (SOEs) are often seen as pursuing political goals in addition to economic ones in their actions. They are often criticized because of the opaqueness of their actions and incentive structures. SOEs will thus likely encounter political resistance from host country firms and governments in cross-border acquisitions (CBAs). Furthermore, the opaqueness of SOEs is likely to aggravate their disadvantages. Data on attempted foreign acquisitions by Chinese state-owned enterprises (SOEs) were analyzed and the firms' chances of deal completion were compared with those of Chinese firms under other forms of ownership. The SOEs were found more likely to encounter political resistance from the host country. This disadvantage was shown to arise in part from SOEs' relative opaqueness. This effect is stronger when the information about the acquirer is less transparent, when the acquirer has a higher rate of failure in its previous international acquisitions, and when the target country expects a high level of transparency. Overall, the evidence confirms that Chinese SOEs face greater resistance in international acquisitions, and their opaqueness aggravates the resistance. *(For more information, please contact: Jiatao Li, Hong Kong University of Science and Technology, Hong Kong, SAR-PRC: mnjtli@ust.hk)*

Ownership Strategy in Cross-border M&As in Emerging Economies: Influences of Institutional Differences and MNE's Host Country Experience

Ahmad Arslan, University of Vaasa

Desislava Dikova, WU Vienna

This paper studies foreign ownership issues in cross-border M&As. We use new institutional economics and organizational learning theories to hypothesize and empirically analyze the influence of formal and informal institutional differences, as well as host country experience on multinational firms (MNEs) choice between full and partial cross-border acquisitions. Moreover, this study is one of the first to theoretically hypothesize and empirically test the potential moderating effects of MNEs' host country experience on the impact of both formal and informal institutional differences in relation to MNEs' acquisition strategy. The empirical analysis is based a sample of 184 cross-border M&As launched by Finnish MNEs in several emerging economies. Our results revealed that significant formal and informal institutional differences lead to a preference for partial acquisitions while a significant host country experience of the MNE leads to a preference for full acquisitions. Finally, our empirical results also offered statistical support to the hypothesized moderating effect of MNE host country experience on the influence of formal and informal institutional differences on the ownership aspects of the cross-border acquisition strategy. *(For more information, please contact: Ahmad Arslan, University of Vaasa, Finland: ahmad.arslan@uva.fi)*

Headquarters' Orchestration of Subsidiaries' Contribution to MNC Performance

Henrik Dellestrand, Uppsala University

Ulf Andersson, Malardalen University

Torben Pedersen, Bocconi University

Anchored in a subsidiary evolutionary framework, this paper analyzes how headquarters of multinational corporations can orchestrate its network of subsidiaries. Headquarters orchestration is a value adding activity aimed at increasing the performance of the organization. Granting subsidiaries autonomy and giving them attention is found to positively influence the scope of subsidiary activities as well as the level of subsidiary competencies. This corresponds to how headquarters, as a hub-type of firm, can add value by orchestrating for subsidiary evolution. Furthermore, our results indicate that if subsidiaries evolve it has positive effects on the overall performance of the multinational corporation. Thus, our findings help to explain how headquarters may create value within the multinational corporation in terms of increasing subsidiaries' contribution to performance. The results, based on a sample of 2107 subsidiaries, elucidate the entrepreneurial role and function of headquarters as an important orchestrator of the multinational corporation for subsidiary evolution and value creation. Theoretically, this extends the understanding of drivers and effects of subsidiary evolution and assigns an important role and function to headquarters in the orchestration of networked multinational corporations. *(For more information, please contact: Henrik Dellestrand, Uppsala University, Sweden: henrik.dellestrand@fek.uu.se)*

Dual Headquarters Involvement in Subsidiary Innovation

Henrik Dellestrand, Uppsala University

Philip Kappen, Copenhagen Business School

Phillip C. Nell, WU Wien & Copenhagen Business School

The strategy and international business literature has identified the overall potential for headquarters to add value by allocating resources to subsidiary activities, but little is known about the extent to which multiple headquarters simultaneously involves itself in subsidiary operations. The current paper takes on this neglected question by empirically investigating corporate and divisional headquarters direct involvement in innovation development projects at the subsidiary level. Analyses that draw upon 85 innovation development projects in 23 multinational enterprises reveal that dual innovation importance, i.e., an innovation that is important for the division and the corporate level, drives dual headquarters involvement in innovation development. Contrary to expectations, no significant effect of dual embeddedness on dual headquarters involvement is found. The network size of the developing subsidiary positively moderates the two aforementioned effects on dual headquarters involvement in innovation development. The results lend support for the notion that parenting in complex structures entails complex headquarters structures. Thus, the results question simplistic views on headquarters. It appears that multiple headquarters do get involved in specific subsidiary activities and that the theoretical advancements on headquarters should be discussed in the context of their complexity to reflect the nature of the contemporary multinational enterprise. *(For more information, please contact: Philip Kappen, Copenhagen Business School, Denmark: pka.smg@cbs.dk)*

Session: 2.1.9 - Competitive

Track: Track: 6 - Innovation and Knowledge Management

Ambidexterity, Learning and Innovation

Presented On: June 25, 2014 - 09:00-10:15

Chair: Felipe Monteiro, INSEAD

Are Emerging Economies Breaking Through?: The Role of Organizational Learning and Inter-Organizational Relationships on Innovation Ambidexterity and Performance

Denise Dunlap, Northeastern University

Ronaldo Parente, Florida International University

Jose-Mauricio Geleilate, Florida International University

Rafael Goldszmidt, FGV

Emerging economies are evolving in such a way that scholars have noted that the next source of breakthrough innovations will originate not from developed countries, but from these economies. We contribute to this discussion through an empirical study of firms operating in an emerging economy. We studied 123 firms (foreign subsidiaries and local firms) and their ability to translate innovation ambidexterity into higher levels of firm performance. We examined two types of innovation ambidexterity: the balanced dimension and the combined dimension. Our results suggest that firms in emerging economies are “breaking through” past innovative obstacles and are creating the kind of breakthrough innovations to become more balanced. We found that firms performed better when they achieved the balanced dimension rather than the combined dimension of organizational ambidexterity. Organizational learning and inter-organizational relationships via supplier involvement played important roles in our innovation ambidexterity-performance relationship. For incrementals and the combined dimension of innovation ambidexterity, firms were able to achieve higher levels of performance when they also possessed higher levels of organizational learning. In a similar manner, higher levels of inter-organizational relationships via supplier involvement led to positive performance outcomes for incrementals and the combined dimension of innovation ambidexterity. *(For more information, please contact: Denise Dunlap, Northeastern University, USA: d.dunlap@neu.edu)*

Foreign Competition, Domestic Competition and Innovation Performance

Tianjiao Xia, Loughborough University

Xiaohui Liu, Loughborough University

Competition plays an important role in creating the conditions favourable to innovation. However, is it the case for all types of competition? While admitting the importance of competition in innovation, we address this question by examining the impact of foreign and domestic competition on the innovation performance of private high-tech new ventures. Our analysis of 2,766 Chinese private high-tech new ventures over the 2001-2007 period suggests that foreign competition as a dynamic process – which varies with time and with how domestic rivals respond to such competition – has an S-shape relationship with private firms’ innovation performance, and this relationship is moderated by their commercial efforts. The competition from state-owned enterprises (SOEs), however, negatively affects private firms’ innovation performance irrespective of their commercial efforts. *(For more information, please contact: Tianjiao Xia, Loughborough University, United Kingdom: t.xia@lboro.ac.uk)*

Unpacking Ambidexterity Implementation in the Internationalization of Emerging Market Multinationals

Rodrigo Bandeira-de-Mello, FGV-EAESP

Maria Tereza Leme Fleury, FGV-EAESP

Carlos Eduardo Stefaniak Aveline, FGV-EAESP

Marina Amado Bahia Gama, FGV-EAESP

Existing literature has addressed the concomitant internationalization path of emerging market multinationals (EMNEs) to both advanced and emerging countries. While it is known that this strategy requires ambidextrous EMNEs to explore new capabilities and exploit their home-based capabilities, little is known how this process happens. In this paper, we unpack ambidexterity implementation by analyzing three categories: mode of operation, organizational structure, and resource competition. We conducted a single, in-depth, process-based case study in a Brazilian multination in the information technology sector that has operations in the United States, China, Taiwan, Latin America, Africa and Europe. Through extensive data collection of interviews, field notes, and more than 120 pieces of secondary data, we found that exploration-exploitation tensions and resource competition are considerably reduced by combining different modes of entry in foreign countries and isolating organizational structures. *(For more information, please contact: Rodrigo Bandeira-de-Mello, FGV-EAESP, Brazil: rodrigo.bandeira.demello@fgv.br)*

Is Experiential Learning Always Beneficial for Subsidiary Performance? The Curious Case of Emerging Multinationals

Arindam Mondal, Indian Institute of Management, Calcutta
Sougata Ray, Indian Institute of Management, Calcutta

We investigate whether accumulated international experiences of emerging multinationals (EMNCs) always aid to successful international expansion or not. Pursuing a subsidiary level analysis, our study advances and tests the relationship between parent firm's experiential knowledge (i.e., general international experience and host country specific experience), subsidiaries' own experience, and the performance of the foreign subsidiaries of EMNCs. By integrating the learning theory, organizational capability and knowledge transfer literature, we predict: 1) An inverted U-shaped relationship between subsidiary experience and focal subsidiary performance, 2) An overall U-shaped relationship between parent firm's general international experience and host country experience and focal subsidiary performance. We test our predictions empirically with proprietary, longitudinal database of 787 foreign subsidiaries belonging to 253 Indian MNCs and find supporting evidence. *(For more information, please contact: Arindam Mondal, Indian Institute of Management, Calcutta, India: arindamm11@iimcal.ac.in)*

Session: 2.1.11 - Competitive

Track: Track: 10 - Theories of the MNE and of FDI

Alternative Theoretical Perspectives

Presented On: June 25, 2014 - 09:00-10:15

Chair: Keith D. Brouthers, King's College London

Transaction Cost Economics: The Role of Frequency Revisited

Paul Moritz Putzhammer, WU Vienna
Jonas Puck, WU Vienna

In this paper we investigate the role of frequency as a transaction cost economics (TCE) determinant in foreign ownership mode choice. While frequency was part of the original TCE model by Williamson (1975, 1979, 1981a, 1985), it has thenceforth been disregarded in large parts of the literature on foreign entry. The current study examines this development and re-integrates frequency into the framework in two variations, namely recurrence of transactions with customers and concentration of customers. Two hypotheses are developed for the potential influence of both variables on the decision between wholly-owned subsidiaries and joint ventures of multinational enterprises (MNEs). These hypotheses are then empirically tested with a sample of 107 MNE subsidiaries in the People's Republic of China (PRC), while controlling for subsidiary size, institutional theory factors, and the additional transaction cost determinants asset specificity and uncertainty. While recurrence of

transactions does not demonstrate a significant effect on the decision between wholly-owned subsidiaries and joint ventures, concentration of customers, on the contrary, proved to be influential. *(For more information, please contact: Paul Moritz Putzhammer, WU Vienna, Austria: moritz.putzhammer@wu.ac.at)*

International Diversification and the Nature of Value Creation: A Real Options Perspective

Anju Seth, Virginia Tech

Todd Alessandri, Northeastern University

Firms pursue international diversification to create value. According to real options theory, firm value can be associated with assets-in-place or future growth opportunities. The markets that the firm selects play a critical role in determining the nature of firm value created from international expansion. We examine how the location of diversification influences the nature of firm value. Based on real options theory, we argue that for U.S. firms, international diversification into emerging economies will likely increase growth option value given the higher upside potential and associated higher endogenous and exogenous uncertainty. In contrast, expansion into advanced economies will likely be associated with assets-in-place value. Using a sample of 672 firms from the S&P 1,500 over a period of 9 years, we find support for these arguments. We also examine the focus of the firm's diversification strategies within emerging and advanced economies on value creation. We find that greater within-economy diversity reduces the level of growth option value or assets in place value created within emerging and advanced economies, respectively. These results suggest that the location of international diversification and within-economy diversity both determine the nature of value creation. *(For more information, please contact: Anju Seth, Virginia Tech, USA: aseth@vt.edu)*

Disentangling the Relationship between the Degree of Internationalization and Firm Performance

Jorge Carneiro, Pontifical Catholic University of Rio de Janeiro

Gilberto Figueira da Silva, Pontifical Catholic University of Rio de Janeiro

Victor Amaral, Pontifical Catholic University of Rio de Janeiro

The empirical literature on the relationship between internationalization and performance has reached conflicting findings. One of the reasons for this inconsistency is lack of construct validity of the "degree of internationalization" (DoI) construct. We advance a comprehensive framework of the conceptual domain map of DoI, which comprises (i) stages of the value chain, (ii) depth and breadth of internationalized resources and activities, and (iii) direction of international flows. Such framework moves beyond the simplistic conceptualizations and operationalizations of DoI that have appeared in most empirical works, and makes explicit the need to model carefully the substantive relations between DoI and performance. In particular, we address (a) the multiple mechanisms by which each facet of DoI may affect performance, (b) the existence of distinct effects and (c) not mutually compensatory effects across facets of DoI, (d) the existence of co-variation and of (e) possible interaction between facets of DoI. We discuss how the multifaceted nature of DoI and the complex relationships between its facets and performance should inform measurement and structural models in empirical practice. We argue for contingent conceptualizations of the construct, which should be driven by the theoretical arguments that are to be empirically tested in each particular study. *(For more information, please contact: Jorge Carneiro, Pontifical Catholic University of Rio de Janeiro, Brazil: jorgemtc@iag.puc-rio.br)*

The Multiple Internationalization Processes of MNCs – Sequential Strategic, Political and Evolutionary Processes

Rian Drogendijk, Uppsala University

Mikael Eriksson, Uppsala University

Ulf Holm, Uppsala University

Multinational corporations are companies with activities in, sometimes many, foreign countries. Yet, in this paper we study the internationalization processes of MNCs: we contend that MNCs continue to internationalize into new foreign markets regardless of how internationally spread they are. To study MNC internationalization processes, we further claim that we need to build on more diverse theory than the literature does and offers.

Our current understanding of internationalization processes is based on studies of firms' internationalization, not specifically MNCs, and is therefore less suited to explain internationalization in the complex setting of the large MNC. In this paper, we build on process theory and propose that analyses of MNC internationalization should include three different but potentially related processes: sequential strategic, evolutionary and political processes. We develop these three process perspectives and argue how inclusion of these three processes allows us to offer more complete and valid explanations of MNC internationalization. We finalize with some suggestions for the design of empirical studies of the multiple internationalization processes of MNCs. *(For more information, please contact: Rian Drogendijk, Uppsala University, Sweden: rian.drogendijk@fek.uu.se)*

Session: 2.1.12 - Competitive

Track: Track: 12 - The Institutional and Political Environment of IB

Antecedents and Consequences of Board Governance in Different Institutional Contexts

Presented On: June 25, 2014 - 09:00-10:15

Chair: Lars Oxelheim, University of Lund

Politicians in the Boardroom: A Multi-Country Analysis

Toru Yoshikawa, Singapore Management University

Esther Del Brio, University of Salamanca

Abdul Rasheed, University of Texas at Arlington

This study investigates the impact of performance decline on firms' decision to appoint politically-connected directors or to downsize. Using the sample of over 1,000 firms in 11 European countries, we examine how the industry regulation, the levels of corruption and shareholder protection of a country affect firms' response to address their performance problem. We found that while politically-connected directors are more likely to be appointed on boards in firms in regulated industries, firms in countries with lower levels of corruption tend to engage in downsizing. Our results also show that strong shareholder protection is related to both downsizing and appointment of politically-connected directors. In short, the empirical results support our theory that depending upon the institutional and industry factors, firms will choose to rely on politically-connected directors, downsizing, or both to deal with their low performance. *(For more information, please contact: Toru Yoshikawa, Singapore Management University, Singapore: toru@smu.edu.sg)*

International Returnees as Outside Directors: A Catalyst for Strategic Adaptation Under Institutional Pressure

Michael Roberts, MacEwan University

Ji-Hwan Lee, KAIST

Building on perspectives from corporate governance, resource dependence, and organizational learning, this paper investigates the ability of international returnees while acting as outside directors in corporate boards to influence strategic adaptation in the face of institutional pressure to adopt what are arguably more legitimate management practices. We empirically examine the restructuring efforts of large Korean firms in the early 2000s following the introduction of radically new board regulations by the government. To accomplish this we use a hierarchical linear modeling technique with repeated measures. Our results show that change in debt and diversification are negatively associated with the proportion of returnee outside directors. In addition, the prestige of individual directors as well as support from foreign investors positively moderates the impact of returnee outside directors on strategic adaptation. *(For more information, please contact: Michael Roberts, MacEwan University, Canada: robertsm35@macewan.ca)*

Foreign Knowledge Learning-by-Collaborating and-by-Hiring and the Growth of Emerging Market Firms at Home Markets

PaoLien Chen, National Tsing Hua University
 Danchi Tan, National Chengchi University
 Ruey Jer (Bryan) Jean, National Chengchi University

Emerging market firms have typically been late movers in global industries but they are now rapidly catching up. Effective learning of foreign knowledge plays a key role in facilitating the capability upgrading process of these firms. This paper investigates two major learning mechanisms through which emerging market firms gain access to foreign knowledge – learning from collaborating with foreign partners and learning by hiring returnee managers, and examines their impact on the growth of emerging market firms in the local market. We propose that the extent to which the firms can effectively learn from the two mechanisms is affected by their institutional origins. Empirical findings based on a sample of high tech Chinese IPO firms indicate that privatized state-owned firms are more able to learn from collaborating with foreign partners, while entrepreneurial firms benefit more from the presence of returnee managers. The results also show that the positive impact of foreign collaboration is reduced by the presence of returnee managers in the top management team. *(For more information, please contact: Ruey Jer (Bryan) Jean, National Chengchi University, Taiwan: bryan@nccu.edu.tw)*

The Board Governance Implications of Environmental Uncertainty in Joint Ventures: Evidence from Emerging Economy IPO Firms

Bruce Allen Hearn, University of Sussex

This paper undertakes a unique integration of institutional, contingency and resource dependency perspective in contrasting the unique internal versus external structural features of International Joint Venture (IJV) IPO boards in relation to a background sample of conventionally structured IPO firms. Using a unique hand-collected sample of 202 IPO firms from across African emerging region between January 2000 to January 2014 I find evidence that IJV boards are much smaller in size with lower proportions of nonexecutives while these are more likely comprised of higher proportions of military and academic social elites. At the same time IJV boards are more likely comprised of higher proportions of generic foreign nonexecutives and specifically less of these that are unaffiliated to foreign partners. *(For more information, please contact: Bruce Allen Hearn, University of Sussex, United Kingdom: b.a.hearn@sussex.ac.uk)*

Session: 2.1.13 - Interactive

Track: Track: 1 - People and Careers in Cross-Cultural Business

Careers and Expatriate Deployment, Adjustment, and Outcomes

Presented On: June 25, 2014 - 09:00-10:15

Chair: Anne-Marie Søderberg, Copenhagen Business School

How to Predict Turnover Intention of Repatriates?

Huei-Fang Chen, Soochow University

Through a typical international assignment, repatriates acquire knowledge and skills from foreign countries. For multinational companies attempting to capitalize on the international knowledge and skills possessed by their repatriates, repatriate retention is an important task faced by human resource managers. However, only sparse research has been devoted to providing a tool to help human resource managers predict the turnover intention of repatriates. The major purpose of this research is to create a discriminant analysis model and apply the model to predict the likelihood of the turnover intention of repatriates. The data in this study were collected from 223 repatriates in Taiwanese multinational companies using self-report questionnaires. The study results show that a discriminant function can be created to differentiate high turnover intention repatriates from low

turnover intention repatriates. Contributions, limitations and future research suggestions are discussed accordingly. *(For more information, please contact: Huei-Fang Chen, Soochow University, Taiwan: hfchen@scu.edu.tw)*

The Context of Careers: A Review of Group, Organizational, Industrial, and National/Global Contexts and Research Agenda

Akram Al Ariss, Toulouse Business School
Emily Porschitz, Keene State College

Contemporary career research focuses mainly on individuals, while less attention is given to contextual factors that explain career choices and outcomes. We review the literature on careers in context between the years 1990 and 2013. Our objective is to clarify contextual influences on careers and to provide an agenda for future research. In doing so, we sort the literature into the categories of individual, group/network, organizational, industrial, and national/global contextual levels. We develop researchable propositions for future studies that incorporate multiple levels, in order to fully take into account the topic of careers in human resource management. *(For more information, please contact: Akram Al Ariss, Toulouse Business School, France: a.alariss@tbs-education.fr)*

Understanding Task Performance of Expatriates from Emerging Economies: the Case of Korean Expatriates in India

Hyeong-Deug Kim, Acsenda School of Management

This study seeks to address predictors of expatriates' task performance while considering their companies' expatriate management practices and current globalization status. The results of a questionnaire survey of 123 Korean expatriate managers in India revealed that Career development opportunities and satisfaction of international human resource management (IHRM) practices significantly influenced task performance. But cultural intelligence, family adjustment, and willingness to accept an international assignment did not. These results examined with an emissary model of global HR strategy which fits with Koreans companies' current globalization status. The practical implications for IHRM management are also discussed. *(For more information, please contact: Hyeong-Deug Kim, Acsenda School of Management, Canada: iithdkim@gmail.com)*

Western Expatriate Perspective on Building and Utilizing Guanxi in China

Ying Guo, University of South Australia
Hussain Rammal, University of South Australia
John Benson, University of South Australia
Ying Zhu, University of South Australia

The use of guanxi in China has been highlighted in previous literature; however, little is known about how these relations are built and used from Western expatriates' perspective. Using the data collected from interviews with 36 Western expatriates in China; this study finds that guanxi is used as an informal process to overcome the lack of contract enforcement. The findings reveal that guanxi building requires investment of time by expatriates, and the process is influenced by the relative market power of the parties. We also find that face (mianzi) and reciprocity of favor are key issues in guanxi relationships. Finally, we find that concerns about nepotism and corruption tend to be raised when agents are used as intermediaries to build guanxi. *(For more information, please contact: Ying Guo, University of South Australia, Australia: ying.guo@mymail.unisa.edu.au)*

Procedural Justice, Discrimination, and Cross-Cultural Adjustment
 Anna Katharina Hildisch, Georg-August-University Goettingen

Injustice and discrimination are important yet largely neglected factors in expatriate research. Based on Equity Theory and Social Exchange Theory we argue that both perceived injustice in the workplace and discrimination in private life reduce the cross-cultural adjustment of expatriates. Survey findings from 362 self-initiated expatriates in China, Japan, Korea, and Singapore provide empirical evidence that injustice decreases work and interaction adjustment, while discrimination is negatively associated with general and interaction adjustment. Moreover, discrimination and injustice have an amplifying effect on interaction adjustment. *(For more information, please contact: Anna Katharina Hildisch, Georg-August-University Goettingen, Germany: katharina.hildisch@wiwi.uni-goettingen.de)*

The Effect of Cultural Distance and Tightness on Expatriate Deployment Levels in MNE Foreign Subsidiaries
 Duckjung Shin, Ivey Business School
 Vanessa C. Hasse, Ivey Business School
 Andreas Schotter, Ivey Business School

This study investigates the effects of cultural values and the strength of cultural norms and sanctioning on expatriate deployment levels in multinational enterprises. . We utilize cultural distance as an established measure as well as cultural tightness as a rather recently developed dimension. We found that the relationship between cultural distance and expatriate deployment levels followed an inverted U-shaped relationship, while relationship between cultural tightness and expatriate deployment level was negative and linear. We also identified conditions that moderate the effect of cultural tightness on expatriate deployment level such as host country risk, inward FDI, subsidiary ownership level by parent companies, international experience of parent firms, subsidiary age. The results suggest that there is a need to (A) rethink the effects of cultural distance on expatriate management, and (B) add cultural tightness as a relevant dimension of culture. *(For more information, please contact: Duckjung Shin, Ivey Business School, Canada: dshin.phd@ivey.ca)*

Session: 2.1.14 - Interactive
Track: Track: 7 - Competition and Collaboration in IB

Cooperative Strategies and Risk Taking

Presented On: June 25, 2014 - 09:00-10:15

Chair: Arjen Slangen, RSM Erasmus University

Why Go It Alone? Factors of Infrastructure Project Success
 Bernadine Dykes, University of Delaware
 Charles E. Stevens, Lehigh University

Project finance is a form of foreign direct investment targeted at funding infrastructure projects across the global. Although project finance is an important source of capital for many emerging economies, the factors that predict the success of these types of investments remains an underexplored area of research. Therefore, we develop hypotheses to evaluate the success of project finance investments based on the ownership structure of investment. We conceptualize project-based investments as collaborations comprised of bundles of resources and experiences; and therefore, use the resource-based view and organizational learning to develop our hypotheses. We test our ideas on a sample of project-based investments in Asia from 1980 to 2003. *(For more information, please contact: Bernadine Dykes, University of Delaware, USA: bjdykes@udel.edu)*

Contract Design and Its Differentiated Inter-Relationships with Relational Mechanisms in Governing Inter-Organizational Exchanges

Cheng-Min Chuang, National Taiwan University

The paper examines the antecedents to contract design and compare the efficacy of contracting governance and relational governance in managing inter-organizational exchanges. Conceptual framework and research hypotheses are developed and tested on a sample of 188 automobile assembler-supplier transactions in China. The results show that the extent of contract provisions, contract complexity, and contract specificity are positively associated with the economic hazards inherent in the exchanges but negatively related to the social relations between the transaction parties. Further, we find that while contracting and relational governance work as complements in governing the exchanges characterized by the economic hazards, both mechanisms function as substitutes in the transaction characterized by the strong social ties between transaction parties. (For more information, please contact: Cheng-Min Chuang, National Taiwan University, Taiwan: cmchuang@ntu.edu.tw)

Extending Credit to Small and Medium Size Companies: Relationships and Conflict Management

Alfred Wong, Lingnan University
Lu Wei, Shanghai Jiao Tong University
Dean Tjosvold, Lingnan University

Funding small and medium-sized enterprises (SME) may be especially valuable in China to stimulate innovation and the market economy. Researchers have proposed that developing relationships between SMEs and banks may facilitate lending. Based on analyses of 106 pairs of banks and SMEs in Shanghai, results support the argument that marketing research on customer orientation and organization behavior research on conflict management identifies how to develop effective marketing relationships between SMEs and banks. Banks that were customer oriented laid the groundwork for managing conflict with lending firms cooperatively rather than competitively. Cooperative conflict management in turn was found to convince banks that they can confidently provide credit and to convince lending firms that their transaction costs will be reasonable. Developing mutually beneficial relationships and the capacity to manage conflict cooperatively appear to be an important basis for providing credit to SMEs in China and perhaps in other countries as well. (For more information, please contact: Alfred Wong, Lingnan University, Hong Kong, SAR-PRC: wongsh@ln.edu.hk)

Do Initial Characteristics Influence IJV Longevity? Evidence from the Mediterranean Region

Dora Triki, ESCE
Ulrike Mayrhofer, IAE Lyon

The objective of this article is to determine the influence of initial conditions on the longevity of international joint ventures (IJVs) in the context of the Mediterranean region. Three key determinants are examined: ownership structure, number of partners, and establishment mode. The empirical study is based on a sample of 124 IJVs established in Southern and Eastern Mediterranean (SEMED) countries. The statistical analysis shows that the establishment mode has a significant effect on IJV longevity, but that the impact of ownership structure and the number of partners is not significant. The obtained findings are in contrast with existing results and emphasize the importance of the geographic context for this field of research. (For more information, please contact: Dora Triki, ESCE, France: dora.triki@esce.fr)

How Aspirations Lead To Risk Taking In Global Investment Banks

Elzotbek Rustambekov, Bryant University

This study analyzes the antecedents of corporate risk-taking in global banks and answers the question: how aspirations contribute to corporate risk-taking? In the face of the last financial crisis, the importance of corporate risk-taking cannot be overstated. This study provides empirical evidence against the conventional

notion established in the media that current financial crisis was solely due to deregulation of investment banking. In fact, findings suggest that deregulation had no immediate effect on corporate risk-taking, but rather created an environment with many opportunities. That environment full of opportunities also had peer pressure. It was peer pressure of other investment banks and imitative behavior after "high status" banks that lead to aspirations and eventually to excessive corporate risk-taking. Interestingly, aspirations based on banks own past, were not contributing to the levels of corporate risk-taking. *(For more information, please contact: Elzotbek Rustambekov, Bryant University, USA: erustambekov@bryant.edu)*

Session: 2.1.15 - Interactive

Track: Track: 6 - Innovation and Knowledge Management

Knowledge Creation and Knowledge Transfer

Presented On: June 25, 2014 - 09:00-10:15

Chair: Lars Hakanson, Copenhagen Business School

Knowledge Identification Mechanism in the Process of Reverse Knowledge Transfer: Intermediary Organizations and Internal Boundary Spanning Roles

Jongmin Lee, University of Reading

This study investigates the knowledge identification mechanism that plays essential roles in the process of reverse knowledge transfer of the MNE. By conceptualizing a novel type of intermediary organizations based on the theory of epistemic communities and drawing the boundary-spanning lens inside the MNE, between headquarters and subsidiaries, this study postulates that intermediary organizations such as functional epistemic communities can enhance the knowledge identification capability of the MNE by implementing the boundary spanning roles of information processing and external representing together, but distinctively contingent on locations. Particularly this study demonstrates that intermediary organizations on headquarters side implement information processing role, while those on subsidiary side fulfill external representing role. *(For more information, please contact: Jongmin Lee, University of Reading, United Kingdom: j.m.lee@pgr.reading.ac.uk)*

Reverse Knowledge Transfer in Emerging Market Multinational Enterprises: A Study of Indian Multinationals

Smitha Nair, University of Sheffield

Mehmet Demirbag, University of Strathclyde

Kamel Mellahi, Warwick Business School

The dynamic internationalisation patterns exhibited by multinationals from Emerging Markets have been widely discussed especially in terms of their catching up strategies and how they leverage knowledge in the global arena. In this context, the paper attempts to study the Indian multinationals to understand their knowledge acquisitions from overseas mergers and acquisitions. Specifically, the effects of the perceived subsidiary capability and the relevance of the target knowledge on the process of reverse knowledge transfer have been examined. The role of organisational characteristics like absorptive capacity and the technical knowledge infrastructure in aiding reverse knowledge transfer have also been highlighted. Following a survey of Indian multinationals with overseas acquisitions, we find that perceived subsidiary capability and absorptive capacity positively influences reverse knowledge transfer. The results also highlight the moderating role of knowledge relevance on the effects of the above determinants on reverse knowledge transfer. *(For more information, please contact: Mehmet Demirbag, University of Strathclyde, United Kingdom: mehmet.demirbag@strath.ac.uk)*

Embedding International Norms in Organizational Knowledge: The Role of Community of Practice in Knowledge Management System

Shih-Chieh Fang, National Cheng Kung University
Chih-Hao Tsai, National Sun Yat-sen University

Through the process of organizational knowledge innovation, corporations in emerging markets can be assisted in obtaining internationally certified norms. Corporations use effective accumulation of knowledge management mechanisms and creation of new knowledge, to form an indispensably important basis for elevating competitiveness. This study considers knowledge creation in the organization as a knowledge market to explore how the organization construct and promote the context of knowledge market transactional efficiency, and the opportunities and willingness of organizational members to conduct knowledge transactions. We utilized case analysis, in which the case company is a leading company in steel business in the emerging market of Taiwan. In order to export products, it needed to conform to international norms with stability and in the long run. In this process, it was originally intended to promote internal organizational knowledge management to achieve organizational reform, including ERP system introduction and knowledge management system construction, but it caused adaptation and communication problems of organizational members regarding the process of knowledge introduction and creation. Therefore, this study introduced an interactive learning model of community of practice (COPs) for the case corporation, in turn analyzing how organizational members conduct knowledge exchange in the social context and daily practice. This not only creates the context of knowledge exchange in the knowledge market, but also achieves the standard of international norms. The findings of preliminary interview demonstrate the community of practice as the key role facilitating organizational knowledge creation. We will deliberate the detail of this insight in the future. *(For more information, please contact: Chih-Hao Tsai, National Sun Yat-sen University, Taiwan: billy.tsai88@gmail.com)*

Learning from Semantic Inconsistencies as the Origin of Dynamic Capabilities in MNCs: Evidence from Marketing Expenditures of Pharmaceutical MNCs

Pouya Seifzadeh, Indiana University-Purdue University Columbus

This paper takes a mixed-method approach to investigate the origins of dynamic capabilities in multinational corporations (MNCs). Building on literature in the area of organizational memory and organizational learning, we investigate factors that contribute to subsidiaries of MNCs ability to detach themselves from obsolete knowledge and practices. To construct the theoretical framework, 11 extensive interviews with marketing and sales executives from three pharmaceutical MNCs were conducted. Following the development of the hypotheses, the study tests its hypothesized relationship using statistical quantitative analysis of data related to 459 observations from subsidiaries of 51 pharmaceutical MNCs. We examine the quality of corrective actions taken by subsidiaries of pharmaceutical MNCs subsequent to subsidiaries failing to meet expected performance objectives. Our findings suggest a moderating role of internationalization, span, and the composition of human resources on the quality of corrective actions pursued. We further explain the mechanisms of the investigated factors through confirmatory follow up interviews. *(For more information, please contact: Pouya Seifzadeh, Indiana University-Purdue University Columbus, USA: a.seifzadeh@gmail.com)*

Internationalization, International Intellectual Property Rights Protection and Innovation

Se Ho Cho, Rutgers University
Hyun Gon Kim, Rutgers University

This study examines firms' technological innovation by different firm characteristics under the international intellectual property right protection. We develop theoretical hypotheses based on technological innovation and three characteristics: MNC vs. pure domestic firms, export-oriented vs. domestic market-oriented, and firm age. We consider the moderating effect of the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS). We test our theoretical arguments with 238 South Korean firms, which register their patents in United States Patent and Trademark Office and are publicly listed in Korean Stock Exchange between 1996 and 2003. Our findings suggest that international intellectual property right protection benefits more internationalized firms

(MNC and Export-oriented) in developing technological innovation. However, the moderating effect of the TRIPS is not clear for the relationship between firm age and technological innovation. Findings have implications for pure domestic, domestic market-oriented firms and policy makers. *(For more information, please contact: Se Ho Cho, Rutgers University, USA: shcho1981@gmail.com)*

Effect of Post-Entry Organizational Design Choices For Learning

Izzet Darendeli , Temple University
Robert D. Hamilton, III, Temple University
Masaaki Kotabe, Temple University

Using multinational retail chains we investigate how organizations manage bilateral knowledge transfers to achieve standardization of the organizational knowledge that they had accumulated through years to achieve economies of accurate replication without imitation and, at the same time, benefit from tapping into new knowledge bases by adapting while they internationalize. (Barlett & Ghoshal, 1989; Griffith & Hi, 2000; Kaufman & Eroglu, 1999; Szulanski & Jensen, 2006). Our novel study reviews a firm's behavior after they have entered a foreign country and tracks their alteration of their ownership and format changes over time within that country. We found strong positive results for increasing post ownership percentages, altering format changes in response to organizational learning and assess the joint effects of both of these on performance. *(For more information, please contact: Izzet Darendeli, Temple University, USA: tuc71197@temple.edu)*

Session: 2.1.16 - Interactive

Track: Track: 12 - The Institutional and Political Environment of IB

Political Institutions and Strategies in International Business

Presented On: June 25, 2014 - 09:00-10:15

Chair: George O. White III, Old Dominion University

Battle for Resources: What is the Role of Interstate Relations in International Acquisitions in the Oil Industry? A Realist Perspective

Olivier Bertrand, SKEMA Business School

This paper examines the role of interstate relations in international acquisitions in the oil industry. Building on the fields of International Business and International Relation, we investigate if and when military power advantages can enable the home country to influence the behavior of the host country in the negotiation with its home firms for accessing and securing host oil resources. We empirically confirm that home military power advantages tend to increase the number of international acquisitions in the host country. However, we find that these effects could be heterogeneous across firms and the attributes of its home country. *(For more information, please contact: Olivier Bertrand, SKEMA Business School, France: olivier.bertrand@skema.edu)*

Ownership-based Entry Mode, Political Strategy and Performance: A Moderated-Mediating Explanation

Hongxin Zhao, Saint Louis University
Jieqiong Ma, Saint Louis University
Jie Yang, Saint Louis University
Seung Kim, Saint Louis University

Current studies on the relationship between entry mode and performance demonstrated mixed results offering only an ambiguous picture. This study proposes and tests the linkage between entry mode and government-relationship building as a political strategy that in turn mediates the entry-performance relationship. Using survey data collected from 416 Foreign-invested Enterprises (FIEs) in China, findings support the hypotheses

that ownership-based entry modes influence significantly different the level of commitment to government-relationship-building and the mediating effect of the political strategy on the relationship between MNE's entry mode choice and firm's performance. In addition, industry restriction is found to intensify the effect of political strategy on performance. This study also discusses theoretical contributions, implications for managers, study limitations, and suggestions for future research. *(For more information, please contact: Jieqiong Ma, Saint Louis University, USA: jma17@slu.edu)*

Concepts, Typologies, Theories and Methodologies Reflecting the Major Postwar Periods in International Business-Government Relations and its Research

Jean Boddewyn, Baruch College, CUNY

More than fifty years after its inception, the field of international business-government relations is rich in powerful concepts, typologies, theories and methodologies that reflect the three post-WWII periods of "Confrontation," "Accommodation" and "Competition." This paper also reviews the key directions of IBGR practice and research during these periods which keep reflecting new actors, locations, issues and environments. *(For more information, please contact: Jean Boddewyn, Baruch College, CUNY, USA: jean.boddewyn@baruch.cuny.edu)*

Does Targeting at Government-dominated Markets Impede Innovation?

Wei Wei, Beijing Jiaoting University

Jay Chok, Keck Graduate Institute

Delin Yang, Tsinghua University

This study investigates the effect of targeting at government-dominated markets on firm innovation in a transition economy and examines the moderating role of managerial discretion in this relationship. Government-dominated markets are composed of customers from the government and the industries that are under intensive control of the government. Government domination in markets affects innovation because it takes charge of the allocation of scarce resources and thus shapes the attention and priorities of would-be innovators. In transition economies, government domination also results in managerial trade-offs between innovating and cultivating relationships with the state. Drawing on perspectives of political connection, learning, institutional pressure and managerial discretion, we tested hypotheses using secondary data from 409 private high-tech small- and medium-sized enterprises (SMEs) in China. The empirical results show that targeting at government-dominated markets has a negative impact on innovation performance. This relationship is strengthened for firms with stronger managerial discretion, that is, with higher perceived market potential and richer managerial business leadership experiences. These findings contribute to the extant literature on business-government relationship and have implications on market-oriented reform. *(For more information, please contact: Wei Wei, Beijing Jiaoting University, China: weiwei@bjtu.edu.cn)*

Firm-Specific Political Resources, Home-Host Ties and International Expansion

Joao Albino Pimentel, HEC Paris

Pierre Dussauge, HEC Paris

We examine the role of home-host country ties and firm-specific political resources on firms' international expansion decisions. Prior research presumes ties between home and host countries to influence international strategy directly. It also assumes that political capabilities are shaped by the firm's home country. Instead, we posit that home-host ties exert a stronger influence in politically-distant environments. We advance that some firms own firm-specific political resources, which influence international expansion decisions in combination with home-host ties. We use fuzzy set analysis to investigate our propositions on a setting of international investments by Brazilian publicly-traded firms during the 1999-2010 timeframe. *(For more information, please contact: Joao Albino Pimentel, HEC Paris, France: joao.albino-pimentel@hec.edu)*

Political Ideologies of CEOs and Foreign Direct Investment of Emerging Economy Firms: Evidence from China
Zelong Zhang, Baruch College, CUNY

This article examines the influence of political ideologies of chief executive officers (CEOs), specifically political conservatism vs. liberalism, on the foreign direct investment (FDI) decisions of firms in emerging economies (EE). Based on the upper echelons theory, this article hypothesizes that (1) CEOs' political ideologies affect the EE firms' likelihood of conducting FDI. (2) The association between CEOs' political ideologies and the likelihood of conducting FDI is influenced by CEOs' political connections, power and discretion. Based on the extant literature about political ideology, this article operationalizes the concept of political ideology and develops a new measurement in Chinese context. This article emphasizes that it is important to analyze the effect of CEOs' values. The new measurement of political ideology in China also inspires further research about political ideologies in different emerging economies. *(For more information, please contact: Zelong Zhang, Baruch College, CUNY, USA: zhangzelong88@gmail.com)*

Institutional Sensemaking: Learning Institutional Logics to Overcome the Liability of Political Connectedness
Tolga Ulusemre, University of South Carolina

In this study, I examine how the capability to form political connections affects firm performance across different institutional environments. I propose that the incorporation of patrimonial logic poses a liability to U.S. firms and reduces their performance, due to the prevalence of bureaucratic logic in their home country. However, I argue that this negative relationship is positively moderated by the degree of multinationality in emerging countries, where the dominant patrimonial logic enables firms to take advantage of their capability to become politically connected. I analyze a panel of 152 U.S. manufacturing firms competing in global industries between 2002 and 2007 to support the arguments. *(For more information, please contact: Tolga Ulusemre, University of South Carolina, USA: tolga.ulusemre@grad.moore.sc.edu)*

Impact of Political Risk on Cross Border Acquisition Premiums
Rama Krishna Reddy, University of Memphis
Ben Kedia, University of Memphis

Recent research in IB suggests that not only home and host country institutions, but also the type of political relations between home and host country influence MNEs. This article reports on an examination of the relationship between different sources of political risk on cross-border acquisitions. We estimate the effects of sources of risk on asset value, and argue that the discount in the asset value based on the degree of political risk exposure determines acquisition premium offered. In addition, we also examine the relationship between organizational political capabilities and acquisition premium. Empirical analysis of telecommunication cross-border M&As in 33 countries from 2000 to 2012 indicate that MNEs are sensitive to political risk arising from home country, host country and political relations between home and host countries. We found no evidence in support of the role of organizational political capabilities. *(For more information, please contact: Rama Krishna Reddy, University of Memphis, USA: rreddy1@memphis.edu)*

Session: 2.2.1 - Panel**Track: Track: 5 - Global Value Chains and the Geography of IB*****Global Connectivity as the Basis for Local Innovation*****Presented On:** June 25, 2014 - 10:45-12:00

Chair: Ram Mudambi, Temple University

Discussants: Thomas Hannigan, Temple University and Marcelo Cano Kollman, Temple University

Panelists:

John A. Cantwell, Rutgers Business School

Felipe Monteiro, INSEAD

Mark Lorenzen, Copenhagen Business School

Vittoria Giada Scalera, Temple University / Politecnico di Milano

Kristin Martina Brandl, Copenhagen Business School

The increasing dispersion of knowledge sources around the world has brought about a sea change in how multinationals organize their R&D activities. The fine slicing of global value chains and emergence of centers of excellence demand that firms pay close attention to the properties of knowledge clusters. To this end, the mechanisms of collaboration, such as organizational pipelines and individual social networks, are crucial factors in the process of unlocking local knowledge for global innovation. The intersection of international business, economic geography, and innovation is a rich, underexplored area of inquiry that we propose to elevate with this proposed panel. We bring to bear scholars from all constituent theoretical areas to present a panel and discussion that will draw attention to the opportunities – and challenges – that flow from this fascinating research topic. *(For more information, please contact: Thomas Hannigan, Temple University, USA: tj.hannigan@temple.edu)*

Session: 2.2.2 - Special Session**Track: 18 - Scholars Meet Practice Session*****Women in Business in Canada (WAIB Special Session)*****Presented On:** June 25, 2014 - 10:45-12:00

Chairs: Janet Y. Murray, University of Missouri-St. Louis and Malika Richards, Pennsylvania State University

Panelists:

Geri Prior, ICBC

Juggy Sihota-Chahil, TELUS Corporation

Rosalie L. Tung, Simon Fraser University

Nancy J. Adler, McGill University

This panel provides professional guidance on the challenges and opportunities faced by women in business. Two business executives and two academics in Canada will bring their unique perspectives in discussing critical issues faced by women in the business world. They will discuss global leadership, career progression, work-life balance, and diversity in the workplace. *(For more information, please contact: Janet Y. Murray, University of Missouri-St. Louis, USA: murrayjan@umsl.edu)*

Session: 2.2.3 - Panel**Track: Track: 9 - Home Economies and the MNE*****Internationalization of Service Firms from Emerging Markets*****Presented On:** June 25, 2014 - 10:45-12:00

Chair: Elizabeth L. Rose, University of Otago and Aalto University School of Business

Panelists:

Robert Grosse, American University of Sharjah
 Sumit K. Kundu, Florida International University
 S. Raghunath, Indian Institute of Management Bangalore
 Usha Raghunath, Wipro Ltd.
 Hussain Rammal, University of South Australia
 Anju Seth, Virginia Tech

Although increasingly critical to global business, the internationalization of the service sector remains under-researched, with academic work in the field of international business lagging behind practice. This lag is especially pronounced in the case of service-sector internationalization by firms from emerging markets. Given that emerging market multinationals (EMNEs) are undertaking rapid international expansion in various service-sector businesses – financial, health care, information technology, telecommunications, transportation, etc. – we need to understand more about how and why these firms are so successful. What role does their emerging-economy home base play in their international development? Does their experience operating in an emerging-economy institutional environment enhance or impede their ability to internationalize in the service sector? Do service-sector EMNEs have specific competitive advantages and liabilities with respect to operating internationally? The session will be highly interactive, and will emphasize the exchange of ideas among members of the panel and the audience. The goal is to establish research conversations and linkages, in order to facilitate the development of our understanding of this interesting and timely phenomenon. *(For more information, please contact: Elizabeth L. Rose, University of Otago and Aalto University School of Business, New Zealand: elizabeth.rose@otago.ac.nz)*

Session: 2.2.4 - Competitive**Track: Track: 1 - People and Careers in Cross-Cultural Business*****Language and its Effects on International Business*****Presented On:** June 25, 2014 - 10:45-12:00

Chair: Rebecca Piekkari, Aalto University

Multifaceted Effects of Host Country Language Proficiency in Expatriate Cross-Cultural Adjustments: An Interview Study in China

Ling Eleanor Zhang, Hanken School of Economics

Despite a plethora of research on various antecedents of expatriate cross-cultural adjustment and effectiveness, relatively little is known how expatriate host country language proficiency affects cross-cultural adjustment. Drawing on 74 in-depth interviews with expatriates and their host country national (HCN) colleagues, we conducted an inductive study to provide a contextual account of expatriate host country language proficiency effects on work and non-work related adjustment in China. Our findings suggest that expatriate host country language proficiency has complex HCN interaction, social support, and network-related effects on work and non-work related adjustment. By demonstrating the multifaceted effects of language on work and non-work related adjustment, our inductive approach shifts the focus from previous predetermined general, work, and

interaction adjustment facets to dimensions reported by expatriates and their HCN colleagues. *(For more information, please contact: Ling Eleanor Zhang, Hanken School of Economics, Finland: ling.zhang@hanken.fi)*

Bridging the Language Gap in the MNC

Nathalie Aichhorn, WU Vienna

Jonas Puck, WU Vienna

In spite of the proliferation of research on language diversity, understanding of the dynamics of language(s) remains limited and highly fragmented. This paper adopts an inductive and qualitative case study approach and draws on 22 in-depth interviews with top and senior managers, as well as non-managerial employees at corporate HQ and foreign subsidiaries of two European MNCs. We find that linguistic diversity constitutes not only a liability, but more importantly it also represents an important opportunity for employees of a multinational to develop an 'organizational language' and, more broadly, communications norms. On the basis of our findings, we develop a model that shows how MNC members try to overcome the language barrier and construct a shared way of speaking and interacting through mutual accommodation using language choice and linguistic practices, as well as negotiation strategies. We argue that an organizational language is crucial for bridging the language gap in the MNC since it facilitates communication, creates corporate cohesion and gives MNC employees a shared sense of identity. *(For more information, please contact: Nathalie Aichhorn, WU Vienna, Austria: nathalie.aichhorn@wu.ac.at)*

Do Female/Male Distinctions in Language Influence Microfinance Outreach to Women?

Amir Shoham, Temple University

Estefania Santacreu-Vasut, ESSEC

Israel Drori, College of Management Academic Studies

Ronny Manos, College of Management Academic Studies

This paper starts by documenting that compared to men, women are less likely to save, hold financial accounts, and own land and more likely to face strong barriers to credit access in countries where female/male distinctions in language grammar are more pervasive and serve as a marker of cultural-cognitive social biases against women. Based on these stylized facts, we investigate whether microfinance institutions' outreach to women is influenced by gender markings in language. We find that microfinance organizations' (MFOs) outreach to women is stronger in countries where language makes more pervasive gender distinctions. Further, within the contemporary context of the increasing commercialization and profit orientation of the industry, we investigate whether NGO MFOs are the main actors in outreach directed at women. We indeed find that, compared to for-profit MFOs, NGO MFOs are significantly more likely to target and lend to women, consistent with their mission. For-profit MFOs do not completely disregard women or ignore their mission. Rather, they strategically target women in countries where gendered language distinctions are highest and where female access to credit is lowest, a strategy we find consistent with high return on assets. Our contribution is twofold. First, we demonstrate that mission and sustainability may not necessarily be mutually exclusive objectives but rather that sustainability may help outreach in certain circumstances. Second, we show that mission drift is a phenomenon that depends on how organizations act in the culture in which they operate. *(For more information, please contact: Amir Shoham, Temple University, USA: amir.shoham@temple.edu)*

The Complementarity of Human Capital and Language in Bilateral Foreign Direct Investment

Paliitha Konara, University of Huddersfield

Yingqi Wei, University of Leeds

This study systematically investigates how human capital and language distance affect foreign direct investment (FDI). The availability of human capital (HC) in the host country and linguistic homogeneity between home and host countries act as locational advantages for FDI. The effective use of HC is contingent upon language distance (LD). Countries with high HC but largely speak only vernacular languages may not be able to capitalise

on their HC. The empirical analysis of both HC and LD as determinants of FDI is scant. Using bilateral FDI flows between 28 OECD countries and 108 partner countries during the period 1986-2008, we find strong evidence of a direct impact of HC and LD on bilateral FDI. Furthermore, HC and LD influence FDI in an interactive manner: the positive effects of HC on FDI diminish when the host country is linguistically distant from the home country. (For more information, please contact: Palitha Konara, University of Huddersfield, United Kingdom: palitha.konara@hud.ac.uk)

Session: 2.2.5 - Competitive

Track: Track: 5 - Global Value Chains and the Geography of IB

Offshoring Mandates and Performance

Presented On: June 25, 2014 - 10:45-12:00

Chair: Martina Musteen, San Diego State University

Global Sourcing and Foreign Knowledge Seeking: A Formal Model and Empirical Analysis

Heather Berry, George Washington University

Aseem Kaul, University of Minnesota

This study examines the antecedents of firm global sourcing choices, focusing on the role of foreign knowledge seeking in this context. We develop a formal model showing that firms that invest in foreign R&D are driven to increase their levels of offshore integration, especially when they have strong capabilities, and from developed countries. In contrast, firms that do not invest in foreign knowledge seeking are more likely to pursue offshore outsourcing in response to cost pressures, especially when they have weak capabilities, and when they are able to better monitor third party suppliers through investments in information technology. We find support for these insights analyzing a unique and comprehensive firm-level panel of cross-border product transfers by US MNCs from 1989 to 2004. Our paper thus highlights the effect of foreign knowledge seeking on firm global sourcing choices, while distinguishing between the antecedents of offshore integration and offshore outsourcing. (For more information, please contact: Heather Berry, George Washington University, USA: berryh@gwu.edu)

Controlling Offshore Activities: The Choice of Equity vs. Non-Equity Alliances

Gabriella Lojacono, Bocconi University

Nicola Misani, Bocconi University

Stephen Tallman, University of Richmond

Motivations of both offshoring and alliances have been intensively analyzed in the international business field. However the interrelation between the two fields has not yet been investigated in depth. Given the commonalities in the drivers considered in the two streams of research, a combined theoretical framework offers the opportunity to investigate the motivations of the governance choice for delocalized collaborative agreements. Empirical analysis of 256 alliances realized on a global basis between 1986 and 2012 in the major appliances industry reveals that the drivers of governance choices are very different for offshoring ICVs than for market-entry alliances. (For more information, please contact: Gabriella Lojacono, Bocconi University, Italy: gabriella.lojacono@unibocconi.it)

Designing Offshore Subunits: Scope Decisions and Their Performance Implications

Carlos Adrian Rodriguez, McGill University

This study analyzes how geographic and functional scope affect an offshore subunit's performance in fully owned and hybrid settings. By drawing on the literatures of firm diversification and complexity, I identify four

different impacts on activity performance: 1) geographic scope effects, which reduce performance when dispersed activities are related; 2) functional scope effects, which increase profitability, the larger the number of functions in a given location; 3) structural complexity effects, which decrease profitability, the more intricate and larger the business unit becomes; and 4) ownership mode effects, which moderate geographic and functional linkages on outsourced business units. I tested these interrelations using a dataset of offshoring projects performed between 1995 and 2012. Overall, I find weak support for geographic effects and strong support for functional, complexity and ownership mode effects. Moreover, this study suggests that fully owned settings benefit more from an initial establishment within the boundaries of a country, while hybrid settings are better suited to exploit resource advantages in multiple locations. My study suggests implications for organizations adopting globally distributed structures. *(For more information, please contact: Carlos Adrian Rodriguez, McGill University, Costa Rica: carlos.rodriguez@mail.mcgill.ca)*

Strategic Location in the Global Value Chain and Foreign Subsidiary Performance: Evidence from 105 Countries

Ajai Gaur, Rutgers University
Yong Yang, University of Sussex
Deeksha Singh, Rutgers University

This paper examines the role of value chain positioning on the financial performance of foreign subsidiaries. There has been a growing trend of value chain disintegration in multinational corporations (MNCs). Based on the ownership-location-internalization (OLI) framework, we argue that such disintegration has a differential impact on performance of different subsidiaries. Foreign subsidiaries that are lower in the value chain of a MNC parent perform better than those that are higher in the value chain. Further, we argue that parent intangibles and parent's ownership strategy for a given subsidiary moderates the relationship between value chain positioning and subsidiary performance. We test and find support for our arguments on a panel data of 124,981 observations, covering 8,736 manufacturing multinational parents and 22,412 of their foreign subsidiaries in 105 countries during the period from 2004 to 2013. *(For more information, please contact: Ajai Gaur, Rutgers University, USA: ajai@business.rutgers.edu)*

Session: 2.2.6 - Panel

Research Methods Symposium: Understanding Culture Better: Insights, Theory and Measurement

Presented On: June 25, 2014 - 10:45-12:00

Chair: Timothy Devinney, University of Leeds

Panelists:

Timothy Devinney, University of Leeds
Paula Caligiuri, Northeastern University
Dan V. Caprar, University of New South Wales
Bradley L. Kirkman, North Carolina State University

Understanding the influence of culture on business operations has been one of the most enduring components of international business (IB) and international management (IM) theorizing and empirical investigation. The purpose of this panel is to give consideration to approaches to studying culture as well as bringing to the IB/IM audience insights from other disciplines that take an interest in culture. It uses the forthcoming special issue of JIBS as a means to drive this discussion. The panel, led by the editors of that special issue, will provide a forum for authors and participants to interact with the goal of querying the extent to which IB/IM work relating to culture is advancing theoretically and methodologically. The session will entail both panel and roundtable discussions. *(For more information, please contact: Timothy Devinney, University of Leeds, United Kingdom: timothy.devinney@gmail.com)*

Session: 2.2.7 - Competitive***Creating International Business Learning Experiences*****Presented On:** June 25, 2014 - 10:45-12:00

Chair: Mary B. Teagarden, Thunderbird Graduate School of International Management

The Role of Reflective Journals in Developing Global Virtual Team Competencies

Virginia Ilene Cathro, University of Otago

Paula Marie O'Kane, University of Otago

Deb Gilbertson, Te Kaihau Education Trust

The aim of this paper is to suggest ways in which international business educators can interact successfully with Reflective Learning Journals (RLJs). Specifically, we are interested in how students used them and how educators assessed them. To do this we analysed 31 RLJs submitted as part of an international communication course involving a Global Virtual Team (GVT) exercise (the GEE). Firstly students appear to have engaged with depth and understanding and were able to articulate their skill, or lack of, but there was variance in their reflective ability across the different skills. Secondly, we present an interpretation of Kolb's Learning Cycle as a method to assist educators assessing RLJs. Underpinning this, we suggest that educators need to provide more guidance to students to enhance their ability to reflect. *(For more information, please contact: Virginia Ilene Cathro, University of Otago, New Zealand: virginia.cathro@otago.ac.nz)*

Gamification of International Business Education: Experiential Learning and a Global Perspective

Varina Paisley, UNSW

'Gamification' is the implementation of game elements into non-game settings. In education, the purpose of gamification is to increase student engagement and motivation through the introduction of game elements such as leaderboards, badges and levels. Currently there is limited research into gamification in education and much of the research has focused on young children and 'play' or the implementation of gaming into classes, often technology based classes. This study explores the effectiveness of gamification in tertiary international business education which may have implications for a wide range of tertiary education fields and corporate practice. *(For more information, please contact: Varina Paisley, UNSW, Australia: varinapaisley@gmail.com)*

Globalizing the First Year Experience

Tanvi Kothari, San Jose State University

Malu Roldan, San Jose State University

Current research on persistence to graduation points to the first year as a critical foundation for students' long-term academic success and satisfaction (Muraskin & Lee 2004; Pascarella & Terenzini, 2005; Upcraft et al, 2005). Freshman year at college is a time filled with anticipation, some anxiety, and wonderful discoveries. Additionally, College-goers have changed in a number of significant ways since the time when most current faculty were themselves undergraduates; various forms of demographic, personal, academic, and social analysis confirm that reality. Hence, it would be helpful to assess the value of program innovations for first year undergraduates to help faculty and administrators fully align them with the needs of current generations of students. With the rise in penetration of the iPads, Tablets, iPhones and other mobile devices among students and instructors, there is a unique opportunity to engage students by using iPads for both curricular and co-curricular activities. The goal of this presentation is to provide an overview of the New First Year Experience implemented at Lucas College and Graduate School of Business (CoB), San Jose State University. We will specifically highlight the importance of the Launch Day (that incorporated a half day session on Global Leadership skills) and a Global Career Day, and their significance for a business school first year experience. Measures used to assess benefits to students, instructors, administrators, and researchers will also be

discussed. (For more information, please contact: Tanvi Kothari, San Jose State University, USA: kothari.t@gmail.com)

Management of Foreign Affiliates: an Undergraduate International Business (IB) Integrative Course?
Javier Calero Cuervo, University of Macau

The paper shared the experience of developing a new final year undergraduate IB course, Management of Foreign Affiliates. An evaluation of the integrative nature of the course was assessed through manuscripts of students' reflection against the established criteria developed for terminal courses in business. This pedagogical research found that the Management of Foreign Affiliates course had integrated prior knowledge of IB students and exposed them to the dynamic uncertain environment of IB captured in case studies. Students have also gained insights, although to a limited degree, about top management's decision making and learned about practical business skills required in the real world of international business. (For more information, please contact: Javier Calero Cuervo, University of Macau, Macau: jcuervo@umac.mo)

Teaching the Politics of International Business
Jeffrey Allen Kappen, Drake University
Matthew Coy Mitchell, Drake University

As a discipline, international business has often focused on political processes as part of the external environment that firms must successfully manage or overcome in order to realize their strategic aims. We have observed that many students come to our classrooms with an implicit assumption that business, politics and society are separate spheres of social life that do not interact. However, in today's globalized world, firms and business interests play an increasingly prominent role in all aspects of the political process to ensure that their interests are included in governance decisions. The exercises in this presentation are designed for students to see how these processes may unfold and how the results affect them both as citizens and as future professionals. (For more information, please contact: Matthew Coy Mitchell, Drake University, USA: matthew.mitchell@drake.edu)

Session: 2.2.8 - Competitive

Track: Track: 8 - Global Strategy, M&As and Competitiveness

What is the Effect of Organizational Choices on FDI Performance?

Presented On: June 25, 2014 - 10:45-12:00

Chair: Pavida Pananond, Thammasat University

Transnational Integration in the Digital Age
Wenjie Chen, George Washington University
Fariha Kamal, U.S. Census Bureau

We analyze the relationship between information and communication technologies (ICT) and multinationals' propensity for transnational integration. We extend the knowledge-based view (KBV) of the multinational firm and propose that although the net effect of ICT increases the propensity for transnational integration, orientation of ICT usage have competing influences. Hence, we further argue that internally-focused ICT, that is, ICT geared towards reducing knowledge transmission costs between internal firm units, enhances the propensity for transnational integration because it complements internal combinative capabilities. In contrast, externally-focused ICT, that is, ICT that aids in lowering knowledge transmission costs between a firm and external organizations, decreases the propensity for transnational integration because it substitutes for internal

combinative capabilities. *(For more information, please contact: Wenjie Chen, George Washington University, USA: chenw@gwu.edu)*

Inside the MNC: Structuring Ownership of Firm-Specific Advantages

Catherine Magelssen, Rutgers University

Susan Feinberg, Temple University

This study examines how multinational corporations (MNCs) organize internal ownership of their firm-specific advantages (FSAs). FSAs are the proprietary assets that provide the firm with a competitive advantage. In contrast to the assumption that FSAs are a public good within the firm, MNCs allocate economic ownership of their FSAs to affiliates and/or the parent within the firm. The MNC entities that own the FSAs internally contract or license them to other MNC entities. We identify four different ways in which MNCs choose to structure internal ownership of FSAs. Drawing on property rights theory, we argue that these structures are important in creating incentives and facilitating coordination within the firm. The results suggest that MNCs with independent and easily codifiable FSAs, such as trademarks, are more likely to use ownership structures that provide market-like incentives. In contrast, MNCs with knowledge-intensive, tacit FSAs are more likely to use ownership structures that facilitate knowledge sharing and coordination within the firm. *(For more information, please contact: Catherine Magelssen, Rutgers University, USA: catiem@pegasus.rutgers.edu)*

Operational Flexibility, Cultural Diversity, and Foreign Subsidiary Divestment

Seung-Hyun Lee, University of Texas at Dallas

Ho-Wook Shin, University of Texas at Dallas

Jeoung Yul Lee, Hongik University

We examine the impacts of characteristics of MNCs' multinational networks on the likelihood of MNCs' foreign subsidiary divestment in stable times as well as in adverse environmental conditions. Specifically, we argue that operational flexibility and cultural diversity have a negative impact on the likelihood of MNCs' foreign subsidiary divestment, while economic downturn has a positive impact on divestment. Our study further argues that operational flexibility and cultural diversity jointly reduce the positive impact of declining market growth on the likelihood of MNCs' foreign subsidiary divestment. Using the dataset of Korean MNCs' subsidiaries, we find the supports of our arguments. The implications of our findings are also discussed. *(For more information, please contact: Jeoung Yul Lee, Hongik University, Korea, South: jeoungyul@hongik.ac.kr)*

Relative Mode Advantage in Local Market Penetration: Comparing IJVs and WOFs in the Context of China

Changhui Zhou, Peking University

Mingkun Liu, Industrial and Commercial Bank of China

Danxue Gao, Peking University

We examine whether and on what conditions international joint ventures (IJVs) and wholly-owned foreign subsidiary (WOFs) differ for foreign subsidiaries whose primary goal is to penetrate local market in the host country. We adopt a strategic insider's perspective (Luo, 2007) and suggest a notion of relative mode advantage. The insideration is an iterative, learning process, in which advantage of entry mode can only be relatively assessed. Whether IJVs or WOFs has better ability to penetrate local market depends on how subsidiary and environmental conditions affect subsidiary learning and legitimacy. Using a sample of 4531 foreign subsidiaries in China during 1998-2002, we show that IJVs and WOFs do not differ significantly in terms of local market penetration; and that the subsidiary conditions (i.e. subsidiary innovation and experience) and environmental conditions (i.e. FDI presence and institutional regime) significantly moderate the mode advantage in local market penetration. *(For more information, please contact: Danxue Gao, Peking University, China: gdx.pku@gmail.com)*

Session: 2.2.9 - Competitive

Track: Track: 2 - Entrepreneurship, SMEs, and Born Globals

Institutions and International Entrepreneurship

Presented On: June 25, 2014 - 10:45-12:00

Chair: Maria Alejandra Gonzalez-Perez, Universidad EAFIT

Decision to Internationalize New Ventures and Home Country Factors: A Multi-Level Study of Early-Stage Entrepreneurs

Etayankara Muralidharan, MacEwan University
Saurav Pathak, Michigan Technological University
Andre Laplume, Michigan Technological University

The decision by early-stage entrepreneurs to internationalize may depend upon home country-specific factors, such as the institutional environment. Those with supportive home country conditions may be more likely to go international in order to gain access to new markets, but they may also internationalize to develop resources that are hard to obtain domestically. Using the Global Entrepreneurship Monitor (GEM) survey from 2005-2008, this study uses a sample of nascent and new entrepreneurs from 45 countries and predicts which will internationalize based on three institutional conditions present in the home country. The results indicate that a strong regulatory environment and smaller home market size both support internationalization. Interestingly, a weak national system of innovation drives entrepreneurs to internationalize, suggesting they need to go global for resources not easily obtained in their home country. Interaction results also indicate that a strong regulatory environment can help overcome the negative effect of a large home market on the tendency to internationalize. A strong regulatory environment also facilitates internationalization to acquire innovation resources that are lacking in the home country. Finally, a larger home market size reduces the need to internationalize to compensate for lacking innovation resources. *(For more information, please contact: Etayankara Muralidharan, MacEwan University, Canada: muralidharane@macewan.ca)*

To Formalize or Not to Formalize: Entrepreneurship and Pro-Market Institutions

Luis Alfonso Dau, Northeastern University
Alvaro Cuervo-Cazurra, Northeastern University

This paper examines the effects of pro-market institutions on two types of entrepreneurship: formal and informal. Formal entrepreneurship has long been studied in economic literature, whereas informal entrepreneurship has been less frequently discussed. The purpose of this paper, therefore, is not only to examine the impact of pro-market institutions, but also to carve out a better understanding, and introduce a method to measure, informal entrepreneurship. For the purpose of this paper, pro-market institutions are broken into their two main components: economic liberalization and governance levels. The arguments state that economic liberalization positively impacts both formal and informal entrepreneurship; whereas governance levels have a positive impact on formal entrepreneurship but a negative one on informal entrepreneurship. Furthermore, governance levels reduce informal entrepreneurship to a greater extent than they increase formal entrepreneurship, leading to a net reduction in entrepreneurial activity. The analyses of a panel covering 51 countries from 2002-2009 provide robust support for these arguments. *(For more information, please contact: Luis Alfonso Dau, Northeastern University, USA: l.dau@neu.edu)*

A Signaling Based View (SBV) of Dark Favors Frequency (DFF) and Institutional Friction for SMEs: Evidence from Transition Economies

Alain Verbeke, University of Calgary
 Ellie Banalieva, Northeastern University
 Kimberly A. Eddleston, Northeastern University

We develop a signaling based view (SBV) on the effects of dark favors frequency (DFF). DFF Dark favors refers to the regularity with which firms engage in administrative corruption, i.e., informal and illegal payments made by firms in exchange for conventional, normally expected government services. DFF can be measured by the regularity with which firms engage in such administrative corruption. If high, DFF signals the perceived participation in administrative corruption as a standard managerial practice meant to fill an institutional void. We assess how DFF affects business obstacles, i.e., the institutional friction faced by privately held private, small- and medium-sized enterprises (SMEs) in transition economies. Prior research on dark favors has simply assumed that SMEs participating in this practice will benefit from administrative corruption, i.e., and that institutional friction will be reduced. Instead, we provide a more nuanced perspective by recognizing the heterogeneity among SMEs in terms of two types of social linkages, namely: family firm status and business association membership. We argue that such social linkages can affect whether higher DFF is interpreted as a signal of administrative corruption having become standard managerial practice in a firm's DFF-business obstacles relationship. Specifically, using an SBV lens, we identify the conditions under which institutional friction may actually increase rather than decrease for certain types of SMEs with increasing DFF. (For more information, please contact: Alain Verbeke, University of Calgary, Canada: alain.verbeke@haskayne.ucalgary.ca)

Session: 2.2.10 - Special Session

Special Session of AJBS Best Papers

Presented On: June 25, 2014 - 10:45-12:00

Chair: Thomas Roehl, Western Washington University

Evolution of the MNE Ownership-Subsidiary Performance Relationship

Min (Megan) Zhang, Ivey Business School

Won't Globalise, Can't Globalise: Rethinking Japanese MNEs' Ethnocentric Staffing Practices

Katsuhiko Yoshikawa, London School of Economics
 Hyun-Jung Lee, London School of Economics

Language and Reverse Knowledge Transfer: Foreign MNC Subsidiaries in Japan

Vesa Matti Peltokorpi, Japan Advanced Institute of Science and Technology

Language-Oriented Human Resource Management Practices, Knowledge Transfer, and Absorptive Capacity in Foreign Subsidiaries

Vesa Matti Peltokorpi, Japan Advanced Institute of Science and Technology

Session: 2.2.11 - Competitive

Track: Track: 10 - Theories of the MNE and of FDI

Institutions and Knowledge Flows in Global MNEs

Presented On: June 25, 2014 - 10:45-12:00

Chair: Saul Estrin, London School of Economics

Managerial Decision Making, Knowledge Internalisation and Power in Global Factories

Peter J. Buckley, University of Leeds

Peter W. Liesch, University of Queensland

Understanding organisational boundaries offers insight into both the structure and management of the new-form MNE, the global factory. We propose that the source of the economic power of global factories arises from knowledge internalisation. Operational internalisation is no longer a key source of advantage for MNEs except insofar as it is necessary to capture knowledge. Interdependencies implied by knowledge internalisation determine the configuration of global factories. The associated ability of focal firms in global factories to fine slice and therefore to outsource and offshore non-core activities provide opportunities for smaller, host country firms to subcontract activities from focal firms. While the sector-specific expansion routes of global factories provide interstices that can be exploited by smaller firms, their ability to benefit from these potential sources of profit depends on indigenous entrepreneurs to identify these opportunities and to marshal the resources necessary to deliver these activities. If these opportunities are taken, SMEs can build countervailing power and, indeed, aspire to become global themselves. *(For more information, please contact: Peter W. Liesch, University of Queensland, Australia: p.liesch@uq.edu.au)*

FDI, Technology Spillovers and Green Innovation in South Korea

Yoo Jung Ha, University of York

This study examines whether FDI promotes green innovation by the local firm in the host country. We compare the effect of green FDI with that of non-green FDI on the promotion of green innovation of the local firm in the host country. Empirical analysis based on the firm-level data from Korean Innovation Survey 2010 reveals that non-green FDI motivates the local firm to increase intensity of its green innovation. However, green FDI neither boosts green innovation adoption nor causes reinforcement of green innovation in the local firm. We explain the results using the international business theory and competition theory. Our findings show that both green FDI and non-green FDI are important for promotion of sustainable management in the host country and recommend that the future FDI policy balance favours for both of green FDI and non-green FDI, rather than promoting green FDI at the expense of non-green FDI. *(For more information, please contact: Yoo Jung Ha, University of York, United Kingdom: yoojung.ha@york.ac.uk)*

No Place Like Home? An Institutional Perspective on the Consequences of Parent Relocations for Multinationals' Home-Country Legitimacy

Arjen Slangen, RSM Erasmus University

Marc Baaij, RSM Erasmus University

Multinationals are increasingly moving their highest legal entity and/or some or all of its executive management and support staff outside their original home country. While the motives for such corporate parent relocations are well established, their consequences for multinationals have received very little scholarly attention. We fill this research gap by integrating and extending new and old institutionalism to delineate the mechanisms through which parent relocations affect multinationals' home-country legitimacy. We contend that parent relocations in the form of legal entity transfers will hurt multinationals' home legitimacy by lowering their conformance to home legitimators' cognitive, pragmatic, and moral expectations, whereas parent relocations in

the form of personnel transfers will mainly hurt multinationals' home legitimacy by reducing their ability to manage home legitimators. We also identify several moderators of these relationships. We conclude that parent relocations may come at a significant cost, since their resulting reduction in home legitimacy lowers (i) the liability of foreignness for foreign competitors in the multinational's home country and (ii) the 'benefits of nativeness' that the multinational enjoys abroad. *(For more information, please contact: Arjen Slangen, RSM Erasmus University, Netherlands: aslangen@rsm.nl)*

Session: 2.2.12 - Competitive

Track: Track: 12 - The Institutional and Political Environment of IB

Home- and Host-Country Institutional Determinants of Firm Behaviors

Presented On: June 25, 2014 - 10:45-12:00

Chair: Huub Ruel, Windesheim University

The Role of Institutions in Explaining Foreign Subsidiary Growth in Transition Economies

Murod Aliyev, University of Leeds

Mario Kafouros, University of Leeds

We examine how variations in the level of institutional development across 14 transition economies influence the growth of foreign subsidiaries. A key assumption in the literature is that, regardless of the institutional environment in which subsidiaries compete, they are better off when they possess strong resources and capabilities. Our longitudinal analysis of over 40,000 observations challenges this view, indicating that the performance effects of subsidiary resources and capabilities differ from one another depending on the institutional development of host countries. We show that although subsidiary resources and institutions complement each other in enhancing subsidiary growth when the institutional environment is strong, this relationship is reversed in countries with weak institutional environments. By contrast, the opposite is true regarding the role of subsidiary capabilities. The joint effects of subsidiary capabilities and institutions on growth are positive in weak institutional environments, suggesting that subsidiary capabilities compensate for insufficiently developed institutions. Nevertheless, these effects are actually negative in countries with well-developed institutions, making the role of subsidiary capabilities less important. The results have implications for the management of institutional idiosyncrasies and the location choices of MNEs. *(For more information, please contact: Murod Aliyev, University of Leeds, United Kingdom: m.aliyev@leeds.ac.uk)*

Untangling the Influence of Globalization and Ethnic Fractionalization on National Cooperation

Nancy R. Buchan, University of South Carolina

Robert J. Rolfe, University of South Carolina

Lucy Ojode, Texas Southern University

Meshack Orinda, Moi University

This research examines the effects of ethnic fractionalization and globalization on individual level propensities toward national cooperation. If globalization is related to higher levels of cooperation, the prospects for political stability are positive, increasing opportunities for foreign investment. If globalization intensifies fractionalization among ethnic groups and hinders cooperation, the resulting instability would deter development. We study these questions in Kenya, a country with a heterogeneous population and which has increased integration with the global economy over the past decade. Literate Kenyan male and female adults, aged 18-60, from two of Kenya's largest ethnic groups, the Luo and Kikuyu, participated in an experimental public goods game in which players contribute to, and benefit from, a national account. Results are consistent with the argument that it is not ethnic fractionalization, per se, that is associated with lower cooperation, but increased ethnic inequality. Such inequality in the case of the rural Luo population was exacerbated by economic globalization. *(For more information, please contact: Nancy R. Buchan, University of South Carolina, USA: nancy.buchan@moore.sc.edu)*

Institutional Antecedences of Earnings Management in Emerging Markets - A Multilevel Analysis

Shuji Rosey Bao, Old Dominion University

Krista Lewellyn, University of Wyoming

This paper examines why firm decision makers vary in their earnings management behavior in emerging markets. Previous cross-national studies on earnings management have focused on the developed markets and formal institutions. This paper builds on this prior work and incorporates the informal institutions of corruption pervasiveness and national culture dimensions of uncertainty avoidance (UA), future orientation (FO), and humane orientation (HO) to explore differences in earnings management for 15 emerging economies. Our empirical analysis indicates that the UA dimension of national culture is positively related, and the FO and HO dimensions are negatively related to earnings management. In addition, corruption pervasiveness of a country is positively related to earnings management. However, formal institution of regulatory quality does not have a significant manifestation on firms' earnings management practice in emerging markets. This study provides theoretical and practical implications for understanding what motivates and hinders IPO activity globally. *(For more information, please contact: Shuji Rosey Bao, Old Dominion University, USA: sbao@odu.edu)*

Riding on the Dragon: FDI Bandwagon Diffusions in China

Jing Yu (Gracy) Yang, University of Sydney

Jiatao Li, Hong Kong University of Science and Technology

This study examines observation- and network-based bandwagon phenomenon of foreign direct investments (FDI) among global investors from different home countries into a host country. We argue that the two bandwagons both drive FDI entries into a host country, yet their effects of magnitude depend on the host country's regulatory constraints. Our analysis on FDIs in manufacturing industries in China from 54 home countries over its early (1979-95) period of transition corroborates the ideas. We identify a network bandwagon associated with the global trade networks between investors' home nations and find that this bandwagon and together with observation bandwagon both drive international FDI entries into China during the period of the study. We also find the effect of observation-based bandwagon is weaker whilst the effect of network bandwagon is stronger in restricted industries than in non-restricted industries for FDI. The findings highlight asymmetric effects of host country institutional constraints on different FDI bandwagons. *(For more information, please contact: Jing Yu (Gracy) Yang, University of Sydney, Australia: gracy.yang@sydney.edu.au)*

Session: 2.2.13 - Interactive
Track: Track: 1 - People and Careers in Cross-Cultural Business***How MNEs Handle Human Resources Abroad: Boundary Spanning, Knowledge Sharing, and Trust Building*****Presented On:** June 25, 2014 - 10:45-12:00

Chair: Fabian J. Froese , Georg-August-University Goettingen

Organizational Cross-Cultural Adaptation: A Multiple-Case Study of Chinese Firms Operating in the United States

Jing Betty Feng, Georgia State University

Leigh Anne Liu, Georgia State University

How can foreign companies overcome the challenges of fitting into their host environment? We expand the concept of individual cross-cultural adaptation from cultural psychology to explore the content of firm-level cross-cultural adaptation. Based on in-depth interview data from nine Chinese firms operating in the United States, we propose a comprehensive framework of firm level cross-cultural adaptation, which demonstrates

through individual, inter-organizational and organizational aspects. We identify four patterns of adaptation through cross-case comparison as “Big Splash”, Reluctant Adaptor, “Step-by-Step”, and Prudent Adaptor. The dynamic content of firm-level cross-cultural adaptation contributes to international business literature by offering theoretical and empirical links between organizational learning and fitness in foreign cultural and institutional environments. *(For more information, please contact: Jing Betty Feng, Georgia State University, USA: jfeng4@gsu.edu)*

Psychological Distance and the Zone of Proximal Development: International Knowledge Transfer by Returnee Managers

Michael Roberts, MacEwan University

This interdisciplinary study examines the process by which international returnee managers transfer knowledge. It integrates research from the foreign assignee literature with research in psychological distance, and the educational framework of the Zone of Proximal Development (ZPD). Forty-seven international returnees in large domestic Korean firms were interviewed. Utilizing a micro-foundational perspective on institutional logics, the resultant process model develops propositions about knowledge transfer across institutional boundaries. We found that by engaging in scaffolding activities, returnees can, over time, successfully transfer knowledge to their workgroups by reducing the psychological distance of the knowledge they wish to introduce. *(For more information, please contact: Michael Roberts, MacEwan University, Canada: robertsm35@macewan.ca)*

“Does it Matter Who I Am?”: The Role of Ethnic Identity Confirmation in Expatriates’ Knowledge Acquisition

Shea Fan, Univeristy of Melbourne
Tine Koehler, Univeristy of Melbourne
Anne-Wil Harzing, ESCP Europe
Christina Cregan, Univeristy of Melbourne

This study introduces the concept of ethnic identity confirmation to the expatriate literature to explain how ethnic identity affects expatriates gaining knowledge from host country employees (HCEs). Using a sample of 272 expatriates and HCEs (or 136 pairs) working in MNCs in China, this study tested a moderated mediation model. The results show that for expatriates who are ethnically dissimilar to HCEs, a higher level of ethnic identity confirmation is associated with more knowledge acquired by expatriates. However, for expatriates who are ethnically similar to HCEs, this association is mediated by trust. These results highlight the importance of ethnic identity when expatriates work on international assignments. MNCs are recommended to provide identity management training to expatriates and provide tailored support to expatriates who share (or do not share) an ethnic identity with HCEs. *(For more information, please contact: Shea Fan, Univeristy of Melbourne, Australia: fx@unimelb.edu.au)*

Organizational Stigmas in MNCs

S. Bruce Thomson, MacEwan University
Chris Nyland, Monash University
Helen Forbes-Mewett, Monash University

Using a Chinese MNC’s expansion into Australia we assess whether or not organizational stigmas (tribal or conduct) are attached by external stakeholders. We find a weak tribal stigma exists based on country of origin (China). However a strong conduct stigma is attached to the industry due to environmental concerns. Although participants perceive an illegitimate practice, a high level of controllability and a distinct possibility of danger to the community, they still support the development because of the economic benefits. Thus the concept of ‘opportunity costs’ plays an important role in mediating the effect of organizational stigmatization. *(For more information, please contact: S. Bruce Thomson, MacEwan University, Canada: thomsons2@macewan.ca)*

Boundary Spanners in a Global Software Development Project: A Qualitative Case Study of an Indian Service Provider's On-Site Managers

Anne-Marie Søderberg, Copenhagen Business School

Western companies' outsourcing of short-term projects with low cost tasks to third world countries are increasingly being replaced by strategic partnerships that require closer collaboration between client and vendor. The majority of contributions within offshore outsourcing look at challenges in virtual communication, trust building and knowledge sharing, seen from a Western client perspective. I adopt a less 'West-centric' stance by drawing on interviews conducted in an Indian MNC providing advanced IT services and strategic business solutions to its clients all around the world. In this paper I study some of the key boundary spanners, Indian managers in so called on-site teams, who are responsible for developing trustful and sustainable client relations and coordinating complex projects across cultures, languages organizational boundaries, time zones and geographical distances. In the interview analysis I focus on 1) how the Indian vendor prepares its employees for cross-cultural teamwork, 2) which cross-cultural challenges the Indian on-site management team experiences in collaborating with Western clients and coordinating off-shore development projects, and 3) which skills and competencies they draw on in their complex boundary spanning work in order to be able to deal constructively with multiple cultures (regional, national, organizational and professional). in their inter-organisational and cross-cultural interactions? *(For more information, please contact: Anne-Marie Søderberg, Copenhagen Business School, Denmark: ams.ikl@cbs.dk)*

Information Sharing between Host Country Nationals and Expatriates at the Subsidiary

Yung-Kuei Liang, Tatung University

Increasingly, multinationals have paid more closely attention to information sharing between host country nationals (HCNs) and expatriates. However, relevant literature focused on such phenomenon mostly from the aspect of expatriates, rather than HCNs'. This research collected information and opinions from 133 HCNs who have very close interactions with expatriates. It showed that when HCNs perceived expatriates who had high task cohesiveness and trustworthiness, the level of trust on expatriates would be stronger, thus leading to more information sharing. Organization support positively facilitated the relationship between trustworthiness and trust. In contrast, it negatively moderated the relationship between task cohesiveness and trust. Further, task cohesiveness and trustworthiness directly influenced information sharing, yet exerted indirect effects through trust from HCNs on expatriates. *(For more information, please contact: Yung-Kuei Liang, Tatung University, Taiwan: wkliang@ttu.edu.tw)*

Returnees and MNE Staffing in China

Huanglin Wang, SUNY New Paltz

Returnees, those who went overseas for higher education and then returned to their home countries are bicultural/multicultural employees for multinational enterprises (MNEs). However, they have been ignored in the MNE staffing literature which has developed a staffing typology based on nationality. Top executives from multinational subsidiaries in China were interviewed in order to identify and delineate the unique characteristics of returnees and their special contributions. They suggested that returnees understand multiple cultures, possess cross-cultural communication skills, and a global perspective; and act as a "bridge" between expatriates and locals, between a subsidiary and the other units of the MNE (including headquarters and the other subsidiaries), as well as between the MNE and the local environment. The findings from the interviews strongly suggest that cultural understanding is a more appropriate criterion than nationality in categorizing staff in MNEs. Based on this criterion, we develop a new typology of MNE staff; returnees improve subsidiary control and organizational learning; and they can contribute to the two conflicting goals of global integration and local responsiveness. Returnees may be closer to the 'balanced individuals' that MNEs need compared with either expatriates or locals. This study contributes to the literature by proposing a new criterion for staffing categorization in MNEs, by studying a new type of staff – returnees. It is an empirical study of bi/multiculturals

and has the potential to help managers develop more effective overseas staffing strategies. *(For more information, please contact: Huanglin Wang, SUNY New Paltz, USA: wangh@newpaltz.edu)*

Developing Chinese High-potential Employees: Challenges for the International Human Resources Management of MNCs

Harald Dolles, Molde University College / University of Gothenburg
 Sebastian Mansson, University of Gothenburg
 Christian Schmidt, University of Gothenburg

This study shows how multinational corporations structure their global approach to identification and development of internal high-potential employees towards global leadership positions, and to what extent it is adapted to China. The research is based on more than 20 interviews with 14 multinational corporations across different industries. The main finding is that in most corporations, adaptations of talent management processes in China are limited, but do exist. However, at the higher leadership levels, there are virtually no adaptations of global leadership standards as of today, and most multinational corporations are striving to implement a global and universal talent management approach. *(For more information, please contact: Harald Dolles, Molde University College / University of Gothenburg, Germany: harald.dolles@himolde.no)*

Session: 2.2.14 - Interactive

Track: Track: 7 - Competition and Collaboration in IB

Countries, Institutions, and International "Alliances"

Presented On: June 25, 2014 - 10:45-12:00

Chair: Gurneeta Vasudeva Singh, University of Minnesota

An Assessment of the Cumulative Evidence of the Effects of Cultural Distance on Dichotomous Joint Venture Performance

Furkan Amil Gur, Louisiana State University

Despite a long tradition of research on the effects of cultural distance on joint venture performance, there is still lack of consensus regarding this phenomenon. This meta-analytic evaluation of the literature argues that inconsistent results may be due to the operationalization of cultural distance and joint venture performance. Hence, this study systematically reviews the extant literature and tests the association between national culture and joint venture performance based on the cumulative evidence in the international business research. In doing so, we find that cultural distance has significant but opposite effects on joint venture (JV) performance and duration. Potential moderators of the relationship and implications are discussed. *(For more information, please contact: Furkan Amil Gur, Louisiana State University, USA: fgur1@tigers.lsu.edu)*

Resource Explanation for the Variation in Inter-Organizational Networks among Countries

Abdulrahman Chikhouni, Concordia University
 Mehdi Farashahi, Concordia University

This study proposes to investigate the variance of network configurations between the firms of different countries and explain the variance by the differences of resource availability among countries. The results provide a good empirical support to the predictions of the resource dependence theory regarding networking activities of firms. The results show that the greater the availability of knowledge, technology, and financial resources in a country, the lower the density of the networks in that country. *(For more information, please contact: Abdulrahman Chikhouni, Concordia University, Canada: a_chikho@jmsb.concordia.ca)*

Competitive Pressure and Bribery

Huy Nguyen, University of Texas at Dallas

Foreign firms are at a disadvantageous position due to the liability of foreignness. Using insights from the resource-based view, particularly the concept of strategic factor markets, we argue that foreign firms are less efficient than domestic firms in competing for resources because of the lower levels of corrupt capability. Consequently, we propose that source of competitive pressure (whether it comes from foreign firms or domestic firms) will have different effects on the firm's level of bribery. We also discuss the moderating effect of country tenure on the relationship between the source of competitive pressure and the level of bribery. *(For more information, please contact: Huy Nguyen, University of Texas at Dallas, USA: hxn130630@utdallas.edu)*

Initial Location Strategies and Consequent Dynamics: Competition and Cooperation between Foreign and Domestic Firms

Lingli Luo, Chinese University of Hong Kong

This paper investigates how firms' initial location strategies at the time of entry leads to various consequences of short-term profitability and long-term survival under the setting of China's tire industry. Based on resource dependence theory (RDT) and institutional theory, four kinds of firm-specific location strategies are identified. In particular, since foreign firms and domestic firms behave very differently in Chinese tire industry, we study how competition and cooperation between foreign and domestic firms moderate the benefits or hazards of initial location strategies. Through producing propositions regarding the above relationships, we aim to depict the picture of the contingent effects of initial location strategies on firms' profitability and dynamics within China's tire industry. *(For more information, please contact: Lingli Luo, Chinese University of Hong Kong, China: lingliluo@baf.cuhk.edu.hk)*

Chinese Firm's Intra-Country Joint Venture in Outward Direct Investment

Qingfen Fu, Tsinghua University
Wei Xie, Tsinghua University

This study aimed to explore Chinese firms' intra-country joint venture employed by Chinese outward investing firms, mainly focusing on the determinants of the formation and partner selection criteria. The relevance of theories including resource-based view, social capital and institution theory were examined. This study revealed that Chinese outward investing firms' intra-country joint venture is often influenced by firm characteristics; inter firm factors, and country related factors. Especially, this paper aims to find the former successful cooperating experience, the former experience of outward investment and their relationship with government may play important roles in attracting other enterprises. The State owned enterprise may be most active players in this phenomenon, and they may take over the structure hole and play as the "broker" of these kinds of intra-country joint venture in a long term. *(For more information, please contact: Qingfen Fu, Tsinghua University, China: fuqf.11@sem.tsinghua.edu.cn)*

Parent Control Mechanisms and Strategic Intentions: Evidence of Sino-Foreign Joint Ventures

Zelong Zhang, Baruch College, CUNY

Organizational control is among the most frequently discussed international joint venture (IJV) research topics. However, the existing conclusions about the relationship among IJV control mechanism, IJV performance and parent strategic intentions remain controversial. We conducted an empirical research using a sample of IJVs in China and found that learning-oriented parent firms tend to realize their strategic intentions through strategic control, while competition-oriented parent firms tend to realize their strategic intentions through operational control. *(For more information, please contact: Zelong Zhang, Baruch College, CUNY, USA: zhangzelong88@gmail.com)*

Session: 2.2.15 - Interactive

Track: Track: 3 - Organization, Management and Human Resources of the MNE

Managing Human Resources in Emerging Economies

Presented On: June 25, 2014 - 10:45-12:00

Chair: Naoki Ando, Hosei University

Talking the Talk: MNCs, Business Professional Discourse and Local Embeddedness in Transition Economies

Olga Kuznetsova, Manchester Metropolitan University

Andrei Kuznetsov, University of Central Lancashire

The paper examines a relatively new and mainly unobserved in the IB literature phenomenon of communication disengagement of transitional and emerging markets. We link it to the deficiencies of the local professional business discourse rooted in language limitations reflecting lack of experience with the market economy. This hampers cognitive coherence between foreign and local entities, adding to the liability of foreignness as certain instances of professional experience fail to find adequate linguistic expression. For multinational firms this may complicate cross-cultural adjustments and induce financial losses. We recommend that discursive hazards are accounted for in the risk evaluation of international projects. *(For more information, please contact: Olga Kuznetsova, Manchester Metropolitan University, United Kingdom: o.kuznetsova@mmu.ac.uk)*

Emerging Market Multinationality and Attrition-Centric Human Resource Management

Vijay Edward Pereira, University of Portsmouth

This paper develops the concept of attrition-centric human resource management. Data is based on a longitudinal qualitative case study of increasingly strategic and adaptive workforce management in an Indian-owned multinational human resource outsourcing firm. Four propositions are developed from the findings for testing in future research. These concern the extent to which human resource policies generally are dominated by the issue of labour turnover in this environment, the role of international expansion itself as a tool to impact upon attrition, the degree to which firms adapt to the structural causes of turnover, and how attrition is exploited positively for human resource advantage. We propose the broader relevance of attrition-centric HRM in enabling HRM research to take more account of extra-organizational, contextual and cultural factors. *(For more information, please contact: Vijay Edward Pereira, University of Portsmouth, United Kingdom: vijay.pereira@port.ac.uk)*

Global Certification: An Analysis of Ownership Structure and TQM Commitment

Stewart Miller, University of Texas at San Antonio

Kefeng Xu, University of Texas at San Antonio

Jayanth Jayaram, University of South Carolina

Bruce Rudy, University of Texas at San Antonio

The present study develops a conceptual framework to examine ownership structure and global certification in emerging markets. Specifically, we develop a framework that draws upon institutional theory and the competing values framework to explain why particular ownership structures are less likely to obtain global certification – ISO 9000 certification – than foreign-owned firms. Moreover, we examine the moderating effect of Total Quality Management (TQM) commitment to explain conditions in which particular organizations within these ownership structures are more likely to obtain global certification. In an extended analysis, our study seeks to provide additional clarity by examining sub-groups of organizations without global certification, namely organizations that (1) have not started the certification process; (2) started the certification process; (3) do not intend to

obtain global certification; and (4) organizations that intend to get it. We test our hypotheses on a sample of township-owned enterprises, state-owned enterprises, privately-owned enterprises, stock ownership companies, and foreign-owned firms operating in China. *(For more information, please contact: Stewart Miller, University of Texas at San Antonio, USA: stewart.miller@utsa.edu)*

Determinants of Employee Turnover Intentions in China: A Comparative Study of Chinese and Foreign Firms

Yong Suhk Pak, Yonsei University

Yi Yang, Yonsei University

High employee turnover is a serious issue among China-based companies. Employee turnover intentions is thought to be influenced by various factors, including pay level, pay-for-performance (PFP), organizational career development (OCS) and perceived career opportunities (PCO). We find that PFP increases turnover intentions among employees, especially of domestic (mostly state owned) firms; in contrast, OCS and PCO decrease turnover intentions, especially among foreign-invested-enterprise (FIE) employees. To explain, we discuss the mix of individualist and collectivist values among contemporary Chinese workers, who desire both higher, individual pay and stable, steady career development. Firms that provide more opportunities for individual advancement (and thus higher pay) in the long-run demonstrate less turnover intentions than firms that focus on short-term payments to higher-performing workers. *(For more information, please contact: Yi Yang, Yonsei University, Korea, South: yangyi0403@gmail.com)*

On the Win-Win and Win-Lose Effects of HRM: Siding with the Former and Shedding Light on the Mechanisms

Mats Ehrnrooth, Hanken School of Economics

Alexei Koveshnikov, Hanken School of Economics

This cross cultural study addresses the black box of HRM's effects by focusing on the HRM process (in this case training, performance appraisal and pay practices) and analyzing its mediated positive and negative effects on turnover intentions (Keenoy and Wright, 2010). The paper focuses on the theoretically derived mediators of role clarity (Bowen and Ostroff, 2004), organizational identification, aspirational control (Alvesson and Kärreman, 2007), work engagement (Bakker, 2011) and emotional exhaustion (Maslach and Jackson, 1981). The study contributes both by offering novel constructs of aspirational control and the causal validity of the HRM process as well as by improving our understanding of the 'how' of HRM's value creation both for employees and employers. Rather than the prevalent contrasting analyses of cross-cultural comparative organization studies we focus on results that generalize across a Western and an emerging market context based on multi-actor and multilevel data both from both Finland (310 employees from 79 teams in 5 organizations) and Russia (110 employees from 32 teams in 4 Finnish subsidiaries). The analyses are thus based on altogether 420 employees from 111 teams in 9 organizations. The findings extend extant research on the HRM process theorization and sheds further light on the win-win and win-lose effects of HRM (Geary and Trif, 2011; Kroon et al., 2009; Harley et al, 2010; Ramsay et al., 2000). *(For more information, please contact: Mats Ehrnrooth, Hanken School of Economics, Finland: mats.ehrnrooth@hanken.fi)*

Social Network Sites, Leadership and Employees' Outcome: Comparative Study of Japan and Brazil

Marcos H. Yokoyama, Osaka University

Tomoki Sekiguchi, Osaka University

Business people are increasingly using Social Network Sites (SNS), such as Twitter, LinkedIn and Facebook to achieve their organizational objectives. This experimental study analyzed the influence of SNS-use by so-called transformational and transactional leaders that are concerned with employees' outcome. Using data from an online survey with regular employees in Japan (n=244) and Brazil (n=251), we found associations between transactional leadership and two outcomes: work engagement and turnover intention. In addition, we found that cultural differences influence the interaction of SNS use and transactional leadership. In Japan, leaders who use SNS had negative impacts on the performance of subordinates, because Japanese employees would feel

obligated to extend their loyalty and obedience outside the workplace, were they to connect with leaders. In Brazil, the use of SNS is perceived as positive, given that leaders' connectivity seems to neutralize the lack of transactional behaviors. Managerial implications and future research directions are discussed. *(For more information, please contact: Marcos H. Yokoyama, Osaka University, Japan: ngm807yh@student.econ.osaka-u.ac.jp)*

Session: 2.2.16 - Interactive

Track: Track: 12 - The Institutional and Political Environment of IB

Understanding and Managing Local Institutional Contexts in International Business

Presented On: June 25, 2014 - 10:45-12:00

Chair: Htwe Htwe Thein, Curtin University

Subnational Differences and Firm Strategies during Institutional Transitions

Sergey Lebedev, University of Texas at Dallas

Mike W. Peng, University of Texas at Dallas

This study explores subnational differences in Russia and how they can change the effects of institutions on firm strategies. Drawing on institutional theory and institutional transitions perspectives, we show that firms' propensity to use market-based strategies is affected by the quality of the development of market institutions in different subnational regions. Specifically, our results show that, while older (incumbent) firms in general tend to use market-based strategies less, this relationship is weakened in more market-friendly Russian regions. Overall this study extends the institutional transitions perspective and contributes to the literature on subnational differences, as well as to research on Russian business and management. *(For more information, please contact: Sergey Lebedev, University of Texas at Dallas, USA: sx123130@utdallas.edu)*

Investment Purpose Multiplicity to Counter the Hazards of Institutional Voids: Japanese FDI in Africa

Yamlaksira Shewangizaw Getachew, Ivey Business School

Paul W. Beamish, Ivey Business School

The study examines the relationship between the level of institutional voids and the performance of MNE subsidiaries. We also consider whether specific investment strategies can forestall the hazards encountered when operating in such institutional environments. Using longitudinal data on Japanese FDI in Africa, we found evidence that differentials in institutional development matter and are directly related to the survival probability of subsidiaries. We also observed that the probability of subsidiary survival in Africa is directly related to the number of investment purposes the parent MNE seeks to accomplish through its subsidiary. These findings are consistent with the argument in the institutional-based view of strategy and extend the application of real options theory to the international business literature. *(For more information, please contact: Yamlaksira Shewangizaw Getachew, Ivey Business School, Canada: ygetachew@ivey.ca)*

Disentangling Global Crises by Crisis Uncertainty: Evidence from Hong Kong

Frank W. Ng, Chinese University of Hong Kong

Daphne W. Yiu, Chinese University of Hong Kong

Research on discontinuous environmental change, such as global crisis has contributed to the IB and strategic management literature, yet past studies seem to assume homogeneity among crises. By introducing the concept of crisis uncertainty, we develop a typology to differentiate the effects of different discontinuous changes: stepwise, shocking, and disruptive change. Using a sample of Hong Kong listed firms during 1997 to 2009, we demonstrated the heterogeneity of the three descriptive changes in direct influence on firm

performance and in moderation with organizational slack. *(For more information, please contact: Frank W. Ng, Chinese University of Hong Kong, Hong Kong, SAR-PRC: wfng@baf.cuhk.edu.hk)*

The Moderating Role of FDI Motives and the Institutional Environment on the Performance of Foreign and Domestic Firms in Emerging Markets

Tilo F. Halaszovich, University of Bremen

Foreign firms entering emerging markets are usually assumed to be superior to the domestic competitors in the host country. Their superior firm specific advantages (FSAs) allow them to outcompete incumbent rivals and to internalize the gain from foreign direct investment (FDI) entirely. In the past FDI in emerging markets was mostly motivated by resource seeking to exploit low wages or natural resources. More recently, the motive for FDI in these markets shifts from resource to market seeking. A consequence of this shift is the need for foreign firms to get deeper embedded in the institutional environment of the host country. The institutional environment of emerging markets is considerably different from developed countries (ex. corruption rates, political or economic stability). Coping with the institutional obstacles of a host country can be assumed to moderate the ability of a foreign firm to exploit its FSAs. In this study the authors analyze the differences the motive (market vs. resource seeking) and the institutional environment of a host country make for foreign and domestic firms. Therefore, they analyze 10,331 firms from 87 developing countries drawn from the World Bank's Enterprise Survey Manufacturing Sector Module. *(For more information, please contact: Tilo F. Halaszovich, University of Bremen, Germany: tilo.halaszovich@uni-bremen.de)*

Reasons for the Structural Weaknesses of Financial Markets in Africa: Insights from Ghana

Kweku Adams, University of Calgary

The main aim of this study is to analyse the root causes for the weak administrative and institutional framework in African financial markets using Ghana as a case in point. African governments have undertaken several economic reforms in order to liberalise their financial sector. Despite the far reaching reforms, this study finds that there are several structural constraints and deficiencies placed on banks which affect the size of the business they can conduct and their future investment decisions. Overall, the central theme that runs throughout this study and serves as one of the main contributions to theory is that the financial sector reforms in Africa did not deal sufficiently with the structural and institutional problems confronting the financial system as they focused primarily on policy matters. One of the major issues prior to the reforms was fragmentation of the system and the reform was not designed to remedy that; hence the low financial FDI inflows to Ghana in particular and Africa in general. *(For more information, please contact: Kweku Adams, University of Calgary, Canada: adamsconsultancy@yahoo.com)*

Session: 2.2.17 - Interactive

Track: Track: 9 - Home Economies and the MNE

Organizational Characteristics and MNE Behaviors

Presented On: June 25, 2014 - 10:45-12:00

Chair: Martin Hemmert, Korea University

Tax Planning and Strategic Decisions: A Comparison of UK Firms and Turkish Firms

Jane Frecknall-Hughes, Open University Business School

Mehmet Demirbag, University of Strathclyde

Keith Glaister, University of Warwick

Ekrem Tatoglu, Bahcesehir University

This paper investigates a number of research questions related to tax planning, an area where there has been little prior empirical research, by examining the perceptions of two groups of tax practitioners, one group employed in UK firms and another group employed in Turkish firms. This facilitates both an examination of responses from within each country and a cross-national comparison of tax planning issues. There are several statistically significant differences between the perceptions of UK practitioners and Turkish practitioners. We find that the tax planning variables 'relative importance of tax factors in decision making', 'strategic decisions are taken after tax decisions and tax decisions take priority over strategic decisions' and the 'extent of formal strategic planning' are relatively more important for Turkish firms than for UK firms. In contrast the variables the 'nature of tax planning', 'tax planning costs compared to savings', 'relative importance of non-tax factors in decision-making', 'strategic decisions and tax decisions are integrated and taken at the same time' and the 'disconnect between strategic decisions and tax decisions' are all relatively more important for UK firms than for Turkish firms. The paper makes a new contribution to the literature by providing evidence from a cross-national study on the nature of tax planning and the way in which strategic decisions interface with tax decisions. *(For more information, please contact: Mehmet Demirbag, University of Strathclyde, United Kingdom: mehmet.demirbag@strath.ac.uk)*

Organizational Attractiveness of Emerging and Developed Market Multinationals in Developed Markets

Katrin Held, University of Hamburg

Benjamin Bader, University of Hamburg

Nicola Berg, University of Hamburg

Despite the increasing relevance in international human resource management (IHRM), the difference between prospective applicants' attraction towards Emerging Market Multinationals (EMNEs) and Developed Market Multinationals (DMNEs) has scarcely been investigated. Applying image theory, this study compares the influence of country and company images on the organizational attractiveness of companies from China and Russia with companies from Germany and the US. Employing data from 287 students majoring in business, the study shows that prospective applicants heavily rely on images when they evaluate an organization's attractiveness. Findings indicate that applicants significantly prefer DMNEs over EMNEs as future employers.

The study extends IHRM literature by going beyond the general internationalization differences of EMNEs and DMNEs and by concentrating on the still neglected research of EMNEs' human resource challenges in developed markets. *(For more information, please contact: Katrin Held, University of Hamburg, Germany: katrin.held@uni-hamburg.de)*

The Lower Sensitivity of State-Owned Enterprise FDI to Political Risk: Investigating Political Capabilities- and Risk Preferences Explanations

Asmund Rygh, BI Norwegian Business School
Carl Henrik Knutsen, University of Oslo

Recent studies suggest that state-owned enterprises (SOEs) are less deterred by politically risky host-country environments than privately owned enterprises (POEs) when allocating foreign direct investment (FDI). Still, there are few systematic analyses of why this pattern exists. We explore two plausible explanations. The first relates to SOEs having superior political resources and capabilities to mitigate political risk abroad. The second is that SOEs invest more in politically risky contexts because they are more willing to accept risk in general. We design innovative empirical tests for investigating both types of mechanisms and apply them to Norwegian FDI data (1990–2006). Based on features of Norwegian SOE governance, we argue that Norway constitutes a “least likely case” for both arguments. Even in the Norwegian context, there is some evidence that SOEs manage political risk better than POEs, and some weak indications that SOEs are less risk averse, but the results are not robust to different model specifications and the treatment of outliers. *(For more information, please contact: Asmund Rygh, BI Norwegian Business School, Norway: asmund.rygh@bi.no)*

Misfortune of One, Happiness of Others? The Impact of Parent Firms' Market Munificence on MNCs' Subsidiaries Performance

Aude Le Cottier, IE Business School
Juan Santalo, IE Business School

In this study, we borrow from Dess and Beard's (1984) model of organizational task environment to study the contribution of parent firms to their subsidiaries' performance. We suggest that the munificence of home markets has an ambivalent effect on the profitability of multinational corporations' (MNCs) subsidiaries. We show that resources abundance at the parent-firm level enhances subsidiaries' performance in general. However, home-market scarcity also has virtues for industry-related subsidiaries, which may benefit from the capabilities developed by their parent to cope with a hostile environment at home. We also demonstrate that subsidiaries perform better when the distance in market munificence between their home and host markets is small. Analysis of a unique panel database, gathering ownership ties and financial performance for 3,828 listed multinational corporations (MNCs) and 18,234 of their European subsidiaries over a three year period, supports our hypotheses. *(For more information, please contact: Aude Le Cottier, IE Business School, Spain: ale.phd2013@student.ie.edu)*

Why Firms become Multinationals? Evidences from Developing Economies

Nadia Campos Pereira Bruhn, UFG/UFLA
Juciara Nunes Alcantara, UFLA
Ricardo Pereira Reis, UFLA
Dany Flavio Tonelli, UFLA
Luiz Marcelo Antonialli, UFLA
Cristina Lelis Leal Calegario, UFLA

The aim of this study was to investigate the determinants of OFDI made by multinationals from developing countries. Our study suggest that OFDI movement from developing economies may constitute a distinct movement from previous contributions from the literature. Results suggest that firms in developing countries became MNCs because (i) they enjoy special firm specific advantages; (ii) early OFDI was directed mostly to developed countries; (iii) OFDI was mostly directed to cultural and geographically close countries; (iv) later OFDI seems to occur in more advanced economies; and (v) there seems evidences of nuanced government influence. *(For more information, please contact: Nadia Campos Pereira Bruhn, UFG/UFLA, Brazil: nadiacpereira@yahoo.com.br)*

A Social Psychological Perspective on Foreignness: Why Is Foreignness Sometimes A Liability And Sometimes A Benefit

Sudhir Nair, University of Victoria
 David G. Cohen, Skidmore College
 Chun (Grace) Guo, Sacred Heart University
 Kimberly Sherman, University of Massachusetts Amherst

Firms entering a foreign market often do not compete on an equal footing with domestic firms, with their foreignness sometimes imposing a liability and sometimes providing a benefit. Despite the contingent nature of foreignness as a liability or benefit, little theoretical work has been done to explain these differences in LOF effects. Using Self-Categorization Theory we address this gap, suggesting that the effects of LOF vary based upon cognitively efficient search processes that implicitly attribute characteristics to foreign firms based upon the perceived alignment of industry and well-known host country stereotypes about the firm's home-country. *(For more information, please contact: Sudhir Nair, University of Victoria, Canada: sudhirn@uvic.ca)*

Business Group Diversification, Internationalization and NGO Engagement Effects on Firm Performance

Hildy Jean Teegen, University of South Carolina
 Armando Borda, ESAN-Graduate School of Business

In an era of increasing pro-market reforms and broader engagement of non-state, non-firm actors in global value creation, we present a conceptual paper to generate hypotheses regarding variation in business groups in terms of diversification (affiliates from new industries), multinationality (new (geographic) markets) and new sectors (including NGOs as affiliates), and how firm performance is affected in institutionally complex settings. The paper provides a fine grained view based upon the extant literature of when and how business group formation and expansion creates value for affiliates. In particular, distinctions between business groups with and without NGO affiliates are offered and aggregate institutional complexity is disentangled into institutional voids and social complexity components in terms of firm performance considerations. *(For more information, please contact: Hildy Jean Teegen, University of South Carolina, USA: teegen@moore.sc.edu)*

Business Group Affiliations and Earnings Management: A Principal-Principal Perspective

Yan Gao, Shanghai University of Finance and Economics

We use a principal-principal perspective to investigate a previously unexplored phenomenon in extant literature, namely the impact of business group affiliations on earnings management. We show that the predominant principal-agent conflicts in Anglo-Saxon corporations are replaced by the principal-principal conflicts in group-affiliated firms. The traditional principal-agent theory suggests concentrated ownership and debt financing are the effective solutions to agency conflicts. Contradictory to the previous research, we explicitly propose and empirically test that in business group settings, the two solutions may lead to another type of agency problems, the principal-principal problems. In particular, we examine earnings management of group-affiliated firms. We find that group affiliations and debt financing result higher levels of earnings management. *(For more information, please contact: Yan Gao, Shanghai University of Finance and Economics, China: yangao@mail.shufe.edu.cn)*

Session: 2.3.1 - Panel**Track: Track: 9 - Home Economies and the MNE*****Emerging Market Global Players: Home-Country Institutions and Corporate Governance*****Presented On:** June 25, 2014 - 13:00-14:15

Chair: Victor Zitian Chen, University of North Carolina at Charlotte

Chair: Igor Filatotchev, City University London

Panelists:

Robert E. Hoskisson, Rice University

Yasir Yasin Fadol, Qatar University

Hwy-Chang Moon, Seoul National University

Hsia Hua Sheng, FGV-EAESP

In line with this year's theme of Local Contexts in Global Business, this panel seeks to explore a better integration of theoretical discussion and empirical evidence on how home institutional contexts constrain and motivate emerging-market MNEs from the top – corporate governance. Three sets of questions will be explored: (1) what are the most notable and unique institutional contexts (OFDI-related regulations and incentives, factor market characteristics, social norms, etc.) in each focal EM? (2) how, and to what extent, do these contexts shape the corporate governance (e.g., ownership characteristics, makeups and structures of top management team including senior management and board of directors, as well as management of headquarter-subsidiary relationships) in the country's leading MNEs? (3) how does such a corporate governance structure, along with the home institutional contexts identified earlier, determine the global strategy (e.g., location choice, entry mode, local community engagement, CSR adoption, etc.) of the country's leading MNEs? It is a rare and fun event where local insights meet IB theory. *(For more information, please contact: Victor Zitian Chen, University of North Carolina at Charlotte, USA: emgp.editor@gmail.com)*

Session: 2.3.2 - Special Session**Track: 18 - Scholars Meet Practice Session*****Investing in the Sustainable Development Goals: the TNC Contribution (UNCTAD Special Session)*****Presented On:** June 25, 2014 - 13:00-14:15

Chair: James Zhan, United Nations Conference on Trade and Development

Panelists:

James Zhan, United Nations Conference on Trade and Development

Hafiz Mirza, United Nations Conference on Trade and Development

Sarianna Lundan, University of Bremen

Peter J. Buckley, University of Leeds

Rob van Tulder, RSM Erasmus University

(For more information, please contact: Hafiz Mirza, United Nations Conference on Trade and Development, Switzerland: Hafiz.Mirza@unctad.org)

Session: 2.3.3 - Panel***Are FDI Stock and Flow Data Good Measures of MNE Activity?*****Presented On:** June 25, 2014 - 13:00-14:15

Chairs: Jean-Francois Hennart, Tilburg University/University of Pavia and Dylan Sutherland, Durham University

Panelists:

Dylan Sutherland, Durham University
 Raymond Mataloni, Jr., U.S. Bureau of Economic Analysis
 Stephen Gelb, World Trade Institute
 Andrew Kerner, University of Michigan

If US MNEs are increasingly channelling investment funds through 'countries of convenience', including tax havens and offshore financial centres, does it make sense to use conventional bilateral FDI data as an indicator of US MNE activity? And if Chinese MNEs channel investment funds to companies they incorporate and register in Hong Kong and report that these companies do 'manufacturing and investment holding', is this a manufacturing investment or something else? And if FDI stock data does not account for domestically raised funds, or does not distinguish between the different levels of productivity of those investments, what does this stock data actually measure, and can we use it to compare the level of MNE activity between countries? The purpose of this panel is to revisit this important though somewhat neglected discussion of what FDI stock and flow data can really tell us about MNE activity. We do so in the context of recent trends in international business, for example the increasing use by MNEs of tax havens for 'pass-through' investments. This interactive panel will involve discussants from the academic community as well as the Chief of the Research Branch, Balance of Payments Division, US Bureau of Economic Analysis. *(For more information, please contact: Jean-Francois Hennart, Tilburg University/University of Pavia, Netherlands: j.f.hennart@tilburguniversity.edu)*

Session: 2.3.4 - Competitive**Track: Track: 2 - Entrepreneurship, SMEs, and Born Globals*****Internationalization Speed: Antecedents and Consequences*****Presented On:** June 25, 2014 - 13:00-14:15

Chair: Patricia P. McDougall-Covin, Indiana University

Speed of Entry into Export and Post-entry Exit of New Ventures

Ziliang Deng, Renmin University of China
 Ruey Jer (Bryan) Jean, National Chengchi University
 Rudolf R. Sinkovics, University of Manchester

This paper examines the impact of speed of entry into export markets on post-entry exits of new ventures, from an organizational ecology perspective. We employ a longitudinal dataset of Chinese exporters to perform the survival analysis, after controlling for the antecedents of entry speed strategy. The findings alert us the potentially hazardous consequences of rapid internationalization. Industry-level competition between exporters from the same country of origin however may substantially offset the negative impact caused by a rapid entry by immunizing the new venture exporters. Building firm-level partnership with foreign investors will significantly counterbalance the effect of rapid entry too by enhancing the legitimacy of rapid entrants in overseas markets. *(For more information, please contact: Ziliang Deng, Renmin University of China, China: dengziliang@rbs.org.cn)*

International Learning Strategy, Speed of Learning and Speed of SME Internationalization

Mikael Hilmersson, Halmstad University/ Linnaeus University

Martin Johanson, Mid Sweden University

Stylianos Papaioannou, Mid Sweden University

In this study we examine the interrelatedness between the international learning strategy of SMEs and the speed of SME internationalization. Our examination follows two sequential stages; first we extract organizational learning profiles of SMEs based on their strategy for knowledge acquisition and test its effect on the speed of experiential knowledge development by the firm. Second, we test the relationship speed of SME experiential knowledge development and the speed of SME internationalization. Based on data from an on-site survey of 203 SMEs, four organizational learning strategies are established: Experiencers, Networkers, Grafters and Multi-learners. We show that Networkers and Grafters learn significantly faster than firms following alternative learning strategies. Speed of learning in turn, is shown to positively impact the speed at which the firm increases its breadth of international markets as well as the speed at which the firm commits resources to international operations. Thus, our paper contributes to theoretical advancement by connecting learning strategies to speed of firm internationalization. For practitioners, the paper shows that by developing their learning strategies, internationalizing firms can accelerate their internationalization, which in previous research has been shown to be an important determinant of their performance over time. *(For more information, please contact: Mikael Hilmersson, Halmstad University/ Linnaeus University, Sweden: mikael.hilmersson@hh.se)*

Speed of SME Internationalization and Performance

Mikael Hilmersson, Halmstad University/ Linnaeus University

Martin Johanson, Mid Sweden University

This paper sets out to study the performance consequences of the speed of SME internationalization. The authors identify three research gaps: there are few studies on speed as an independent variable; most studies analyze speed only until internationalization starts; and finally, the studies have paid marginal attention to the multidimensionality of the speed construct. The authors seek to fill these gaps and to contribute to the literature on the dynamics of the internationalization of firms by empirically developing a multidimensional measure of speed of internationalization and by testing its effect on the performance of SMEs. The theoretically derived research model is tested on a sample of SMEs visited on-site. It is shown that the greater the speed of a firm's increase in the breadth of international markets, the greater the performance of the firm. It is also shown that the higher speed of a firm's increase in commitment of foreign resources, the weaker the performance of the firm. No relationship is confirmed between the speed of a firm's development of international commercial intensity and the performance of the firm. The results come with implications for both scholars interested in the dynamics of firm internationalization and SME managers. *(For more information, please contact: Mikael Hilmersson, Halmstad University/ Linnaeus University, Sweden: mikael.hilmersson@hh.se)*

Early Internationalisation and Risk on Survival and Growth of Manufacturing New Ventures

Francisco Puig, University of Valencia

Miguel Gonzalez-Loureiro, University of Vigo

Pervez N. Ghauri, Kings College London

Scholars have largely analysed the triggers of INVs and BGs, as well as those ventures' characteristics in terms of earliness and rapidity (speed and scope). However, relevant gaps exist regarding that strategy's performance relative to other internationalisation strategies under the U-model umbrella, which are more frequent among manufacturing new ventures. This article aims at analysing longitudinally the trade-off between survival and growth in the internationalisation process of that type of new ventures. First, we analyse whether those ventures increase their mortality risk when going international early and under more committed forms to international trading. Second, we analyse whether those new ventures' growth is dissimilar to those following a gradual and sequential model of internationalisation (U-model). Our evidence shows the potentially hazardous

consequences of early and more committed modes of internationalisation. *(For more information, please contact: Miguel Gonzalez-Loureiro, University of Vigo, Spain: mloureiro@uvigo.es)*

Session: 2.3.5 - Competitive

Track: Track: 7 - Competition and Collaboration in IB

Capabilities, Institutions and the Dynamics of Competition

Presented On: June 25, 2014 - 13:00-14:15

Chair: William Newburry, Florida International University

Competitor Identification and Performance: The Added Value of Foreign Competitors

Keith D. Brouthers, King's College London

Chung-Long Yu, Tunghan University

Fatima Wang, King's College London

Scholars agree firms need to know who they compete with in order to establish and maintain a competitive advantage. Yet we know little about the link between competitor identification and firm performance or the added value of identifying foreign competitors. In this paper we develop and test theory to explain how identifying domestic and foreign competitors can each lead to improved firm performance. Using a unique dataset of Taiwanese manufacturers we find that firms identifying more domestic competitors have higher performance. Additionally, our results indicate that firms identifying high levels of both domestic and foreign competitors have even better firm performance. Thus we contribute to the literature by exploring the importance of identifying domestic and foreign competitors for firm success. *(For more information, please contact: Keith D. Brouthers, King's College London, United Kingdom: keith.brouthers@kcl.ac.uk)*

Rivalry on Multiple Fronts: The Effects of Domestic and Host Market Competition on New and Repeated Foreign Entry

Exequiel Hernandez, University of Pennsylvania

Anja Tuschke, University of Munich

When expanding abroad, firms have the option of pursuing opportunities in new markets or of deepening their commitment by repeatedly investing in the same foreign market. The effect of competition on this sequential entry decision has been understudied. We argue that competitive factors in the domestic and foreign market – entries by rivals into the foreign market and industry concentration in the home market – have different effects on a firm's decision to explore new markets or to increase its investment in markets it has already entered. In addition, we theorize that these competitive factors are moderated by a firm's dominance in its domestic market and its opportunities for learning vicariously about alternative foreign market opportunities. We largely find support for our ideas in a longitudinal analysis of the location choices of firms from France, Germany, and the UK into Eastern European countries between 1990 and 2008. Our paper provides a more comprehensive understanding of the conditions affecting sequential foreign investment decisions by systematically integrating the literatures on competition, learning, and commitment. *(For more information, please contact: Exequiel Hernandez, University of Pennsylvania, USA: exequiel@wharton.upenn.edu)*

How do Foreign and Local Firms Compete? Competitive Dynamics, Liability of Foreignness and Institutional Voids

Klaus Meyer, China Europe International Business School
Wei Yang, Nankai University

Foreign firms face competitive disadvantages due to their liability of foreignness, especially in host economies that have extensive institutional voids. We argue that these obstacles have two consequences in the way foreign firms take strategic actions. First, government ties may be a critical resource that enables not only local firms but also foreign firms to take strategic actions. Second, while foreign investors typically have stronger technological capabilities, they may be inhibited by institutional voids from translating these technological capabilities into actions. Specifically, foreign firms may be concerned about weak intellectual property rights (IPR) protection and hence be reluctant to deploy the latest technology through strategic actions. We find empirical support for these arguments in empirical tests on survey-based data of 333 firms in China. *(For more information, please contact: Wei Yang, Nankai University, China: hattyyangwei@yahoo.com)*

How Standalone Firms Build Leading-Edge Capabilities in Emerging Markets: The Role of Shared Institutional Infrastructure in the Brazilian Cosmetics Industry

Aline Gatignon, INSEAD
Laurence Capron, INSEAD

Our research examines how standalone firms can build their capabilities in environments characterized by weak market-supporting institutions, namely emerging markets. With a longitudinal, inductive, comparative case study of two Brazilian cosmetics firms, we examine the developmental processes of core capabilities- product development and distribution- between 1990 and 2011 that led one to become the domestic industry leader in Brazil while the other became a runner-up. A core mechanism emerged as key to the leading firm's success: building strong shared institutional infrastructure –i.e. investing in the availability of resources that underlie capability development, such as capital, talent, knowledge and strong intermediaries, and making these accessible to its exchange partners. Such shared institutional infrastructure enabled our leading firm to mitigate the constraining effects of the institutional environment on its capability development and improve its capabilities over time. We identify three processes that underlie the effectiveness of building shared institutional infrastructure for the focal firm: 1) its formation through tightly coupled investments in capabilities and the institutional environment; 2) its governance through multilateral, cross-sector collaboration embedded within core operations; 3) its reinforcement over time through joint learning and mutual commitment with exchange partners. *(For more information, please contact: Aline Gatignon, INSEAD, France: aline.gatignon@insead.edu)*

Session: 2.3.6 - Competitive***Research Methods for International Business***

Presented On: June 25, 2014 - 13:00-14:15

Chair: Harry Bowen, Queens University of Charlotte

Beyond Double Translation: Cross-Cultural Adaptation of Organizational Culture Questionnaire

Ekaterina Mikhailova, NRU Higher School of Economics
Valentina V. Kuskova, NRU Higher School of Economics
Irina O. Volkova, NRU Higher School of Economics

Despite a lot of debate on definitions and instrument quality, surprisingly little attention is being paid to the quality of the translation of the instruments in cross-cultural comparisons. But adequate translation is of paramount importance when applied to concepts such as culture, one of the most important variables in international business studies since the 1980s. The purpose of this study is to provide researchers with a

comprehensive, theory-driven approach to proper cultural adjustment of culture-measuring instruments, which is then tested against other approaches on the sample from Russia. *(For more information, please contact: Valentina V. Kuskova, NRU Higher School of Economics, Russia: vkuskova@hotmail.com)*

Polycontextualizing International Business Studies - A Future Research Agenda

Ying Liu, Florida International University

Although the IB research field has undergone profound changes with achievements since its inception, IB scholars have long been concerned about the existence and legitimacy of this research field, an amalgam of many different more mainstream areas in Business. This can largely be attributed to the perceived lack of context and contextualization involved in IB studies. There is a call for greater emphasis on contextualization and what more recently has been noted as polycontextualization (multiple and qualitatively different contexts embedded within one another) to enrich and distinguish the IB research field. In this study, we conducted a content analysis with the computer-aided program N-vivo to examine the implementation of contextualization in all empirical IB studies reported in JIBS in the time window of 1970 to 2007. Our findings demonstrate that while contextualization has increased over time, most IB studies have not reached polycontextualization in the ways in which they conceive of their research questions, their methodology employed or the reporting of their results. We suggest IB scholars build a mindset of polycontextualization into the entire process of conducting IB research, discuss challenges and possible solutions toward future polycontextualized IB studies. *(For more information, please contact: Ying Liu, Florida International University, USA: yliu023@fiu.edu)*

Corporate Reputation Measurement: Evidence from Cross-Country Comparison

James Agarwal, University of Calgary

Oleksiy Osiyevskyy, University of Calgary

Management scholars have paid close attention to the construct of organizational or corporate reputation (CR). Yet, hitherto the research focused on CR construct has been plagued by multiple definitions, conflicting conceptualizations, and unclear operationalizations. The purpose of this article is to provide theoretical ground for positioning of CR as an assessment construct that is modeled as a second-order factor affecting individual first-order dimensions (having a reflective nature), and to provide methodological and empirical support towards such conceptualization. Using survey data from three countries Peru, India, and the U.S., we empirically test the hypothesized second-order reflective model within a hierarchy of nested and non-nested models, and compare its model fit and predictive power (nomological validity) with alternative conceptualizations. Modeling CR as a second-order reflective construct relies on a set of theoretical propositions and yields several methodological advantages, including strong conceptual interpretability and parsimony when tested within a nomological context. The paper concludes by highlighting theoretical and methodological insights of the findings. *(For more information, please contact: Oleksiy Osiyevskyy, University of Calgary, Canada: oosiyevs@ucalgary.ca)*

Measuring Absorptive Capacity in High-Tech Companies: Mixing Qualitative and Quantitative Methods

Vesna Sedoglavich, Australian National University

Michele Akoorie, University of Waikato

Kathryn Pavlovich, University of Waikato

The objective of this paper is to show how mixed methods can be used to develop a deeper understanding of the construct, absorptive capacity (AC). We used qualitative data from eight case studies in the agri-technology industry to identify which types of AC knowledge firms have. Then we identified variables for measuring AC. We identified two types of AC; 'technological' AC and 'non-core' AC. Using a Karnaugh Map and Fuzzy Logic Design, we developed a quantitative model to measure overall AC. The model showed which types of knowledge firms need to increase their overall AC. The types of knowledge are an important precursor for the firm in the process of internationalization. Results from using both methods yielded complementary, rather than contradictory

findings. (For more information, please contact: Vesna Sedoglavich, Australian National University, Australia: vesna.sedoglavich@anu.edu.au)

Session: 2.3.7 - Panel

Engage Them and They'll Understand: Existing Projects and Best Practices of Integrating Experiential Learning in International Business Curriculum

Presented On: June 25, 2014 - 13:00-14:15

Chair: Vas Taras, University of North Carolina at Greensboro

Panelists:

Stephan Gerschewski, Hankuk University of Foreign Studies
Adam Johns, Doshisha University
Arunee Lertkornkitja, Stamford International University
Lavanchawee Sujarittanonta, University of Calgary
Maria Alejandra Gonzalez-Perez, Universidad EAFIT
Grishma Shah, Manhattan College
John Cragin, Vertical Learning Curve
José de la Torre, Florida International University
Karen Imam, Binus University International
Gordana Pesakovic, Argosy University
Miroslaw Jarosinski, Warsaw School of Economics
Michel Librowicz, Université du Québec à Montréal
Nick Robinson, North Island College
Norhayati Zakharia, Universiti Utara Malaysia

Experiential learning is a "hot" topic in International Business and Cross-Cultural Management Education (IB-CCM), but the use of this approach is limited due to a lack of information and understanding on what tools are available and how to incorporate them in the curriculum. The proposed panel will bring together 10 (teams of) academics who have developed and successfully used various experiential learning projects in IC-CCM education programs. The goals of the panel are to share information about the existing EL projects, share experiences, discuss challenges and best practices of using EL to improve IB-CCM education, provide a networking opportunity for academics interested in the EL approach, discuss how this panel/group can contribute to further discussion on the role of EL in IB-CCM education, possibly through special issues on EL in academic journals, targeted conferences and seminars, more and better research on the issue. (For more information, please contact: Vas Taras, University of North Carolina at Greensboro, USA: v_taras@uncg.edu)

Session: 2.3.8 - Competitive

Track: Track: 8 - Global Strategy, M&As and Competitiveness

What is the Effect of Distance on FDI Performance?

Presented On: June 25, 2014 - 13:00-14:15

Chair: Jennifer Oetzel, American University

Does Distance to Subsidiaries affect Headquarters Value Added?

Phillip C. Nell, WU Wien & Copenhagen Business School

Sjoerd Beugelsdijk, University of Groningen

Bjoern Ambos, University of St. Gallen

How does distance between MNC headquarters and their subsidiaries affect the value added generated by headquarters? Integrating theories on spatial transaction costs with the headquarter view of the MNC, we link two types of distances, geographic distance and contextual distance, with headquarters value added. We test our hypotheses on an original dataset of 124 manufacturing subsidiaries in Europe. We find that the relation between distance and headquarters value added is conditional on the degree of subsidiaries' external embeddedness. We find no direct effect of distance. The value added of headquarters is highest for subsidiaries that are not externally embedded in the host country and that operate at a large distance. It is lowest for locally responsive subsidiaries with high external embeddedness operating at a large distance. We discuss implications for the literature on headquarters-subsidiaries relations and distance research. *(For more information, please contact: Phillip C. Nell, WU Wien & Copenhagen Business School, Denmark: pcn.smg@cbs.dk)*

Linguistic Distance and Bridge Language Proficiency Effects on Equity Ownership in Cross-Border Acquisitions

Ilya Cuyppers, Singapore Management University

Gokhan Ertug, Singapore Management University

We study the effects of language distance and bridge language proficiency on the level of equity taken by acquirers from 67 countries in 59,092 acquisition targets in 69 host countries. We theorize and find that both language distance and bridge language proficiency affect the level of equity an acquirer takes in a target. In addition to its direct effect, language distance also moderates the effect of bridge language on the level of equity taken. Our results clearly demonstrate that governance research and international business studies can benefit from incorporating language into their explanatory models. *(For more information, please contact: Ilya Cuyppers, Singapore Management University, Singapore: ilyacuyppers@smu.edu.sg)*

Location Choices of FDI and Multinational Performance: First Evidence from Matched Firms

Nigel Driffield, Aston University

Yong Yang, University of Sussex

We seek to extend the literature on FDI and firm performance. Despite theoretical and conceptual analysis, the literature on estimating the role of location choices of FDI on multinational performance has generally disregarded some form of reverse causality. Drawing on firm-level data covering over 16,000 multinational firms from 46 countries in the period 1997-2007, we employ a matching process and find that, although the majority of foreign investment occurs in developed countries, firms are more profitable once they invest more in developing countries. We further seek to extend the literature by comparing different matching approaches, and present a test for any biases in these. *(For more information, please contact: Yong Yang, University of Sussex, United Kingdom: yong.yang@sussex.ac.uk)*

Session: 2.3.9 - Competitive

Track: Track: 6 - Innovation and Knowledge Management

Knowledge, Culture and Innovation

Presented On: June 25, 2014 - 13:00-14:15

Chair: Mary-Yoko Brannen, University of Victoria

Language and Reverse Knowledge Transfer in Multinational Corporations: Interactive Effects of Communication Media Richness and Headquarters Commitment

Vesa Matti Peltokorpi, Japan Advanced Institute of Science and Technology

Although language provides the ability for employees to transfer knowledge in multinational corporations (MNCs), it has received little attention in international business (IB) research. By applying media richness theory and ability-motivation frameworks, this paper links host country national (HCN) employee corporate language proficiency to MNC reverse knowledge transfer. In addition to its direct effect, media richness theory is drawn on to hypothesize that the linkage between HCN corporate language proficiency and reverse knowledge transfer is mediated by communication media richness. Because HCN employees also need to be motivated to transfer knowledge, ability-motivation frameworks are drawn on to hypothesize that HCN employee headquarters commitment moderates the linkage between media richness and reverse knowledge transfer. Data derived at two points in time from 661 functional departments in MNC foreign subsidiaries provide support for the direct and interactive effects. *(For more information, please contact: Vesa Matti Peltokorpi, Japan Advanced Institute of Science and Technology, Japan: vesap@jaist.ac.jp)*

Bridging the Consultant-Client Relationship and Knowledge Sharing in the MENA Region: A Cultural Embeddedness Perspective

Di Fan, Deakin University

Zinab Hassan, Deakin University

This study explores the challenges facing management consulting industry in the Middle East and North Africa (MENA) region, focusing on identifying these challenges by examining the consultant client relationship and knowledge sharing. Additionally, the Nexus between consultant-client relationship and knowledge sharing within the Arab culture context has been explored. A qualitative multiple case study approach was adopted, drawing on interviews with twenty consultants from eight management consulting firms, across seven countries in the MENA region. This study has practical implications to assist consultants in the region to overcome such challenges. In addition, the study argues the importance of developing an understanding of embedded culture on the consultant-client relationship and knowledge sharing. *(For more information, please contact: Di Fan, Deakin University, Australia: david.fan@deakin.edu.au)*

Cultural Distance in International Alliances: New Product Development Performance through Joint Sensemaking and Knowledge Combination

Robin Nico Pesch, University of Bayreuth

Ricarada B. Bouncken, University of Bayreuth

Rainer Harms, University of Twente

This paper researches how cultural distance influences new product development performance of international alliances. Contrasting several other studies, we find that cultural distance does not necessarily inhibit new product performance in terms of innovativeness and speed to market. We provide two mechanisms (1) joint sensemaking and (2) the combination of knowledge among the firms in the international alliances that improve new product performance. The underlying logic is that cultural distance of firms in the alliance goes hand in hand with different mental sets, diverse behavior, and communication processes that can trigger joint

sensemaking. Joint sensemaking is an antecedent for the realization and processing of heterogeneous knowledge across firms which improves the combination of firms' knowledge that triggers product innovativeness and speed to market (*For more information, please contact: Robin Nico Pesch, University of Bayreuth, Germany: robin.pesch@uni-bayreuth.de*)

Societal Temporal Orientation and Innovation: Evidence from Hofstede and GLOBE
Tais Siqueira Barreto, Florida Atlantic University

Studies about culture and innovation have investigated the relationship between the first four of Hofstede's cultural dimensions, individualism, uncertainty avoidance, power distance, and masculinity, and rate of innovation. Recently, however, Hofstede has added a new dimension of Long Term Orientation as a result of a survey of Confucian values. Related dimensions are also present in the GLOBE project. This study investigates the relationship between temporal orientations in a society and innovation. The results show that some measures are better predictors of innovation than are others, including non-obvious measures from the GLOBE project. (*For more information, please contact: Tais Siqueira Barreto, Florida Atlantic University, USA: tsiqueir@fau.edu*)

Session: 2.3.10 - Competitive

Track: Track: 1 - People and Careers in Cross-Cultural Business

Global Leadership: A New Taxonomy and the Role of Attributional Complexity and Transformational Leadership

Presented On: June 25, 2014 - 13:00-14:15

Chair: Jean Lee, China Europe International Business School

Towards a Taxonomy of the Global Leadership Construct

B. Sebastian Reiche, IESE

Allan W. Bird, Northeastern University

Mark E. Mendenhall, University of Tennessee

Joyce Osland, San Jose State University

To date the global leadership literature has devoted relatively little attention to elemental questions about the concept itself. As a result, global leadership as a construct has remained vague and conceptually underdeveloped. We contend that the field needs a deeper understanding of the conceptual building blocks of global leadership and a shared classification system to compare global leader conceptualizations, samples, contexts and activities. Based on extant definitions of global leadership and relevant research, we develop a taxonomy of global leadership. The taxonomy distinguishes among the significant and variable contextual (complexity) and relationship (flow) demands faced by global leaders. Furthermore, the article identifies six facets that underlie these dimensions and suggests methods for operationalizing them. We conclude by delineating how the taxonomy enhances the potential for global leadership scholars to refine their theoretical propositions, match their operationalizations to their constructs, guide their sampling strategies, as well as integrate their research findings and extend those findings more broadly. (*For more information, please contact: B. Sebastian Reiche, IESE, Spain: sreiche@iese.edu*)

Attributional Complexity and Leadership: Test of a process Model in France and India

C. Lakshman, Tongji University
Christophe Estay, KEDGE Business School Bordeaux

Although recent research has noted the importance of Attributional Complexity (AC) of managers in cross-cultural contexts, empirical tests of the relationship between AC of managers and the degree to which they make isomorphic attributions are absent. The ability to make isomorphic attributions has long been considered critical in cross-national contexts. This paper provides an empirical test of a functional attributional model of leadership with data from manager-subordinate dyads in France and India. Drawing from cognitive complexity theory, we identify attributional complexity (AC) of managers as the fundamental component of the model developed, which focuses on key constructs such as leader attributions and their accuracy, leader behaviors that follow attributions, mediating variables such as subordinate satisfaction, and outcome variables such as leadership perceptions. Following confirmatory factor analysis of measures, the process model is tested using hierarchical regressions of both direct effects and mediating effects. The hypotheses are strongly supported. AC of managers is linked to the accuracy of their attributions, as perceived by subordinates. Performance correction strategies of managers were found to be linked to accurate attributions, and subsequently to key outcome variables, with power distance being a critical moderator. Results are discussed, along with limitations and directions for future research. *(For more information, please contact: C. Lakshman, Tongji University, China: lakshman@tongji.edu.cn)*

Leadership Style and Organizational Commitment: A Comparative Study between US and Korean Employees

Youngsam Cho, Korea University
Mannsoo Shin, Korea University
Jangrho Lee, Korea University

This study compared the relationship between leadership style and organizational commitment both for US and Korean employees. Survey results from 181 US and 315 Korean employees showed that the positive relationship between transformational leadership (TFL) and organizational commitment was stronger for US employees than Korean counterparts. In contrast, the positive relationship between transactional leadership (TSL) and organizational commitment was stronger for Korean employees than US counterparts. Further, we tested Bass (1985)'s augmentation effect which argues transformational leadership influences follower outcomes in addition to the effect of transactional leadership. Our results for US sample are consistent with Bass (1985)' augmentation effect. However, the results for Korean sample were partially in accordance with Bass' argumentation effect. Also, House (1996) argued that TSL would serve as a negative moderator for TFL. In contrast, the result of this study showed that TSL had a positive moderating effect on TFL in the Korean sample. In addition, we divided each country sample into four groups based on median value of subordinate perceptions both for transformational and transactional leadership styles for further analysis. While organizational commitment for the high-TFL and low-TSL group was the highest for the US sample, organizational commitment for the high-TFL and high-TSL group was the highest for Korean employees. Based on findings, the paper provides important theoretical and managerial implications on effective leadership style in each country. *(For more information, please contact: Youngsam Cho, Korea University, Korea, South: zegal82@korea.ac.kr)*

The Mechanism of Transformational Leadership on Organizational Commitment: A Comparative Study of the U.S. and German Companies in Korea

Soyeon Kim, Meiji University
Mannsoo Shin, Korea University

In this era of globalization, more Western companies are expanding their operations to the Asian region. The study on the management of foreign companies is important in predicting a success of their business in Asia. The present study investigates the influence and mechanism of transformational leadership on organizational commitment (OC) in the Western companies in Korea. Particularly, we focused on the two types of a

transformational leader's behaviors: the organization-related behaviors (OB) and the person-related behaviors (PB). The survey results from 258 employees of the U.S. and German companies in Korea are involved for the analysis. Findings indicated the substantial difference between the U.S. and the German companies. Both OB and PB had influential effects on OC, but only OB was mediated by psychological empowerment (PE) in the U.S. companies. By contrast, PB was related with OC and was mediated by PE in the German companies. Further, theoretical and managerial implications were suggested. *(For more information, please contact: Soyeon Kim, Meiji University, Japan: s_kim@meiji.ac.jp)*

Session: 2.3.11 - Competitive

Top Management and Corporate Boards

Presented On: June 25, 2014 - 13:00-14:15

Chair: Marc Van Essen, University of South Carolina

Top Management Internationalization and Accounting Quality

Tobias Dauth, HHL Leipzig Graduate School of Management
Paul Pronobis, Free University of Berlin
Stefan Schmid, ESCP Europe

This study provides evidence whether and how top management internationalization affects accounting quality. We explore the relationship between top management internationalization and earnings management, combining upper echelons perspectives, human capital theory and accounting research. Our results show that top management internationalization mitigates the level of earnings management. By decomposing the top management team, our analysis reveals that the decrease in earnings management is mainly attributable to the internationalization of the CEO, and, the CFO. Furthermore, we find the international education and international work experience of CEOs and CFOs, respectively, to be stronger explanatory factors of a reduced earnings management than foreign nationality and international board appointments. *(For more information, please contact: Tobias Dauth, HHL Leipzig Graduate School of Management, Germany: tobias.dauth@hhl.de)*

CEO Duality in IPO Firms in China: the Reconciliation of Agency Theory and Stewardship Theory

Wanrong Hou, University of Texas-Pan American
Sali Li, University of South Carolina
Jianfeng Wu, University of International Business and Economics
Yonggui Wang, University of International Business and Economics

The relationship between CEO duality and IPO performance is investigated in China. By reconciling agency theory and stewardship theory, we argue that the relationship between CEO duality and IPO performance depends on CEO, board and firm. Specifically, we argue that CEO award, CEO age, and board independence amplifies that relationship, while board stock ownership and firm age weaken that relationship. The analysis of IPO firms went public in Chinese stock market for the period from 2000 to 2005 shows that all the hypotheses are supported. Our results indicate that both stewardship theory and agency theory could be applied to explain the influence of CEO duality on IPO performance. *(For more information, please contact: Wanrong Hou, University of Texas-Pan American, USA: houw@utpa.edu)*

Internationalization of Corporate Boards and Change in its Working Language

Trond Randoy, University of Agder
 Rebecca Piekkari, Aalto University
 Lars Oxelheim, University of Lund

The internationalization of corporate boardrooms in non-Anglo-American firms has been shown to have value enhancing effects. Board internationalization provides access to specialized knowledge and skills, broadens social networks and ensures greater transparency of strategic decision-making. The entry of a foreign board member is often coupled with a change in the working language of the board. Despite the increasing internationalization of firms' business operations, boards of corporations from non-English speaking countries typically have few foreign members. We argue that the "costs" associated with changing the board's working language may offer one explanation for this. In doing so, we draw on internationalization theories and research on corporate governance. Based on case studies of nine companies from four Nordic countries, we develop a conceptual model which we label 'the linguistic ladder'. It outlines four steps in the process of changing the board's working language. We find that the need to adopt English as the new working language of the board acted as a barrier to corporate board internationalization and slowed down the board internationalization process. *(For more information, please contact: Trond Randoy, University of Agder, Norway: trond.randoy@uia.no)*

Session: 2.3.12 - Competitive

Track: Track: 12 - The Institutional and Political Environment of IB

Institutional Contexts of Corruption and Business Ethics

Presented On: June 25, 2014 - 13:00-14:15

Chair: Halia Valladares, Mt. Royal University

The Effect of Firm Bribery in Transition Economies on Firm's Market Focus Between Domestic and Foreign Markets

Seung-Hyun Lee, University of Texas at Dallas
 David H. Weng, University of Texas at Dallas
 Jinsil Kim, University of Texas at Dallas

This study examines the interrelationships among home country institutions, bribery, and firm market focus while proposing three arguments. First, we argue that firms may attempt to mitigate the effect of hostile country institutions by bribing. Second, firm bribery affects the choice between domestic versus foreign markets. Whereas bribery in home country reduces firm focus on foreign market, bribery at customs enhances firm focus on foreign market. Finally, these impacts contingent on whether firms are new ventures than established firms. Analyzing a sample of 6,502 firms operating in 29 Central and Eastern Europe countries, we find support for these arguments. *(For more information, please contact: Jinsil Kim, University of Texas at Dallas, USA: jxk132030@utdallas.edu)*

A Transaction Governance Perspective on Business Entertainment

Francis Sun, Brock University
 Shih-Fen S. Chen, Ivey Business School

In this study, we propose a constructive role for business entertainment (namely, entertainment activities in private business settings) to play in governing economic transactions. Our starting point is that all economic transactions are conducted under the guidance of market rules, legal restraints, and social norms. We argue that business entertainment serves to reinforce the power of social norms in sanctioning the behavior of economic actors, particularly in societies where market and legal infrastructures are underdeveloped. Through

this transaction governance view, we compare China, the U.S., and Japan to explain the variations in the pervasiveness of business entertainment across the three societies, each of which marks a unique combination of market, legal, and social sanctions to govern economic transactions. In bridging several critical gaps in the literatures on management, economics and sociology, this paper also offers useful guidelines for policymakers and executives to regulate and manage this prevalent business practice. *(For more information, please contact: Shih-Fen S. Chen, Ivey Business School, Canada: sfchen@ivey.uwo.ca)*

The Impact of Corruption and Institutional Restrictiveness on Entry Strategy: Evidence from Telecommunication Projects in Developing Countries

Arash Amirkhany, McGill University

Pouya Seifzadeh, Indiana University-Purdue University Columbus

Drawing on the institutional theory and the literature on corruption we investigate the effects of host country corruption and formal and informal institutional restrictiveness on the entry strategies of foreign multinational enterprises (MNEs). Using data on over 400 telecommunication projects in developing markets between 2005 and 2011 we find that both formal and informal restrictiveness encourage the MNE to enter using a joint venture with a local partner rather than a wholly owned subsidiary. However, informal restrictiveness is a stronger force than the formal restrictiveness. Most importantly we find a three-way interaction among host country corruption and formal and informal restrictiveness. We show that corruption pervasiveness reduces the likelihood that the MNE chooses a local partner rather than a wholly owned subsidiary, when encountered with restrictive formal institutions. However, we show that this effect is stronger at lower levels than higher levels of informal restrictiveness. This finding is particularly important since it explains the inconsistencies in the extant literature on the effect of host country corruption on the foreign MNE's entry strategy. *(For more information, please contact: Arash Amirkhany, McGill University, Canada: arash.amirkhany@mail.mcgill.ca)*

Examining the Institutional Context of Organizational Corruption Controls: The Case of FIFA

William Ray Heaston, Drake University

Matthew Coy Mitchell, Drake University

In this paper, we seek to build upon the descriptive approaches of other scholars by undertaking a conceptual analysis of corruption control within FIFA. Utilizing a preexisting typology of organizational corruption control, we identify, categorize, and evaluate the various mechanisms employed by intra-organizational and extra-organizational actors to mitigate corruption within FIFA. We then utilize institutional theory to propose a theoretical framework in which corruption control types are more completely examined within their broader institutional and organizational contexts. Using this conceptual model, we derive propositions that describe the relationship between organizational corruption, corruption controls and institutional norms to achieve a more theoretically-driven treatment of corruption mitigation within FIFA specifically and other international organizations in general. *(For more information, please contact: Matthew Coy Mitchell, Drake University, USA: matthew.mitchell@drake.edu)*

Session: 2.3.13 - Interactive

Track: Track: 1 - People and Careers in Cross-Cultural Business

Identity, and Cultural Intelligence: Conceptualization and Development

Presented On: June 25, 2014 - 13:00-14:15

Chair: Yuan Liao, University of New South Wales

Individuals with Multi-Institutional Profiles: Construct Development, Operationalization, and Suggested Applications

Qin Han, University of Alberta

Jennifer Jennings, University of Alberta

This conceptual paper has three overarching objectives. The first is to propose a new construct for cross-cultural research, which we refer to as an individual's multi-institutional profile (MIP). Defining this construct as personal characteristics indicative of exposure to and at least partial internalization of transcultural values and norms that are likely to shape an individual's cognitions, decisions and behaviors, we suggest that individuals with an MIP represent a hitherto overlooked set of agents who contribute to intra-cultural differences and processes of cultural change. Our second objective is to offer suggestions for operationalizing the MIP construct. We do this by delineating illustrative demographic measures and then providing examples of how these separate indicators can be combined to form an aggregate measure reflecting the strength of an individual's MIP. Our third objective is to discuss how the separate and/or aggregate measures of the MIP construct can be examined empirically within a wide range of academic fields—including international business, entrepreneurship/family business, and organizational behavior. *(For more information, please contact: Qin Han, University of Alberta, Canada: qhan1@ualberta.ca)*

Acculturation, Identity and Self-Initiated Expatriation: Theoretical Implications

Marian Crowley-Henry, National University of Ireland Maynooth

Noeleen Doherty, Cranfield University

This paper abductively explores acculturation in practice for a specific category of internationally mobile individuals, and how, during this process, their identification is impacted. Adopting a dialectical approach, we move both inductively from narratives presented by a sample of self-initiated expatriates (SIEs) and deductively from what is known in management and organization studies about international acculturation. We use this reflexive approach to unpack identity defining experiences and analyse the impact of international mobility on individual acculturation and identity construction in a new cultural setting. We make three significant contributions to literature about acculturation and identity. First, the enacted acculturation process is iterative and context-dependant rather than linear and context-free. Second, there is a dialectical relationship between acculturation and identification. Third, SIEs develop a hybrid acculturative identity that encompasses both home and host country affinities. This hybrid identity allows SIEs to manage their relations with others in an international context. *(For more information, please contact: Marian Crowley-Henry, National University of Ireland Maynooth, Ireland: marian.crowleyhenry@nuim.ie)*

Developing the Global Managers of the Future: Exploring the Merits of CQ Education in Business Schools.

Jase Ramsey, University of Alabama

Melanie Lorenz, University of Alabama

Livia Barakat, Fundacao dom Cabral

Increasing globalization, workforce mobility, and international assignments are creating demand for culturally adept employees. Yet educators are experiencing difficulty motivating future employees to learn these intercultural competences. Cultural intelligence (CQ) training in the classroom may be one possible solution. We

surveyed 81 MBA students taking an international business (IB) course (treatment group) and 64 entrepreneurship students not taking an IB course (control group) to see if CQ affects students' satisfaction with their IB course and commitment to the study of IB. We also examined whether CQ can be taught in the classroom and how learning about CQ affects potential outcome variables. Results revealed that the CQ-level of students taking an IB course was positively related to their commitment to and satisfaction with the study of IB. Furthermore, findings suggest that the treatment group increased their level of CQ over the period of the course, whereas no significant change was established for the control group. *(For more information, please contact: Jase Ramsey, University of Alabama, USA: jase@cba.ua.edu)*

On Becoming Marginal and Cosmopolitan: A Grounded Theory Study on Expatriate Cultural Identity
Ling Eleanor Zhang, Hanken School of Economics

Today's world is becoming increasingly diverse and mobile and the world's workforce pattern is changing rapidly. Although there is a growing number of expatriate possessing more than one cultural profile, there is very little known about how monocultural expatriates become bicultural or multicultural. The nascent literature on biculturals has not paid attention to the cultural schema and identity formation of biculturals, especially among those individuals who are not born in bicultural families but have internalized a new cultural schema as an adult. Drawing upon a grounded theory study involving 54 in-depth interviews and observations with expatriates and their close host country colleagues in 16 organizations, this study proposes a taxonomy of expatriate cultural identity consisting of monocultural, born bicultural, marginal bicultural, cosmopolitan and transitional. In particular, the antecedents and characteristics of marginals and cosmopolitans are compared and a dynamic model of expatriates' cultural identity is proposed. Practical implications for the selection and training of global leaders across cultural boundaries are also discussed. *(For more information, please contact: Ling Eleanor Zhang, Hanken School of Economics, Finland: ling.zhang@hanken.fi)*

Betwixt and Between: Organizational Identification of Local Managers at MNE Overseas Subsidiaries
Khan-Pyo Lee, Sogang University
Jun-Young Bae, Pukyong National University
Jang-Ho Choi, Sogang University
Bongsoon Cho, Sogang University

Building on the literature on social psychology and cross-cultural psychology, this study suggests perceived national deprivation and cultural identity crises, which includes cultural identity conflict and cultural identity confusion, as important sources of the psychological tensions that local managers working at foreign-owned firms often experience. As a result of such tensions, we hypothesize that local managers of MNE subsidiaries identify less strongly with their organizations than do managers working at domestic firms. In addition, this study identifies number of important determinants of local managers' organizational identification at the levels of country, organization, and individual. We test our hypotheses on the sample of 538 Korean managers working at 14 domestic firms and 51 subsidiaries of MNEs from 21 countries. *(For more information, please contact: Khan-Pyo Lee, Sogang University, Korea, South: khanplee@sogang.ac.kr)*

The Quest for Global Entrepreneurs? – Cultural Intelligence and its Importance to Entrepreneurship
Marilyn M. Helms, Dalton State College
Raina M. Rutti, Dalton State College
Melanie Lorenz, University of Alabama
Jase Ramsey, University of Alabama
Craig E. Armstrong, University of Alabama

This article extends the management construct of cultural intelligence (CQ) to an entrepreneurial context, up to now overlooked in the literature. Using a sample of entrepreneurship students we investigated the relationships of international experience, CQ and commitment to entrepreneurial education. Our findings suggest that

international experience is positively related to CQ (H1) and CQ is positively related to commitment to entrepreneurial education (H2). Additionally CQ mediates the relationship between international experience and commitment (H3). The research is significant because it demonstrates how CQ can be used to examine parts of the entrepreneurial context such as the evaluation of entrepreneurial opportunities. The paper ends with discussion and areas for future research, particularly focusing on further operationalizing and testing the proposed relationships on current entrepreneurs as well as larger samples of students, would-be entrepreneurs. With new ventures often assuming an immediate global presence with technology implications for training entrepreneurs and educating entrepreneurship students must consider increasing CQ through study and travel/living abroad. *(For more information, please contact: Raina M. Rutti, Dalton State College, USA: rrrutti@daltonstate.edu)*

Why Has the Chinese Leadership Style Prevailed over Millenia? Towards an Evolutionary Theory of Global Leadership

Antony John Drew, University of Newcastle
Hans Jansson, Linneus University

Despite the foundations laid by Barlett and Ghoshal in the 1980's on how to organize the Multinational Enterprise and manage in a world of increasing globalization, there are increasing calls for more work to be done in this area, particularly in terms of how to manage people in cross-cultural contexts in order to gain a competitive advantage. Increasingly scholars are calling for more context-specific research drawing on indigenous thought when developing new theories on management practices. Given the importance of mainland and overseas Chinese organizations in today's globalising economy, we examine one particularly important management function – leadership. To explain why a traditional leadership style is still prevalent in Chinese firms today, we adopt a constructionist abductive methodology using triangulation and pattern-matching, to develop a theoretical framework integrating cultural, institutional and evolutionary theories. We find that the continuation of a traditional leadership style is due to specific mindsets embedded in Chinese meta-traditions that have been replicated for over 2000 years in a self-reinforcing manner. We conclude with a discussion of the implications for global leaders managing employees in Chinese firms and for corporate leaders trying to respond to competitive threats from rapidly internationalizing Chinese firms. *(For more information, please contact: Antony John Drew, University of Newcastle, Australia: antony.drew@newcastle.edu.au)*

Session: 2.3.14 - Interactive

Track: Track: 3 - Organization, Management and Human Resources of the MNE

Critical Reflections on Parent-Subsidiary Linkages

Presented On: June 25, 2014 - 13:00-14:15

Chair: Birgitte Groggaard, University of Calgary

Why the Importance of the (Cultural) Distance Concept in International Business Is Not Justified: A Literature Analysis

Anne-Wil Harzing, ESCP Europe
Markus Pudelko, Tuebingen University

In this paper we challenge the explanatory power of one of the primary concepts in International Business (IB): the concept of distance. Although in our study we focus on cultural distance and its alleged ability to explain entry mode choice, we hold that our conclusions are equally valid for other distance concepts (such as institutional distance) and further beyond entry mode choice (such as headquarters-subsidiary relations). This paper is part of a project which is based on two pillars: an analysis of 91 prior studies which employed the concept of cultural distance in the context of entry mode choice, and a large scale empirical investigation in over 800 subsidiaries of MNCs. In this paper we report the findings of our literature analysis. Our findings

suggest that the explanatory power of the distance concept is highly limited once home and host country effects are accounted for. Based on our results, we propose that entry mode studies in particular and IB research in general should reconsider its fixation with distance measures and, instead, focus their attention on context, particularly home and host country. *(For more information, please contact: Markus Pudelko, Tuebingen University, Germany: markus.pudelko@uni-tuebingen.de)*

Parent-Subsidiary Linkage: How Resource Commitment and Resource Similarity Influence Firm Performance

Chung-Jen Chen, National Taiwan University

Andy Ruey-Shan Guo, National Taiwan University

Shan-Huei Wang, National Taiwan University

Ya-Hui Lin, Research Institute for the Humanities and Social Sciences, National Science Council

The parent-subsidiary links are critical for the success of a firm's internationalization. However, the relationship between the parent-subsidiary links and firm performance has not been examined in detail. This study examines how the parent-subsidiary links in terms of resource commitment and resource similarity have impacts on firm performance. By using the data from 199 firms in Taiwan, the results of this study show that resource commitment has an inverted U-shaped relationship with firm performance, whereas the relationship between resource similarity and firm performance is a U-shaped. Moreover, this study also finds that organizational resource and parent involvement moderate the relationship between the parent-subsidiary links and firm performance. This study provides important theoretical and managerial implications for international business management. *(For more information, please contact: Ya-Hui Lin, Research Institute for the Humanities and Social Sciences, National Science Council, Taiwan: d97741004@ntu.edu.tw)*

How Foreign is Foreign? The Local Embeddedness of Foreign Listed Companies

Robert Lindorfer, WU Vienna

Anna Andres, WU Vienna

Today capital markets and companies around the world are exposed to a growing trend of internationalization. In line with this trend new opportunities for companies arise to list their shares on a foreign stock exchange. This study contributes to a better understanding of the characteristics and strategies of foreign listed firms by focusing on their degree of embeddedness. More specifically, it is explored how foreignness, defined as the country of incorporation, and local embeddedness of listed companies are interlinked, a field that has not been sufficiently addressed yet (Peng und Su, 2013). Since embeddedness is measured on the basis of three indicators of local operational activity, (i.e. sales, employees and subsidiaries) this study addresses internationalization strategies and the importance of market access in the context of foreign listings. Using foreign and domestic firms that are listed on the Frankfurt Stock Exchange, empirical evidence shows that foreign listed firms are more embedded in Germany. Hence, we challenge the assumption of "foreignness" and, therefore, the operationalization of foreignness in existing empirical literature on capital markets, at least in times of increased global competition and market integration. *(For more information, please contact: Robert Lindorfer, WU Vienna, Austria: robert.lindorfer@wu.ac.at)*

In Defense of Heterarchy: Applying the Hypermodern Structure in U.S. Military and Multinational Corporations

Tanya Andrea Peacock, University of Hawaii at Manoa

Kiyohiko Ito, University of Hawaii at Manoa

Multinational corporations (MNCs) have had difficulty implementing the heterarchical organizational form defined by Hedlund (1986, 1993). Unlike hierarchical organizations, heterarchical organizations possess the following attributes: (1) a multidimensional structure with respect to knowledge, action, and position of authority, (2) asymmetric ordering of the dimensions, (3) temporary subordination and simultaneous sub- and superordination, (4) nontransitivity and circularity, (5) horizontality, and (6) normative, goal-oriented direction. Although unadulterated heterarchy is not an achievable state, examples from the U.S. military demonstrate how

heterarchical principles may be applied in practice. This paper contributes to the extant literature by demonstrating that the heterarchical principles employed by the U.S. military are applicable within MNCs. We posit that a heterarchical structure permits the intentional creation of organized chaos, which in turn allows an MNC to deal with a complex environment that sometimes demands conflicting solutions. We also suggest that although it is hard to find heterarchy in MNCs, the U.S. military fluidly uses aspects of heterarchy within a highly disciplined, hierarchically structured framework. *(For more information, please contact: Tanya Andrea Peacock, University of Hawaii at Manoa, USA: peacock4@hawaii.edu)*

Ambidexterity in the MNC: Balancing Opportunities and Demands in Multiple Contexts

Mikael Eriksson, Uppsala University
Henrik Dellestrand, Uppsala University
Rian Drogendijk, Uppsala University
Ulf Holm, Uppsala University

This paper investigates the nature of ambidexterity in connection to the internationalization process of the multinational corporation. Ambidexterity is often understood as a matter of strategic choice for headquarters. However, this focus on headquarters does not take into account that in the multinational corporation other units may face multiple demands and opportunities that they need to balance. The paper illuminates how a multinational corporation can balance and reconcile internal demands and conflicting contextual pressures in its attempt by an in-depth phenomena-driven longitudinal study of Atlas Copco, a Swedish multinational corporation operating in the mining industry, and its attempt to enter into a new market in China. The case shows how ambidextrous behavior in headquarters is influenced by outer contexts in the business network. As a corollary, this study provides insights into the internationalization process in terms of it being a continuous process that influence the entire organization. Furthermore, the study unravels the question whether ambidexterity in internationalization should be seen as a headquarters issue, or if the act of balancing multiple pressures can involve actors at all levels in the organization. *(For more information, please contact: Mikael Eriksson, Uppsala University, Sweden: mikael.eriksson@fek.uu.se)*

Complexity and Structure in MNCs – An NK-Application

Sokol Celo, Suffolk University
I. Kim Wang, Suffolk University
James Nebus, Suffolk University

We introduce simulation models to the IB research and more specifically use the NK-model in the context of MNCs. We use the model to explore the effects of MNC internal complexity and structure on performance. The results of our simulations show that that the relationship between internal complexity and performance is an inverted U regardless of the type of structure. We also model three types of structures: hierarchy, matrix, and regional and compare their performances for different levels of internal complexity. At high levels of complexity, the hierarchy is inferior to both matrix and regional structures. However, it becomes more advantageous when complexity is lower. The regional and matrix structures lead to better performance when complexity is high. *(For more information, please contact: Sokol Celo, Suffolk University, USA: scelo@suffolk.edu)*

Subsidiary HR Autonomy and Subsidiary Performance

Mila B. Lazarova, Simon Fraser University
Hilla Peretz, ORT Braude College
Yitzhak Fried, Syracuse University

In the present study we provide evidence, based on a large and diverse data set from MNCs operating in a wide variety of societies from North America, Europe, Asia, and the Middle East, regarding: (a) the relationship between subsidiary HR autonomy and organizational outcomes, and (b) the moderating effect of cultural distance and institutional distance between the subsidiary and the headquarters. We find that subsidiary HR

autonomy is associated with improved subsidiary performance and the relationship is mediated by employee absenteeism. In contrast to what we hypothesize, we find that these relationships are stronger in cases where cultural distance between home and host countries is low. *(For more information, please contact: Mila B. Lazarova, Simon Fraser University, Canada: mbl@sfu.ca)*

Session: 2.3.15 - Interactive

Track: Track: 8 - Global Strategy, M&As and Competitiveness

Mergers and Acquisitions

Presented On: June 25, 2014 - 13:00-14:15

Chair: Jiatao Li, Hong Kong University of Science and Technology

Are Better Firms Acquired by MNEs Rather Than Domestic Firms in China?
Aizhen Chen, Xiamen University

This paper analyzes the determinants of domestic and cross-border M&As in China over the period 2000-2010. Our results show that foreign acquirers tend to acquire firms in eastern coastal areas, non-SOEs and firms with high leverage, while domestic acquirers acquire much larger, older firms and more listed firms and prefer to acquire low profitable firms. Our findings suggest that domestic M&As are partly motivated by the desire to improve poorly performing firms and expand firm size, and cross-border M&As are partly motivated by the desire to rapidly entry into Chinese eastern coastal market. It is inconsistent with what is commonly worried about: better firms are acquired by foreign acquirers. *(For more information, please contact: Aizhen Chen, Xiamen University, China: azchen@xmu.edu.cn)*

Familiarity and Cultural Effects in International Mergers and Acquisitions
Paul Jonathan Komiak, Memorial University

We provide evidence of home bias in the foreign direct investment decisions of acquiring firms in merger and acquisition activities (M&A). A comparison of the relative premiums paid for domestic acquisitions, acquisitions of foreign firms that have wholly-owned subsidiaries or operations in the acquirer's home market, and acquisitions of foreign firm's without a presence in the acquirer's home market provides evidence of home bias in merger and acquisition activities. This paper follows on to propose that the intangible of national culture is a determinant of the premium paid in international acquisition transactions. Using the same sample, and both the Hofstede and GLOBE project cultural dimensions, this paper examines the roles that acquirer national culture play in the willingness of acquiring firms to pay acquisition premiums. My results indicate that national culture impacts the control premiums offered in acquisition transactions. *(For more information, please contact: Paul Jonathan Komiak, Memorial University, Canada: pkomiak@mun.ca)*

Political Environment and Cross-border Acquisitions
Ben Kedia, University of Memphis
Rama Krishna Reddy, University of Memphis

Although Multinational enterprises (MNEs') function across several domestic jurisdictions, little attention has been paid to political relationships between countries in international business (IB) research. Despite the understanding that international politics and economics are interrelated, the current state of research ignores ideological differences, interstate security relations, political alignment and relative power of nations in predicting MNE cross border investments. Moreover, most IB research reflects an implicit assumption that all cross-border investments receive symmetric response from host countries, irrespective of bilateral relationships with the source country of investment. We measure likelihood of M &A completion and acquisition premiums in

1731 cross border merger & acquisitions across 33 countries between 1993 and 2012. Using General Assembly voting patterns in the United Nations as a proxy for political alignment in the post-Soviet era, we find that both political alignment and relative power between nations does matter, and play important roles in altering the outcomes of investments. These findings establish the critical role that history and national context play in forming the global economy. *(For more information, please contact: Rama Krishna Reddy, University of Memphis, USA: rreddy1@memphis.edu)*

The Market's Response to Environmental Performance Distance between Acquirer and Target Country in the Cross-Border Acquisition: Moderating Role of Acquirer's Environmental Reputation
Gunae Choi, Rutgers University

Drawing on reputation theory and CSR literature, we examine how the market responds to environmental performance distance (environmental performance difference between acquirer and the target country) and also investigate the moderating role of acquirer's prior environmental reputation in the context of cross-border M&A. Using the sample (N=1,836) of completed cross-border acquisitions conducted by US firms during the years 1995 through 2010, the Environmental Performance Index, and the KLD index, we find evidence for the importance of considering both environmental performance distance and acquirer's environmental reputation in the context of cross-border M&As. We find that the market responds to acquirers more negatively as the distance increases and the negative effect is more profound for the acquirers with prior negative environmental reputation. The market may predict that acquirers that enter a country with relatively low environmental standards damage their environmental reputation by adopting the low environmental standards of target country and acquirers with prior negative environmental reputation are more likely to enjoy environmentally irresponsible practices in the country. Our findings extend the cross-border M&A literature by revealing another important institutional factor – environmental performance distance that affects the acquirers' value – and also enhance reputation theory in the field of CSR literature. *(For more information, please contact: Gunae Choi, Rutgers University, USA: gunae@pegasus.rutgers.edu)*

Financial Development, Information Asymmetry, and the Alignment between Short-Term Stock Market Reaction and Long-Term M&A Performance: Evidence from Hong Kong and Mainland China
Yuping Zeng, Southern Illinois University Edwardsville
Meijui Sun, Ming Chuan University

This study examines the alignment between stock market's reaction to M&A deals and the long-term M&A performance. Drawing on the stock market efficiency theory and the literature related to stock market realities that violate the theory, we argue that the stock market would be less likely to accurately estimate the long-term impact of M&A deals when the financial development of the acquirer's home market is low. Following research related to information asymmetry, we expect that a low alignment between the short-term market reaction and long-term M&A performance when information asymmetry is high (i.e. when the target is private, in a high-tech industry, or cross-border). Finally, following the information-processing load perspective and the learning perspective, we propose competing hypotheses regarding the interaction effect between information asymmetry and financial development. We test our hypotheses using a sample of M&A deals made by firms publicly traded in Hong Kong and Mainland China. Our results indicate an insignificant moderating effect of the financial development of the acquirer's home market, but significant moderating effects of two proxies for information asymmetry, namely private and high-tech targets. *(For more information, please contact: Yuping Zeng, Southern Illinois University Edwardsville, USA: yzeng@siue.edu)*

Board Capital and Cross-Border M&A Performance—The Moderating Role of Internal Social Ties

W.G. Douglas Fernandez, Florida International University

Sumit K. Kundu, Florida International University

We explore how board capital influences firms' cross-border M&A performance. We argue that international board capital depth (specific, deep experience with the target market) is an important resource in the pre-deal "target selection" phase, and thus contributes greatly to value capture (i.e. short-term returns). On the other hand, international board capital breadth (broad experience across many countries) provides directors with a "global mindset" which enables them to serve as an important resource during the complex post-acquisition integration phase, and will therefore contribute to value creation (i.e. long-term accounting performance). Further, taking insights from social-psychological research on boards, we argue that internal social ties moderate the aforementioned relationships, as social ties should increase the likelihood that directors with relevant capital share information and should also increase the receptivity of the board to these suggestions. Using data on cross-border M&As completed by S&P 500 firms from 2004-2009, we find support for all of these predictions. Our findings suggest that while relevant expertise is crucial, it is also important to consider boards' team dynamics in order to fully understand the ability and propensity of boards to provide strategic resources to firms. *(For more information, please contact: W.G. Douglas Fernandez, Florida International University, USA: wdoug002@fiu.edu)*

Speed of Institutional Change and Cross-Border Acquisition Performance

Yinuo Tang, University of Pittsburgh

Ravi Madhavan, University of Pittsburgh

Firms from emerging markets increasingly use cross-border acquisitions as vehicles for international expansion. We examine how institutional distance and institutional transition speed impact value creation from such moves. Bridging heterogeneous institutional contexts through cross-border acquisitions provides acquirers with valuable opportunities to upgrade their capabilities, which includes the capacity to adjust strategies for different strategy contexts. Rapid changes in institutional environments will increase the value of institutional bridging by further strengthening firm capability to sense and seize opportunities for institutional synthesis. Analyzing 892 international acquisitions by BRIC-based firms between 2001 and 2011, we found that institutional distance positively influences value created through acquisition. In addition, institutional transition speed positively moderates the relationship between institutional distance and value created. *(For more information, please contact: Yinuo Tang, University of Pittsburgh, USA: yit14@pitt.edu)*

Session: 2.3.16 - Interactive**Track: Track: 12 - The Institutional and Political Environment of IB*****Social Institutions in Home and Host Countries*****Presented On:** June 25, 2014 - 13:00-14:15

Chair: Bindu Arya, University of Missouri-St. Louis

Internal and External Consequences of Direct and Distance Effects of Institutions for MNCs and the Role of Social Capital

Daniel Rottig, Florida Gulf Coast University

According to institutional theory, multinational corporations (MNCs) face differences in formal and informal institutions in local markets, which impede MNCs to successfully expand to and operate in these markets. Yet, institutional accounts of MNCs rarely address how these firms may mitigate, or even overcome the internal and external consequences of such differences. Social capital theory emphasizes the importance of internal and external organizational networks ties and social relationships to gain access to crucial resources and to facilitate

organizational actions in diverse social environments, and so constitutes a promising theoretical lens through which to analyze MNCs operating in institutionally different markets. Based on a critical review of these two theoretical accounts of MNCs, this paper aims to integrate institutional and social capital theory in order to gain a better and more encompassing understanding about the internal and external consequences of direct and distance effects of institutions for MNCs, and the role of social capital to effectively manage these consequences. To that end, this paper develops an integrative framework regarding the roles of institutions and social capital by examining their combined internal and external consequences and subsequent performance effects in the context of the multinational corporation. *(For more information, please contact: Daniel Rottig, Florida Gulf Coast University, USA: drottig@fgcu.edu)*

The Impact of Home and Host Country Institutional Context on Subsidiary Performance

Chinmay Pattnaik, University of Sydney
SoonKyo Choe, Yonsei University

This study examines the impact of market supporting institutions (institutional quality) in host country and the similarities and differences of institutional quality between the home and host country (institutional distance) on subsidiary performance. Based on the conceptualization of new institutional economics, we divide quality of host country institutions into factor markets; product, capital, labor market and sociopolitical dimensions. The empirical analysis based on 1129 observations including 318 subsidiaries of 146 Korean listed manufacturing firms operating in 28 host countries between 2001-2006 shows that institutional distance explains a significant variance in the subsidiary performance. In particular, the difference in quality of institutions in product, capital and labor market has negative impact on subsidiary performance. However, except for quality of regulation in labor market, host country institutional qualities do not significantly explain the variation in subsidiary performance. Our evidence suggests that host country institutions matter substantially when considered with their relative similarity and difference with home country institutions. *(For more information, please contact: Chinmay Pattnaik, University of Sydney, Australia: chinmay.pattnaik@sydney.edu.au)*

Bribery and Firm Performance in Different Institutional Environments

Canan Canbulat Mutlu, University of Texas at Dallas

How does bribery affect firm performance? Is this effect uniform across different institutional set-ups? We utilize a firm-level dataset of 27 transition economies to examine the effect of bribery on firm performance. We find that although bribery helps firm performance by acting like grease in relatively underdeveloped institutional environments, this positive effect of bribery on firm performance decreases for firms operating within more advanced institutional contexts. *(For more information, please contact: Canan Canbulat Mutlu, University of Texas at Dallas, USA: cxm101020@utdallas.edu)*

Comparative Business Systems: Social Embeddedness in the Work Place and National Differences in Employee Impression Management Behaviors in China, Japan, Korea, & the U.S.

Patricia (Tish) Robinson, Hitotsubashi University ICS
Li Ma, Peking University
Zhixue Zhang, Peking University

This paper argues that differences national institutional environments reflect differences in social embeddedness across countries, where social embeddedness refers to the contextualization of economic activity in ongoing patterns of social relations (Granovetter, 1985). The paper analyzes the relationships between social embeddedness in the workplace and employee behavior in China (the Mainland), Japan, (South) Korea, and the United States for 1146 respondents across these countries. We proceed on the premise that social embeddedness in organizations is nested in larger institutional contexts at the regional or national level, necessitating the accounting for both national and organizational level variables. We find that social embeddedness in the workplace explains more variance in employee behavior than does nationality alone,

suggesting that social embeddedness contributes to explaining differences national institutional environments. Further, social embeddedness also contributes to explaining the variation in nationality in relationship to employee behavior. This is one of the first large-scale empirical studies to compare social embeddedness in relationship to employee behavior. This paper contributes to the comparative business systems literature by beginning to explore what it is about national social environments that shapes employee behavior across countries. *(For more information, please contact: Patricia (Tish) Robinson, Hitotsubashi University ICS, Japan: probinson@ics.hit-u.ac.jp)*

Bureaucrats Rent-Seeking and Corruption in An Emerging Market: A Firm-Level Analysis of FIEs in Vietnam
 SoonKyo Choe, Yonsei University
 Dang Thi Hong Nguyen, Yonsei University
 Kyung Min Park, Yonsei University

This paper focuses on the influence of organizational isomorphism on corruption in emerging countries. Using an empirical survey conducted on foreign investment enterprises in Vietnam, this paper tests hypotheses on antecedent of corruption and shows that corruption is largely explained by the isomorphism of institution environment, particularly corrupt pressure from local bureaucrats. I also examined the moderating effect of firms' strategies such as entry strategy and import export strategy. In terms of entry mode, I found that foreign investment enterprises (FIEs) that established a joint venture with state owned enterprise can overcome market constraints better than that with a private enterprise. For export strategy, input independence shows a significant effect on reducing bribe incidence under corrupt pressure while that effect of output independence is not significantly supported. *(For more information, please contact: SoonKyo Choe, Yonsei University, Korea, South: skychoe@yonsei.ac.kr)*

The Decline of Partnerships and Rise of Club Good Structures in Investment Banking
 W. Travis Selmier II, Indiana University

Although little-appreciated, banking has long consisted of club goods and club good market structures. 19th-century merchant banks were clubs consisting of a small number of partners and apprentices crafting trade finance and helping to finance wars. This paper chronologically follows the transformation of merchant banking into investment banks, then into the SIFIs of today [Systemically Important Financial Institutions], through the prism of two areas of technological change: new ICTs [information and communication technologies], and "internal" technologies of an organizational or product-development nature. Over the course of this two-century transformation, reputational capital plummeted in importance as needs for financial and informational capital skyrocketed. Informational capital, once internally-developed, became externally-acquired as firms bid for talent rather than growing it through mentoring. Organizational flexibility, intense competition, and the time-critical nature of banking encouraged rapid adoption of new technologies. Using emergent technologies, investment banks engineered club good market structures to alleviate or transfer financial risk while enhancing profits through hierarchical ownership within the club. Market and social governance implications are profound, as this risk transfer occurs partly through pushing risk out of the club and into economy and society. *(For more information, please contact: W. Travis Selmier II, Indiana University, USA: wselmier@indiana.edu)*

The Pursuit of Government Transparency in the Transition Economies: Panacea or Pandora's Box of MNE's Corruption?
 Neli Kouneva Loewenthal, George Washington University

Broadly, this conceptual study examines the interdependence between formal (political/legal/economic) and informal (normative and cultural-cognitive) institutions and how it can affect the behavior of MNCs. Moreover, the paper studies a less examined question in institutional theory, namely, whether MNCs affect their institutional environment. The theoretical perspective is neoinstitutional (Powell & DiMaggio, 1991; Scott, 1995, 2008; Kostova et al., 2008). The paper views government transparency as an 'emerging' institution, and both

challenges and complements the prevailing tenet that high government transparency leads to a decrease in corruption (Islam, 2006; Lindstedt, 2006; Zhao, Kim & Du, 2003). I treat corruption as a collective action problem, rather than an agency problem which is the prevailing paradigm in the corruption literature, and open the 'black box' of corruption by studying specific types of corruption, such as MNCs' corruption and "grand" corruption. Moreover, I unbundle the generic theme of government transparency into specific components more amenable to policy intervention. *(For more information, please contact: Neli Kouneva Loewenthal, George Washington University, USA: nelik@gwu.edu)*

Context and Reinvestment Decisions: Why the Transitional Periphery Differs from other Post-State Socialist Economies

Mehmet Demirbag, University of Strathclyde
Martina McGuinness, University of Sheffield
Geoffrey T. Wood, University of Warwick

A range of studies have found that corruption has a significant impact upon FDI decisions, however to date there has been little investigation into longer term investments made by firms. Again, there is little work on reinvestment choices on the transitional periphery and how this might differ from the more stable transitional economies of central and Eastern Europe. Utilising 2005 World Bank Enterprise Survey data, this study explores the relationship between corruption and MNEs' strategic decision to reinvest profits. From an institutionalist starting point, we find variation in the different dimensions of corruption and their impact upon relationship between corruption and reinvestment. We find that pervasive corruption impacts negatively upon reinvestment, but that its effects are more pronounced in the transitional periphery. Perceived robust legal institutions have a positive correlation with reinvestment, but again, the negative effects are most pronounced on the transitional periphery. We ascribe this disparity to greater institutional fluidity, and explore why the latter has particularly adverse effects. Finally we find that firm level attributes of increased size and age are important factors in positive reinvestment decisions, and appear to be able to mitigate the worst consequences of this fluidity. *(For more information, please contact: Mehmet Demirbag, University of Strathclyde, United Kingdom: mehmet.demirbag@strath.ac.uk)*

Session: 2.3.17 - Interactive

Track: Track: 6 - Innovation and Knowledge Management

Innovation in Emerging Economies

Presented On: June 25, 2014 - 13:00-14:15

Chair: Rachel Pacheco, University of Pennsylvania

Exploring the External Side of MNE Subsidiary Innovation in China: Locations and the Role of Inter-Organizational Trust

Christopher Williams, Ivey Business School
Juana Du, Royal Roads University

We explore innovation performance in MNE subsidiaries in China from an external embeddedness lens, focusing specifically on the roles of inter-organizational trust with local partners involved in the innovation, the nature of the location in which the innovation is developed, and the stage of the innovation. Drawing on interviews with managers from 44 MNE subsidiaries in Beijing, Shanghai and Guangzhou, we identify 33 cases of innovations with local partner involvement. Using a grounded theory approach and thematic coding for each innovation case, we develop a new tentative model to explain innovation performance in MNE subsidiaries in China. Firstly, we find a tendency towards sociological trust with local partners in innovation projects in Beijing in contrast to higher levels of economic trust in Shanghai and Guangzhou. Secondly, we note that key informants were more likely to indicate success for their innovation projects where sociological trust was used in Beijing and economic

trust was used in Shanghai and Guangzhou. Thirdly, we find no material impact for the stage of the innovation project. The emerging model highlights the interaction of location and the nature of trust with local partners in determining innovation performance in an emerging economy. *(For more information, please contact: Christopher Williams, Ivey Business School, Canada: cwilliams@ivey.ca)*

Globalization of R&D: Intellectual Property Rights (IPR) and Innovation in India and China

Rajat Khanna, UNC Chapel Hill
Atul Nerkar, UNC Chapel Hill

Globalization of R&D function across emerging economics has attracted attention of scholars from management, research policy, and strategy fields. At the same time heterogeneity in intellectual property (IP) laws in emerging economies and its impact on decisions related to R&D globalization is rather less studied. We analyze the R&D activities of technology intensive western multinational firms in four fastest growing emerging economies namely Brazil, Russia, India, and China (BRIC). We show in this paper that IP law alone is not sufficient to fuel R&D globalization in BRIC countries. We also show that factors specific to countries and R&D such as human capital, tacit knowledge, absorptive capacity, and path dependency play an important role when it comes to leveraging IP law in these countries. *(For more information, please contact: Rajat Khanna, UNC Chapel Hill, USA: rajat_khanna@unc.edu)*

Silicon Valley and China's Innovation Openness

Brian Hilton, Nottingham University China
Miao Wang, Nottingham University China

This paper sets out to compare China with the USA in terms of its openness to innovation. innovation as considered here reflects both patenting arguably related to supplier innovation and venture capital investment at least in part related to user led innovation. China has always accepted Silicon Valley as a model and this research seeks to apply that model to 32 High Tech Chinese cities. The Chinese themselves have done this for Zhonguancun in Beijing but by no means to the replicate the silicon Valley index. Here we do and the results seem to confirm China's success in this. 4 Chinese cities Beijing, Shenzhen, Nanyang and Shanghai come out in 2011 as being around 80% as open to innovation as silicon Valley. Analysis of Variance reveals these results as robust across the piece and show there is a strong regression relationship between Patenting and Venture Capital Expenditure. *(For more information, please contact: Brian Hilton, Nottingham University China, China: brian.hilton@nottingham.edu.cn)*

Organisational Innovation in Indian firms – A Multi-Level Perspective

Smitha Nair, University of Sheffield
Pawan Budhwar, Aston University
Kishore Gopalakrishna Pillai, Aston University

Innovation is crucial for organisations to sustain competitive advantage. Studies on organisational innovation have been mostly explored in the context of developed economies, since these economies have been spearheading most of the advancements across different industries and in other fields of science and technology. However, with the changing landscape of international business, as organisations and their operations are increasingly becoming more global, there has been an infusion of innovation into other parts of the world as well. While many of the multinationals from emerging markets have started pursuing their global ambitions, they also have started focussing more on organisational innovations to be globally competitive. Considering the dearth of multi-level studies in organisational innovation, this study adopts a multi-level approach to analyse organisational innovation in Indian firms specifically focussing on their R&D teams. The results indicate the negative effects of R&D manager's prevention focus on organisational innovation. Transformational leadership, technological turbulence and participative safety are seen to have a positive impact

on organisational innovation. *(For more information, please contact: Smitha Nair, University of Sheffield, United Kingdom: s.nair@sheffield.ac.uk)*

Impact of Technology on Banking in Africa: The Contribution of Foreign Banks in Ghana
Kweku Adams, University of Calgary

The main aim of this paper is to examine the extent to which foreign banks in Ghana have contributed to the development of ICT platforms and how it has impacted upon service delivery in the banking industry. An in-depth qualitative study was adopted for the research. Using two financial MNCs as case studies, the paper analyses emerging trends, and discusses how technology will change the industry in the future. We find that a defining characteristic of information technology in banking is that it is intangible, has increasing returns and exhibits non-rival benefits as it does not decline in use; its use by one MNC does not limit its usefulness to others. *(For more information, please contact: Kweku Adams, University of Calgary, Canada: adamsconsultancy@yahoo.com)*

R&D Internationalisation of Developing Country Firms: The Case of China
Huaichuan Rui, University of London

R&D internationalisation is widely observed during the last few decades and also believed to provide a vehicle for firms to access to, and extract benefits from a target country's technical resources, scientific talent, and local expertise. However, most of these studies focused on developed country firms which were responsible for the bulk of global R&D. This paper aims to offer some empirical evidence of why and how the Chinese firms began to internationalise their R&D activities. Based on a field study on the R&D internationalisation of Chinese multinational enterprises (MNEs) since 2005, this research provides new insights to the topic of the R&D internationalization by carrying out empirical study on developing country firms. In contrast to developed country MNEs, Chinese MNEs internationalize their R&D in order to explore technology and capability in both developed and developing countries, with limited exploitation purpose in developing countries; they are difficult to integrate global R&D network so as to maximize the efficiency of their R&D activity; and they face unique challenges including not only weak R&D and management capability but also the fundamentally weak national innovation system which constrain them to learn and absorb in international market in addition to the advanced ICT which limit them to communicate and coordinate between their R&D units. We anticipated that the results from this research would offer an opportunity to better understand the R&D internationalization by taking the unique features of the R&D internationalization of developing country MNEs into account. *(For more information, please contact: Huaichuan Rui, University of London, United Kingdom: huaichuan.rui@rhul.ac.uk)*

Reverse Management Innovation from Emerging Markets
Michal Lemanski, Nottingham University China
Shameen Prashantham, Nottingham University China

While recent studies have begun to explore diffusion of technology and product innovations from emerging markets, the diffusion of management innovations remains largely unexplored. We develop a set of propositions indicating practice, country and organization specific factors affecting diffusion of management innovations from emerging market subsidiaries, thus suggesting which type of a multinational company is best positioned to utilize the potential of its emerging market subsidiaries, and which types of management innovations are best suited for diffusion from emerging markets. We also offer recommendations for practitioners and policy makers, and outline avenues for how our work can advance future research on organizational innovation, knowledge management, and organization of multinational companies. *(For more information, please contact: Michal Lemanski, Nottingham University China, China: michal.lemanski@nottingham.edu.cn)*

Session: 2.4.1 - Panel**Track: Track: 2 - Entrepreneurship, SMEs, and Born Globals*****International Entrepreneurship: Toward an Integration of IB and Entrepreneurship*****Presented On:** June 25, 2014 - 14:30-15:45

Chair: Shameen Prashantham, Nottingham University China

Panelists:

Stephanie A Fernhaber, Butler University

Gary A Knight, Willamette University

Anoop Madhok, York University

Patricia P. McDougall-Covin, Indiana University

Elizabeth L. Rose, University of Otago and Aalto University School of Business

This panel offers a timely opportunity for reflection on the domain of international entrepreneurship (IE) and its place within international business (IB). Although important pioneering work in the area emanated from Journal of International Business Studies, and notwithstanding the clear signal significance at the Academy of International Business meetings through a dedicated track, some of the more recent cutting-edge developments in IE appear to be taking place in leading entrepreneurship outlets, and it isn't clear how well integrated the domain is, or can be, within IB research. To generate a rich set of perspectives on how IE can entail more genuine integration between IB and entrepreneurship research, the panel comprises a mix of IE pioneers, emergent researchers and "outsider" IB scholars. *(For more information, please contact: Shameen Prashantham, Nottingham University China, China: shameen.prashantham@nottingham.edu.cn)*

Session: 2.4.2 - Panel**Track: Track: 11 - Stakeholders, Responsible Leadership and Governance*****Dirty Topic or Local Norm: Corruption and Discrimination Debates in International Business*****Presented On:** June 25, 2014 - 14:30-15:45

Chair: Alvaro Cuervo-Cazurra, Northeastern University

Panelists:

John Lawler, University of Illinois at Urbana-Champaign

John Mezias, University of Miami

Jonathan Doh, Villanova University

Differing perspectives born out of unique cultures, markets and governments inject philosophical complexity into discussions of international scholars. Reaching consensus is sometimes difficult and convergence of ideas elusive. Our inherent divisiveness is no more apparent than when considering certain inherently "dirty" topics that suggest inappropriate actions and evoke negative sentiments. In addition, some issues though neutral on the surface contain controversy or confusion at deeper levels. Potentially dirty topics are or fall within consideration of corruption and discrimination. Corruption can evoke visceral reactions as the very word suggests proper or improper behavior. Discussions concerning discrimination test deeply ingrained cultural and religious beliefs. At the extreme, discrimination can involve exploitation and sweatshops. The common thread through all of these dirty words is judgment, which pits one cultural perspective against another. The purpose of the panel is to bring together scholars interested in analyzing issues involving the dirty word concepts to provoke greater consensus and understanding that may further our collective scholarly efforts. The panel would commence with brief presentations to highlight the complicated and differing perspectives on the dirty words

and then have a discussion intended to further understanding and promote continued development of research on these sometimes overlapping international concepts. *(For more information, please contact: Alvaro Cuervo-Cazurra, Northeastern University, USA: a.cuervocazurra@neu.edu)*

Session: 2.4.3 - Panel

Track: Track: 11 - Stakeholders, Responsible Leadership and Governance

Institutions, Ownership and Global Strategy

Presented On: June 25, 2014 - 14:30-15:45

Chair: Hans van Oosterhout, Rotterdam School of Management

Panelists:

Ruth V. Aguilera, University of Illinois at Urbana Champaign
 Tatiana Kostova, University of South Carolina
 David Reeb, National University of Singapore
 Marc Van Essen, University of South Carolina

This panel discusses the emerging stream of research on ownership forms, their institutional determinants, and their consequences for firm governance and strategic choices. It is motivated by the current US bias in research on the antecedences and consequences of ownership which has traditionally studied large publicly traded firms with dispersed ownership where owners are not involved in the management of the companies. The rise of emerging markets and developing economies, as well as the "rise of state capitalism", necessitates an expansion of this research agenda to include the increasingly powerful state or family owned or controlled enterprises that dominate economies in continental Europe, Latin America, parts of Asia, and other regions. Understanding how these firms operate and compete is increasingly important as they enter aggressively the global market. The panel will be integrative and highly interactive combining participation of several leading scholars who will share recent thoughts and findings, with an involvement of the audience in generating ideas for a future research agenda in this area. *(For more information, please contact: Marc Van Essen, University of South Carolina, USA: marc.vanessen@moore.sc.edu)*

Session: 2.4.4 - Competitive

Track: Track: 9 - Home Economies and the MNE

Internationalization of Emerging Market MNEs

Presented On: June 25, 2014 - 14:30-15:45

Chair: Sam Park, China Europe International Business School

Internationalization through Exaptation: The Role of Domestic Geographical Scope in the Internationalization Process of Firms

Tamara Stucchi, Technical University of Denmark
 Grazia D. Santangelo, University of Catania

In this analysis of how organizations internationalize, we look at the influence of their domestic geographical scope on the extent of their outward FDI (OFDI). In particular, we adopt an organizational learning perspective: we borrow the concept of exaptation – a process whereby capabilities historically developed in a specific context are used in a different environment – from evolutionary biology. We argue that organizations exapt knowledge that is domestically developed to organize and manage geographically dispersed units across sub-national areas, so that they can engage in OFDI. As organizations increase their engagement in OFDI, OFDI experience

can then become a substitute for the exaptation of domestically developed capabilities. We also find that this exaptation mechanism is likely to depend on the organization's portfolio of domestic sub-national areas. We test our argument on a sample of 693 Indian Business groups covering the period from 2001 to 2010. *(For more information, please contact: Tamara Stucchi, Technical University of Denmark, Denmark: tamst@dtu.dk)*

Strategic Archetypes of Emerging Market Multinationals: Analysis of Outward FDI of Indian Firms

Vikas Kumar, University of Sydney
Rajesh Upadhyayula, Indian Institute of Management Kozhikode
Amit Karna, EBS Business School

Emerging Market Multinationals (EMNCs) are often seen as firms with singular identity. While they may share certain characteristics, EMNCs are seldom orchestrated and managed in the same manner. Through a cluster analysis of outward foreign direct investment data of EMNCs from India, we propose taxonomy of EMNCs based on their mode of operation, industry in which they operate, region where they invest and the amount invested. We use a dataset spread over 2007-2013, constituting investment data of 4824 Indian firms into 7238 foreign entities. Based on a two-step clustering approach, we propose three strategic archetypes of EMNCs: Global Service Providers, Integrated Manufacturers, and Established Internationalizers. The Global Service Providers mainly consists of firms operating in developed markets with an intention to serve their client needs through wholly owned subsidiaries. Integrated Manufacturers are firms that are primarily operating in other developing markets to sell their products through joint ventures and also present in developed markets through wholly owned subsidiaries – to acquire technology and other resources. The Established Internationalizers are large EMNCs with highest levels of investments, and relatively similar to the Western multinationals. We analyze the characteristics of these three groups of EMNCs, to derive insights into the heterogeneity across EMNCs.

(For more information, please contact: Amit Karna, EBS Business School, Germany: amitkarna@gmail.com)

International Springboard by Emerging Market Enterprises: A Contextual Perspective

Vladislav Maksimov, University of Miami
Yadong Luo, University of Miami

The springboard view toward emerging market multinationals (EM MNEs) has elucidated why and how EM MNEs use international expansion as a strategic springboard to acquire critical capabilities in order to compensate for their competitive disadvantages and to catch up with advanced country MNEs in order to mitigate their liability of lateness. To extend this view, we suggest that EM MNEs are highly heterogeneous in the extent to which they do and can internationally springboard. Springboarding is particularly affected by the availability of countries offering rich prospects for strategic asset and opportunity seeking. As EM MNEs face different institutional and resource constraints at home, they differ in their pressure to springboard overseas. Further, the extent to which EM MNEs form a strong organizational platform for internationalization and connect their internationally dispersed units to leverage acquired knowledge and resources strengthens their capability to initiate international springboarding, as well as their motivation to emphasize it further. Our analysis of archival and survey data of senior executives at the headquarters of 191 EM MNEs from China provide evidence for the contextual embeddedness of international springboard in these environmental and organizational conditions.

(For more information, please contact: Vladislav Maksimov, University of Miami, USA: vmaksimov@bus.miami.edu)

Innovation and Internationalization in the Indian Pharmaceutical Sector: The Moderating Role of Ownership Structures

Tatiana S. Manolova, Bentley University
Saptarshi Purkayastha, Indian Institute of Management Kozhikode
Linda F. Edelman, Bentley University

In this study, we combine insights from the strategic management, international business, and corporate governance literatures in order to explore the link between research intensity and degree of internationalization under different ownership structures in the context of the Indian pharmaceutical sector. We test our five hypotheses on a sample of 88 research-active Indian pharmaceutical firms, over a seven-year period (2006-2012) in a balanced panel of 616 firm-year observations. Results from our random-effects 2-SLS panel regression estimation indicate that research intensity is positively associated with the degree of internationalization, and the strength of this relationship is affected by the concentration of ownership of the pharmaceutical company. Family ownership has a positive main effect and further enhances the effect of R&D expenditure on the degree of internationalization, whereas ownership by domestic financial institutions has a negative main effect and further diminishes the effect of R&D expenditure on the degree of internationalization. Ownership by either foreign corporations or foreign institutional investors does not significantly affect the innovation-internationalization relationship. Theoretical and practitioner implications are discussed. *(For more information, please contact: Tatiana S. Manolova, Bentley University, USA: tmanolova@bentley.edu)*

Session: 2.4.5 - Competitive

Track: Track: 7 - Competition and Collaboration in IB

Corporate Portfolio Evolution and Performance: Alliances, IJVs, and Subsidiaries

Presented On: June 25, 2014 - 14:30-15:45

Chair: Gurneeta Vasudeva Singh, University of Minnesota

Contextual and Processual Antecedents of International Strategic Alliance Performance: A Co-evolutionary View
Mia Hsiao-Wen Ho, Yuan Ze University

This research develops a co-evolutionary perspective on international strategic alliances by associating contextual factors with processual antecedents of alliance performance. We argue that not only the internal interactions of an international strategic alliance, such as cross-border knowledge transfer and learning processes and inter-partner relationships, but also its external environments, particularly the institutional heterogeneities between the countries from where the partners originate, significantly affect the alliance performance. We define the co-evolution of international strategic alliances as the simultaneous interactions among partner firms (micro-level environment), alliances (meso-level environment), and their contexts (macro-level environment), domestically and internationally. By a detailed and critical review on relevant alliance theories, we develop a co-evolutionary framework of international strategic alliances for future research on the roles of contextual and processual antecedents of alliance performance. *(For more information, please contact: Mia Hsiao-Wen Ho, Yuan Ze University, Taiwan: mia.hohw@saturn.yzu.edu.tw)*

Shuffling the Cards while Playing the Game: Predicting the Direction of Foreign Ownership Changes in IJVs

Vanessa C. Hasse, Ivey Business School
Jean-Louis Schaan, Ivey Business School
David Tanganelli, Universitat Internacional de Catalunya

Previous studies in the IJV instability literature focused on terminations or unidirectional mode switches. The non-terminative, intra-modal mid-stages of an IJV, however, have remained largely unexamined. We aim to fill this gap by unraveling the motivations for ownership changes from the perspective of the foreign MNE and

differentiating these by the direction of the change. Using TCE, we hypothesize that a gradual decrease of uncertainty about control leads to ownership reductions while a decrease of uncertainty about IJV performance is predictive of an ownership increase. Moreover, we propose that a higher number of parent firms hints at a higher likelihood of conflict and predicts ownership change in both directions. We apply a Cox proportional hazards regression and find that the number of expatriates and the percentage of foreign ownership are predictive of ownership reductions, while subsidiary size and market growth are predictive of ownership increases. The number of parent firms is a predictor for ownership reductions and increases. Based on these results, we emphasize the need to focus on an IJV's evolutionary mid-stages and caution that ownership reductions and increases should not be combined into one concept (ownership change) since different factors are associated with each direction. *(For more information, please contact: Vanessa C. Hasse, Ivey Business School, Canada: vhasse.phd@ivey.ca)*

Distant from Whom? The Facets of Cultural Distance and of its Impact on Innovation Performance in Subsidiaries' Alliance Portfolios

Stefano Elia, Politecnico di Milano
 Lucia Piscitello, Politecnico di Milano
 Antonio Messeni Petruzzelli, Politecnico di Bari

The present study investigates how the composition of a MNC subunit's portfolio of strategic alliances impacts on its innovative performance, in terms of both scale and quality. Specifically, we claim that, the more the portfolio is composed by exploratory/upstream (rather than exploitative/downstream) alliances, and the more the partners are culturally distant from the MNC subunit, the higher the impact upon the innovative performance. Furthermore, we distinguish the multiple role of cultural distance, by considering differences not only between partners and the focal MNC subunit, but also between partners and the focal MNC subunit's parent company, and discuss their benefits. However, we state that when the alliance portfolio partners become too distant from both the host and the home country, excessive coordination and integration costs emerge, which may in turn overcome the benefits of diversity and hamper the subunit's innovative performance. Our empirical analysis relies on 233 alliance portfolios established by 53 MNC biotech subunits from 1981 to 2011. Preliminary econometric estimates confirm our hypotheses, and reveal that MNC subunits' innovativeness benefits from portfolios of strategic alliances that are composed mainly by upstream agreements, and entail partners that are culturally distant from its parent. *(For more information, please contact: Stefano Elia, Politecnico di Milano, Italy: stefano.elia@polimi.it)*

Building Capabilities in Emerging Markets: The Double-Edged Sword of Cross-Sector Alliances
 Aline Gatignon, INSEAD

Emerging markets are prone to complex, large-scale problems that create negative externalities for public and private interests. These can be overcome by bringing together radically distinct institutional logics through cross-sector alliances (CSAs) between for-profit companies and non-profit organizations. However integrating different logics across partner organizations and then reintegrating the knowledge into the partner firm creates challenges that stretch the conventional wisdom on inter-firm alliances. Given this, how can private sector firms build their capabilities for operating in emerging markets through CSAs? In particular, how and what can their employees learn from participating in cross-sector alliances, and under what conditions can they extract the benefits ex post? This paper develops a model of the process through which firms can benefit from CSAs by learning to operate in emerging markets. It is tested using data on alliance projects developed over a ten-year period as part of the 'Moving the World' (MtW) partnership between global logistics provider TNT and the United Nations World Food Program (WFP). The key insight is that CSAs require the firm to develop a spin-out and spin-in capability that is close to entrepreneurial experimentation, in addition to traditional mechanisms of inter-firm coordination. In the absence of this capability, CSAs risk becoming a double-edged sword: unless firms fully integrate them into their core operations as an essential tool for knowledge development and business growth in emerging markets, the very factors that enable firms to benefit from CSAs will make it more difficult to reintegrate the employees involved within the firm afterwards, and can even lead the firm to lose the

knowledge developed entirely as its employees decide to leave. *(For more information, please contact: Aline Gatignon, INSEAD, France: aline.gatignon@insead.edu)*

Session: 2.4.6 - Panel

Data Sharing, Research Crowdsourcing, and Open Collaboration: Latest Developments and Opportunities in International Business Studies

Presented On: June 25, 2014 - 14:30-15:45

Chair: Dan V. Caprar, University of New South Wales

Panelists:

Vas Taras, University of North Carolina at Greensboro
 Piers Steel, University of Calgary
 Daniel Rottig, Florida Gulf Coast University
 Norhayati Zakharia, Universiti Utara Malaysia
 Amanda E.K. Budde-Sung, University of Sydney
 Sebastian Jayaraj, Rutgers Business School
 Tony Fang, Stockholm University

Open data sharing and research crowdsourcing have been shown to spur collaboration and greatly aid scientific discovery in a number of fields of study. Unfortunately, International Business and Management research has been largely missing on the trend. However, a growing number of International Business and Management researchers recognize the potential of open-source data and are eager to join the movement. The proposed panel will review experiences and best practices data sharing and research crowdsourcing in various fields of discovery, discuss how this approach can be promoted in International Business research and what its growing popularity may mean for researchers in our field. *(For more information, please contact: Vas Taras, University of North Carolina at Greensboro, USA: v_taras@uncg.edu)*

Session: 2.4.7 - Panel

Transformative Experiences in Teaching International Business

Presented On: June 25, 2014 - 14:30-15:45

Chair: Suresh George, Coventry University

Panelists:

Suresh George, Coventry University
 Basil Janavaras, Minnesota State
 Todd Friends, Whitworth University

Teaching in the IB space like other disciplines face challenges from different aspects. Some of the factors which impact IB education include but not limited to the following: (1) Rising cost of education based on traditional teaching methods; (2) Reduction of public funding for institution of higher learning; (3) Rapidly changing technologies in a digital age. We aim to present our unique experiences of teaching International Business within a transformative approach. The use of an online teaching software, the GMMSO4 is explored with cases within different institutional contexts. In addition, we introduce an open education resource, the GLOBSTRATEGY useful for the teaching of International Business. *(For more information, please contact: Suresh George, Coventry University, United Kingdom: s.george@coventry.ac.uk)*

Session: 2.4.8 - Competitive

Track: Track: 8 - Global Strategy, M&As and Competitiveness

Strategic Determinants of MNE Performance

Presented On: June 25, 2014 - 14:30-15:45

Chair: Thomas Hutzschenreuter, WHU – Otto Beisheim School of Management

Effects of R&D Investments and Market Signals on International Acquisitions: Evidence from IPO Firms

Cheng-Wei Wu, University of Hong Kong

Jeffrey Reuer, Purdue University

We investigate how intangible assets in the form of R&D influence firms' propensities to engage in international acquisitions. On the one hand, previous research has noted that the tacit and redeployable nature of R&D investments may enable firms to expand their operations overseas and create value from international acquisitions. On the other hand, R&D investments can raise the cost of collecting and analyzing information to evaluate firms' resources and prospects, which can hamper their ability to finance and execute international M&A deals. In the context of international acquisitions undertaken by firms just completing their initial public offerings (IPOs), we argue and find that the IPO firm's engagement in post-IPO international acquisition activity is generally negatively related to its R&D intensity. This effect contrasts previous arguments on the internalization advantages possessed by R&D-intensive firms. However, firms having market signals on their resources and prospects can mitigate information problems and carry out cross-border acquisitions. We therefore identify an unexamined tradeoff that intangible assets present in the international M&A context and how market signals can facilitate cross-border transactions. *(For more information, please contact: Cheng-Wei Wu, University of Hong Kong, Hong Kong, SAR-PRC: chweiwu@hku.hk)*

Which Match Maker do you want? Advisor Banks and the Effects of their Network Position on Uncertainty Control in Cross-Border Acquisitions, 1996-2010

Jung-Hoon Han, Yonsei University

While a large volume of papers have discussed the effects of structural holes or organizational status, the findings are clustered in their direct effects on the focal actors. Additionally, extant literature on cross-border acquisitions has an intensive focus on the post-merger performance, leaving dynamics throughout the deal process understudied. However, successful deal resolution in the pre-merger phase, which is largely determined by advisor banks, is suggested to have significant influence on the post-merger performance. Therefore, we examine the role of structural holes and status of advisory teams in acquisition duration. Based on our dataset which consists of 5,585 cross-border acquisition deals during 1996-2010, we conduct a panel linear regression analysis. Our findings suggest that, in general, status of advisors lengthens negotiation duration. Built on the distinction between information about business opportunity and partner cooperativeness, structural holes are also found to prolong deal process. As the rule of status homophily suggests, status variation among the members in advisory team disturbs deal resolution. Nevertheless, the two network positions, combined together, increase efficiency throughout deal process. The delaying effect of status on acquisition duration is weaker for teams abundant with structural holes while structural holes of high-status advisory teams reduce deal duration. *(For more information, please contact: Jung-Hoon Han, Yonsei University, Korea, South: junghoon.han@yonsei.ac.kr)*

Corporate Governance, Internationalization, Diversification, and Financing Decision

Chiung-Jung Chen, Chung Yuan Christian University

This research draws on transaction cost theory and agency theory to develop hypotheses to examine the reciprocal relationships among a firm's corporate governance mechanisms, internationalization, diversification

strategies, and its financing decisions. The results reveal a positive but insignificant relation between internationalization and debt ratio. However, the corporate governance negatively moderates the impact of the internationalization on the debt ratio, supporting Agency theory. In addition, the related diversification and unrelated diversification variables do not affect the debt ratio. However, the corporate governance positively moderates the impact of related diversification on the debt ratio, supporting Transaction theory. On the other hand, the results show that the debt ratio positively affect the extent of the internationalization which supports prospect theory. In addition, the corporate governance negatively moderates the impact of the debt ratio on the internationalization, supporting Agency theory. Further, the debt ratio has a positive relation to the extent of unrelated diversification, supporting Transaction theory. However, corporate governance does not moderate the impact of the debt ratio on the extent of unrelated diversification. The paper concludes with theoretical and practical implications for firms. *(For more information, please contact: Chiung-Jung Chen, Chung Yuan Christian University, Taiwan: cjchen@cycu.edu.tw)*

Retailers' International Strategy, Implementation and Performance

Bernhard Swoboda, Trier Univeristy
Lukas Morbe, Trier University

This article proposes a structural model for studying the effects of retail firms' international strategy re-garding integration/responsiveness on important implementation variables and performance in a country. The rationale behind this model is that retailers design their international strategy according to their firm' specific advantages, but their local embeddedness requires attention to a successful strategy implementa-tion in a country. Based on a survey of 102 international retailers the results show that integration posi-tively and responsiveness negatively influences the implementation variables standardization of market-ing programs and centralization of decision making. These observations hold true for psychically close and distant countries. Moreover, the performance effects of integration and responsiveness are transmit-ted through the implementation variables but differ in both country groups. *(For more information, please contact: Bernhard Swoboda, Trier Univeristy, Germany: b.swoboda@uni-trier.de)*

Session: 2.4.9 - Competitive

Track: Track: 6 - Innovation and Knowledge Management

Global versus Local Product Innovation

Presented On: June 25, 2014 - 14:30-15:45

Chair: Eleanor Westney, York University

Impact of Korean Market Reforms on Firm Innovation

KwangWook Gang, Ulsan National Institute of Science and Technology
Jaya Dixit, Rensselaer Polytechnic Institute

A variety of countries have instituted pro-market reforms in order to develop their economies in the footsteps of the more developed countries. This paper investigates how market oriented reforms influence firms' innovation investments and subsequent innovation output. We utilize market reforms in Korea after the Asian Financial Crisis as an empirical setting to show why institution based view is crucial to our understanding of factors that incentivize firms to innovate. Additionally, we draw on competitive strategy literature in investigating how market reforms combined with industry competition and resource attributes of the firms influence investments in innovation. Our findings suggest that market reforms positively influence both innovation inputs (i.e., R&D) and outputs (i.e., technological exploration and exploitation). In addition, we find that industry competition, and firms' resource attributes like capital raising potential and advertising capability impact innovation investment following market reforms. *(For more information, please contact: KwangWook Gang, Ulsan National Institute of Science and Technology, Korea, South: gangk@unist.ac.kr)*

Relationship-Based Product Innovations: Evidence from the Global Supply Chain

Ruey Jer (Bryan) Jean, National Chengchi University
 Daekwan Kim, Florida State University
 Daniel Custer Bello, Georgia State University

Global supply chains offer a range of expertise to suppliers interested in generating innovative new products from their close, working relationships with other firms. However, research on whether and how social capital between firms can be leveraged for innovation is equivocal, conceptualizing little of the underlying processes responsible for mobilizing social capital and yielding mostly contradictory empirical results. This study proposes and tests the intermediate mechanisms of proactive customer orientation and joint learning capability that may account for the way social capital drives relationship-based innovation. The conceptual model posits the social capital-innovation link is neither simple nor direct, and an empirical test on 204 Taiwanese suppliers demonstrates the complexity of the innovation generation process. Largely confirming our conceptualization, two pathways from social capital to innovation are revealed: joint learning capability fully mediates the link while proactive customer orientation's role is moderated by aspects of the suppliers tie to its global customer. Finally, implications for theory and practice for innovation in global supply chain relationships are drawn. *(For more information, please contact: Daekwan Kim, Florida State University, USA: dkim@business.fsu.edu)*

Realizing Product Harmonization under Market Demand Heterogeneity: Reconciliation of Competing Logics in New Product Development

Yang Liu, University of Cambridge
 Yongjiang Shi, University of Cambridge

Previous studies related to global product standardization draw different conclusions. The complexity of this issue is caused by contextual factors such as degree of homogeneity of market demands across countries. In this article, we believe it is meaningful to study standardization in the context of heterogeneous market demands across countries and companies emphasizing market share, as previous researches focus on local adaptation or customization but do not pay enough attention to approaches related to standardization in this context. We adopt the concept, global product harmonization, for this specific context and understand it with the lens of logics of action. We explore how companies realize harmonization and the role logics plays in new product development through a multiple-case study. The results show that the case companies realized harmonization through three mechanisms: power centralization, pluralistic input, and contingent compromise. Power centralization reflects operation efficiency logic and pluralistic input reflects market fulfillment logic. Contingent compromise is the key to reconcile the competing logics and therefore to successful harmonization. *(For more information, please contact: Yang Liu, University of Cambridge, United Kingdom: yang_liu2011@yahoo.com)*

Balancing Exploitative and Explorative Capabilities within and Across the Product Development and Market Domains

Ana Catarina Cadima Lisboa, IPL/ESTG
 Dionysis Skarmelas, Athens University of Economics and Business
 Carmen Lages, Nova School of Business and Economics
 Luis Filipe Lages, Nova School of Business and Economics

Explorative and exploitative capabilities are critical for firm survival and success. Their balance and simultaneous pursuit – ambidexterity – has been recently in the spotlight. Nevertheless, there is no consensus regarding the influence of ambidexterity on performance. Even though researchers and managers acknowledge the importance of both exploration and exploitation, they represent two different logics and require resource allocation trade-offs difficult to reconcile. This study enlightens the reason of that difficulty and advances with a possible solution by checking the export performance implications of balancing exploitative and explorative

capabilities within and across the product development and market domains. The findings indicate that different combinations of product development and market exploitative and explorative capabilities have different effects on export performance. When there is a combination of exploitative and explorative capabilities in the same domain (i.e., product development or market), it negatively influences export performance. However, when the combination occurs in different domains (i.e., product development exploitative and market explorative or market exploitative and product development explorative), it positively influences export performance. The results indicate that export managers should be ambidextrous and balance exploration and exploitation across domains to achieve export performance. *(For more information, please contact: Ana Catarina Cadima Lisboa, IPL/ESTG, Portugal: ana.lisboa@ipleiria.pt)*

Session: 2.4.10 - Competitive

Track: Track: 1 - People and Careers in Cross-Cultural Business

Expatriation, Repatriation, and Inpatriation

Presented On: June 25, 2014 - 14:30-15:45

Chair: Mila B. Lazarova, Simon Fraser University

Expatriate Social Networks in Terrorism-Endangered Countries: An Empirical Analysis

Benjamin Bader, University of Hamburg

Tassilo Schuster, University of Erlangen-Nuremberg

Despite its increasing relevance for international business, the effects of terrorism on international assignments have hardly been analyzed. Applying a social network perspective, this study investigates the impact of expatriate social network characteristics on psychological well-being in a terrorism-endangered environment. Drawing on data surveying 175 expatriates assigned to Afghanistan, India, Pakistan, and Saudi Arabia, the study finds that large and diversified networks positively affect the psychological well-being of international expatriates. When including the influence of terrorism moderating these relationships, the results are amplified. Hence, country risk plays an important role for the social support that can be obtained from network actors and affects expatriates' psychological well-being. Discussing these findings, the study also differentiates between closeness with host country nationals and other nationalities, and presents several implications for managers. *(For more information, please contact: Benjamin Bader, University of Hamburg, Germany: benjamin.bader@uni-hamburg.de)*

How Likely am I to Return Home? A Study of New Zealand Self-Initiated Expatriates

Revti Raman, Victoria University of Wellington

Valerie J. Lindsay, University of Wollongong in Dubai

Shaleen Rashad, Victoria University of Wellington

Most of the current literature on expatriates relates to organisational expatriates (OEs) with relatively little focus in self-initiated expatriates (SIEs). This study investigates factors that influence the likelihood of SIEs returning to their home country. Based on a sample of 248 New Zealand SIEs, using hierarchical regression analysis, the study finds that: 1) relational considerations, life style factors, and perceived economic opportunities in the home country pull SIEs home; 2) females, lack of social networks abroad, and availability of spouse job in the home country significantly enhances the likelihood to repatriate; and 3) SIEs with high overseas experience, located in Australia and North America, and European (Pakeha) ethnicity are less likely to repatriate. The study also showed that the impact of economic opportunities and relational considerations is moderated by gender and overseas experience (time spent abroad). The implications, limitations and future research direction are discussed. *(For more information, please contact: Revti Raman, Victoria University of Wellington, New Zealand: revti.raman@vuw.ac.nz)*

Is International Assignment Experience a Ticket to the Top of a Foreign Subsidiary? A Career-Cone Perspective
 Almasa Sarabi, Georg-August-University Goettingen
 Fabian J. Froese, Georg-August-University Goettingen

Previous research on international assignments and career progress has concentrated on expatriate careers from a corporate headquarters perspective. Based on the career cone model and adopting the perspective of foreign subsidiaries, our study reverses the direction of previous research by examining the influence of international assignments on the career progress of subsidiary managers. Survey results and archival data from 270 multinational subsidiary CEOs indicate that subsidiary managers' career progress is accelerated by their international assignment experience at headquarters. Further, we suggest that headquarters experience is particularly beneficial for subsidiary managers who work in subsidiaries with high degrees of global integration. (For more information, please contact: Almasa Sarabi, Georg-August-University Goettingen, Germany: asarabi@uni-goettingen.de)

Seeing Trees behind the Forest: A Closer Look at the Influences of Emotional Intelligence on Expatriates
 Alexei Koveshnikov, Hanken School of Economics
 Heidi Wechtler, MacQuarie University

In this paper we suggest that the currently predominant overly positive view on the role of emotional intelligence in expatriates' cross-cultural adjustment can be over-simplistic and, to an extent, one-sided. We argue that by focusing excessively on the adjustment and performance aspects of the expatriation process prior studies have overlooked other important psychological aspects of the expatriates' experience. Examining whether emotional intelligence can constitute simultaneously a cognitive resource and a cognitive demand for expatriates, the analysis shows that different facets of emotional intelligence have different influences on expatriates' attitudes: whereas higher levels of the ability to regulate emotions produce positive psychological outcomes, such as higher job involvement and job / life satisfaction; higher levels of the abilities to appraise, express and utilize emotions appear to trigger negative consequences, such as lower job and life satisfaction. By shedding light on these mixed effects the analysis illustrates the conflicting nature of different abilities comprising emotional intelligence. (For more information, please contact: Alexei Koveshnikov, Hanken School of Economics, Finland: alexei.koveshnikov@hanken.fi)

Session: 2.4.11 - Competitive

Export Competition

Presented On: June 25, 2014 - 14:30-15:45

Chair: Rene Belderbos, Catholic University of Leuven

Export Promotion of OFDI from Emerging Markets - Transaction Level Evidence from China
 Wenjie Chen, George Washington University
 Heiwai Tang, Johns Hopkins University - SAIS

Outward foreign direct investment (OFDI) from emerging markets has been increasing rapidly. A common perception is that this type of OFDI was driven by the countries' resource and technology seeking motives. Using a novel data set of customs transaction data merged with an official list of firms that conduct OFDI from China, we find evidence of strong export-promotion effects of OFDI at the firm level. We find that after OFDI, exporters increase their number of countries served and export variety, relative to before OFDI and other non-OFDI exporters. The average sales per product line and average unit value of exports both increase, along with product diversification away from existing core competencies. Using unique factor intensity data at the detailed product level, we find that OFDI facilitates exports of more skill- and capital-intensive products at both the

intensive margin (existing products) and the extensive margin (new products). The average advertisement intensity of new products after OFDI also increases. Our results provide within-firm evidence behind the complementarity effects of OFDI on exports that have been documented for developed nations. *(For more information, please contact: Wenjie Chen, George Washington University, USA: chenw@gwu.edu)*

Exposure of Canadian Retailers to Cross-Border Shopping

Jen Baggs, University of Victoria
Loretta Fung, National Tsing Hua University
Beverly Lapham, Queen's University

This paper uses firm-level data from 1986 to 2007 to examine the effects of cross-border shopping on retailer performance. We used detailed geographic information to assess the degree to which these effects are influenced by the location of the retailer (i.e., distance to the closest land border post). We also investigate the role of other firm level characteristics. Previous studies have established that such border-crossing trips between Canada and the US are strongly related to changes in relative prices induced by exchange rate movements. This suggests the potential of significant demand fluctuations facing Canadian retailers induced by exchange rate changes. We develop a model of retailers with heterogeneous firms and traveling consumers. Based on the model, we construct a measure of sensitivity of consumer travel/stay decision to exchange rate movements. We use it as an indicator of retailer exposure to cross-border shopping and quantify the exposure measure for Canadian cities with different proximities to the border under selected levels of the exchange rate. Guided by the model, we also assess the impact of traveling consumers on retailer performance empirically. *(For more information, please contact: Jen Baggs, University of Victoria, Canada: jenbaggs@uvic.ca)*

Effects of Agglomeration Economies on Learning-by-Exporting

Jon Jungbien Moon, Korea University
Jaiho Chung, Korea University
Hyejin Cho, Korea University
Ji-Young Shin, Korea University

This study examines the effects of exporter agglomeration economies on both exporting decision and post-exporting firm performance. We show that a likelihood of start exporting increases when firms locate in region with higher exporter agglomeration. We also find that after start exporting, newly exporting firms are more likely to outperform comparable non-exporting firms when the newly exporting firms locate in region with lower exporter agglomeration. These findings suggest that while exporter agglomeration economies provides learning opportunity for non-exporters which lead to higher propensity to start exporting, the marginal learning from exporting decreases due to pre-exporting learning effect. *(For more information, please contact: Jon Jungbien Moon, Korea University, Korea, South: jonjmoon@korea.ac.kr)*

Session: 2.4.12 - Competitive

Track: Track: 10 - Theories of the MNE and of FDI

Distance

Presented On: June 25, 2014 - 14:30-15:45

Chair: Ilya Cuypers, Singapore Management University

The Moderating Impact of Institutional Distance on the Subsequent Stages of INV Internationalisation

Dominik Chahabadi, Macquarie University

Meena Chavan, Macquarie University

This conceptual paper identifies the moderating role of institutional distance on the subsequent stages of international expansion of INVs. The paper conceptualises the relationship between factors such as international orientation of a firm, home country market factors and dimensions of pace, entry mode and geographic scope of the international expansion process. Furthermore the moderating impact of institutional distance in the subsequent stage of internationalisation will be explored. Recent research suggests that INV theory should be complemented with neo-institutional theory, thus, widening the perspective from individual firm characteristics and its home market to the wider institutional context in which the international expansion process is embedded. This is particularly important in the subsequent stage of internationalisation as e.g. firms from developed countries often internationalise into developing countries where market conditions and institutional environment differ substantially from the home country. We argue that these institutional forces have a moderating impact on the subsequent internationalisation behaviour of INVs. Due to the conceptual nature of this paper empirical data is missing to validate propositions. Nevertheless the paper provides guidelines for future research that should be undertaken and a fruitful discussion on additional factors that could be considered to better understand the subsequent stages of INV internationalisation. *(For more information, please contact: Dominik Chahabadi, Macquarie University, Australia: dominik.chahabadi@mq.edu.au)*

Perception of Distances and Internationalization: Insights from Social Psychology

Laetitia Em, University of Groningen

This theoretical paper aims at contributing to the literature on distance and internationalization by providing insights from social psychology, especially what affects impression formation and biases associated with decision-making. Cultural distance does not impact every decision maker in the same way: depending on their experience or personality, they will process and interpret information from the environment differently, thus affecting the distance they perceive towards a potential investment location. We thus contribute to a better understanding of the micro-processes behind the relationship between distance and firm strategy and performance. *(For more information, please contact: Laetitia Em, University of Groningen, Netherlands: emlaet@gmail.com)*

A Network Theory of FDI Determinants: Bridging Countries as Attractors

Sokol Celo, Suffolk University

Aya Chacar, Florida International University

Research on the determinants of FDI location decisions and country distance or relatedness traditionally focus on the characteristics of the host and home countries, with these viewed as isolated from other third countries. Countries however are embedded in a network of countries and their ties, can serve as bridging ties for investments into third countries. In this networked world vision, the shortest and most efficient path between two countries may often be via a third country, as host countries may have the characteristics of structural holes. Moreover, FDI levels, all else being considered, will be greater into countries that are highly connected to others, or with a high betweenness centrality. This theory is supported by both anecdotal firm-level

evidence and a systematic evaluation of inter-country investments (*For more information, please contact: Sokol Celo, Suffolk University, USA: scelo@suffolk.edu*)

Why Do MNEs Face Different Levels of Liability of Foreignness: Examining the Effects of the Interaction and the Alignment between the MNE's and the Host Country Advantages

Alexey V. Semenov, Saint Louis University

Hadi Alhorr, Saint Louis University

While liability of foreignness (LOF) associated with geographic diversification strategies has been examined as a source of disadvantages for foreign firms, the extent to which the alignment between the firm's resources and the environmental factors within the host country affect the level of the LOF experienced by firms has not gained adequate attention in the existing literature. Building on the literature that examines performance of multinational enterprises (MNEs) and the interaction between firm resources and the environment, we present a systematic framework that assesses that various levels of cost disadvantages the MNEs may experience based on the alignment and interaction between firm-specific advantages (FSAs) and host country-specific advantages (CSAs). As such, in this paper, we utilize the FSA/CSA matrix to explain why the differences in the levels of liability of foreignness exist and how the MNE can potentially reduce the costs associated with their foreignness by making systematic decisions for its internationalization strategy. By utilizing a sample of 121 subsidiaries of firms in the US financial industry operating in 22 countries, our findings suggest that the LOF levels experiences by MNEs vary depending on the interaction and the alignment of the MNE's specific advantages and the host country-specific advantages. (*For more information, please contact: Alexey V. Semenov, Saint Louis University, USA: asemenov@slu.edu*)

Session: 2.4.13 - Interactive

Track: Track: 1 - People and Careers in Cross-Cultural Business

National Culture and Institutions: Conceptualization, Within- and Between-Country Differences, and Effects

Presented On: June 25, 2014 - 14:30-15:45

Chair: Fiona Moore, Royal Holloway

Animosity, Institutional Ethnocentrism, and Entry Mode: The Role of Global Values and Trust in Evaluating Perceived Country Risk and Resource Commitment

Morris Kalliny, Saint Louis University

Wootae Chun, Saint Louis University

Seung Kim, Saint Louis University

One of the most important strategic decisions that managers of multinational enterprise (MNE) have to make is the selection of entry mode into a foreign market. An extensive survey of the literature indicates that one of the main areas neglected in strategy research is the impact of animosity and institutional ethnocentrism on entry mode. The purpose of this study is to investigate the impact of animosity and institutional ethnocentrism toward the host country on entry modes. Furthermore, we examine the moderating roles of global values, such as cultural intelligence (CQ), global identity, cosmopolitanism, cultural competence (CC), and trust in the relationship between animosity, institutional ethnocentrism, perceived country risk, and resource commitment. (*For more information, please contact: Morris Kalliny, Saint Louis University, USA: kalliny@slu.edu*)

Purchasing Professionals' Perceptions of Unethical Negotiation Tactics: A Comparative Study between Taiwan and China

Yi-Hui Ho, Chang Jung Christian University
Chieh-Yu Lin, Chang Jung Christian University

Negotiation is inevitable for purchasing professionals when encountering purchasing conflicts. Each purchasing professional may possibly perceive questionable negotiations in different ways. It is essential to understand purchasing professionals' perceptions of unethical negotiation tactics for those who want to build reciprocal buyer-supplier relationships. Issues on ethical purchasing negotiation have gained growing attention; nevertheless, little attention was paid on the study of purchasing professionals' perception of unethical negotiation tactics. Therefore, this paper attempts to examine Taiwanese and Chinese purchasing professionals' perceptions of inappropriate negotiation strategies. Research findings reveal that significant differences in perception of unethical negotiation tactics exist between purchasing professionals in Taiwan and China, and there are significant associations between perception of unethical negotiation tactics of purchasing professionals and individual and organizational factors. Findings of this paper can contribute to the research on the unethical negotiation tactics of purchasing professionals, promote further understanding of the different perceptions of purchasing professionals in Taiwan and China, and contribute to the explorations of the roles that individual and organizational factors play in negotiating conflicts so that to establish appropriate recruiting and training programs for purchasing professionals. *(For more information, please contact: Chieh-Yu Lin, Chang Jung Christian University, Taiwan: jylin@mail.cjcu.edu.tw)*

Do All Chinese Employees Have the Same Cultural Value? An Exploratory Investigation on Differences of Chinese' Cultural Values in State-, Private-, and US-Owned Firms

Kitae Kim, Sangmyung University
Quan Yin, Sangmyung University
Bongsoon Cho, Sogang University
Longzhen Li, Hongik University
Byoung Kwon Choi, Sangmyung University

Using Hofstede's cultural value model, this study investigates how Chinese employees' cultural values differ according to ownership types of firms. Data were collected from 367 Chinese employees working at firms located in Beijing. Results showed that while Chinese employees in state-owned firms had the highest score for collectivism, those working at privately- and US-owned firms had higher scores for individualism. The score for long-term orientation were also higher in state-owned firms than in privately- and US-owned firms. However, contrary to our expectation, the scores for Chinese employees on power distance in state-owned firms were lower than those of the others, while the scores for masculinity in state-owned firms were higher than those of the others. With regard to uncertainty avoidance, Chinese employees in all three types of firms showed lower scores than those reported in previous studies. This study will contribute to deepening our understanding of how the cultural values of Chinese employees differ depending on the ownership types of the firms, with significant implications for managers, who do business in China, seeking to establish management practices more closely aligned with the cultural values of Chinese employees. *(For more information, please contact: Byoung Kwon Choi, Sangmyung University, Korea, South: jrpfeffer@smu.ac.kr)*

The Cultural Relativity of Power: A Proposed Examination of the Moderating Influence of Power Distance in the International Work Environment

Alexander Assouad, Belmont University

The five basis of power are an often referred to typology for understanding the different ways leaders can influence subordinates. By including power distance as a cultural moderator we can hope to improve the reliability and applicability of the power base framework, extend its application to other countries and cultures and provide scholars and practitioners alike with a more nuanced tool to influence and improve relationships

and compliance between supervisors and supervisees. *(For more information, please contact: Alexander Assouad, Belmont University, USA: aassouad@gmail.com)*

Formation of Pedagogical Approach and its Impact on Work Ethic – Asia Challenging the West?
Chris Baumann, Macquarie University

The literature establishes that education drives competitiveness and economic performance, but the extent education impacts 'work ethic' is untested. Our study analyses panel data from 10 countries to ascertain pedagogical approach's role in forming work ethic. Strong associations were found for performance orientation, impact on workforce and respect, both in Asia and Western countries. Strict discipline and a focus on academic performance were, however, only found significant for the Asian cluster. The model explains 10-37% of work ethic, suggesting the pedagogical approach in schools and universities influences work ethic quite substantially. Competitive entry into educational institutions was significant only in some countries, but the pattern is less clear. Nonetheless, Western countries' leadership in education and economic development -that may well result from strong work ethic- have been challenged by East Asia that outperforms the West academically and economically. Western countries may soon turn to Asia to better understand how Asia's education systems instil work ethic through strict discipline and a focus on academic performance. Both Asia and the West need to determine whether to treat students as learners as in Asia, or as customers as in the West, and as such whether their educational institutions are part of the country's economic objectives or a separate business. *(For more information, please contact: Chris Baumann, Macquarie University, Australia: chris.baumann@mq.edu.au)*

The Cultural Parallax: An examination of the Paradox that is National Culture
Reccia Natasha Charles, St. George's University

Culture has been studied in as many disciplines as there are cultures. The cultural toolset has been enriched with the paradoxical yin yang values, which should also be explored via interaction relationships to show how cultural parallax – how the cultural value will appear to differ when viewed from the different perspectives of foreign/local interaction, local/local interaction and foreign observation with no interaction. Cultural parallax – where what happens as a result of the interaction of the two cultures may bring the paradoxical hidden core value to the surface that Fang (2012) demonstrated within several cultures.

Charles (2008) claimed that the Caribbean represents itself as a culturally plural place and rightly so, but the very virtue of being culturally plural means then; that the Caribbean provides a natural cultural laboratory, as the Caribbean has been a result of fusion, remixes and recombinants, with constant interaction with many other cultures. The paper aims to suggest a way forward for the dialectic yin yang approach to culture and raises the issue of cultural parallax for further research. *(For more information, please contact: Reccia Natasha Charles, St. George's University, Grenada: rcharles1@sgu.edu)*

The International Spread of Management Cultures
Guilherme Azevedo, Audencia Nantes

This paper builds upon preliminary research results to address the question of how management cultures spread across borders. It examines a group of companies that are central components of a constellation of over 40 organizations, which provides empirical ground to the investigation of the cultural genesis and spread of managerial modes originated in distinct national spaces and industries. As framed by this analysis, the studied organizations are mostly originated in Brazil but include sufficiently internationalized organizations to be said of global reach. This paper comprises the presentation of: (1) the case providing empirical anchorage to the study (framed within a process-oriented view on interculturalism), (2) the adopted methodology (a cultural interpretation of a series of encounters), (3) a descriptive analysis of the studied case (comprising its consolidation and spread), and (4) some closing remarks. *(For more information, please contact: Guilherme Azevedo, Audencia Nantes, France: aib@guilhermeazevedo.com)*

National Culture and Income Inequality: A Cross-Country Analysis

Mohammad Niamat Elahee, Quinnipiac University
 Khawaja A. Mamun, Sacred Heart University
 Farid Sadrieh, Quinnipiac University

This paper examines the causal relationship between culture and income inequality in a cross-country analysis. The four original dimensions of national culture developed by Hofstede (1980, 2001) are used to find the effect of culture on the income inequality in a country. Our analysis suggests that the people in countries with large power distance and high collectivism tend to tolerate more income inequality than people from individualistic and small power distance countries. Our analysis failed to establish any causal link between income inequality and uncertainty avoidance and masculinity. *(For more information, please contact: Mohammad Niamat Elahee, Quinnipiac University, USA: mohammad.elahee@quinnipiac.edu)*

Session: 2.4.14 - Interactive

Track: Track: 6 - Innovation and Knowledge Management

Ambidexterity, Absorptive Capacity and Innovation

Presented On: June 25, 2014 - 14:30-15:45

Chair: Nandini Lahiri, Temple University

Learning via Absorptive Capacity in International Joint Ventures: Processes, Performance Impact and the Role of Entry Strategies

Junfeng Zhang, Hong Kong Baptist University
 Wei-ping Wu, Hong Kong Baptist University
 Ran Chen, Hong Kong Baptist University

Drawing on the organization learning perspective, we examine the learning paths of absorptive capacity, its performance impact and particularly the boundary conditions of the learning paths in IJVS. We propose that an IJV goes through multiple learning paths in which assimilative learning and transformative learning mediate the link from exploratory learning to exploitative learning, and that an IJV's learning eventually bears impact on its performance through building marketing capabilities both locally and internationally. We also argue that the learning paths of an IJV are dependent upon the entry strategy that it adopts. *(For more information, please contact: Junfeng Zhang, Hong Kong Baptist University, Hong Kong, SAR-PRC: junfzh@hkbu.edu.hk)*

Absorptive Capacity in Business Model Innovation: An Empirical Analysis of Managerial Influence Factors

Ruth Steinhauer, Saarland University
 Joachim Zentes, Saarland University

A firm's absorptive capacity is a vital dynamic capability that determines corporate performance, especially in increasingly dynamic and unpredictable global markets. While the concept of absorptive capacity has been analysed in various contexts, it has not been extended to business model innovation. This most complex form of innovation, so crucial in today's turbulent environment, needs support from top management both in terms of experience and motivation. Accordingly, we analyse the influence of factors like managerial experience and motivation on a firm's absorptive capacity components. This refers to a company's acquisition, assimilation, transformation and exploitation capabilities in the context of business model innovation. We find that both factors have significant effects on a firm's absorptive capacity components, varying with the context of environmental turbulence. Moreover, we find that in the context of business model innovation, absorptive capacity has a positive impact on firm performance. *(For more information, please contact: Ruth Steinhauer, Saarland University, Germany: r.steinhauer@mx.uni-saarland.de)*

Multinational Interdependence and Subsidiary Performance: The Mediating Effects of Ambidexterity
Rene Olie, Rotterdam School of Management

Strong knowledge interdependence with the corporate network is generally seen as a crucial determinant of multinational subsidiary performance. However, only a limited number of studies has empirically examined this link and only a few has explored its underlying processes. In this paper we argue that ambidexterity, defined as the ability to pursue both exploitative and explorative innovation simultaneously, acts as a mechanism through which network interdependence influences subsidiary performance. In our empirical study we find evidence for both a direct and an indirect effect of knowledge interdependence on subsidiary performance. *(For more information, please contact: Rene Olie, Rotterdam School of Management, Netherlands: rolie@rsm.nl)*

Dynamic Perspective of International Knowledge Transfer from Absorptive Capacity to Combinative Capability
Yoonjeoung Heo, Seoul National University
Hwy-Chang Moon, Seoul National University
Yun-Cheol Lee, Korea Aerospace University

This paper argues that the dynamic process of international knowledge transfer should be explained by considering both absorptive capacity and combinative capability. The proliferations of these two concepts overlap the characteristics of these two capabilities. Based on the scrutiny of the prior studies, this paper finds the overlap of the two concepts can have a potential role for the bridging two concepts and combine these two concepts. It suggests that this combined framework is effective to explain the dynamic evolution of international knowledge transfer. Moreover, it attempts to connect the variation knowledge transfer process with the different stages of firm's growth through theoretically and case study. *(For more information, please contact: Yoonjeoung Heo, Seoul National University, Korea, South: yoonjheo88@gmail.com)*

Contextual Ambidexterity: Adaptation and Change Across States of Organizational Environments
Zhi Wang, Manchester Metropolitan University
Stuart Horsburgh, Manchester Metropolitan University

Previous authors explain ambidexterity in the structural form. This study argues that structural ambidexterity alone cannot explain organizational ambidexterity because ambidexterity concerns incumbent viability of structural design in a context within which the design takes place. In drawing attention to this crucial aspect of ambidexterity, this study especially explores the crucial capabilities of firms for adaptation and change across different states of an organizational environment. Drawing on an empirical analysis from over three decades of airline alliances, the results show that such contextual ambidexterity crucially complements structural ambidexterity for firms to achieve high performance, especially in a complex and changing organizational environment. *(For more information, please contact: Zhi Wang, Manchester Metropolitan University, United Kingdom: zhi.wang@mmu.ac.uk)*

MNC Subunit Competence Creating Activities – Technological Distinctiveness and Knowledge Sourcing
Xiaoyu Pu, SUNY Oswego
John A. Cantwell, Rutgers Business School

This paper proposes a model in which the extent to which a multinational corporation (MNC) subunit is likely to take up competence creating (CC) activities is influenced by the pattern of the subunit's knowledge sourcing. We examine on technological field level the extent to which a subunit's activity is distinct from its parent company (defined as technological distinctiveness), then analyze to which extent this technological distinctiveness is related to the knowledge sourcing patterns of subunits, measured by the MNC's knowledge structure, as well as the geographic and technological dispersion of knowledge sources of a subunit. This study

looks more closely at each subdivision of the broadly defined chemical industry, distinguishing petroleum, pharmaceutical and biotech, from general chemicals. A positive relationship is found between a subunit's technological dispersion of knowledge sourcing and its technological distinctiveness. And there is a less expected negative relationship between the geographical dispersion of a subunit's knowledge sources and its technological distinctiveness. *(For more information, please contact: Xiaoyu Pu, SUNY Oswego, USA: xiaoyu.pu@oswego.edu)*

Determinants of Technology Transfer Performance from Parent Firms to their Foreign Subsidiaries: An Integrated Approach

Jaehwi Jeong, Sogang University
Chol Lee, Sogang University

The purpose of this study is to identify determinants of technology transfer performance from parent firms to their foreign subsidiaries. Most of previous studies focusing on this topic have relied on limited theoretical paradigms and variables. We developed an integrated model of technology transfer by combining three existing theoretical paradigm of international technology transfer, resource-based view, industrial organizational paradigm, and relational perspective. We collected data from one hundred ninety-five subsidiaries of Korean parent firms located in seventeen countries and used structural equation modeling to test hypotheses.

The analysis findings are as follow. First, both disseminative capacity of the parent firms and absorptive capacity of their foreign subsidiaries affect technology transfer performance positively. Also, the disseminative capacity of the parent firms affects the technology transfer performance indirectly through improving the absorptive capacity of the subsidiaries. Second, the findings suggest that such factors as specificity of the technology, parent's R&D capacity, willingness to share technology, compatible organizational culture, and relationship quality affect the disseminative capacity positively while tacitness of the technology negatively affect it. Third, factors affecting the absorptive capacity are found to be specificity of the technology, subsidiary's R&D capacity, human capability, willingness to learn, autonomy of subsidiary, and local market potential. Finally, implication of the finding is that parent firms should increase R&D capacity, willingness to share technology, explicitness and specificity of the technology to improve their disseminative capacity in order to transfer technology successfully from parent firms to their foreign subsidiaries. Also, foreign subsidiaries should increase R&D capacity, human capability, willingness to learn, and managerial autonomy to improve their absorptive capacity. *(For more information, please contact: Chol Lee, Sogang University, Korea, South: chollee@sogang.ac.kr)*

Session: 2.4.15 - Interactive

Track: Track: 8 - Global Strategy, M&As and Competitiveness

Strategic Insights in the International Context

Presented On: June 25, 2014 - 14:30-15:45

Chair: Joseph Clougherty, Univ. of Illinois at Urbana-Champaign

Motivations, Difficulties, Risks and Results of the Adoption of Global Sourcing by Companies from Electrical and Electronic Industry in the South of Brazil

Moema Pereira Nunes, PUCRS
Luciana Marques Vieira, UNISINOS
José Antônio Valle Antunes Júnior, UNISINOS

This article aims to identify the motivations to the adoption of GS, its difficulties, risks and results that are being achieved by the companies from the electrical and electronics industry sector from South of Brazil. This is an import-based industry and through a qualitative case-based study, four companies were investigate. A grounded theory approach was make. The main motivations are faster access to new technologies and the

establishment of a presence in global markets. Difficulties and risks related to cultural difference and uncertainty, and results related with innovation and reductions in product development and time to market were identified. *(For more information, please contact: Moema Pereira Nunes, PUCRS, Brazil: moemanunes@hotmail.com)*

Control- and Compassion-based Responses to Terrorist Attacks: A Natural Experiment of Foreign Subsidiaries facing Sudden versus Recurrent Shocks

Ramzi Fathallah, Ivey Business School
Oana Branzei, Ivey Business School

This study employs a natural experiment design to examine whether and why local ownership in foreign subsidiaries influences MNCs responses after sudden or recurrent terrorist shocks. Our study suggests that local ownerships systematically differentiate subsidiaries' short-term growth trajectories following a crisis. We try to disentangle different explanations (control versus compassion) as to why foreign subsidiaries in shock-stricken countries may outgrow their sisters in undisrupted settings. We find that MNCs are not merely efficiency-maximizing devices that reallocate scarce economic resources to their most profitable uses. Rather, we show that MNCs may be sensitized by exposure to prior trauma to respond compassionately to recurrent disruptions in their local contexts they had come to identify with. We further show that compassionate responding does not preclude sustained or superior growth rates. Indeed, compassion-motivated growth in the immediate aftermath of crises can differentiate some subsidiaries further and continue to attract more and more valuable resources over the long term. *(For more information, please contact: Ramzi Fathallah, Ivey Business School, Canada: rfathallah.phd@ivey.ca)*

Is It Worth the International Vendetta? Investigating the Patent Litigation Strategy and Firm Market Value Relationship with 16 Pairs of Smartphone Patent Dispute Cases

Deli Yang, Trinity University
Maho Sonmez, UTSA

Advancing prior work of patent litigation strategies against infringement, this paper examines the nexus of court decisions and firm market reactions, and demonstrates how contesting in international courtrooms has little impact on such relationship. As a result, we are also able to demonstrate how such a relationship holds in different international jurisdictions. We triangulate the findings based on 16 pairs of smartphone dispute case events across six countries between Apple and Samsung. Our findings show that patent litigation outcomes, whether in the form of 'infringed', 'non-infringed', or the interactions of both, have little effect on their market regardless of international jurisdictions. This appears to be the first study to examine the relationship of litigation outcome and firm value from corporate perspective, and in the global context based on case and statistical triangulation. The results provide a fundamental basis for corporate endeavor to seek amicable partnership rather engaging in bitter feud. *(For more information, please contact: Deli Yang, Trinity University, USA: dyang@trinity.edu)*

Managing Capital Allocation Under Uncertainty: Exploit or Explore?

Elif Ketencioglu, University of Sydney

This paper examines how uncertainty affects a firm's strategic actions of allocating its capital across business segments. Capital allocation is measured as deviating from existing routines as a form of exploitation, and as deviating from industry allocation as a form of exploration. Results show that while environmental uncertainty fosters exploitation in capital allocation, firm specific uncertainty attenuates both exploitation and exploration in capital allocation. Further, the interaction effects of market dynamism on capital allocation are examined. The results have important implications for understanding firms' resource allocation responses in turbulent conditions. *(For more information, please contact: Elif Ketencioglu, University of Sydney, Australia: e.ketencioglu@econ.usyd.edu.au)*

Vicarious Learning and Cross-Border Acquisition Completion: The Moderating Effect of Formal and Informal Institutional Distance

Mirko H. Benischke, University of Auckland

Drawing on theories of vicarious learning, this paper offers an alternative explanation of cross-border acquisition completion. Employing a sample of 3145 cross-border acquisitions announced by US manufacturing firms between 1993 and 2010, we find that MNCs can vicariously learn from the cross-border acquisition activity of others. Moreover, we also find that vicarious learning is contingent upon the formal and informal institutional distance between home and host countries. Our empirical results support our theoretical predictions, which emphasize the importance of vicarious learning when explaining cross-border acquisition completion. *(For more information, please contact: Mirko H. Benischke, University of Auckland, New Zealand: m.benischke@auckland.ac.nz)*

The (Un)Predictable Factor: The Role of Subsidiary Social Capital in International Takeovers

Dana Minbaeva, Copenhagen Business School

Steen Erik Navrbjerg, University of Copenhagen

When multinational corporations (MNCs) take over subsidiaries in other countries and institutional settings, their headquarters often encounter employment relations systems that differ markedly from the systems they know from their country of origin. Building on insights from social capital theory, we argue that MNCs benefit from employing HRM practices that are sensitive to the local cooperative culture on a micro level and to the industrial-relations system on a macro level as, in doing so, they often receive an unexpected return on their investments. This return takes the form of advantages in terms of work organization and a cooperative culture. *(For more information, please contact: Dana Minbaeva, Copenhagen Business School, Denmark: dm.smg@cbs.dk)*

Multi-level Factors behind the Completion of Cross-Border M&As after Public Announcement

Mihee Lim, KAIST

Ji-Hwan Lee, KAIST

Sang Do Kim, Korea Development Bank

The completion vs. abandonment of an M&A deal after announcement is an important issue both a target firm and an acquiring firm, as it can cause not only short-term monetary cost but also severe problems related to reputation and business. However, the dynamics of pre-acquisition period have not actively uncovered yet, especially in the cross-border context. Building upon managerial perspectives on risky decision making including prospect theory, this paper aims to identify macro- and micro-level factors that affect the degrees of expected return, perceived risk, and outcome predictability of a corporate acquisition, which leads to its ultimate completion or abandonment after public announcement of the deal. We empirically examine 3,373 cross-border M&As announced in 1985-2008. Our results show that a cross-border M&A is more likely to be completed when the target firm is from advanced, rather than developing or underdeveloped, economies. The greater the gap in the level of economic development between the countries of the acquirer and the target, the less likely the deal is eventually completed. We also find that cross-border M&A deals between companies in related industries as well as those initiated by economic or strategic, rather than financial, motivations are more likely to be completed. *(For more information, please contact: Ji-Hwan Lee, KAIST, Korea, South: jihwanlee@business.kaist.ac.kr)*

Session: 2.4.16 - Interactive

Track: Track: 12 - The Institutional and Political Environment of IB

International Commercial Relations and Global Corporate Governance

Presented On: June 25, 2014 - 14:30-15:45

Chair: Paul W. Beamish, Ivey Business School

The Limits to Economic Integration: Quality Standard Setting and Free Trade in the European Union
Nicolas M. Dahan, Temple University

Setting industry standards for a product's quality is an important power contest, which can result in first-mover advantages and erecting barriers to entry, particularly against foreign competition. This paper focuses on the social process of establishing such product standards by studying the case of the revision of the European 1973 chocolate directive (1995-2000). During the public and political debates, chocolate manufacturers and artisans had different definitions of what quality chocolate is, due to differences in technologies and national traditions. This case aims to show that while economic integration is fostered by standard harmonization and free trade, the two objectives do not necessarily go hand-in-hand. *(For more information, please contact: Nicolas M. Dahan, Temple University, USA: ndahan@ymail.com)*

European Integration and EU Country Network: The Transitions of Intra EU Trade Structure and Network Centrality
Jongmin Lee, University of Reading

This study investigates the transitions of European trade structure and country network following the evolution of European Union (EU). By conducting semi-longitudinal social network analysis, this study examines the changes of trade concentration ratio and network centrality of EU countries along with four major events of EU evolution. The result demonstrates that the structural imbalance in intra EU trade is alleviated as the trade concentration on a small numbers of countries is weakened. The network centrality transition shows disparate results according to the hierarchic positions of EU countries. While the countries that belong to core or periphery of EU tend to maintain their network centrality, the countries pertained to in-between core and periphery of EU show relatively radical changes in network centrality. *(For more information, please contact: Jongmin Lee, University of Reading, United Kingdom: j.m.lee@pgr.reading.ac.uk)*

Do International Investment Agreements Protect Investment? Micro-Level Evidence
Robert J. Weiner, George Washington University
Srividya Jandhyala, ESSEC

International investment agreements (IIAs) are widely viewed as protecting, and hence facilitating foreign direct investment (FDI). Our analysis departs from the literature in examining IIA effectiveness by explicitly asking whether IIAs protect FDI. We ask whether firms pay more to acquire an IIA protected asset – due to the larger expected future returns from it – as compared to similar but unprotected assets. Focusing on asset transaction level data, we are also able to determine the mechanisms by which IIAs are expected to work – by imposing ex-ante signaling cost and ex-post commitment costs. Using detailed micro-level data on petroleum reserve purchases in 52 countries, we find a weak significant effect of IIAs on the amount that investors pay for an asset. Our analysis also indicates that ex-ante signaling costs are relatively weak, while ex-post commitment costs are significant. *(For more information, please contact: Robert J. Weiner, George Washington University, USA: rweiner@gwu.edu)*

The Institutional Determinants Of Technology Transfers To Emerging And Developing Countries: Evidence From The Energy Sector

Neli Kouneva Loewenthal, George Washington University
Goran Vojvodic, George Washington University

This study investigates the effect of institutional factors on the amount of FDI to the renewables and conventional energy industries of emerging economies. The focus is on the energy sector and its sub-sectors, namely renewable and conventional energy industries. Applying Bayesian analysis, support is found for the hypothesis that investment in renewables decreases faster than investment in conventional energy sources as corruption difference between home and host countries increases. As opposed to the previous literature on related topics, a Bayesian analysis approach provides us with novel insight. The benefit of Bayesian analysis is that we can express our uncertainty about random variables probabilistically – in this case, the probability that home-host country corruption distance will have more negative impact on renewables than on conventional energy investment is 85.94 percent. This result contains different information than a conventional regression analysis using p-values. Home-country effects, such as legal system, are also explored. The results indicate that based on an actual data, in 99.9 percent of the case, developed civil law countries' MNEs invest less in developing countries than developed common law countries' MNEs. That result holds for each renewable and conventional energy technologies. *(For more information, please contact: Neli Kouneva Loewenthal, George Washington University, USA: nelik@gwu.edu)*

Mixed Methods Analysis for Bargaining Power Dynamics

James Nebus, Suffolk University
Carlos Rufin, Suffolk University
Laura Albareda, Deusto University

IB studies of bargaining power can be criticized because they take a static, cross-sectional, view of bargaining. We begin to address this criticism by using a mixed methodology combining qualitative event analysis and quantitative hazard rate regression to analyze actors' (e.g. nation-state, MNE) sequences of actions and reactions during bargaining in a specific issue area. The questions we strive to answer are: what factors cause actor B to respond to actions from actor A? Our contributions to the analysis of bargaining power between MNEs and other actors are twofold. First, the method links interdependent actions occurring at multiple levels (e.g. nation state, institutional, and individual). Second, the method helps us to identify environmental factors which influence an actor's propensity to act, such as: the number of actors participating in bargaining, and the temporal concentration of actions. Finally, the output from our event analysis is a time-sequenced data set of bargaining events that is used as the input to quantitative hazard rate analysis, Cox regression, for predicting the likelihood of actions in bargaining settings. We apply this method to bargaining in two proposed laws for Internet regulation, ACTA and SOPA, as an example of this mixed method. *(For more information, please contact: James Nebus, Suffolk University, USA: jnebus@suffolk.edu)*

Session: 2.4.17 - Interactive

Track: Track: 10 - Theories of the MNE and of FDI

Ownership, Governance, and Business Systems

Presented On: June 25, 2014 - 14:30-15:45

Chair: Dorothee Feils, University of Alberta

Value Creation Logics and Internationalization of Service Firms

Peter D. Oerberg Jensen, Copenhagen Business School

Bent Petersen, Copenhagen Business School

While mainstream theories in international business and management are founded either explicitly or implicitly on studies of manufacturing firms, prior attempts to develop theory on the internationalization of service firms are sparse and have yet to establish solid and comprehensive frameworks. The thrust of this study is that value creation logics, a construct originally developed by Stabell and Fjeldstad (1998) can assist us in better understanding why and how service firms internationalize. We extend this construct and propose that the internationalization of service firms must be based on a thorough understanding of the fundamental nature of these firms. We put forward ten propositions concerning the pace of internationalization in service firms and the dominant foreign operation modes. The use of value creation logics can be a useful complement to the conventional approaches to the study of service firms' internationalization. However, the fact that most firms encompass more than one value creation logic complicates the use of firm databases and industry statistics. The study presents a novel theoretical approach and a set of propositions on service firm internationalization founded on the specific characteristics of the service activities. *(For more information, please contact: Peter D. Oerberg Jensen, Copenhagen Business School, Denmark: poe.smg@cbs.dk)*

Can Value Creation be Helpful Frame for Understanding Firms' Internationalisation?

Denitsa Hazarbassanova, Copenhagen Business School

This article inquires into the existence of universal mechanisms pervading the local/global distinction and the cultural boundaries and governing the way MNCs operate across diverse international contexts. Taking an updated analytical framework based on Porter's value creation, I suggest value configuration logics may be one such an underlying mechanism governing firms' internationalisation behaviour. The value configuration analysis has been applied frequently in the literature to understand firm behaviour, which makes this research direction part of a recently revived scholar interest on value creation and value configuration. It suggests a simple key to unlock levels of complexity that have to be addressed in order to understand and manage internationalisation. It is proposed that a typology of firms based on value creation may help in discerning different internationalisation paths - i.e. why certain internationalisation paths make sense for certain firms, and not for others. The idea posited here is that internationalisation theories may be complemented with an understanding of firm activities and inter-dependencies dictating different positioning choices. *(For more information, please contact: Denitsa Hazarbassanova, Copenhagen Business School, Denmark: dhb.smg@cbs.dk)*

How Foreignness can be an Asset and a Liability for Firms

Jörg Zimmermann, European Commission - Joint Research Centre

Wolfgang Sofka, Copenhagen Business School

Many modern firms compete globally. However, research is inconclusive on whether foreignness provides an asset or a liability in competition with domestic firms. We argue that foreign MNC subsidiaries are not per se advantaged or disadvantaged. We suggest that the distinction originates from the nature of the subsidiary's activity in the host country. We focus on two activities: knowledge search and deployment. We predict theoretically that domestic firms have advantages from their embeddedness in the host country when they

search for knowledge. However, foreign MNC subsidiaries have advantages in knowledge deployment because they draw from a richer, international knowledge pool. Still, these advantages accrue to all multinational firms, foreign and domestic. We test and support these predictions for a longitudinal dataset of 2900 firm observations in Spain. We develop recommendations for research and practice based on these findings. *(For more information, please contact: Jörg Zimmermann, European Commission - Joint Research Centre, Spain: jzi@gmx.de)*

Internationalization of State-Owned Enterprises through Outward Foreign Direct Investment

Fernanda Ribeiro, University Center of FEI
 Ellie Banalieva, Northeastern University
 Charles Dhanaraj, IMD Lausanne

State owned enterprises (SOEs) are created to focus on domestic needs, and yet recent evidence points to the growing outward foreign direct investment of these SOEs. Existing International Business (IB) theories focus on efficiency-based motives of internationalization; thus, they do not capture fully the dynamics of internationalization of SOEs, which are driven largely by social welfare considerations. We integrate public management and IB theories to develop a novel framework that combines the changes in the sociopolitical environment and organizational survival needs that drive SOEs to seek international markets. We suggest that internationalization enables SOEs to meet their primary mandate of enhancing the domestic economy, which further legitimizes their international moves. We propose an integrated framework of SOE internationalization based on an in-depth case study of the outward foreign direct investment of Brazil's Petrobras over the past three decades. *(For more information, please contact: Fernanda Ribeiro, University Center of FEI, Brazil: fribeiro@fei.edu.br)*

Over 20 Years of Business Systems Research -Contributions, Gaps, and Future Directions: Lessons for International Management

Mohammad Bakhtiar Rana, Aalborg University

Business system theory at the intersection between institutionalism and management is gaining incremental attention in the field of management and organization, particularly in cross-border and comparative studies of multinationals management. Yet, this stream does not meet the mainstream international business/management researches. This led me to synthesize the contributions of this stream. The review of BS literatures from 1992 to 2013 makes an account of its contributions and gaps, brings them to light for IM studies to show how IM can benefit from this stream, while gaps found in BS studies present a thirst that future studies of BS can contribute to advance this field of research. *(For more information, please contact: Mohammad Bakhtiar Rana, Aalborg University, Denmark: mbr@business.aau.dk)*

CEO Twilight and FDI

Brian C. Pinkham, Ivey Business School

This paper develops the thesis that CEO investment patterns may change over the seasons of a CEO's tenure. We theorize that CEOs are more likely to engage in international investment in later years. We also argue that as CEOs approach their window for retirement, or a "CEO's twilight", they will continue to invest internationally. Leveraging a sample of 159 retired CEOs who made 3,024 investments over their tenures we find support for the relationship between CEO tenure and increasing international investment. In addition, we find that CEOs have a preference for international joint ventures and acquisitions over domestic investments in their twilight. This effect is stronger for international acquisitions relative to international joint ventures. *(For more information, please contact: Brian C. Pinkham, Ivey Business School, Canada: bpinkham@ivey.ca)*

Session: 2.5.1 - Panel**Track: Track: 10 - Theories of the MNE and of FDI*****The Internationalization of Family Firms*****Presented On:** June 25, 2014 - 16:15-17:30

Chair: Jean-Francois Hennart, Tilburg University/University of Pavia and Liena Kano, University of Calgary

Panelists:

Liena Kano, University of Calgary
Alain Verbeke, University of Calgary
Marc Van Essen, University of South Carolina
Antonio Majocchi, University of Pavia
Ellie Banalieva, Northeastern University
Ruth V. Aguilera, University of Illinois at Urbana Champaign
Jean-Francois Hennart, Tilburg University/University of Pavia

The goal of this panel is to stimulate discussions and advance research on an emerging, but yet poorly understood issue, the impact of firm governance on internationalization. Specifically the panel will discuss whether family firms tend to internationalize more or less than non-family firms, and what features of family governance determine this difference. The five presentations in the panel will explore different facets of this issue, using different methodologies and contexts. The issue will be addressed through (1) a qualitative survey of case-study evidence; (2) a meta-analysis of extant research; (3) a cross-European large-scale regression analysis using a new measure of internationalization. Presentations will also discuss family-firm internationalization in emerging markets. *(For more information, please contact: Jean-Francois Hennart, Tilburg University/University of Pavia, Netherlands: j.f.hennart@tilburguniversity.edu)*

Session: 2.5.2 – Panel**Track: 18 - Scholars Meet Practice Session*****The Future of Free Trade Agreements: Lessons from the Korea-US FTA*****Presented On:** June 25, 2014 - 16:15-17:30

Chair: Yongsun Paik, Loyola Marymount University

Discussant: Karl P. Sauvant, Columbia University

Panelists:

Troy Stangarone, Korea Economic Institute of America
Sean Connell, East-West Center in Washington
Hugh Stephens, Asia Pacific Foundation of Canada/Royal Roads University

The U.S.-Korea Free Trade Agreement, known as KORUS FTA represents the most significant and comprehensive bilateral free trade agreement that both the U.S. and the Korean government have ever concluded. Despite initial high prospects, however, overall performance has not reached expectations as KORUS FTA enters into its 3rd year of implementation. This panel session will review the original goals and objectives that each country expected from this FTA, discuss why they may not have been able to reach their targets, and on this basis aim to draw broader lessons about the future of FTAs in the globalizing economy. *(For more information, please contact: Yongsun Paik, Loyola Marymount University, USA: yspaik@lmu.edu)*

Session: 2.5.3 - Competitive

Track: Track: 2 - Entrepreneurship, SMEs, and Born Globals

International Entrepreneurship: Social Capital and Networks

Presented On: June 25, 2014 - 16:15-17:30

Chair: Shameen Prashantham, Nottingham University China

Network Ties in the International Opportunity Creation of Biotechnology SMEs

Tanja Kontinen, University of Jyväskylä

Sylvie Chetty, University of Otago

Pavlos Dimitratos, University of Glasgow

This study explores how biotechnology SMEs create international opportunities through various types of networks during their internationalization process. Using the multiple case study approach we contribute to the literature by combining two theories namely opportunity creation and the network model of internationalization. We use these combined theoretical lenses and the data to develop a framework and propositions which illustrate how SMEs create opportunities for internationalization with their most important types of networks: (i) universities and research institutes, (ii) customers and mediators, (iii) sales channels and/or partnerships and (iv) financiers. During the early phase of internationalization universities and research institutes play an important role in product development and opportunity creation. As the product gains acceptance, however, then sales channels and partnerships become increasingly important for the SME in creating internationalization opportunities. *(For more information, please contact: Tanja Kontinen, University of Jyväskylä, Finland: tanja.kontinen@jyu.fi)*

The Role of Social Capital in the Internationalization of British and Indian SMEs

Pushyarag Puthusserry, Queen's University Belfast

John Child, University of Birmingham

Recent studies on the internationalization of SMEs have highlighted the importance of social networks. A social network forms the basis of social capital because it comprises social relationships that provide an actual or potential benefit to companies. The literature on the role of social capital in the internationalization of firms has focused mainly on how social capital initiates and enhances firms' internationalization. However, the intrinsic changes in the nature and contributions of social capital related to SMEs internationalization are relatively unexplored. This issue is investigated for internationalizing British and Indian partner SMEs. Its methodology uses a qualitative "mirror" approach that accesses perceptions held by British and Indian partner SMEs. Social capital is investigated in terms of three different stages of the social capital building process: initiation, progression and maturity. The findings shows that social capital is not a static resource but a dynamic and potentially cumulative social phenomenon which is initiated, deepened, reproduced and extended over time, and the fostering of each of these requires different social and personal interventions, such as personal communication, understanding about each other and interpersonal trust. This indicates that entrepreneurial orientation influences the dynamic nature of social capital in the internationalization of SMEs. *(For more information, please contact: Pushyarag Puthusserry, Queen's University Belfast, United Kingdom: pushyarag.n.p@qub.ac.uk)*

The Dynamic Role of Social Capital and High Technology INVs

Spiros Batas, University of Edinburgh

Tanja Kontinen, University of Jyväskylä

International entrepreneurship is a promising field to examine the dynamic aspect of social capital. International New Ventures (INVs) are companies that internationalize their operations rapidly and their nature is very

dynamic. The purpose of this article is to examine the different roles of social capital, efficacy role, serendipity role and liability role in the international operations of seven Scottish and Greek SMEs. We argue that the different roles of social capital are not clearly demarcated in the current literature. We found that the efficacy role of social capital played a more important role in the initial stages of internationalization. However, the serendipity role of social capital was more important for companies with many structural holes that did not have the necessary network relationships to bridge them. All in all, we highlight that virtual social capital in the digital era is becoming more and more important. *(For more information, please contact: Spiros Batas, University of Edinburgh, United Kingdom: s.batas@ed.ac.uk)*

Session: 2.5.4 - Competitive

Track: Track: 9 - Home Economies and the MNE

Home-country Institutions and the Internationalization of Emerging Market MNEs

Presented On: June 25, 2014 - 16:15-17:30

Chair: Ravi Ramamurti, Northeastern University

Emerging Market Multinational Companies and Internationalization: A Multilevel Study of the Influence of Home Country and Industry Conditions

Bo Bernhard Nielsen, Copenhagen Business School

Saul Estrin, London School of Economics

Sabina Nielsen, Copenhagen Business School

This paper furthers our understanding of the role of contextual conditions influencing internationalization of emerging market multinational companies (EMNCs). We use resource-based, industrial organization, and economic development theories to develop a multilevel theoretical framework for investigating the importance of specific contextual factors at home country as well as industry level for EMNC international expansion. We develop a multilevel theoretical framework for investigating the importance of specific contextual factors at the home country and industry level that may act as either enablers or barriers to international expansion of EMNCs. The empirical counterpart studies 790 EMNCs from 18 different countries and largely confirms our hypotheses. We find that intangible resources are more important for firms operating in globalized industries. In addition, while the level of urbanization of the home country enhances the effects of tangible resources, it reduces the impact of intangible firm level resources on firm internationalization. We discuss these findings in relation to international business theories and illustrate the importance of context for EMNC internationalization. *(For more information, please contact: Bo Bernhard Nielsen, Copenhagen Business School, Denmark: bn.smg@cbs.dk)*

Regionalization and Country of Origin Effects: The Case of Australian MNEs

Youngok Kim, University of New South Wales

Sid Gray, University of Sydney

This study examines the extent to which an MNE's country of origin affects the nature of its regionalization. In this context, we test Rugman et al.'s home-regionalization hypothesis and explore changes in regionalization over time. We find that in the case of Australian MNEs the extent of home-regionalization is less dominant than expected based on prior research. Further, this effect becomes much less pronounced when domestic sales are excluded. In contrast, we observe a much stronger host-regionalization to the extent that it surpasses that of home-regionalization. We also find increasing bi-regionalization and globalization over time. Notably, the strong host-regionalization observed in the Australian sample is explained by Australia's distinctive historical legacy manifest in its administrative, institutional and cultural affinity to Anglo-cluster countries in distant host regions. The findings of this study highlight the need to pay attention to country of origin effects in the further

development of regionalization theory. (For more information, please contact: Youngok Kim, University of New South Wales, Australia: y.kim@unsw.edu.au)

Home Country Institutions and Location Portfolio of Chinese Multinationals

Lin Li, Nottingham University China

Lei Li, Nottingham University China

Despite the growing literature on Chinese outward foreign direct investment (OFDI), our knowledge of the location strategy of Chinese multinational enterprises (MNEs) is scant. In this paper, we argue that location strategy is far beyond location choice. Rather, it is essential to understand factors affecting OFDI location portfolio of Chinese MNEs. Drawing upon the institution-based view and the new economic geography (NEG) model, this paper seeks to elaborate on the impact of home country institutions on location portfolio of Chinese MNEs. We develop a series of propositions with practical implications. (For more information, please contact: Lin Li, Nottingham University China, China: lin.li@nottingham.edu.cn)

Liabilities of 'Outsidership': The Process Model, Global Production Networks and MNCs

Peter Hertenstein, University of Cambridge

Dylan Sutherland, Durham University

To date much IB research on EMNCs has used the OLI model rather than behavioural approaches, such as the reincarnated Uppsala model, to explain their FDI strategies. As a result, the research agenda on EMNCs has gravitated towards the question of whether it is up to the job of adequately explaining EMNCs. Also, a number of domestic home market environmental factors (CSAs) have been given greater prominence in discussion of how these may influence EMNC strategy. The role of inward FDI to the emerging markets and the presence of developed market competitors, however, is not one of these. Yet an outstanding feature of the past several decades has been the global consolidation of industries, accompanied by growing vertical firm de-integration, with increased outsourcing via transnational production networks. As a result, large, often globally oligopolistic MNEs now specialize in orchestrating sophisticated international networks. These outsourcing, consolidation and networking trends have posed profound challenges, as well as opportunities, for EMNCs, as they have looked to secure places within the global supply chains and networks of the 'systems integrators'. By doing so, in some instances, network 'insidership' has also led to EM MNE outward FDI. (For more information, please contact: Peter Hertenstein, University of Cambridge, United Kingdom: ph436@cam.ac.uk)

Session: 2.5.5 - Competitive

Track: Track: 4 - Marketing and Consumers in IB

Relational Governance and Buyer-Supplier Relationships

Presented On: June 25, 2014 - 16:15-17:30

Chair: Masaaki Kotabe, Temple University

The Effect of Trust, Commitment and Learning on Buyer-Supplier Relationship Flexibility: A Social Network Analysis Approach

Matevz Raskovic, University of Ljubljana

Anuska Ferligoj, University of Ljubljana

Jan C. Fransoo, Technical University of Eindhoven

Maja Makovec Brencic, University of Ljubljana

The purpose of our paper is to analyze how specific relationship quality (RQ) dimensions impact relational flexibility in buyer-supplier relationships within a transnational company. It builds on the recent interest of the

supply chain and operations management literature in RQ, and connects this literature with the relationship and industrial marketing literature. It employs a novel network analysis methodology to the supply chain and operations management literature, and with the help of Multiple Regression Quadratic Assignment Procedure analyzes the impact of “hard” and “soft” relationship dimensions on flexibility in a multiplex egocentric, valued, two-mode network of 11 purchasing managers and 53 evaluated suppliers. Overall, we were able to confirm our hypothesis that RQ has an impact on flexibility. More specifically, however, we were also able to distinguish between different types of RQ mechanisms of action employed in buyer-supplier relationships with most and less important suppliers. *(For more information, please contact: Matevz Raskovic, University of Ljubljana, Slovenia: matevz.raskovic@ef.uni-lj.si)*

The Changing Value of Relational Governance and Control Mechanisms

Min Ju, University of Missouri-St. Louis

Hongxin Zhao, Saint Louis University

Tiedong Wang, University of International Business and Economics

Manufacturers often utilize relational governance and control mechanisms to manage inter-firm relationships with their distributors. Yet, previous studies offer a static view in that they only capture a snapshot of the effectiveness of governance mechanisms. In this study, we adopt a dynamic view in investigating the changing value of different governance mechanisms separately and jointly. Using a survey of 217 export ventures from China, we find that relational governance is not effective in the early stage, while it positively impacts export performance in the mature stage. Output control can improve export performance, while process control has its limits and may weaken export performance. In addition, the findings show that relational governance and control mechanisms coevolve over time and promote positive reinforcing cycles to enhance the value of each other. *(For more information, please contact: Min Ju, University of Missouri-St. Louis, USA: jum@umsl.edu)*

Different Strategies for Promoting Low Carbon Tour in the Collective Society and Individualistic Society

Jeou-Shyan (Joyce) Horng, Hungkuang University

Yuann-Jun Liaw, Hungkuang University

Meng-Lei (Monica) Hu, Jinwen University of Science and Technology

Chih-Ching (Chris) Teng, Fu Jen Catholic University

When adopting low-carbon tours, travelers on holiday also consider carbon reduction. However, low-carbon tours, which will greatly benefit the sustainability of tourism, have not won a large market share. One of the reasons for the lower popularity of this type of tour is tourist ambivalence. Although tourists sincerely intend to engage in pro-environment behaviors by reducing carbon during their trips, the reality is that they are reluctant to sacrifice convenience and amusement, adjust their travel habits, and even increase their travel budgets. The main purpose of this study is to find an appropriate educational approach to reduce tourist ambivalence toward a low-carbon tour and further increase tourists' intention to adopt it. We tested two useful education approaches: (1) providing scientific and ecological knowledge, and (2) demonstrating the environmental responsibilities of tourists for carbon reduction. In total, 767 situational questionnaires were distributed to tourists in Taiwan. We found that only persuasive scientific information effectively reduced tourists' ambivalence toward a low-carbon tour. However, the social loafing effect may harm the sense of collective responsibility for reducing carbon emissions on a single trip. *(For more information, please contact: Yuann-Jun Liaw, Hungkuang University, Taiwan: yjliaw@mail2000.com.tw)*

Retail Foreign Operation Modes and Internationalisation Performance

Jean-Laurent Viviani, University of Rennes

Karine Picot-Coupey, University of Reading

Using a sample of 170 French retailers in the fashion industry, the paper investigates the impact of foreign operating modes (FOMs) – company-owned stores (COS), franchising (F), stores-within-a-store (SWS), and

combinations of these forms – on internalisation performance. Internationalisation performance is measured along two dimensions: the percentage of total sales in foreign markets (internationalisation intensity) and the number of cultural zones where the retailer develops his store network (geographical spread). Using an original methodology in order to represent three dimensions (COS, F, SWS) in two dimensions and to distinct the effect of diversification in forms from the effect of each pure form, we obtain the following results: retail networks that are less concentrated in one form and more orientated towards franchising and even more towards SWS performs better on the two dimensions (intensity and geographical dispersion) of internationalization. Companies that focus more on small target markets (high pricing strategy, differentiated or concentrated marketing) are more international. Finally international experience has a positive impact on internationalization. *(For more information, please contact: Jean-Laurent Viviani, University of Rennes, France: jean-laurent.viviani@univ-rennes1.fr)*

Session: 2.5.6 - Panel***Researchers Needed: Presenting a Multi-Source Multi-Level Longitudinal X-Culture Database, Open To Everyone***

Presented On: June 25, 2014 - 16:15-17:30

Chair: Daniel Rottig, Florida Gulf Coast University

Panelists:

Vas Taras, University of North Carolina at Greensboro
Susan Forquer Gupta, Monmouth University
Dan V. Caprar, University of New South Wales
Robbert Maseland, Groningen University

The X-Culture research team has accumulated a large multi-source, multi-level, longitudinal dataset with tens of thousands of observations and thousands of variables. The database is likely the largest of its kind and is uniquely suitable for studying a wide range of IB/IM issues – and thousands of cases are added to the database every semester. In an effort to promote open collaboration and aid knowledge generation, the X-Culture team has decided to freely share the database with the AIB community. The goal of the panel session is to introduce the database, review how the data could be accessed and used, discuss challenges and best practices of data sharing and open collaboration, as well as encourage other AIB members to follow and share their data with the AIB community. *(For more information, please contact: Vas Taras, University of North Carolina at Greensboro, USA: v_taras@uncg.edu)*

Session: 2.5.7 - Panel***The Internationalization of the American Model of Higher Education The Cases of MENA, China and South America***

Presented On: June 25, 2014 - 16:15-17:30

Chair: Mourad Dakhli, Georgia State University

Panelists:

John Anderson, University of Northern Iowa

David Bruce, Georgia State University

Pedro Carrillo, Georgia State University

We survey recent trends in the internationalization of American-based universities in three regions: MENA (Middle East/North Africa), China, and South America. We explore and debate trends in higher education partnerships (dual degrees, exchange programs, branch campuses, etc.) in the three regions. We also discuss home and host country drivers, as well as the opportunities and challenges associated with what some have termed the "internationalization of the American model of higher education." Examples of successful collaborative agreements are contrasted with a few high-profile failures, and factors affecting the success and longevity of these higher education partnerships are debated. In addition, the implications of these cross-border arrangements on teaching and learning will be explored. *(For more information, please contact: Mourad Dakhli, Georgia State University, USA: mdakhli@gsu.edu)*

Session: 2.5.8 - Competitive

Track: Track: 8 - Global Strategy, M&As and Competitiveness

Speed and Arbitrage as Determinants of MNE Performance

Presented On: June 25, 2014 - 16:15-17:30

Chair: Olivier Bertrand, SKEMA Business School

Internationalization Speed and Firm Performance: The Inverted U-curve Hypothesis

Alex Mohr, University of Kent

Georgios Batsakis, University of Kent

We develop a theoretical framework that links firm performance to the speed with which firms enter new overseas markets. Based on the benefits and costs associated with rapid internationalization we suggest that initially positive effects of rapid internationalization give way to negative effects at higher internationalization speed. We further argue that the shape of the association between internationalization speed and firm performance is contingent on firms' intangible assets, international experience, geographic scope and their relative market position. Our empirical analysis of 144 retailers over a 10-year (2003-2012) period supports the curvilinear relationship between internationalization speed and firm performance. Although the moderating effects of firms' international experience and geographic scope are supported by our data analysis, the moderating effects of intangible assets and market position are not. Our findings contribute to resolving the conflicting views and findings on the association between internationalization speed and firm performance. *(For more information, please contact: Georgios Batsakis, University of Kent, United Kingdom: g.batsakis@kent.ac.uk)*

Initial Responses to Tough Times: How do MNEs React to Economic Crisis and what Factors Matter for Subsidiary Growth?

Ramzi Fathallah, Ivey Business School
Jean-Louis Schaan, Ivey Business School

This paper examines the responses of MNEs' subsidiaries during the Asian financial crisis and the Global financial crisis. Specifically, it looks at the effects of ownership structure, number of expatriates and investment motive of subsidiaries on their growth during the early period of the crises. The main findings are that: (a) foreign parent's ownership helps a subsidiary in regional/local crises, whereas local ownership in global crises; (b) subsidiaries with no prior exposure to crisis tend to rely on expatriate managers and local ownership for growth during this period; and (c) efficiency-seeking investments grow the most during early regional/local crises; whereas market-seeking subsidiaries fare better in global crisis. Our research suggests that the multinationality of the foreign parent firm can help subsidiaries when they are impacted by local crises, whereas the local partner can provide better resilience to the subsidiaries during early times of global crises. *(For more information, please contact: Ramzi Fathallah, Ivey Business School, Canada: rfathallah.phd@ivey.ca)*

Cross-Border Arbitrage and Acquisition Performance in the Eurozone Crisis

Rekha Nicholson, University of Bath
Julie Salaber, Richmond University

Using a sample of 1,263 European acquisitions over 2004-2012, we show that the performance of cross-border acquisitions is significantly affected by the Eurozone and the euro debt crisis. First, due to financial market integration and the elimination of exchange rate risk, intra-Eurozone acquisitions do not earn any abnormal returns for bidders. Second, as a result of the euro debt crisis and the temporary misvaluation among European countries, acquisitions earn positive abnormal returns only for non-Eurozone companies acquiring Eurozone targets. These abnormal returns are driven by the depreciation of the euro and the use of low-cost capital available to overvalued acquirers. *(For more information, please contact: Rekha Nicholson, University of Bath, United Kingdom: r.rao@bath.ac.uk)*

Signals as Antecedents of Decision Process Dimensions in Foreign Market Selection

Markus Goelz, University of Melbourne
Tom Osegowitsch, University of Melbourne
Andre Sammartino, University of Melbourne

The literature on decision making processes regarding foreign market selection is unclear. Stimuli are generally seen as initiators of location choice processes. However, stimuli have been used inconsistently in the literature. This study entangles the concept and segregates stimuli into signals and motives, arguing that IB scholars typically focus on motives but neglect signals. In an empirical analysis of ten German solar firms and 17 decision-making processes leading to location choice this study identifies three promising signals that provoke managers to consider a specific country. Claiming that decision process is ultimately linked to firm performance, the study then investigates the connection between these signals and the process dimensions information search and analysis, information sources, and decision speed. Finally, it develops several proposed relationships warranting further exploration. *(For more information, please contact: Markus Goelz, University of Melbourne, Australia: markusg@unimelb.edu.au)*

Session: 2.5.9 - Competitive

Track: Track: 6 - Innovation and Knowledge Management

Knowledge and the Emerging Market Multinational

Presented On: June 25, 2014 - 16:15-17:30

Chair: Alvaro Cuervo-Cazurra, Northeastern University

MNCs' in Emerging Chinese Market: The Impacts of Language and Communication Media on New Product Performance through Knowledge Integration

Chavi C.Y. Fletcher-Chen, Catholic University of Lille

Paul R Jackson, University of Manchester

Fawaz Baddar Alhussan, Catholic University of Lille

Investing product development performance in the emerging Chinese market, this study analyzes the multinational corporation (MNC) as a multilingual community, in which multiple common languages are concurrently used in an intra-corporate communication network and as a complex structure, in which information communication technologies are adopted to function across dispersed units. Few studies examine language impacts and mediated communication, and how and why these factors influence new product performance. Drawing on contingency theory and resource-based view of MNC, this study argues that knowledge integration may account for the effects of language impacts and mediated communication on new product performance. The findings reveal that language capability, pragmatic language choice and media capability directly or indirectly affect new product performance through mediated knowledge integration, whereas communication quality has a direct and unmediated effect on new product performance. By showing the differential effects of language impacts and mediated communication dimensions on new product performance, this study highlights the role of language and communication to enhance knowledge integration and aid the firm's performance on new product development while providing a more refined understanding of the relationships. *(For more information, please contact: Chavi C.Y. Fletcher-Chen, Catholic University of Lille, France: c.chen@ieseg.fr)*

Market Openness, Absorptive Capacity, and Innovation: Exploring Learning by Exporting in an Emerging Economy

Zhenzhen Xie, Tsinghua University

Jiatao Li, Hong Kong University of Science and Technology

Research on "learning by exporting" argues that exporters tend to be more innovative than domestic players, as they get access to overseas knowledge that is not available in the domestic market. Building on the organizational learning theory and knowledge-based perspective, this paper suggests that the effectiveness of learning by exporting may depend on the openness of the domestic market in two opposite ways. On the one hand, market openness may facilitate learning by reducing the difficulties in transferring, sharing and integrating the knowledge acquired from overseas markets; on the other hand, market openness may deter learning by exporting as it provides alternative sources of overseas knowledge and may make the knowledge learned from exporting redundant. An empirical study with data on Chinese manufacturers with at least US\$600,000 annual sales during 2005-2007 found that market openness generally reduces rather than enhances the effectiveness of learning by exporting. Firms with higher absorptive capacity tend to learn more from exporting in spite of the level of market openness. *(For more information, please contact: Zhenzhen Xie, Tsinghua University, China: xiezhzh3@sem.tsinghua.edu.cn)*

Factors Influencing Transfer of the Learning Organization Concept to Small to Medium Size Firms in China
 Stephen Chen, University of Newcastle
 Steven Tsui, University of Newcastle

This paper examines how traditional Chinese culture and international influences affect the adoption of the Learning Organization concept by manufacturing companies in Southern China. Based on a survey of 72 manufacturing companies in the Shenzhen and Dongguan area of Southern China, we develop a model linking Chinese culture, learning organizational culture and organizational performance. Results from partial least squares structural equation modelling (PLS-SEM) show that the effect of traditional Chinese culture on organizational performance is mediated by a Learning Organization culture. Traditional Chinese culture positively impacts Learning Organization culture but negatively impacts Organizational Performance. International influence does not significantly affect either traditional Chinese culture or Learning Organization culture, but it has a significant direct positive impact on Organizational Performance. *(For more information, please contact: Stephen Chen, University of Newcastle, Australia: stephen.chen@newcastle.edu.au)*

Session: 2.5.10 - Competitive

Track: Track: 1 - People and Careers in Cross-Cultural Business

Expatriate Adjustment

Presented On: June 25, 2014 - 16:15-17:30

Chair: Tony Fang, Stockholm University

Self-Regulation and Expatriate Adjustment: The role of Regulatory Fit

Rajesh Kumar, University of Nottingham

Pawan Budhwar, Aston University

Charmi Patel, University of Edinburgh

We draw on regulatory focus theory and the notion of regulatory fit in explaining how expatriates can better manage their interface in tight and loose cultures. The determinants of expatriate performance has been of considerable interest to organizational scholars and while a multitude of variables have been identified in shaping expatriate performance, we have little understanding of the self-regulatory processes that influence expatriate's sense making processes. Sense making is critical in influencing expatriate adjustment and therefore the drivers of expatriate's sense making take on heightened importance. An expatriate's self-regulatory process shapes how he or she engages in sense making when confronted with discrepancies. The self-regulatory processes may either be promotion-focused or prevention-focused. Expatriate's performance is enhanced when they experience a regulatory fit and the performance will be impaired in the absence of such a fit. We provide a framework and develop propositions linking the self regulatory processes to the cultural context (tight vs. loose) within which expatriates operate. The paper utilizes insights from recent developments in motivation science to provide an explanation for an expatriate's adaptation or lack of it in different cultural contexts. We also discuss the managerial implications of our theory and provide guidance for testing the framework. *(For more information, please contact: Rajesh Kumar, University of Nottingham, United Kingdom: rajesh.kumar@nottingham.ac.uk)*

Two Decades of Black, Mendenhall & Oddou's Framework of International Adjustment: A Meta-Analysis Study on Its Empirical Validity

Georg Guttman, University of St. Gallen

This paper examines the empirical validity of the by now classic 'International Adjustment Framework' of expatriates, developed by Black, Mendenhall and Oddou a little more than 20 years ago. More specifically, we study by means of a meta-analysis whether the antecedents of international adjustment are in accordance with

the suggestions of this framework in the context of expatriate assignments. Empirical findings from 7019 expatriates, collected in 52 individual studies in the course of 20 years were accumulated, aggregated and analyzed. Our tests suggest overall compelling evidence for the accuracy of the 'International Adjustment Framework'. On the basis of our results, we are able to draw conclusions that are of particular relevance to the expatriation practices of MNCs. *(For more information, please contact: Georg Guttman, University of St. Gallen, Switzerland: georg.guttman@unisg.ch)*

The Dark Side of Expatriation: Expatriate Burnout as Prolonged Response to Cross-Cultural Adjustment Difficulties

Albert Kraeh, University of Goettingen
Fabian J. Froese, Georg-August-University Goettingen

This study integrates the expatriate and burnout literature. Based on conservation of resources theory, we developed a model how cross-cultural adjustment influences burnout (emotional exhaustion, cynicism and professional efficacy) and turnover intentions, moderated by tenure and rank. We conducted a longitudinal study with a sample of 171 self-initiated expatriates (foreign professors) working in Asia (Japan, Singapore, South Korea) to test the proposed associations. Results of structural equation modeling show that cross-cultural adjustment is negatively associated to all three dimensions of burnout. Cynicism partially mediates the relationship of cross-cultural adjustment and turnover intentions. Moreover, the longer expatriates are working for their current organizations and the lower their rank, the stronger is the negative effect of cross-cultural adjustment on burnout. *(For more information, please contact: Albert Kraeh, University of Goettingen, Germany: albert.kraeh@wiwi.uni-goettingen.de)*

The Trajectory of Overseas Adjustment Over Time: A Qualitative Systematic Review

Heidi Wechtler, MacQuarie University

While the literature on cross-cultural adjustment continues to have a central importance in research on expatriation, this systematic review shows that the interest on the hypothesis of the U-curve of adjustment almost disappeared from the academic agenda. Despite its potential practical application and popularity, this hypothesis has been largely debated, sometimes tested and then almost abandoned. Several reasons might explain the controversy: (a) the different stages of culture shock; (b) the choice of measurements; (c) the choice of populations. We thus propose a critical review and guidelines to give a new incentive to the research on the process of adjustment. *(For more information, please contact: Heidi Wechtler, MacQuarie University, Australia: heidi_wechtler@yahoo.fr)*

Session: 2.5.11 - Competitive

Ownership Matters!

Presented On: June 25, 2014 - 16:15-17:30

Chair: Daphne W. Yiu, Chinese University of Hong Kong

Determining the Importance of the Ownership Effect for Firm Performance

Yama Temouri, Aston University
Nigel Driffield, Aston University
Kai Sun, Aston University

We demonstrate that the way the literature distinguishes between foreign and domestic firms, by arbitrarily using a certain ownership percentage is erroneous, and leads to misleading results. We illustrate this with reference to the literature on the relation between foreign ownership and firm performance, by using the

threshold estimation method proposed by Hansen (2000), and the extension proposed by Kourtellos et al (2013) to allow for endogeneity. Our results suggest that arbitrary distinctions based on administrative data are likely to generate unreliable results and have implications for related literatures on FDI spillovers, or the MNE-performance debate. *(For more information, please contact: Yama Temouri, Aston University, United Kingdom: y.temouri1@aston.ac.uk)*

The Impact of Ownership Structure on the Internationalization of Brazilian Companies

Hsia Hua Sheng, FGV-EAESP
Jose Marcos Carrera Junior, FGV-EAESP

An agency problem between shareholders and managers may arise in internationalization decisions, in which the bargaining power of the parties is a function of the ownership concentration. The type of ownership of the firm can also affect the degree of internationalization. Therefore this article examines the influence that ownership structure has on the degree of internationalization of Brazilian companies. By analyzing 184 Brazilian public firms from 2002 to 2011, we rejected the hypothesis of the existence of the mentioned agency problem between shareholders and managers. Further, we show that family businesses and firms with strong government involvement by means of pension funds had, on average, a higher degree of internationalization, which suggests the important role of the government with respect to stimulating the internationalization of private groups. *(For more information, please contact: Hsia Hua Sheng, FGV-EAESP, Brazil: hsia.sheng@fgv.br)*

Ownership and Bank Risk-taking: Evidence from China

Wenyu Zhu, George Washington University

Does state ownership breed risk-taking behavior in commercial banks? This paper examines this issue using banks in China. Our empirical results confirm that state-ownership do lead to higher risks of banks and that foreign acquisition lower state-owned banks' risk-taking in China. In addition, we find that state-owned banks owned by local government have higher credit risk and inferior capital adequacy compared with those controlled by the central government or state-owned enterprises. Using a difference-in-differences matching estimator, we find that the alleviating effect of foreign minority ownership on bank risk-taking is more significant for state-owned banks with concentrated central government ownership. *(For more information, please contact: Wenyu Zhu, George Washington University, USA: wenyuzhu@gwmail.gwu.edu)*

Rent-Oriented Privatization, Education-Induced Interethnic Cooperation, and Investment Efficiency

Igor Oliveira dos Santos, HEC Montréal

In this paper, we investigate the impact of rent-seeking related to natural advantage (e.g., substantial oil reserves or mineral deposits) on investment efficiency. Using a unique dataset of 47 state-owned enterprises and 123 privatized firms covering the 2004-2011 period, we find evidence that ultimate state ownership decreases investment efficiency. In addition, our results suggest that ethnic fractionalization undermines investment efficiency. Nevertheless, education-induced interethnic cooperation could foster investment efficiency. *(For more information, please contact: Igor Oliveira dos Santos, HEC Montréal, Canada: igor.oliveira-dos-santos@hec.ca)*

Session: 2.5.12 - Competitive

Track: Track: 9 - Home Economies and the MNE

Does Form Matter? Organizational Forms and Performance of MNEs

Presented On: June 25, 2014 - 16:15-17:30

Chair: Geoffrey Jones, Harvard University

The Internationalisation of Family Business Groups: A Cross-cultural Perspective

Alessandra Vecchi, University of Bologna

Bice Della Piana, University of Salerno

Claudia Cacia, University of Salerno

Around the world, some of the largest firms in many countries are controlled by Family Business Groups (FBGs) such as Fiat in Italy, Ford in the US, Hutchison Whampoa in Hong Kong, Samsung in South Korea and many others. Further, many FBGs have a long history. Although FBGs are a significant and long standing phenomenon, their internationalisation strategy has received little attention from a cross-cultural perspective. Drawing on our previous work, in an exploratory fashion we conducted a systematic analysis of the literature to assess the state-of-the arts of the field. *(For more information, please contact: Alessandra Vecchi, University of Bologna, Italy: alessandra.vecchi@unibo.it)*

Diversification and Performance of Business Groups from Emerging Markets: The Moderating Role of Ownership

Jane Lu, University of Melbourne

Saptarshi Purkayastha, Indian Institute of Management Kozhikode

Vikas Kumar, University of Sydney

Integrating resource-based view theory and institutional perspective, we examine whether the competitive advantages of business groups from emerging markets can be transferred across institutional environments. We investigate this by comparing the performance implications of two corporate strategies, product diversification and geographic diversification. Further, different types of owners differ in their interests and resources, both of which could moderate the relationship between diversification strategies and performance. We develop and test these notions using a sample of 185 Indian business groups in the period of 2000-2010. We find that product diversification contributes positively to group performance while geographic diversification has a negative effect on group performance. The types of owners moderate the product diversification - group performance and geographic diversification - group performance relationships. *(For more information, please contact: Jane Lu, University of Melbourne, Australia: jane.lu@unimelb.edu.au)*

Do Foreign Investments Benefit Business Group Affiliated Firms? Empirical Evidence from India

Sarah Castaldi, University of Groningen

Sathyajit. R. Gubbi, University of Groningen

Vincent Eduard Kunst, Rijksuniversiteit Groningen

Business groups are the prevalent governance form in emerging markets. Since diversified business groups frequently act as a substitute for missing institutions in less developed countries, a general consensus among institutional economists exists that group affiliation is beneficial to firms in the home market. It is yet unclear, however, whether firms can translate benefits derived from group membership to the international context. This research investigates whether or not it is advantageous for multinational enterprises to be part of a business group. Specifically, this study examines globalization strategies of group affiliated firms such as their mode of entry selection and their foreign location choice. Using hierarchical linear modeling on a sample of 197 Indian firms which are part of 96 business groups, we find that business group membership is generally harmful to multinational activity. However, if increasing globalization and market liberalization was to drive affiliated

firms into international marketplaces, then they should at best invest in developed markets via partially-owned establishments. *(For more information, please contact: Sarah Castaldi, University of Groningen, Netherlands: s.castaldi@rug.nl)*

Session: 2.5.13 - Interactive

Track: Track: 2 - Entrepreneurship, SMEs, and Born Globals

Understanding the Born Global Phenomenon More Deeply

Presented On: June 25, 2014 - 16:15-17:30

Chair: Gary A Knight, Willamette University

Global Start-Ups Profile: One Size Fits All?

Marilyn L. Taylor, University of Missouri-Kansas City
 Sukanlaya Sawang, Queensland University of Technology
 Xiaohua Yang, University of San Francisco
 Diaswati Mardiasmo, Queensland University of Technology
 Theresa L. Coates, Clarkson University

Our research aims to answer the research questions “How do we commonly describe the global start-ups profile as evidenced in prior inductive research?” and “Does this global start-ups profile can effectively explain phenomena in Australian global start-up firms?” We systematically review 29 global start-ups (144 firms) qualitative articles to understand descriptive definitions of global-startup firms. We then triangulate this finding with an Australian high-tech firm. Our contribution is to form a descriptive profile of global start-up phenomenon and raise interesting issues that have potentially fruitful findings for both research and practice. This profile might well be just a deviant from the traditional model that describes how firms establish their footprints, first in their domestic markets followed by moves into cross-border activities. Regardless, government agencies, consultants, and entrepreneurs need to understand the phenomenon. Thus we anticipate that this phenomenon will continue to provide interesting issues for pursuit, both by researchers as well as the practitioner community. *(For more information, please contact: Sukanlaya Sawang, Queensland University of Technology, Australia: s.sawang@qut.edu.au)*

Advancing the Entrepreneurial Orientation Construct: The Role of Passion and Perseverance

Stephan Gerschewski, Hankuk University of Foreign Studies
 Patricia P. McDougall-Covin, Indiana University
 Valerie J. Lindsay, University of Wollongong in Dubai
 Elizabeth L. Rose, University of Otago and Aalto University School of Business

The purpose of this study is to examine how entrepreneurial orientation (EO) is manifested in the context of born global firms. Specifically, we investigate to which extent the EO dimensions of the influential Miller/Covin & Slevin scale are present in born globals. In addition, following calls in the literature, we examine potential unrecognised dimensions of EO in born globals. Based on semi-structured, in-depth qualitative interviews with eight born global firms from New Zealand and Australia, we find that the EO dimensions of proactiveness and innovativeness are highly prevalent in born globals. In contrast to the extant literature, our results also indicate that the born global firms generally displayed a relatively low level of risk-taking. We find strong empirical support for two additional emerging dimensions of EO: passion and perseverance. Our study provides two key contributions to the area of international entrepreneurship: (1) by investigating how EO is prevalent in the context of born globals, and (2) by proposing the new dimensions of passion and perseverance. *(For more information, please contact: Stephan Gerschewski, Hankuk University of Foreign Studies, Korea, South: stephange@hufs.ac.kr)*

Born Global or Rapid Internationalisation? An Enquiry into the Internationalisation Processes of 'Born Global' Professional Service Firms (PSFs)

Murray Taylor, Macquarie University
Robert Graham Jack, Macquarie University

'Born global' professional service firms (PSFs) and their internationalisation processes have received little attention in the extant born global and service based literatures. Building on internationalisation research our paper aims to examine the internationalisation paths of these firms. By adopting an exploratory multiple case study methodology, our research examines the internationalisation of five 'born global' professional service firms. An analysis of the case studies suggest that these firms are particularly unique as they follow clients into foreign markets and initially enter markets via low commitment entry modes before rapidly progressing to a higher level of market commitment. *(For more information, please contact: Murray Taylor, Macquarie University, Australia: murray.taylor@mq.edu.au)*

From Born Globals to Borderless Companies: Why and How to Build a Worldwide Value Systems

Vitor Corado Simoes, ISEG, University of Lisboa
Angela Da Rocha, Pontifical Catholic University of Rio de Janeiro
Renato Cotta de Mello, Federal University of Rio de Janeiro
Jorge Carneiro, Pontifical Catholic University of Rio de Janeiro

Although the original concepts of Born Globals (BGs) and International New Ventures (INVs) included the geographic configuration of value system activities (both in terms of upstream and downstream activities of the value chain), the subsequent development of the literature has gradually abandoned the concern with the geographic configuration of both input sourcing and output marketing to concentrate almost exclusively on the latter. Therefore, this paper argues that there is a need to re-focus the research on INV and BGs to figure out how and why some companies are truly borderless. To investigate this issue, the study uses an abductive approach to theory based on three in-depth case studies of "borderless firms". The case discussion led to five propositions concerning how and why borderless firms spread their value activities across several countries. *(For more information, please contact: Angela Da Rocha, Pontifical Catholic University of Rio de Janeiro, Brazil: amc.darocha@gmail.com)*

Born Globals - Is there Fire Behind the Smoke?

Eliane Choquette, Aarhus University
Morten Rask, Aarhus University
Davide Sala, University of Southern Denmark
Philipp Schröder, Aarhus University

In this paper we ask whether Born Globals are different from other start-ups, apart from their rapid internationalization. Based on a unique longitudinal data set of the population of start-ups located in Denmark and established between 1995 and 2006, we are able to examine and, for the first time, compare several central performance characteristics and socio-economic impacts of Born Globals to a number of properly defined control groups of other types of start-ups, i.e. new ventures that stay local or feature less impressive internationalization patterns. We find that Born Globals are indeed on average superior to other start-ups on several performance measures. However, when looking at their growth, no systematic difference from other start-ups is found. *(For more information, please contact: Eliane Choquette, Aarhus University, Denmark: elianec@asb.dk)*

Enhancing the Understanding of International New Ventures: A Service-oriented Perspective

Sven M. Laudien, Otto von Guericke University Magdeburg

Birgit Daxboeck, Otto von Guericke University Magdeburg

Although many researchers have already addressed international new ventures in their work, we are confident that there is still something new to be discovered. Against the background of insights provided by prior research this paper challenges the traditional, mainly product-centered view on international new ventures by bringing the service aspect into play. Referring to insights provided by service transition literature, literature analyzing the effect of entrepreneurial orientation on firm internationalization as well as to upper echelons theory we analyze how new venture characteristics influence the quality of new venture internationalization. In doing so, we pay special attention to effects triggered by a growing importance to provide service offerings as means of differentiation. The theory-based insights are mirrored by findings of a single case study that is based on in-depth interviews with two founders of a new venture that recently experiences a market driven increase in the importance of providing service offerings. The paper contributes to international new venture literature by adding thoughts on the role of service in new venture internationalization to this stream of literature. Furthermore, we provide a framework for future empirical research that links founder characteristics, service orientation, entrepreneurial orientation and new venture internationalization. *(For more information, please contact: Sven M. Laudien, Otto von Guericke University Magdeburg, Germany: sven.laudien@ovgu.de)*

The Art of Asking Questions - A Review of Entrepreneurial Internationalization Research

Yee Kwan Tang, University of Glasgow

Marian V. Jones, University of Glasgow

Taina Eriksson, University of Turku

Niina Nummela, University of Turku

The research question is central to any study as it is the source of conceptual arguments, research design and potential contributions. Yet, we seldom focus on it as a research object. This study investigates how research questions are framed and links them with research quality indicators. It is based on a systematic review of entrepreneurial internationalization research between 1989 and 2012. In the analysis the research questions are classified as phenomenon-driven, gap-spotting and problematizing. Our findings confirm earlier arguments of the rarity of problematizing research questions, but also bring up novel insights. First, in terms of classification the division between gap-spotting and problematizing was extended with a third category, phenomenon-driven. Second, instead of treating gap-spotting and problematizing as alternative strategies for formulating research questions, we found them to be complementary. We argue that problematizing research questions cannot be formulated without knowledge of the underlying phenomenon and awareness of gaps in existing research. In other words, there is a hierarchy between the three types of research questions. From the viewpoint of the development of a research field problematizing research questions are important because they serve two purposes: besides driving the study in question they also mirror the status of the field. *(For more information, please contact: Yee Kwan Tang, University of Glasgow, United Kingdom: yee.tang@glasgow.ac.uk)*

Time in International Business Research: Born Globals Through a Process Lens

Eriikka Johanna Paavilainen-Mäntymäki, Turku School of Economics

Maria Rummyantseva, University of Sydney

Catherine Welch, University of Sydney

Lisa Jane Hewerdine, University of Sydney

Time is an aspect that has long been overlooked in international business (IB) and management research, and only after decades of active justification for studying phenomena in a processual and longitudinal matter by numerous researchers, have the benefits of acknowledging time in research been discovered in the form of more informed explanations to different dynamic and temporal phenomena. This study builds around a review on the process approach within born-global (BG) and international new venture (INV) studies to highlight the differences between variance and process approaches, to address the criticism directed to the traditional

Internationalization Process Model, to bring to the fore as yet ambiguous rhetoric on temporal terms such as speed and rapidity, to draw attention to the risks of losing the process approach in the middle of research undertakings, and to provide suggestions for how to retain the process and thereby enrich the findings of IB, BG and INV studies in the future. The value-of-newness of the study lies within its emphasis on understanding time and temporality to inform its operationalization and practical application in IB and management studies. (For more information, please contact: Eriikka Johanna Paavilainen-Mäntymäki, Turku School of Economics, Finland: ejpama@utu.fi)

Session: 2.5.14 - Interactive

Track: Track: 7 - Competition and Collaboration in IB

Qualitative IB Research, Reviews, and CSR

Presented On: June 25, 2014 - 16:15-17:30

Chair: Melodena Balakrishnan, University of Wollongong in Dubai

Overcoming the Dilemma Between Contracting Need and Contracting Capability: Evidence from an Emerging Economy

Cheng-Min Chuang, National Taiwan University

Chih-Fang Chiu, National Taiwan University

The gap between contracting need and capability exists in collaborative relationships because the transactional parties are bounded rationally, especially when firms coming from emerging economics start to deal with international transactions. However, the existing literature reveals little concerning systematic investigations into how firms learn to overcome the dilemma between contracting need and capability in international contexts. We conducted an in-depth case study to explore how a Taiwanese firm needed to contract with foreign partners but lacked the capability to design contracts at the initial collaborative stage. The firm developed a contracting capability through cross-border learning mechanisms (i.e., social interaction, problem-solving, team, and partner selection) to incrementally accumulate contracting knowledge (i.e., tacit knowledge include what partners' demand and how to design satisfactory contracts; explicit knowledge includes various contractual provisions). The findings provide implications for firms regarding how leverage contracts in their long-term international partnerships. (For more information, please contact: Chih-Fang Chiu, National Taiwan University, Taiwan: juju0802@gmail.com)

Antecedents to Catching Up in Low-Tech Industries: Group-level dynamics in the Chinese Hypermarket Industry 1992-2011

Jie Xiong, ESC Rennes School of Business

Philippe Monin, EMLYON

This study seeks to widen our understanding of catching up processes beyond high-tech industries and beyond country-, industry- and firm-level analyses. Building on archival data and 49 interviews, we provide a historical account of the emergence of the retail industry in China from 1992 to 2011. We specifically focus on the hypermarket format and examine what factors (i.e. antecedents) helped a group of domestic followers to catch up with their foreign competitors which had literally 'exported' the hypermarket industry in mainland China. We identify four major factors that explain catching up processes: learning, managerial mobility, government intervention and local advantages. The extant literature, which we review extensively, suggests that technology-, policy- and market-related factors all influence catching up. Unlike existing research, but as expected in a low-tech industry, we find that technology-related factors did not play a role in the catching up processes, yet supply-chain management did. Consistent with the existing literature, we find that policy-related factors (government intervention) and market-related factors (learning) but also hardly mentioned additional market-related factors such as managerial mobility and local advantages played a major role. Finally, and beyond many

empirical studies, we observe that the influence of these several antecedents varies across time, namely across the five periods that we identified: export of a new business; birth of an industry; shift in government policy; reform and upgrade; and convergence. Eventually, our findings contribute to international business and service research interested in group-level catching up process. *(For more information, please contact: Jie Xiong, ESC Rennes School of Business, France: jie.xiong@esc-rennes.fr)*

Inter-Firm Network Dynamics: Australian and Indian Mining Firms

Meena Chavan, Macquarie University
Renu Agarwal, University of Technology

Building upon knowledge-based and network views this pilot study presents a new conceptual model "The Relational Capability-Linkages Model" for stimulating internationalisation in the context of the booming mining industry in Australia. The purpose of the paper is to demonstrate the potential benefits of inter-firm linkages, between Australian and Indian mining firms, which subsequently lead to relational capability building and emergent modes of internationalisation. The ensued relational capability of a) realisation b) assessing c) knowledge and resource sharing, d) opportunity sharing and e) product and process co-adaptation and f) co-innovation were identified as critical capabilities in the context of enhancing internationalisation, there by underpinning the conceptual framework. This research contributes distinctively to the international business literature by synthesizing two theoretical strands the actor-network theory (Callon and Latour 1992) and the relational capability theory (Birley et al. 1991), to investigate the importance of networks and relational linkages for enhancing the firm's capability for enhanced internationalisation. Results suggest that the firms primarily developed linkages with customers, suppliers, distributors and even competitors locally and globally with resultant benefits of relational capability and enhanced internationalisation. *(For more information, please contact: Meena Chavan, Macquarie University, Australia: meena.chavan@mq.edu.au)*

Culture, Trust, and Formation of International Strategic Alliances in the Developing Markets

Yasir Yasin Fadol, Qatar University

This paper explores the effects of culture and trust on the formation process and management of international strategic alliances (ISAs) in the United Arab Emirates (UAE). Based on a qualitative approach of two ISAs in the UAE, findings of this study suggest that the positive impact of cultural similarities between ISA partners was to smooth negotiations and achieving agreements at the early stages of the ISA formation. Negative effects of cultural dissimilarity on the formation process and management of ISAs were minimized by the previous relationship between partners and experience which enabled partners to anticipate and avoid negative impact of differences in their national and corporate cultures. Also the existence of previous relationship and common interests between ISA partners is the key to generate trust. The values of this study are (i) we found that macro-level factor, i.e., cultural similarities between partners, is less vital than micro-level factor, i.e. previous relationship and common interests between partners; (ii) we investigate this in context of developing countries, i.e. the UAE, to shed lights on how the interplay of macro-and micro-level factors shapes the formation process and management of ISAs. *(For more information, please contact: Yasir Yasin Fadol, Qatar University, Qatar: yasir.yasin@qu.edu.qa)*

Determinants of NGO-Corporate partnership performance: NGO's perspective

Suyeon Kim, Yonsei University
SoonKyo Choe, Yonsei University
Seungwha Chung, Yonsei University

Corporate Social Responsibility has been evolved and improved at a new level. Throughout the course of its development, corporations have learned that CSR can better be achieved by partnering with a party which knows the best: nongovernmental organizations. While previous studies have been conceptualized NGO-corporate partnership, empirical research on the subject has only been recently emerged. This study aims to

empirically prove what is behind the success of NGO-Corporate partnership and what elements can improve its performance. Based on resource based view, institution and network theories, this research explores the roles of resource complementarity, bilateral information exchange and trust on project performance segmented by three measures: project efficiency, social contribution, and NGO competitiveness. The empirical results based on 79 projects from 31 NGOs indicate that there is a significant and positive statistical support for the effect of trust and bilateral information on project efficiency, resource complementarity on NGO's enhanced competitiveness as well as resource complementarity, trust, and bilateral information exchange on social contribution engendered from partnership. *(For more information, please contact: Suyeon Kim, Yonsei University, Korea, South: ashley.suyeon.kim@gmail.com)*

A Perspective on Performance Evaluation of Russian-Foreign IJVs: Theoretical Findings, Comparative Assessment and Further Research Avenues

Katja Schneider, Technical University Freiberg
Michael Nippa, Technical University Freiberg

The economic significance of International Joint Ventures (IJVs) has attracted a lot of academic research, resulting in a broad variety of studies of which many focus on the performance of IJVs in China. At the same time empirical research on success factors of IJVs in other emerging markets such as Russia is rather neglected. This paper attempts at filling the research gap by rigorously selecting and categorizing relevant publications on success factors of Russian- and Soviet-Foreign IJVs. Based on a comparative assessment with prior research on success determinants of Sino-Foreign IJVs implications are drawn for further research on Russian-Foreign IJVs. *(For more information, please contact: Katja Schneider, Technical University Freiberg, Germany: katja.schneider@bwl.tu-freiberg.de)*

The Role of Government on FDI Spillover: Comparing China's and Brazil's Automobile Industries

Afonso Fleury, Universidade de Sao Paulo
Taotao Chen, Tsinghua University
Maria Tereza Leme Fleury, FGV-EAESP
Xiao Chen, Tsinghua University
Shichang Liu, Tsinghua University
Cynthia Vilasboas Calixto, FGV-EAESP
Claudia Savoy, FGV-EAESP
Carlos Eduardo Stefaniak Aveline, FGV-EAESP

FDI is expected to generate direct effects on the host country economy as well as indirect effects stemming from the increase in productivity and competitiveness of local producers. The latter will benefit from spillover effects arising from the establishing multinationals, through different channels or mechanisms. Determinant factors for the enactment of spillovers have been identified in the literature, but the role of government has been overlooked. In this study we compare FDI spillovers in China and Brazil at industry level, aiming at unveiling the influence of government in the configuration of spillover mechanisms and, consequently, in FDI impacts on local industries. Research comparing countries is more apt to reveal the subtleties of FDI spillover and micro-level analysis allows a deeper and clearer view of the mechanisms which enable the spillover process. Comparative historical analysis is the central mode of investigation, leading to a commitment to offering historically grounded explanations to important effects. The findings reveal the importance of governmental role in the achievement of positive FDI spillover effects and subsidize a preliminary causal analysis between government intervention and spillover mechanisms configuration. *(For more information, please contact: Afonso Fleury, Universidade de Sao Paulo, Brazil: acfleury@usp.br)*

Session: 2.5.15 - Interactive

Track: Track: 8 - Global Strategy, M&As and Competitiveness

Strategy Lessons in the International Context

Presented On: June 25, 2014 - 16:15-17:30

Chair: Katsuhiko Shimizu, Keio University

UNGC Participation Announcements and Stock Market Reactions: Signaling and Institutional Perspectives on the Effects of Firm-Level and Country-Level Attributes

Kun Yang, Central Michigan University

William Newburry, Florida International University

Will affiliation lead to legitimacy? If affiliation is considered a process of signaling legitimacy, what information interrupts or favors the process? In the context of joining the United Nations Global Compact (UNGC), this study examines the impacts of firm attributes on market reactions to UNGC participation announcements. We argue that the dynamics between firm-level and country-level attributes and a focal announcement signal impact the market's reaction to the announcement. We further argue that information vacancy favors the signal delivery. Using an event study of a sample of 117 UNGC participation announcements from 2000 to 2012, we find a U-shaped relationship between firm visibility and market reactions to UNGC participation announcements. Meanwhile, the market positively reacts to announcements made by firms that have not yet disclosed their sustainability performance (SP). Results further show that home country type moderates the impact of visibility on market responses to UNGC participation announcements in different contexts. *(For more information, please contact: Kun Yang, Central Michigan University, USA: yang1km@cmich.edu)*

Low-Level Management Control and Emerging Economy Firms' Cross-Border Knowledge-Transfer

Chang Liu, University of International Business and Economics

Zijie Li, University of International Business and Economics

Lin Cui, Australian National University

This paper employs organizational learning theory to provide an understanding of the relationship between management control policy of acquired firm and Emerging Economy (EE) firm's knowledge-transfer. Through multiple-case study of three EE firms, this paper examines the mechanism under which low-level control of acquired firm facilitates EE firm's knowledge-transfer. Based on organizational learning theory and results of case study, this paper finds that cooperation willingness of acquired firm's employees and language barrier are main influential factors when studying relationship between management control policy and parent company's knowledge-transfer process. *(For more information, please contact: Chang Liu, University of International Business and Economics, China: szs_lc1992@163.com)*

Multinational Firms Motivations and Foreign Direct Investment Decisions: An Analysis of the IT & Software and Financial Services Sectors in the Irish Context

Fragkiskos Filippaios, University of Kent

Fatima Annan-Diab, Kingston University

The literature provides significant evidence that the presence of desirable resources in small-developed countries can be very attractive for Foreign Direct Investment (FDI). The Irish case shows how FDI together with appropriate government policies has helped to create a virtuous development cycle comprised of further improving the pool of desirable resources, thereby leading to the attraction of increased FDI flows. Following from this we address, in this study, the following research questions: 1) "What are the main motivations for firms locating into Ireland?" and 2) "What are the core capabilities of firms locating into Ireland?" To address these two research questions we first provide a discussion of the literature on FDI and the Resource Based View

theory. This enables us to identify the firms' main motivation for investment, and consequently to provide an empirical analysis of data collected for FDI into Ireland for 22 Software & IT projects and 16 Financial Services projects. Our analysis follows a deductive qualitative approach and concludes with managerial and policy implications. *(For more information, please contact: Fragkiskos Filippaios, University of Kent, United Kingdom: f.filippaios@kent.ac.uk)*

Is CSR Helpful or Hurtful? Testing Strategic and Agency Arguments in the Context of the 2004 Asian Tsunami Disaster

Kiran S Awate, Ohio State University
Anil Makhija, Ohio State University
Mona Makhija, Ohio State University

Despite considerable concern in the management literature over the performance effects of undertaking CSR, we have to date gained little insight on this issue due to conflicting findings. We attempt to address this issue. In this research, we examine which of two opposing theoretical arguments best explains the relationship between CSR and performance. Using a natural experiment context relating to the 2004 Asian Tsunami disaster, we develop two separate models in this regard. Drawing on a strategic approach for the first model, we hypothesize that firms' international exposure, visibility and competition in their industry are positively related to CSR. An agency theory approach is reflected in hypotheses that board independence, institutional shareholdings and managerial ownership is negatively related to CSR choices. Our findings thus far in this work-in-progress research suggest that the agency explanation for CSR far outweighs the strategic explanation. These findings have important implications for the debate in management regarding CSR as a source of competitive advantage. *(For more information, please contact: Kiran S Awate, Ohio State University, USA: awate.3@fisher.osu.edu)*

Business Model Innovation for Emerging Markets: Analysis of a German Automobile Manufacturer's International Strategy in India and Thailand

Christian Landau, EBS Business School
Amit Karna, EBS Business School
Miriam Sailer, EBS Business School

Business models that enable firms to achieve competitive advantage in their home markets are often subjected to innovation when transferred to international markets. Adjusting the home country business model is often a necessary hurdle for a firm to be crossed when expanding to emerging markets. Based on a case study of a German premium car manufacturer's successful international strategy for India and Thailand, we develop insights into how to adapt business models for emerging markets. We find that successful firms adjust some components of their business model significantly, in particular content, structure, and governance of their activity systems, to take customer characteristics and institutional differences of emerging markets into account, while at the same time following similar value propositions and value capture mechanisms and maintaining the underlying design theme of its home country business model. We propose an inductive framework that enables advanced country firms to successfully innovate their business models for emerging markets. *(For more information, please contact: Christian Landau, EBS Business School, Germany: christian.landau@ebs.edu)*

The Effects of Language Diversity, Cultural Distance and Political Risk on the Choice between International Joint Ventures and Cross-Border Acquisitions: Evidence from the Greater China Region and Singapore

Linda H.Y. Hsieh, University of Birmingham
Meijui Sun, Ming Chuan University

To respond to a recent call for more comparative research on entry modes among Asian firms (developing markets vs. developed markets), this study examines the effects of language diversity, political risk, and cultural distance on the choice between international joint ventures and cross-border acquisitions. It used Thomson's

SDC platinum database to collect information on international joint ventures and cross-border acquisitions made by firms from the Greater China region (China, Hong Kong, Taiwan) and Singapore during the period of 2001-2010. Cultural distance was found insignificant in this study. The results show a preference for cross-border acquisitions over internationally joint ventures, when firms invest in politically risky countries. Such a preference is intensified when language diversity exists. We also found that when entering politically unstable and violent countries where Mandarin is not spoken, firms tend to choose joint ventures as their entry mode. An important implication of our study for managers in the Greater China Region and Singapore is that language diversity is an important determinant of preference for cross-border acquisitions because language diversity may pose challenges to knowledge sharing, in particular in the context of learning IJVs. *(For more information, please contact: Linda H.Y. Hsieh, University of Birmingham, United Kingdom: h.hsieh@bham.ac.uk)*

Why do Canadian Firms Invest and Operate Abroad? Implications for Canadian Exports

Lena Suchanek, Bank of Canada
 Martin Coiteux, Bank of Canada
 Patrick Rizzetto, Bank of Canada
 Jane Voll, Bank of Canada

Canadian foreign direct investment and activity of Canadian operations abroad, particularly in the manufacturing industry and in the United States, have accelerated sharply over the past decade. At the same time, although foreign activity has accelerated following the Great Recession, Canadian exports have failed to rebound as strongly as historical correlation would suggest. This paper investigates to what extent the delayed recovery of Canadian exports may be explained by the increasing role played by Canadian operations abroad in serving foreign markets. Using a case study approach of two major Canadian manufacturing industries, i.e. the forest and the auto and parts industry, it finds that Canadian companies increasingly choose to invest abroad, leading to a shift in relative operational capacity from Canada to locations abroad. Motives of this trend include market seeking objectives, as well as relative cost factors and strategic asset seeking abroad. We find that this shift can help to explain the weakness in Canadian merchandise exports over the past decade, as firms increasingly serve foreign demand through their operations abroad, rather than exclusively through exports. *(For more information, please contact: Lena Suchanek, Bank of Canada, Canada: sucl@bankofcanada.ca)*

Session: 2.5.16 - Interactive

Track: Track: 3 - Organization, Management and Human Resources of the MNE

Managing Human Capital and Learning Processes

Presented On: June 25, 2014 - 16:15-17:30

Chair: Vesa Matti Peltokorpi, Japan Advanced Institute of Science and Technology

Sorting Model of Human Resources: Effects of Industry and Firm Characteristics on the Quality of New Hires in Japanese Firms

Yoshio Yanadori, University of South Australia
 Tomoki Sekiguchi, Osaka University
 Marcos H. Yokoyama, Osaka University

This paper attempts to explain how the organizational difference in the quality of human resources is generated in Japanese firms. We propose the sorting model in which high quality workers are sorted into industries and organizations with certain characteristics. We test our model by examining the quality of new hires in Japanese firms. Our empirical analysis demonstrates that both industry-level factors (i.e., industry pay level, industry growth opportunities, and industry volatility) and an organization-level factor (i.e., market share) account for the quality of newly hired university graduates in Japan. Multinational corporations operating in Japan will

benefit from this finding as it informs how job applicants select organizations to join. *(For more information, please contact: Yoshio Yanadori, University of South Australia, Australia: yoshio.yanadori@unisa.edu.au)*

Barriers and Facilitators to the Learning Process of Offshore members: A Case Study of an Offshore Insourcing Arrangement

Florence Duvivier, Solvay Brussels School of Economics and Management

This paper explores how international transfer assignees contribute to local host employees' ability for learning in a captive offshoring location. To encourage learning in a firm it requires an understanding of both the practices that support and slow down learning. Based on previous research, I provide a model that enables to have an overview of potential practices that facilitate or/and hinder local host employees' ability for learning from different forms of international transfer assignees. This paper adopts a single in-depth case study of a large Belgian firm in the financial sector. The findings show that the main facilitator items are as follows: training programs for local host employees offered by onshore teams and former inpatriates, and frequent team meetings to provide feedbacks and to review the performance and learning of local host employees from expatriates. An unexpected finding from this research was the positive view of working in an open physical architecture and introducing an atmosphere conducive to learning. Possible reasons why local host employees may hinder their learning process may be gleaned from various barriers: language and cultural differences, internal resistance from the onshore team, turnover, too much control from the headquarter and insecurity regarding status position of local host employees. *(For more information, please contact: Florence Duvivier, Solvay Brussels School of Economics and Management, Belgium: florence.duvivier@ulb.ac.be)*

Strategic Flexibility and Employees' Innovative Behavior in Foreign-Owned Firms in Japan: The Mediating Influence of Organizational Commitment

Koichi Takaishi, Daito Bunka University

Rei Hasegawa, Daito Bunka University

Shinji Hasegawa, Waseda University

This study examines how employees' innovative behavior is influenced by firms' strategic flexibility and employees' organizational commitment in European, US, Asian, and domestic firms in Japan. Organizational commitment mediates the relationship between employees' perception of strategic flexibility and their innovative behavior. Our sample comprised Japanese employees working for subsidiaries of foreign firms in Japan and Japanese domestic firms. The data were collected from the monitor members of a marketing firm using a web survey. We found that, although perceived strategic flexibility affects employees' innovative behavior via organizational commitment in European, Asian, and domestic firms in Japan, the relationship between strategic flexibility and innovative behavior is not evident in US subsidiaries in Japan. The findings highlight the importance of affective organizational commitment in enhancing employees' innovative behavior as a universal mechanism. Theoretical and practical implications are discussed. *(For more information, please contact: Koichi Takaishi, Daito Bunka University, Japan: takaishi8@nifty.com)*

When Do Expatriate Programs Benefit the Bottom Line: An Absorptive Capacity Perspective

Kyoung Yong Kim, University of Houston

Seemantini Pathak, University of Houston

Steve Werner, University of Houston

Roger Blakeney, University of Houston

Focusing on the complementarity of learning processes by drawing on the absorptive capacity literature, we propose that both transformative learning (as measured by the level of employee training) and exploitative learning (as measured by the level of internationalization) are necessary to achieve positive effects of exploratory learning (as measured by the intensity of expatriate programs) on firm profitability. We also hypothesize the complementarity of these three learning processes through a three-way interaction effect. Our

hierarchical linear modeling results confirm the importance of expatriate programs and the complementarity of all three types of learning. Specifically, we find that the only context in which there is a positive significant relationship between expatriate intensity and profitability is when internationalization is high and employee training is high. *(For more information, please contact: Kyoung Yong Kim, University of Houston, USA: ykim@bauer.uh.edu)*

Best Practices Monitoring in Emerging Economies: Application of Data Envelopment Analysis for Typology Creation (Case of Russian Domestic Energy Sector)

Valentina V. Kuskova, NRU Higher School of Economics

Irina O. Volkova, NRU Higher School of Economics

Nikolay B. Filinov, NRU Higher School of Economics

The notion that certain management practices at all levels create substantial competitive advantages for the company in the market received a lot of attention in the academic community over the years. A large body of work was accumulated as a result, though it appears that a comprehensive understanding of the relationship between management practices and firm performance is still lacking. Moreover, currently there appears to be no comparative studies looking at management best practices in emerging vs. developed economies. This study is a part of a larger project aiming at closing this gap. The objective of the current study was to create a typology of companies based on financial efficiency, using a number of objective criteria obtained from publicly available information. *(For more information, please contact: Valentina V. Kuskova, NRU Higher School of Economics, Russia: vkuskova@hotmail.com)*

ABSTRACTS FOR THURSDAY, JUNE 26, 2014

Session: 3.1.1 - Panel

Track: Track: 1 - People and Careers in Cross-Cultural Business

Current and Future Research on Multiculturals: Conceptualization, Development, and Implications

Presented On: June 26, 2014 - 09:00-10:15

Chair: Davina Vora, State University of New York at New Paltz

Discussant: Mary-Yoko Brannen, University of Victoria

Panelists:

Mai Al-Naemi, Qatar University and London School of Economics

Michael Allen, University of Sydney

Dan V. Caprar, University of New South Wales

Wendy Casper, University of Texas at Arlington

Anthony Fee, University of Technology

Stacey Fitzsimmons, University of Victoria and Western Michigan University

Sid Gray, University of Sydney

Napatsorn Jiraporn, State University of New York at New Paltz

Hyun-Jung Lee, London School of Economics

Fiona Moore, Royal Holloway

Vas Taras, University of North Carolina at Greensboro

Multiculturals, people who have internalized two or more cultures, are becoming increasingly common in today's global environment. These individuals, often called biculturals, have skills and capabilities that monoculturals (people with one culture) do not, as well as the potential to help firms fulfill organizational goals. Despite this, research on the multiculturals in the business context is relatively limited. The purpose of this panel is to highlight current research on multicultural individuals as well as future directions for this research. The five research projects in this panel cover a wide spectrum, ranging from a conceptualization of multiculturalism, to individual-level skills and capabilities of multiculturals, to their impact on teams. The breadth of projects should not only shed light on a variety of perspectives and contexts in which to study multiculturalism, but also provide fertile ground for an open-ended discussion on the next steps for research on multiculturalism. *(For more information, please contact: Davina Vora, State University of New York at New Paltz, USA: vorad@newpaltz.edu)*

Session: 3.1.2 - Panel**Track: Track: 2 - Entrepreneurship, SMEs, and Born Globals*****Internationalization of SMEs in Emerging/Developing Countries*****Presented On:** June 26, 2014 - 09:00-10:15

Chair: Mehdi Farashahi, Concordia University

Panelists:

Wade Danis, University of Victoria
Igor Filatotchev, City University London
Elie Chrysostome, State University of New York
Jane Lu, University of Melbourne

Small and medium-sized enterprises (SMEs) play diverse and vital role in the growth and economic development of emerging and developing countries. Their operation is significantly influenced by exogenous factors such as unique historical, political, cultural, and economic antecedents as well as endogenous factors such as their resources, ownership and governance, entrepreneurial behavior and age. In fact, the uniqueness of these factors and their effects on the internationalization process of SMEs in emerging and developing countries have attracted the attention of scholars in recent years (e.g. Bruton et al., 2008; Sim & Pandian, 2003; Zhu et al., 2007). Deregulation, liberalization and the emerging nature of their national institutional environments have escalated market competition and made it even more complex and challenging for them to develop unique strategies in coping with their rapidly changing business environments (Hoskisson et al, 2000). Despite the importance of SMEs and their internationalization in development of the economy of emerging and developing countries, research on this topic is very limited and at its very early stage with great potentials opportunities for improvement. This panel session is to elaborate internationalization process of SMEs in emerging and developing countries and address some of the main exogenous and endogenous factors this process in these contexts. *(For more information, please contact: Mehdi Farashahi, Concordia University, Canada: mfarasha@jmsb.concordia.ca)*

Session: 3.1.3 - Panel**Track: Track: 1 - People and Careers in Cross-Cultural Business*****Me, Myself and I: From Individual-centered to Multiple Stakeholder Perspectives in Expatriate Research*****Presented On:** June 26, 2014 - 09:00-10:15

Chairs: B. Sebastian Reiche, IESE; Mila B. Lazarova, Simon Fraser University; and Margaret Shaffer, University of Wisconsin

Discussant: Paula Caligiuri, Northeastern University

Panelists:

Soo Min Toh, University of Toronto Mississauga
Ying Guo, University of South Australia
Mina Westman, Tel Aviv University
Fabian J. Froese, Georg-August-University Goettingen
David Collings, Dublin City University

Despite having been extensively researched over the past few decades, the expatriate domain continues to be rather expatriate-centric, without sufficiently considering the distinct role, influence and support of various relevant stakeholders that can facilitate the expatriate experience. The aim of the proposed panel is to bring

together a group of expert scholars in the field of expatriate-stakeholder relationships to discuss challenges and future directions for drawing on the role of multiple stakeholders in expatriate research. To do so, the panel adopts a two-phase approach. We intend to first hold three consecutive roundtable discussions that each addresses a particular theme associated with expatriate-stakeholder relationships, facilitated by the panel organizers and subsequently drawn together by our discussant. The second phase consists of a general audience discussion on issues related to the roundtable debates, and the challenges and future directions of researching expatriate relationships more broadly. *(For more information, please contact: B. Sebastian Reiche, IESE, Spain: sreiche@iese.edu)*

Session: 3.1.4 - Competitive

Track: Track: 3 - Organization, Management and Human Resources of the MNE

Facing Environmental Uncertainty: The Role of Executive Staffing

Presented On: June 26, 2014 - 09:00-10:15

Expatriation in a High-Risk Environment: The Role of Social Support under the Prevalence of Terrorism
Benjamin Bader, University of Hamburg

This study analyzes the antecedents of expatriate work attitudes in terrorism-endangered countries. Applying a social exchange perspective, the study empirically analyzes which measures are qualified to achieve and maintain positive work attitudes among expatriates. Hierarchical regression analysis is applied to investigate this relationship, using data from 143 expatriates in high-risk countries. Data show that social support from co-workers as well as from the organization itself is essential. Moreover, the study investigates the expatriate's sensitivity to terrorism as a moderator and finds that companies should incorporate the sensitivity in their considerations for corporate measures. *(For more information, please contact: Benjamin Bader, University of Hamburg, Germany: benjamin.bader@uni-hamburg.de)*

Decomposing Environmental Effects: A Study of Japanese Multinational Enterprises' Executive Staffing Strategies in China

Fiona Kun Yao, University of Illinois at Urbana-Champaign
Jing Yu (Gracy) Yang, University of Sydney
Song Chang, Chinese University of Hong Kong
Andrew Delios, National University of Singapore

Organizations respond to threat and opportunities differently. In this paper we apply the threat-opportunity framework developed in organization studies to understand how an multinational enterprise (MNE) adjusts its expatriate staffing at foreign subsidiaries when faced with both threats and opportunities in a host country. An MNE is likely to appoint expatriates at subsidiaries if its parent competes in a global industry or has sole ownership in the subsidiary. Such relationships are asymmetrically moderated by environmental threat and market opportunity. Specifically, the relationships become stronger when MNEs perceive more threats, but weaker when MNEs perceive more opportunities in a host country. Our analysis on 353 foreign subsidiaries by Japanese firms in the manufacturing industry in China between year 1979 and 2000 largely supports these ideas. *(For more information, please contact: Fiona Kun Yao, University of Illinois at Urbana-Champaign, USA: fionayao@illinois.edu)*

CEO Succession in Foreign Subsidiaries Following External and Internal Crises

Marketa Sonkova, Boston University

Hein Bogaard, George Washington University

Our study exploits the effects of the 2008 global financial crisis to analyze CEO succession events in foreign subsidiaries of multinational banks. We distinguish between external (environmental) shock and internal (organizational performance) shock and the respective effect of each on (i) turnover and (ii) preference for successors' human capital attributes. With this focus, we address a gap in the succession literature, which has thus far not attended to the organizational context of foreign subsidiaries. The foreign subsidiary context is important and useful for the study of turnover and CEO selection, because subsidiary executives not only exercise considerable influence over the organization, but what it means to be an insider or outsider is more nuanced and complex for subsidiary CEOs than for CEOs of stand-alone firms. We find that while broad environmental shocks and subsidiary performance shocks both incite turnover in the top subsidiary leadership post, they prompt different preferences for successors' human capital attributes. Specifically, country-wide economic crisis promotes a preference for subsidiary-specific human capital, while performance shocks limited to the subsidiary are associated with a preference for MNC-specific human capital and for successors with broad international experience. *(For more information, please contact: Marketa Sonkova, Boston University, USA: msonkova@bu.edu)*

Emerging Market Company's Selection of Developed Country Executives

Cher-Min Fong, National Sun Yat-sen University

Chun-Ling Lee, National Sun Yat-sen University

Hui Wen Wang, National Sun Yat-sen University

Sze-Ting Chen, National Sun Yat-sen University

Drawing on the accessibility-diagnostics perspective, this study provides evidence for how an emerging market (EM) company select an executive from a developed country (DC) incumbent with a superior brand image affect its customer-based brand equity. The authors conduct two studies to test the presence and strength of spillover effects in the context of new executive introduction. Study 1 examined the improvement of perceived capability and customer-based brand equity of the EM company when it selects an executive (chief executive officer vs. chief technology officer) from a superior-image DC company. Study 2 further examined the EM company's perceived capability and customer-based brand equity when it selects an executive from a mediocre-image DC company. The results show that a positive spillover from the DC company to EM company occurs. The EM company's perceived capability and customer-based brand equity improve significantly. The EM company's customer-based brand equity improves because that consumers believe that its capabilities improve. The strength of the spillover is dependent on the superiority of the DC company's brand image. *(For more information, please contact: Chun-Ling Lee, National Sun Yat-sen University, Taiwan: d934010005@student.nsysu.edu.tw)*

Session: 3.1.5 - Competitive

Track: Track: 6 - Innovation and Knowledge Management

Knowledge Flows Across National Boundaries

Presented On: June 26, 2014 - 09:00-10:15

Chair: Henrik Dellestrand, Uppsala University

Stop the Knowledge Flow: Knowledge Protection Intensity of MNC Subsidiaries

Wolfgang Sofka, Copenhagen Business School

Edlira Shehu, University of Hamburg

Pedro de Faria, University of Groningen

International knowledge spillovers, especially through multinational companies (MNCs), have recently been a major topic of academic and management debate. However, most studies treat MNC subsidiaries as relatively passive actors. We challenge this assumption by investigating the drivers of knowledge protection intensity of MNC subsidiaries. We argue that knowledge protection intensity is determined by MNC subsidiary mandates and by opportunities and risks originating from the host region. We hypothesize that not just competence-creating but also competence-exploiting mandates increase knowledge protection intensity. In addition, technological cluster regions in the host country can be expected to provide opportunities for knowledge sourcing and MNC subsidiaries may be willing to protect knowledge less intensively to participate in cluster networks. We test our hypotheses using a dataset of 694 observations of 631 MNC subsidiaries in Germany and develop recommendations for research, managers and policy makers. *(For more information, please contact: Wolfgang Sofka, Copenhagen Business School, Denmark: ws.smg@cbs.dk)*

How Do Multinational Corporations Identify And Use External Knowledge? A Boundary-Spanning Approach

Felipe Monteiro, INSEAD

Julian Birkinshaw, London Business School

In this longitudinal study we adopt a boundary spanning approach to shed light on the actual processes through which multinational corporations identify and make use of external sources of knowledge. We observe four different forms of boundary spanning processes and develop a parsimonious set of contingencies under which each process is more likely to take place. We also show how the stock of different dimensions of social capital allow boundary spanners to perform the more value-adding boundary spanning processes and how the relative emphasis of the four processes shifts over time from lower to higher value-added. Finally, we show how these contingencies explain the observed patterns of behaviour in our empirical setting as well as develop formal propositions which can be tested in other contexts *(For more information, please contact: Felipe Monteiro, INSEAD, France: felipe.monteiro@insead.edu)*

Principles or Templates? The Role of Human Capital in Cross-Border Knowledge Transfer

James Oldroyd, Ohio State University

Shad Morris, Brigham Young University

Strategic use of knowledge across borders can be a vital but challenging element of improving performance in the MNE. This study examines how project leaders' human capital, characterized as either local or cosmopolitan, influences the degree to which they utilize principles or templates (two distinct types of codified knowledge within the MNE). We also examine how the use of knowledge principles or templates uniquely impacts project efficiency and local responsiveness. Analyzing 139 globally dispersed consulting projects in a large MNE, we find that project leaders who possess local human capital are less likely to use codified knowledge. However, when these project leaders have a combined local and cosmopolitan human capital, the likelihood that they will utilize codified knowledge increases. Moreover, we find that the use of codified knowledge principles increases the

local responsiveness of a project, while the use of knowledge templates increases a project's efficiency. Our research highlights the important interplay of human capital and codified knowledge within the MNE, as well as how leaders are best served by selecting the form of codified knowledge that best aligns with their projects' local responsiveness or efficiency objectives. *(For more information, please contact: James Oldroyd, Ohio State University, USA: oldroyd@fisher.osu.edu)*

Striking the Right Balance: The Effect of Internally and Externally Generated Knowledge on Firms' Geographical Scope

Stefano Denicolai, University of Pavia
Antonio Majocchi, University of Pavia
Antonella Zucchella, University of Pavia

This study investigates how the internal generation of new knowledge coupled with the sourcing of knowledge from external players affects the geographical scope of firm international activities. We also contribute to the debate regarding the relationships between firm size and internationalization degree. By leveraging on the resource-based view and on transaction cost economics frameworks, we empirically show that a larger portfolio of resources supports a global presence, but only if it mainly consists of strategic assets such as knowledge. We also provide evidences that international firms have to strike a balance between internal and external generation of knowledge. It highlights the need for high levels of absorptive capability as well as the capacity to develop complementary assets. The survey relies on panel analysis on a cross-industry sample consisting of 1,316 firm-level observations, spanning four years (2008-2009) and five European countries. *(For more information, please contact: Stefano Denicolai, University of Pavia, Italy: stefano.denicolai@unipv.it)*

Session: 3.1.6 - Competitive

National Economy and Firm Behaviors

Presented On: June 26, 2014 - 09:00-10:15

Chair: Jonas Puck, WU Vienna

Influence of Macroeconomic and Political Risk Factors in the Capital Structure of Foreign Subsidiaries

João Paulo Linhares, FGV-EAESP
Hsia Hua Sheng, FGV-EAESP
Nilton Deodoro Moreira Cardoso Júnior, Insper- Instituto de Ensino e Pesquisa

This article examines the influence of macroeconomic and political risk factors in the capital structure of subsidiaries of foreign multinational companies (SFM) in Brazil by comparing them with local Brazilian companies (LBC) during the period from 1998-2008. During this period, exchange rate variation was positively associated with leverage, which supported the hypothesis of revenue hedging in the context of foreign currency exposure of the head office. However, contrary to the initial hypothesis, political risk, as represented by the level of corruption, reduced the SFMs' leverage. Finally, differences in financing rates between Brazil and the SFMs' head office country were negatively related to intercompany leverage. *(For more information, please contact: João Paulo Linhares, FGV-EAESP, Brazil: jplinhares@yahoo.com.br)*

Inward Internationalization and the Financial Dimension

Jeferson Lana, FGV-EAESP
 Rosilene Marcon, UNIVALI
 Wlamir Xavier, FGV-EAESP & UNISUL
 Rodrigo Bandeira-de-Mello, FGV-EAESP

In this manuscript we study the effect of financial internationalization on firm performance in the context of an emerging economy. The concept of financial internationalization was operationalized as foreign holdings in dimensions such as the board of directors, foreign ownership and foreign currency debt. Three hypotheses about the relationship between financial internationalization and firm performance were developed and tested. The study sample comprised 450 Brazilian companies that were listed for at least three years during the period from 1999 to 2011. We analyzed 26,222 curricula from board members and 3,992 financial reports. An unobserved effects panel data model was used for analysis. Results suggest that foreign currency debt has a negative impact on performance whereas the presence of foreign directors has a positive impact. *(For more information, please contact: Jeferson Lana, FGV-EAESP, Brazil: jeff@rovian.com.br)*

Why Do Countries Develop Differently? The Effect of National Culture on Profit Reinvestment by Small Firms in Emerging Markets

Sadok El Ghouli, University of Alberta
 Omrane Guedhami, University of South Carolina
 Chuck Kwok, University of South Carolina
 Liang Shao, Hong Kong Baptist University

To shed light on why countries develop differently, in this paper we examine the role of national culture, an important informal institution, in the profit reinvestment decisions of small firms in emerging markets. Prior economic development literature focuses on formal institutions (strength of property rights and access to external financing) as determinants of growth. However, in emerging markets where formal institutions are less developed, informal institutions may have a greater impact and affect the effectiveness of formal institutions. We find that Schwartz's (1994) cultural dimensions Embeddedness and Hierarchy are negatively correlated with profit reinvestment, which implies that Embeddedness and Hierarchy are associated with a lower motivation to invest. These results are robust to addressing endogeneity and applying alternative methodologies. *(For more information, please contact: Chuck Kwok, University of South Carolina, USA: ckwok@moore.sc.edu)*

Zero-leverage Puzzle: An International Comparison

Chuck Kwok, University of South Carolina
 Xiaolan Zheng, Nottingham University China

This paper documents the growing presence of zero-leverage firms with an international sample including firms from 73 developed and developing countries over the period between 1990 and 2010. We investigate how a set of country-level characteristics, chosen based on the mainstream capital structure theories, contributes to the variation in zero-leverage phenomenon across countries. Using a sample of 196,257 firm-year observations (28,597 unique firms) from 50 countries from 1990 to 2010, we find strong and robust evidence that corporate tax rates, efficient and less costly insolvency process, strong creditor and shareholder protection, information sharing among lenders, and well-functioning bank sectors are negatively related to the probability that firms follow zero-debt policy, while high-quality information disclosure in equity issuance and active stock markets are positively associated with the likelihood of using debt-free policy. In addition, we find that the influence of financial development and investor protection on the likelihood that a firm is debt-free varies across firms of different sizes, but the influence is economically most significant for medium-sized firms. *(For more information, please contact: Chuck Kwok, University of South Carolina, USA: ckwok@moore.sc.edu)*

Session: 3.1.7 - Panel***Developing an International Perspective in Undergraduates Enrolled in Business Programs*****Presented On:** June 26, 2014 - 09:00-10:15

Chair: Eleanor Westney, York University

Panelists:

Lorna Wright, York University

Allan W. Bird, Northeastern University

Elizabeth L. Rose, University of Otago and Aalto University School of Business

Bernie Wolf, York University

As International Management/ International Business faculty, many of us expend most of our efforts on attracting students into our international courses. Making our internationally-focused business courses attractive to undergraduates will build reputation and attract more students, and bringing more experiential learning and practical experience into our undergraduate IB teaching is one of the most promising ways to do this. The danger is that we find ourselves educating those who are already interested in explicitly international careers and paying too little attention to how we reach students who are not anticipating international business careers when they graduate but who will find themselves stretching for a global outlook when they do. Moreover, we too often overlook opportunities to build these initiatives in collaboration with – or at least reaching out to - other business schools, failing to build the knowledge-creating and field-changing networks whose necessity in today's interconnected world we preach in our classrooms. This roundtable discussion will focus on the dual challenges of developing the international business skills in our IB/IM students and of developing an international perspective in all our business undergraduates. Two of the discussion leaders will focus on specific initiatives underway at their institutions; a third will put these initiatives into the context of her extensive experience at universities in the United States, Europe, and Asia-Pacific. Those who attend the session will be given opportunities to discuss their own initiatives and challenges, with the objective of developing improved strategies and specific initiatives at their own institutions. *(For more information, please contact: Eleanor Westney, York University, Canada: ewestney@schulich.yorku.ca)*

Session: 3.1.8 - Competitive**Track: Track: 3 - Organization, Management and Human Resources of the MNE*****Organizing for Performance*****Presented On:** June 26, 2014 - 09:00-10:15

Chair: Schon Beechler, INSEAD

Imitating the Staffing Practice of High Performing Firms: The Implications for Subsidiary Performance

Naoki Ando, Hosei University

This study examines how isomorphic behavior by multinational corporations affects the performance of foreign subsidiaries. Although previous studies found that multinational corporations have a tendency to mimic practices adopted by other firms, the financial consequences of mimetic behavior remains uncovered. This study focuses on imitation of foreign subsidiary staffing and assumes that multinational corporations imitate subsidiary staffing adopted by high performing counterparts from the same home country. The dataset consisting of 6,828 observations of foreign subsidiaries of multinational corporations is analyzed by employing instrumental variables regressions. The results indicate that the imitation of subsidiary staffing adopted by high performing firms negatively affects the performance of the imitating firm's subsidiaries. This study also finds that the

negative relationship between mimetic behavior and subsidiary performance becomes greater as the institutional distance between the host country and the home country increases. The results of this study suggest that imitation of practices adopted by high performing firms is accompanied by the loss of efficiency. *(For more information, please contact: Naoki Ando, Hosei University, Japan: nando@hosei.ac.jp)*

The Power of Momentum on Firm Performance: A Myth or A Reality?

Chengli Tien, National Taiwan Normal University
Chien-Nan Chen, National Dong Hwa University

This article seeks to extend research issues relating to the momentum effect to solve puzzles between a firm's behavioral momentum and its financial performance, and to further examine any moderating effect from various perspectives—how firm-level (firm age and size), industry-level, and country-level factors can interact with the power of momentum to affect firm performance. Data was collected from the Compustat and Yahoo Finance databases (for firms in USA) and Taiwan Economic Journal (TEJ) (for firms in Taiwan). The final sample of US firms is a panel with 239 unique companies in the electronics-related industries across the twenty-two year time span (1991-2012), and the final sample of Taiwanese firms is a panel with 184 unique companies also in the electronics-related industries across the twenty-two-year time span (1991-2012). The results show that momentum does not significantly affect firm performance, and thus, the power of momentum is a myth. However, the relationship between momentum and firm performance can be moderated by firm age, firm size, capital intensity and country of origin, respectively, under some circumstances. The contributions include a multiple-perspective study of firm behavioral momentum and firm performance to comprehensively discover each of their respective relationships. This study has further extended the debate over path dependent perspectives with contingent perspectives across the borders to fill knowledge and theoretical gaps, while the evidence-based findings provide the top management with practical knowledge for strategic planning and execution with another avenue for future research in the momentum effect. *(For more information, please contact: Chengli Tien, National Taiwan Normal University, Taiwan: cltien168@gmail.com)*

Societal Values, Organizational Culture, and Financial Performance: A 31-Society Study

Carolyn P. Egri, Simon Fraser University
David A. Ralston, Florida International University
Tania Casado, University of Sao Paulo
Carlos W.H. Lo, Hong Kong Polytechnic University
Olivier Furrer, University of Fribourg
Carol Yeh-Yun Lin, National Chengchi University
Maria Teresa de la Garza Carranza, Instituto Tecnológico de Celaya
Marjo Siltaoja, University of Jyväskylä
Wade Danis, University of Victoria
Jaime Alberto Ruiz-Gutierrez, Universidad de los Andes
Knud Sinding, University of Southern Denmark
Ruth Alas, Estonian Business School
Narasimhan Srinivasan, University of Connecticut
Stephen Chen, University of Newcastle
Tomasz Ochowski, Warsaw University
Frances E. Bowen, Queen Mary University London
Tevfik Dalgic, University of Texas at Dallas
Michael Mustafa, University of Nottingham - Malaysia
Francisco B. Castro, Universidade do Porto
Irina Naoumova, University of Hartford
Yong-Lin Moon, Seoul National University
Mario Molteni, Catholic University of Milan
Ian Palmer, RMIT University
Jean-Pascal Gond, City University London
Amandine Furrer-Perrinjaquet, Independent Researcher
Nicola Berg, University of Hamburg
Isabelle Maignan, Vrije Universiteit Amsterdam

We test multi-level culture theory proposals that societal values influence firms' organizational cultures orientations, as well as the relationship between organizational culture (Competing Values Framework) and financial effectiveness. We conducted a multi-level study to examine the influence of societal values from three cultural values taxonomies on the organizational culture orientations of 4756 firms in 31 societies. Societal-level values significantly influenced the organizational cultures of firms in a society, however there was variation across societal values measures. At the firm level, financial effectiveness was positively associated with adhocracy and market organizational culture orientations, negatively associated with a hierarchy orientation, and not significantly related to a clan orientation. Societal values moderated financial effectiveness relationships for both hierarchy and adhocracy orientations, but not for clan and market orientations. *(For more information, please contact: Carolyn P. Egri, Simon Fraser University, Canada: egri@sfu.ca)*

Session: 3.1.9 - Competitive

Track: Track: 12 - The Institutional and Political Environment of IB

Institutional Environments of Firm Internationalization

Presented On: June 26, 2014 - 09:00-10:15

Chair: Daniel Richard Clark, Indiana University

Firm-Government Dynamics in Outward M&A: The Effectiveness of China's Going Global Policy in Orchestrating Overseas Investments

Johannes W. Meuer, University of Zurich
 Tao Wang, Xidian University
 Barbara Krug, Rotterdam School of Management
 Patrick Reinmoeller, Cranfield University

With the rising importance of outward foreign direct investments (OFDI) by emerging market multinationals, state-firm relationships have increasingly attracted attention in the international business literature. However, most models tend to adopt a limited principal-agent relationship while in fact the relationship between states and firms in emerging markets should better be perceived as a co-evolutionary one influenced by strong information asymmetries and learning dynamics. We take a signaling perspective to China's "Going Global" that allows us to model the interaction between the state and firms as a communication loop with signals from the government and reactions by Chinese firms. Empirically, we examine the compliance of Chinese outwards M&A transactions between 1990 and 2010 with the OFDI guidelines issued by China's government. We show that state-firm relationships are not of a unilateral principal-agent nature but one in which both parties act as co-producers of specific knowledge. Our findings provide evidence for that the current literature overstates the strength of the state and its institutions and suggests that instead states and firms, through the exchange of signals, continuously coordinate to align their interests over time. *(For more information, please contact: Johannes W. Meuer, University of Zurich, Switzerland: johannes.meuer@uzh.ch)*

Internationalization as Co-Evolution of Market- and Non-Market Strategies: The Case of Vale

Suzana Rodrigues, Rotterdam School of Management
 Marleen Dieleman, National University of Singapore

We clarify the role of non-market strategy in MNE internationalization by presenting a framework that links market- and non-market strategy, and we argue that non-market strategy development is a process of co-evolution that is intricately linked to both external and internal factors. We ground our arguments and extensions with an in-depth multi-method case study of Vale, a Brazilian mining multinational. *(For more information, please contact: Marleen Dieleman, National University of Singapore, Singapore: marleen@nus.edu.sg)*

Legitimizing Export Expansion into Institutionally Distant Destinations

Ziliang Deng, Renmin University of China
 Rudolf R. Sinkovics, University of Manchester

We examine the moderating effect of sub-national institutions in exporters' domestic market on the relationship between export expansion speed over institutional distance and firm performance. We propose that the development of market mechanism, as a form of formal institutions, can effectively offset the potential pressure and risks involved in rapid expansion over both formal and informal institutions. By employing data of more than 8,000 Chinese international new venture exporters during 2000-2006, we perform panel data regressions to test our theoretical hypotheses. The empirical findings generally corroborate the hypotheses. Our study contributes to the development of institutional theory in the area of international management in that it integrates the effects of both domestic and international institutions, and by doing so, it also conceptualises and empirically tests the joint effect of formal and informal dimensions of institutions on firm performance during internationalization. *(For more information, please contact: Ziliang Deng, Renmin University of China, China: dengziliang@rbs.org.cn)*

Internationalisation in Emerging Markets as a Strategy Process

Pao T. Kao, Uppsala University
 Martin Johanson, Mid Sweden University
 Desiree Holm, Uppsala University

Emerging markets are often characterised by weak and continuously evolving institutions. Foreign firms entering emerging markets encounter recurring institutional and business turbulence, and therefore need to adapt and readapt to achieve success. This study examines how foreign firms are influenced by institutional and business turbulence during market entry to emerging markets. A conceptual framework is proposed consisting of three concepts including turbulence, strategic re-direction, and commitment change, while three historical case studies of Swedish manufacturing firms and their market entry to China provide the empirical observations needed to develop the theory. Based on the analysis of the case studies, the conceptual framework is revised to reflect the dynamic and nonlinear nature of the observed processes of internationalisation in emerging markets. *(For more information, please contact: Pao T. Kao, Uppsala University, Sweden: pao.kao@fek.uu.se)*

Session: 3.1.10 - Competitive

Track: Track: 11 - Stakeholders, Responsible Leadership and Governance

Corporate Governance, Ownership, and Corruption

Presented On: June 26, 2014 - 09:00-10:15

Chair: Brenda Sternquist, Michigan State University

Status and Bribery: Evidence from a Quasi-Natural Experiment in South Korea

Yujin Jeong, American University
 Jordan Siegel, Harvard University

Social status, and the dynamics of social status, may be an important predictor of which firms engage in large-scale bribery, but prior theory is incomplete and prior empirical attempts to study this question have lacked the kind of comprehensive and reliable data on firm-level bribery decisions necessary to test the relevant hypotheses. This paper sheds new light on this question with new theoretical predictions and a novel quasi-natural experiment from South Korea, where the internal accounting books of two presidents from the 1987-1992 time period were unexpectedly opened up ex post to legal and public scrutiny. We find that, controlling for

a range of alternative explanations, so-called falling high status, namely high historical social status but current-peer economic performance not keeping pace with industry peers, is a highly economically significant and statistically significant predictor of large-scale bribery. *(For more information, please contact: Yujin Jeong, American University, USA: yjeong@american.edu)*

Institutional Evolution and Corporate Boards

Victor Zitian Chen, University of North Carolina at Charlotte
 Bersant Hobdari, Copenhagen Business School
 Pei Sun, Fudan University
 Jerry Goodstein, Washington State University

We argue that corporate boards are a dynamic repository of human- and social capital in response to external institutional evolution. Theoretically, integrating institutional economics, agency theory and resource dependence theory, we explain that evolution of market-, legal- and political institutions restructures the particular context in which board members play their two primary roles: monitoring the CEO on behalf of the shareholders, suggested by the agency theory, and supporting the CEO by providing resources, knowledge and information, suggested by the resource dependence theory. Such particular contexts entail the external competitive environment and the principal-agency relationship in corporate governance, amplify (or weaken) the need for certain type of board roles, and ultimately require corporations to reconfigure the human- and social capital embedded within the board. Additionally, since the board changes are typically proposed by the block shareholders, whose motivation for doing so is closely associated with a corporation's financial performance, we further argue that financial performance is a key moderator of the relationships between institutional evolution and changes in board makeups. Using an unbalanced panel covering more than 3000 firms from 17 Western European countries (15 European Union countries plus Norway and Switzerland) and 28 emerging economies over the period 2000-2012, we have found supportive empirical evidence. *(For more information, please contact: Victor Zitian Chen, University of North Carolina at Charlotte, USA: emgp.editor@gmail.com)*

Codes of Ethics: Analyzing Business Ethics between Countries, through an International Comparison of Codes of Ethics and Conduct

Josmar Andrade, Universidade de Sao Paulo
 Kavita Miadaira Hamza, Universidade de Sao Paulo
 Duarte Xara-Brasil, Instituto Politecnico de Setubal

Although they are not the solution to the problems of ethical behavior of the organizations throughout the countries, codes of ethics and code of conduct are relevant documents that formalize an ideal of ethical behavior and expected behavior patterns to managers and employees of an organization. The objective of the present study is to analyze the differences in codes of ethics of the largest companies based in Brazil and in Portugal, given their cultural and linguistic similarity. In this sense, a content analysis was performed to codes published on their websites, through the calculation of the TTR (Type Token Ratio), the count of the most frequent words and their classification in 28 different categories. The obtained results allow to conclude that the use of codes of ethics are more common in Brazil than in Portugal and that in the case of Brazilian companies, codes of ethics are substantially more extensive and cover a larger number of categories. There are also significant differences in 12 of the analyzed categories between the codes of ethics of the two countries, although the most frequent categories are similar. *(For more information, please contact: Josmar Andrade, Universidade de Sao Paulo, Brazil: josmar@usp.br)*

Session: 3.1.11 - Competitive

Track: Track: 7 - Competition and Collaboration in IB

Antecedents and Consequences of International Collaborations

Presented On: June 26, 2014 - 09:00-10:15

Chair: W.G. Douglas Fernandez, Florida International University

The Choice of International Entry Mode: What Really Matters to Executives Making International Strategic Decisions?

Weiqiang Tang, University of Technology Sydney

Timothy Devinney, University of Leeds

While a firm's mode of entry into a new international market can be determined by a variety of factors, the factor that matters to decision-makers (i.e., executives) and the heterogeneity of their decisions are not yet clear. This paper investigates how direct experience benefits executives' decision-making models by examining the impact of institution-, resource- and transaction-related factors on executives' entry mode choices. This study finds that experiential knowledge that is directly relevant to decision-making processes can increase the awareness of international investment opportunities, although the direct experience neither leads executives to choose one entry mode independently to another entry mode, nor turns experienced executives to be more risk preference than inexperienced executives. Our experimental design contributes the entry mode choice literature in three ways: (a) incorporating two theoretical traditions (i.e., the rational and the process traditions) for examining decision-making models rather than narrowing to and focusing only on impacts of individual factors; (b) providing direct evidence of the heterogeneity of executives' decision making on entry mode choice, and (c) accommodating multiple groups of factors to show how executives choose entry mode, based on the available opportunities. This study joins the prior findings of both calculative and process models together, and contributes international business literature with new insights into the effects of international experience on executive decision making. *(For more information, please contact: Weiqiang Tang, University of Technology Sydney, Australia: ryan.w.tang@gmail.com)*

Distance and Distinctiveness: Choice of Governance Mode in International Collaboration

Gokhan Ertug, Singapore Management University

Ilya Cuyppers, Singapore Management University

Niels Noorderhaven, Tilburg University

Although the home countries of firms engaging in international collaboration can differ in many dimensions, studies have tended to concentrate on one of these, i.e., cultural distance. In those cases that several dimensions of distance have been considered, these have been treated as independent factors. Building on social psychological insights we develop theory concerning the interactive effects of different dimensions of distance (cultural, language and religious) on the choice of governance form in international collaboration. Data from over 20,000 contractual alliances and equity joint ventures confirm that different dimensions of distance have an interactive effect on governance choice, suggesting that the psychological mechanisms through which such factors lead to decisions deserve to be included in the analysis. *(For more information, please contact: Ilya Cuyppers, Singapore Management University, Singapore: ilyacuyppers@smu.edu.sg)*

Prestigious Top Management Team and International Alliance Formation

Yu-Kai Wang, Soochow University

Forming strategic alliances with foreign organizations is critical for firms, because international strategic alliances can enable firms to access external resources globally. However, since firms possess less legitimacy in foreign countries, potential foreign alliance partners may lack satisfactory organizational information to evaluate

them. According to the signaling theory, this study argues that alternative sources, the prestigious characteristics of top management team (TMT) play an important role in signaling the legitimacy of firms. Additionally, this study expects that the effects of the prestigious characteristics of TMT on the formation of international strategic alliances will be facilitated when the firms are older. Indeed, empirical results support most of our arguments. Overall, this study contributes by bringing the signaling theory into the research of the formation of international strategic alliances. *(For more information, please contact: Yu-Kai Wang, Soochow University, Taiwan: ywang012@scu.edu.tw)*

International Cooperation with Local Partners: Is it a Strategic Choice or a Contingent Move?

Francisco Figueira de Lemos, Uppsala University
Miguel Matos Torres, Universidade de Aveiro

This paper proposes a decision framework based on the risk management conceptualization of Figueira de Lemos, Johanson and Vahlne (2011), to assist the management decision of choosing between International Alliances (IA) and International Joint Ventures (IJV), with or without, a local partner, as possible choices to enter and expand operations in foreign countries. This framework was tested on a probabilistic model with a dataset of 9263 alliances and joint ventures established in 68 different countries. With cultural distance and country economy size as dependent variables, the results show that, generally, firms prefer to establish joint ventures in more culturally distant countries, whereas the likelihood of engage in alliances is higher as larger the host country's economy. The findings also demonstrate that local partners are not contingent crutches. Actually, rather than just sleeping partners merely to overpass legal constrains, local partners play strategic roles in IAs and IJVs, not only as sources of local market knowledge but also complementing the effort on resource commitment. Important to notice at theoretical level is this study's pioneer explanation of International Cooperation Strategies within the Uppsala Model's assumptions. *(For more information, please contact: Francisco Figueira de Lemos, Uppsala University, Sweden: francisco.lemos@fek.uu.se)*

Session: 3.1.12 - Competitive

Track: Track: 9 - Home Economies and the MNE

Keep Calm and Watch the Government: Role of the State in Foreign Investment

Presented On: June 26, 2014 - 09:00-10:15

Chair: Ajai Gaur, Rutgers University

Sovereign Wealth Funds: The Perfect Strangers

Javier Capape, ESADE Business School
Javier Santiso, ESADE Business School

In this article, we seek to explain the much unknown Sovereign Wealth Funds (SWF) which managers, competing institutional investors, directors and even CEOs from global companies hold a blurred image of SWFs' strategies. Media has characterized SWFs as both barbarians at the gate and as white knights of capitalism. To bring some clarity, first we show the large heterogeneity in the SWFs industry in terms of age, size, geographical location, funding source, policy purpose, governance traits, and investment strategies. Second, we frame the SWFs phenomena within the more ample field of state capitalism, in that SWFs appear as a new way for governments to intervene in the economy. We then summarize the main research on the SWFs from different disciplinary perspectives including finance, strategy, political economy, economics, international law, and organizational theory. We draw an innovative list of managerial and policy implications from these research findings. We conclude suggesting fruitful avenues for management researchers willing to know more about these "perfect strangers" in the context of state capitalism. *(For more information, please contact: Javier Capape, ESADE Business School, Spain: javier.capape@esade.edu)*

Developed Economy Investment Promotion Agencies and Emerging Market Foreign Direct Investment

John Anderson, University of Northern Iowa
Dylan Sutherland, Durham University

In light of the perceived benefits derived from generating FDI, many developed economies have systematically implemented policies which target foreign MNEs. Chief among these policies is the establishment of investment promotion agencies (IPA). While the sources of IPAs have traditionally been heterogeneous across global economies, the target economies have overwhelmingly been developed economies. The rise of emerging market MNEs has fundamentally changed this once one-way stream of FDI from developed economies to the rest of the world. Several past studies have analytically analysed IPAs, but in no cases have the impact of IPAs been investigated with a focus on attracting emerging market FDI into a developed economy. This study addresses this conceptual gap in the literature by analysing the following research question: Are developed economy IPAs a major determinant in the location choice of EM MNE FDI projects? We explore this question from a transaction cost economics perspective by estimating random effects generalized least squares and negative binomial models on an unbalanced panel data set from 2003-2011 of Chinese FDI into Canadian provinces. We find the presence of IPAs significantly increases the propensity for a Chinese firm to locate in a given province. *(For more information, please contact: John Anderson, University of Northern Iowa, USA: john.r.anderson@uni.edu)*

ASEAN-China Economic Relations: An Empirical Investigation of Chinese Investment Activities

Hussain Rammal, University of South Australia
Tatiana Zalan, Torrens University
Ying Zhu, University of South Australia
Yuzhu Wang, Chinese Academy of Social Sciences

Despite the growth of Chinese investment in the Southeast Asian region, little empirical research has been undertaken on the activities and characteristics of the Chinese FDI in the region. The findings of this study are based on fieldwork undertaken in China that included interviews with 7 key informants, followed by in-depth case study of 12 Chinese firms operating in Cambodia, Indonesia and Malaysia. The study contributes to theory and practice, including the underpinning concept of 'semi-globalization' and 'regionalization'. We also discover a number of interesting findings that challenge the argument made by the 'latecomers' literature. In addition, the study illustrates the importance of institutional factors from home country, host country and bilateral agreement perspectives. *(For more information, please contact: Hussain Rammal, University of South Australia, Australia: hussain.rammal@unisa.edu.au)*

Session: 3.1.13 - Interactive

Track: Track: 2 - Entrepreneurship, SMEs, and Born Globals

Extending Theoretical and Spatial Perspectives of Entrepreneurship

Presented On: June 26, 2014 - 09:00-10:15

Chair: Mujtaba Ahsan, San Diego State University

The Impact of Remittances on Opportunity and Necessity-Based Entrepreneurial Activities

Congcong Zheng, San Diego State University
Martina Musteen, San Diego State University

We develop hypotheses grounded in the entrepreneurship and economic development literature to explain how remittance is related to necessity or opportunity based entrepreneurial activities. Using data covering thirty countries from 2001 to 2009, we find that remittance is positively related to necessity-based entrepreneurial

activities but negatively related to opportunity-based entrepreneurship. The findings, which should be of interest to both academic and policy makers, suggest that remittance is a valuable source of funding for entrepreneurs lacking employment opportunities but the opposite is true for those pursuing entrepreneurship as one among other employment options. *(For more information, please contact: Congcong Zheng, San Diego State University, USA: czheng@mail.sdsu.edu)*

Entrepreneurial Learning in Peripheral Space: A Critical Realist Framework

John David Nicholson, University of Hull
 Christian Felzensztein, Universidad Adolfo Ibanez
 Zaheer Khan, University of Hull
 Steve Johnson, University of Hull

The paper is concerned with entrepreneurial learning in peripheral space. Using a dialectic critical realist framework, the paper proposes two conceptual frameworks to develop a series of dimensions of peripherality that transcend accepted regional typologies and the developed-developing market separation implicit in much research across multiple disciplines. The authors propose a taxonomy of seven structural dimensions of peripherality with differing levels of susceptibility to agential mediation. Through deployment of the framework including these seven dimensions, the authors propose that best practice in overcoming peripherality by entrepreneurs and small business managers can be identified and transferred from space to space. *(For more information, please contact: John David Nicholson, University of Hull, United Kingdom: j.d.nicholson@hull.ac.uk)*

Development and Internationalization of Social Entrepreneurial Ventures: A Conceptual Framework

Melodena Balakrishnan, University of Wollongong in Dubai
 Valerie J. Lindsay, University of Wollongong in Dubai

Social entrepreneurship (SE) is playing an increasing role in the development and growth of economies, as governments find it harder to bear the burden of national social and economic development; this has become particularly important since the recent global economic recession. At the same time, there is relatively little research on how SE ventures develop, and, particularly, how they evolve to a point of internationalisation and scale development. An important question is, can internationalization theory help to inform SE theory development? This paper attempts to cast light on this question by presenting a conceptual framework of the stages in the development of an SE venture, and providing links with internationalization theory. We do this by exploring the development phases of SE ventures, from initial formation or start-up, through domestic expansion, and finally to internationalization into new foreign markets. Drawing primarily on recent perspectives of the Uppsala internationalization process model (Johanson & Vahlne, 2009), our study investigates the parallels and contrasts in the development of an international SE venture. Of particular interest is the application of additional concepts associated with internationalization, networks, resources, and legitimacy-building. *(For more information, please contact: Melodena Balakrishnan, University of Wollongong in Dubai, United Arab Emirates: melodenabalakrishnan@uowdubai.ac.ae)*

Home Run, Strike Out, or Base Hit: What is the Influence of Accelerators on Acquisition, Quitting, and VC Financing in New Firms?

Sheryl Winston Smith, Temple University
 Thomas Hannigan, Temple University

Increasingly, entrepreneurs in search of critical early stage resources face an evolving paradigm: the rise of accelerators that integrate small equity investments with cohort-based mentoring. In this paper, we use a hand-collected dataset of n=619 startups and their founders that that comprise each cohort that has proceeded through two of the most established accelerators—Y Combinator and Tech Stars—from the period 2005-2011. These startups, many of which are “born global”, emerge from North America, Europe, and Israel and converge on program locations throughout the U.S. We then identify a matched sample of startups that instead receive

their first formal financing from angel investor groups to address the counterfactual: what might have happened had the given startup not gone through the accelerator experience? We ask: What is the impact of receiving financing from a top accelerator on subsequent outcomes-i.e., being acquired, deciding to quit, or obtaining follow-on funding from formal venture capitalists (VCs)? We find that accelerators contribute to substantial differences in the timing and likelihood of these outcomes, as does high status education. We also find that high status education, in conjunction with being in an accelerator diminishes the likelihood and timing of key outcomes, suggesting a substitute role. *(For more information, please contact: Thomas Hannigan, Temple University, USA: tj.hannigan@temple.edu)*

Do International Investors Enhance Private Firm Value?

April Knill, Florida State University
Douglas Cumming, York University
Kelsey Syvrud, Florida State University

We examine the impact of internationalizing the investor base of private firms through international venture capital syndication on portfolio company exit and exit success. Our empirical results suggest that an international scope in venture capital syndicates plays an important role in both portfolio firm outcome and exit success. Specifically, we find that relative to deals in which the investor base is purely domestic, private firms that have an international venture capital syndicate have a lower (higher) probability of being unsuccessful (exiting via IPO), higher total deal value when exiting via M&A and higher proceeds when exiting via IPO. Importantly, the amount of internationalization is important. In many cases, the relationship between internationalization and portfolio company outcome and exit success is nonlinear. *(For more information, please contact: April Knill, Florida State University, USA: aknill@cob.fsu.edu)*

The Impact of Business Angel, Domestic, Foreign Venture Capital and Institutional Quality on Founder-CEO Retention in African IPO Firms

Bruce Allen Hearn, University of Sussex

Developing an integrated theoretical perspective based on institutional and agency theory I shed new light on the processes by which private equity investors influence founder-CEO succession at IPO in a unique sample of 132 African IPO firms. The sample is hand collected from a comprehensive set of African stock markets and omits state privatizations and foreign joint ventures and subsidiaries from January 2000 to October 2013. The findings reveal that founder-CEO retention is higher when institutional quality is poorer and when domestic venture capitalists and business angels have formal board representation. The opposite is true of foreign venture capitalist board representation. *(For more information, please contact: Bruce Allen Hearn, University of Sussex, United Kingdom: b.a.hearn@sussex.ac.uk)*

Session: 3.1.14 - Interactive

Track: Track: 8 - Global Strategy, M&As and Competitiveness

What Explains FDI Performance?

Presented On: June 26, 2014 - 09:00-10:15

Chair: James T Walker, University of Reading

Ownership Participation and Market Value of Cross-border Mergers and Acquisitions by Emerging Market Firms

Monica Yang, Adelphi University

This paper adopts a multi-level approach to investigate what factors shape the content of emerging market firms' foreign market entry decisions, particularly the ownership participation in cross-border mergers and

acquisitions (CBMAs). In addition, we would like to know if companies from emerging markets that possess higher (or lower) ownership in CBMA receive higher valuation in the market. Using panel data of CBMAs by nine EMNCs from 2000 to 2012, we found that industry-level factor (industry unrelatedness) and firm-level factor (board concentration) have significant impact on ownership participation in CBMA. We also found that investors do give high valuation to those emerging market firms that chose high ownership participation in CBMA. However, we did not find evidence to support the relationship between ownership participation in CBMA and cultural distance. Neither did we find the support for the relationship between ownership participation in CBMA and board independence. *(For more information, please contact: Monica Yang, Adelphi University, USA: yang2@adelphi.edu)*

Environmental Turbulence, Integration-Responsiveness and MNE Subsidiary Performance in China

Christopher Williams, Ivey Business School
Jiqing Zhu, Shanghai International Studies University
Maya Kumar, Ivey Business School

We draw on the integration-responsiveness paradigm to investigate how the relationship between environmental turbulence and multinational enterprise (MNE) subsidiary performance in China is moderated by choices to localize and/or globally integrate operations. Little research has been conducted on how MNE organizational design decisions on integration and responsiveness will impact subsidiary performance in emerging markets such as China. Analysis of data from 95 MNE subsidiaries suggests that environmental turbulence has a negative effect on subsidiary performance. While both global integration and local responsiveness have direct positive effects on subsidiary performance, we detect a significant positive moderating effect of global integration on the relationship between turbulence and performance. The findings underscore the importance of global integration and parenting advantages over autonomy for underpinning subsidiary performance in an emerging economy like China. *(For more information, please contact: Christopher Williams, Ivey Business School, Canada: cwilliams@ivey.ca)*

Drivers of Emerging-Market Cross Border Mergers & Acquisitions: Evidence from the Indian IT Industry

Sumati Varma, University of Delhi
Rabi Narayan Kar, University of Delhi
Amit Soni, University of Delhi
Gabriele Suder, University of Melbourne

Contemporary international business research has demonstrated that Indian firms' have used mergers and acquisitions (M&As) as an important internationalization strategy in response to market-seeking and strategic asset-seeking motivations. For emerging market multinationals, which grew up in a protected home market with few incentives and thus experience, the exploitation of home-grown capabilities coupled with the predominant need to rapidly and efficiently explore sources of internationalization knowledge, has been the impetus for cross-border activity with developed markets. This paper explores the drivers of cross border mergers and acquisitions (CBMAs) of the Indian Firms in the IT sector from 2000 to 2011. All variables studied in the paper have a positive influence on CBMA activity from the Indian IT industry. The Indian IT industry has been a fore runner in the internationalization race and has kept up this momentum as a result of resources in both in own corporate environment facilitated by network linkages and institutional support. This paper specifically aims to contribute to the better understanding, and thus theoretical framing, of internationalization theory in the context of empirical investigation of Indian IT Firms from a home country perspective. *(For more information, please contact: Gabriele Suder, University of Melbourne, Australia: gs.suder@gmail.com)*

Entry Mode Portfolio, Internationalization and Firm Performance: Evidence of Emerging Market Enterprises

Bau-Jung Chang, Feng Chia University

Yi-Ching Chiang, Feng Chia University

This study explores the relationships among entry mode portfolio, internationalization, and firm performance. Previous studies have focused on a firm choose one specific mode enter a given foreign market and how the mode affects firm performance, while others have been interested in the mode combinations; however, there has thus far been relatively little research into the issue of entry mode portfolio, and its relationship with firm performance. According to internationalization theory and organizational learning theory, this study develops hypotheses and analyzes Taiwan firms of Taiwan publicly traded companies from 1990 to 2011, and shows the results and implications. *(For more information, please contact: Bau-Jung Chang, Feng Chia University, Taiwan: changbj@mail.fcu.edu.tw)*

Over Powering Influence of Institutional Distance on Chinese Firms' Cross-Border M&A Performance

Yong Suhk Pak, Yonsei University

Hong Chen, Yonsei University

Yi Yang, Yonsei University

The performance of Chinese firms' cross-border M&As is analyzed with an institutional perspective. Institutional distance and state ownership of Chinese firms which are two of the core variables of the institutional view are examined in relation to their cross-border acquisition performance. 198 cross-border M&As undertaken by Chinese firms between 2000 and 2010 were examined. The results indicate that institutional distance has a negative impact on Chinese firms' cross-border M&A performance. While state ownership has a positive impact on Chinese firms' cross-border M&A performance, its impact turned negative when moderated by institutional distance. In addition, the same effect has been shown with international experience of the firm: a positive relationship of international experience on performance turned negative moderated by institutional distance. In sum, the institutional perspective may explain the poor performance of Chinese firms' cross-border acquisitions, and further discussion in addressed at the end of the paper. *(For more information, please contact: Yi Yang, Yonsei University, Korea, South: yangyi0403@gmail.com)*

The Risk-Return Performance of Regional Internationalization

Chiung-Jung Chen, Chung Yuan Christian University

Past studies focus more on exploring the effect of internationalization and firm return performance in the absence of risk consideration. This study examines the relationship between a firm's regional internationalization and its financial return-risk performance. The results support the S-shaped relationship between the level of internationalization and firm return and the inverted S-shaped relationship between the level of internationalization and risk. Moreover, firms that are large-sized, utilize a low level of firm leverage, and have more subsidiaries in China yield higher return and enjoy lower risk performance on average. Further, the findings indicate that the distribution of regions is related to different return/risk profiles. Finally, this paper offers relevant suggestions to emerging market firms, government regulators, and investors. *(For more information, please contact: Chiung-Jung Chen, Chung Yuan Christian University, Taiwan: cjchen@cycu.edu.tw)*

Session: 3.1.15 - Interactive

Track: Track: 5 - Global Value Chains and the Geography of IB

Building Capabilities Through Offshoring

Presented On: June 26, 2014 - 09:00-10:15

Chair: Carine Peeters, Université Libre de Bruxelles

'Pandas in the land of the Koala': Market Entry, Strategy and Operational Challenges of Chinese Multinationals in the Australian Market

Robert Graham Jack, Macquarie University

Judith Shuqin Zhu, University of Newcastle

This paper extends the literature on the internationalisation strategy of firms from emerging markets. Using a multiple case study research design, this paper explores an important issue – why and how Chinese MNCs enter the Australian market. The analysis of in-depth interview data from five Chinese firms reveals that Chinese investors' preference to use Australian market for new product testing and challenges they faced in building brand preference for their products. *(For more information, please contact: Robert Graham Jack, Macquarie University, Australia: rob.jack@mq.edu.au)*

Liability of Regional Foreignness: A Longitudinal and Industry Level Analysis

Jin Uk Kim, University of Illinois at Urbana Champaign

Ki Bum Noh, University of Illinois at Urbana Champaign

Yaorui Xiao, University of Illinois at Urbana Champaign

Liability of regional foreignness (LORF) is a central concept in regionalization research as it encapsulates the reality that regions represent a break between spatial units and elevate the cost of doing business abroad. However, LORF also remains a perennial source of criticism for detractors of regionalization research because the manner in which LORF has been measured in past studies. LORF measurement tends to be detached from the theory of the regional multinational enterprises (MNEs) and relies on subjective interpretations. The current paper seeks to overcome these conceptual and methodological weaknesses by deriving a measure of LORF grounded in the theory of the regional MNE. We apply the new measure to analyze whether and to what extent LORF influences the geographic scale of the world's largest MNEs (2000 ~ 2011) and MNEs active in the global home-appliance and automobile industries (2005 ~ 2011). We find that LORF does indeed matter in general but that firm, country, industry, and regional differences moderate the impact of LORF to a great extent. We draw implications and significance of our findings for regionalization research as well as international business literature in general. *(For more information, please contact: Jin Uk Kim, University of Illinois at Urbana Champaign, USA: jkim198@illinois.edu)*

Intra-organization Legitimization of Business Service Offshoring as a Management Innovation: A Multi-level Framework

Nidhida Lin, University of Newcastle

Silvia Massini, University of Manchester

Arie Y. Lewin, Duke University

The central concern of this paper is on the process of intra-organization legitimization of business service offshoring as a valid management innovation. We argue that prior to the adoption (i.e., implementation) of business service offshoring this new management practice must be endorsed, at organization level, by the top management for attention directing. Building on the co-evolutionary perspective, we identify the key dynamics underlying this process and propose a multi-level framework of intra-organization legitimization of business service offshoring. Specifically, we argue that firms' legitimization of business service offshoring is the joint

outcome of several distinct dynamics, micro and macro factors including institutional pressures, organizational inefficiency, strategic direction, and managerial intentionality. *(For more information, please contact: Nidhida Lin, University of Newcastle, Australia: nidhida@gmail.com)*

The Evolution of Unilever: From 'Multiple Fleets of Ships' to 'One Unilever'

Jacqueline Mees-Buss, University of Sydney

This case-study examines how and why Unilever transformed from a multi-local corporation managing local value chains, into a truly global corporation managing global value chains. It uses a Critical Realist lens and draws on evolution theory (Aldrich & Ruef, 2006; Westney, 1999) to explain how a conjunction of contextual forces and agents' perception of survival mechanisms over time led to a series of structural and strategic changes that ultimately shaped the new Unilever. Because this new Unilever is dramatically different in nature from the MNE or Bartlett and Ghoshal's (1989) Transnational Corporation, I refer to this new phenomenon as the 'Neo Global Corporation' (NGC). The theoretical contribution of this paper is an explanatory conceptualisation of the emergence of the NGC, its nature, and consequences for the study of multinational corporations in IB. *(For more information, please contact: Jacqueline Mees-Buss, University of Sydney, Australia: jacquelinemees@gmail.com)*

International Sourcing Strategy in the Service Industry - A Competitive Perspective

Wolfgang Markus Gleich, University of Augsburg

Bjoern R. Schmeisser, WU Vienna

Literature on global value chain strategy suggests that international sourcing of inputs offers promising avenues for firms to benefit from multinationality. However, it is controversial and subject of much debate in the recent International Business literature how firm and product characteristics affect the internationalization of firms. In this research we focus on the international strategy of service firms supplementing and extending existing findings from the established research on MNEs from the manufacturing sector. We introduce a service firm's international sourcing strategy as an effective response to increased competition. We hypothesize that foreign and domestic competition increase a domestic service firm's magnitude of international sourcing. Moreover we argue that such competitive forces drive the modification of a domestic service firm's sourcing pattern, i.e. the composition of sourcing from high- and low-cost destinations. We differentiate foreign competition into high- and low-cost competition and find different effects on a service firm's international sourcing magnitude and pattern. We test our hypotheses on a set of 771 German service firms. The results suggest the applicability of traditional MNE theory and concepts in the service sector. *(For more information, please contact: Wolfgang Markus Gleich, University of Augsburg, Germany: wolfgang.gleich@t-online.de)*

Offshore Outsourcing of Manufacturing SMEs and Developing Dynamic Capabilities: An Exploratory Study on Quebec SMEs

Muhammad Mohiuddin, Laval University

Zhan Su, Laval University

Research on advantages and disadvantages of offshore outsourcing is abundant. However, insignificant research, in our knowledge, has addressed the case of offshore outsourcing as a source of dynamic capabilities development. The objective of this paper is to explore on how manufacturing SMEs enhance their dynamic capabilities through offshore outsourcing in addition to the efficient related advantages that firms gain from this strategy. Organizational dynamic capabilities development process consist of increasing focus on Core competency of the focal firm, developing innovation capabilities, increasing market share in existing and new markets, and improving flexibility of the firm to fit with the increased market volatility. Results from the case study on ten manufacturing SMEs from Quebec show that offshore outsourcing contributes to the development of dynamic capabilities with varying degrees of success. This article open-up a new horizon on offshore outsourcing research and shed light on growth perspective and sustainable competitive advantages (SCA) that

offshore outsourcing bring to manufacturing SMEs despite the size and resource constraints they inherit. (For more information, please contact: Muhammad Mohiuddin, Laval University, Canada: muhammad.mohiuddin.1@ulaval.ca)

Session: 3.1.16 - Interactive

Track: Track: 10 - Theories of the MNE and of FDI

Globalization, Foreignness, and Modes of Operation

Presented On: June 26, 2014 - 09:00-10:15

Chair: Jean-Luc Arregle, EMLYON

The Advantage and Disadvantage of Foreignness in Innovation of Small Subsidiaries of Foreign MNEs
C. Annique Un, Northeastern University

We analyze the impact of skilled employees on the innovativeness of small subsidiaries of foreign multinational enterprises (MNEs) in comparison to small domestic firms. We argue that small subsidiaries tend to be less innovative than small domestic firms, because they are outsiders in the MNE and host-country social networks. They overcome this disadvantage with skilled employees that, by being less socially embedded than those employed by domestic firms, are less relationally and cognitively constrained by social networks and are better at new knowledge search. Thus, for the same level of skilled employees, small subsidiaries generate more innovations than small domestic firms. (For more information, please contact: C. Annique Un, Northeastern University, USA: a.un@neu.edu)

Revisiting the Internationalization of Services: Taking Stock and Looking Forward
Peter D. Oerberg Jensen, Copenhagen Business School
Denitsa Hazarbassanova, Copenhagen Business School
Hemant Merchant, University of South Florida

The growing importance of services in the global economy and international business practice has attracted the attention of international business scholars, policy-makers, as well as the business community. Yet previous research has shown that research-based knowledge of the field is limited and does not reflect the global economic importance of services. Building on previous research on the internationalization of service firms and activities, we review the development from 2008 until 2013. We review articles published in five leading international business journals, including a total of 1,237 articles. Our study assesses extant literature on services internationalization, which we synthesize into an integrating framework. We find that papers increase their impact when considering differences between service and manufacturing, thus advancing our understanding of the service sector dynamics in the context of the international business environment. We extend recommendations for future research to address the robustness of existing definitions and classifications of industries, and to involve more the new institutionalism perspective. We conclude that there are many underexplored questions, yet encouragingly scholarship in the field is not winding, but appears to advance to take a more significant role in the IB literature. (For more information, please contact: Peter D. Oerberg Jensen, Copenhagen Business School, Denmark: poe.smg@cbs.dk)

A Typology of Assets of Foreignness
Mark Mallon, Old Dominion University

International business scholars have discussed the liability of foreignness that multinational enterprises (MNEs) face when doing business abroad. However, recent scholarly work has drawn attention to assets of foreignness, which are advantages that MNE subsidiaries operating in host countries possess by virtue of coming from a

different country. This paper lays out a typology of assets of foreignness in order to better understand the sources of such advantages and guide future research in the area. Additionally, new assets of foreignness are proposed. Finally, this typology will help managers of MNEs identify benefits of doing business abroad. *(For more information, please contact: Mark Mallon, Old Dominion University, USA: mallon87@gmail.com)*

Strategic Decisions under Uncertainty as Cause of Foreign Firms' Performance Disadvantage
Jörg Zimmermann, European Commission - Joint Research Centre

Focusing on the causes of the relative performance disadvantage of foreign-owned companies within host market settings, I argue, on the basis of the comparative ignorance hypothesis that foreign decision-makers tend to perceive economic settings under uncertainty as more ambiguous than locals, which increases the perceived level of risk. Thus, they are more likely to opt for the status quo in order to neglect the choice under ambiguity instead of opting for the status quo as the best economic choice. Consequently, foreign decision-makers strategic choices cause a relative organizational performance disadvantage. Empirical findings for business owners' choice to change industrial sectors, the decision to divest from the old business in order to start anew, and the subsequent implications for the relative performance of foreign businesses compared to native businesses supports these hypotheses. The framework demonstrates that foreign decision-makers' strategic choices have a negative effect on their businesses relative host market performance, as foreign decision-maker are more likely to perceive strategic decisions under uncertainty as decisions under ambiguity instead of risk. *(For more information, please contact: Jörg Zimmermann, European Commission - Joint Research Centre, Spain: jzi@gmx.de)*

Multinational Complexity and MNC Performance: A Strategic Schema Fit Model
Alexander Leinemann, University of St. Gallen
Bjoern Ambos, University of St. Gallen

Examining the role of strategic schemas on the multinational performance relationship our conceptual paper adds to the literature in two important ways. First, by opening the black-box of the firm and incorporating the cognition research approach of strategic schemas we contribute to the growing importance of microfoundations by developing a strategic schema fit model for the relationship between multinational complexity and firm performance. Hence, we shed more light on the heterogenic capabilities of firms to cope with multinational complexity. Second, by conceptualizing multinationality as multinational complexity we expand the multidimensional perception of multinationality and contribute to a more fine-grained account of the level of multinationality that firms are faced with. We propose that firms with a more complex strategic schema have a relatively larger strategic flexibility. Building on earlier insides we theorise that strategic flexibility is the superior frame to process multinational complexity and to achieve a relatively higher performance. *(For more information, please contact: Alexander Leinemann, University of St. Gallen, Switzerland: alexander.leinemann@unisg.ch)*

Entry Mode of Offshore School Enterprises from English Speaking Countries
Michael Parkes, Feng Chia University
I Han, Feng Chia University

This paper investigates Offshore Schools and analyses their theoretical and practical aspects. Offshore Schools are for-profit educational services designed to grant government recognised high school diplomas to students in a country different than the granting education authority. The foreign market entry mode employed to start up and educational services firm directly affects the success rate of the operation. Transaction cost economics impact the operations of Offshore School firms as they must engage foreign and local investors, and education authorities. Cross-sectoral partnerships are essential to creating sustainable educational services firms. This paper explores the necessity for establishing a partnership based on information exchange and mutual trust. Our empirical result shows how the relationship between entry mode and firm characteristics is integral to the

Offshore School. Analysing these factors reveals how certain patterns permutate as this growing industry develops. The confluence of regulatory agencies and investment patterns plays an essential part in these Offshore Schools. *(For more information, please contact: I Han, Feng Chia University, Taiwan: ihan@fcu.edu.tw)*

The Selection of High-Risk Foreign Entry Modes: The Effects of CEO Hubris and TMT Behavioral Integration
Orhan Volkan Ozbek, University of Texas at Arlington

In the literature, full-control modes such as acquisitions and greenfield investments are considered high-risk entry modes whereas shared-control modes such as joint ventures and licensing are considered low-risk entry modes. In this paper, I argue that executives' cognitive characteristics will have a high impact on the selection of high-risk entry modes. More specifically, CEO hubris will encourage these CEOs to take riskier strategic actions and eventually push them towards the selection of high-risk entry modes. In addition, behavioral integration among top executives such as top management team members will enable them to come up with different alternatives for challenging issues through possessing a cohesive team structure and extensive information sharing over task processes and eventually encourage them to pursue riskier entry options. Therefore, this conceptual paper highlights and proposes positive impacts of CEO hubris and TMT behavioral integration on the selection of high-risk entry modes by relying on internationalization theory. *(For more information, please contact: Orhan Volkan Ozbek, University of Texas at Arlington, USA: orhan.ozbek@mavs.uta.edu)*

Session: 3.2 - Plenary

AIB Fellows Executive of the Year Award Session

Presented On: June 26, 2014 - 10:45-12:00

Chair: Ravi Ramamurti, Northeastern University

McKinsey and the International Strategic Management Consulting Business (Keynote by 2014 Executive of the Year Award Recipient)

Dominic Barton, McKinsey & Company

Contributions of the Global Strategy Consulting Industry

George Yip, China Europe International Business School

The International Rise of McKinsey: A Mainstream IB Theory Perspective

Alain Verbeke, University of Calgary

Session: 3.3.1 - Special Session

2014 JIBS Decade Award

Presented On: June 26, 2014 - 13:00-14:15

Chair: John A. Cantwell, Rutgers Business School

A Retrospective on their article by the winners of this year's JIBS Decade Award - Reconsidering the issues raised in their 2004 JIBS paper on: "Innovation, organizational capabilities, and the born-global firm"

Gary A Knight, Willamette University

Tamer Cavusgil, Georgia State University

Discussants and Commentators:

Ivo Zander, Uppsala University
Nicole Coviello, Wilfred Laurier University

Session: 3.3.2 - Panel**Track: Track: 11 - Stakeholders, Responsible Leadership and Governance*****Assuming Corporate Responsibilities in Emerging Markets: Challenges and Prospects*****Presented On:** June 26, 2014 - 13:00-14:15

Chair: John Raymond Dilyard, St. Francis College

Panelists:

Bodo B. Schlegelmilch, WU Vienna
Verena Gruber, WU Vienna
Patnaree Srisuphaolarn, Thammasat Business School
Kumar Kunal Kamal, T A Pai Management Institute
Lilach Nachum, City University New York
Sushanta Kumar Mishra, Indian Institute of Management Indore

While there seems to be broad agreement about the integral role of CSR of MNEs in international strategy, research about specific CSR practices by MNEs in emerging markets is largely lacking. Muthuri and Gilbert (2011, p. 467) define CSR as “the duty of the companies to the development of its stakeholders, and the avoidance and correction of any negative consequences caused by business activities”. The “development of stakeholders” is particularly important in emerging markets, as the relationship between corporations and the wider community in which they operate is evolving, and in developing countries, where that relationship is just beginning. The most widely studied settings in CSR research are “high economically developed countries in North America, Western Europe, and East Asia” (Egri & Ralston, 2008, p. 324). This focus is problematic as it neglects some pressing issues, such as what does CSR mean, and how is it implemented, in emerging and developing economies. Thus, “the need for focused CSR research in developing economies is critical” (Muthuri & Gilbert, 2011, p. 468). This panel aims to advance thinking and perceptions about CSR and ethical conduct of corporations in developing countries from a theoretical, methodological and practical perspective. *(For more information, please contact: John Raymond Dilyard, St. Francis College, USA: jdilyard@sfc.edu)*

Session: 3.3.3 - Panel**Track: Track: 5 - Global Value Chains and the Geography of IB*****Regionalization and the Multinational Enterprise: Resolving Contentions and Identifying Blindspots*****Presented On:** June 26, 2014 - 13:00-14:15

Chairs: Ricardo Flores, University of New South Wales and Ruth V. Aguilera, University of Illinois at Urbana Champaign

Discussant: Alan Rugman, University of Reading

Panelists:

Jin Uk Kim, University of Illinois at Urbana Champaign

Phillip C. Nell, WU Wien & Copenhagen Business School

Quyên Nguyen, University of Reading

Gong-ming Qian, Chinese University of Hong-Kong

Regionalization research, distinguished for its focus on the nexus between firm and regions, has managed to carve out a growing presence within the larger international business (IB) literature. The progress has been impressive as what began nearly a decade ago as an inquiry into whether regions matter for multinational enterprises (MNEs) has now evolved into a vibrant research agenda that spans several research streams including economic geography, multinational strategy and internationalization process. Despite the progress, we observe that several critical issues have been neglected or poorly addressed and need to be properly tackled through discussion among scholars. Thus, the purpose of the proposed panel is to engage in constructive introspection regarding the shortcomings of extant regionalization research exploring the regional dimension of three hitherto under researched topics: (i) subsidiary-level processes/strategies; (ii) multinationality-performance relationship; and (iii) foreign location-choice of global value-chain activities. By doing so, we hope to accelerate the academic momentum within the topic of regionalization and open up new avenues for scholarly research. *(For more information, please contact: Jin Uk Kim, University of Illinois at Urbana Champaign, USA: jkim198@illinois.edu)*

Session: 3.3.4 - Competitive**Track: Track: 1 - People and Careers in Cross-Cultural Business*****National Culture: Development, Dimensions, and Positive Benefits of Differences*****Presented On:** June 26, 2014 - 13:00-14:15

Chair: Paula Caligiuri, Northeastern University

Is Culture about Country or Individual Differences? Identifying Distinct Cultural Profiles within and across Countries using Latent Profile Analysis

Joseph T. Cooper, University of Wyoming

Laura J. Stanley, East Carolina University

Charles E. Stevens, Lehigh University

Caterina Kausch, Otto von Guericke University Magdeburg

There is a debate in the literature regarding the role of country and individual differences in predicting systematic variance in cultural values. To address this debate, we develop hypotheses drawn from the competing approaches to conceptualizing culture and test them using a unique methodological approach (Latent Profile Analysis). We find that individuals' country predicts individuals' profile of cultural values. Yet, we also find that within any given country, multiple distinct cultural values profiles emerge; some profiles are unique to

a particular country while others appear in many countries. We also find individual-level factors including gender and age predict profile membership. *(For more information, please contact: Charles E. Stevens, Lehigh University, USA: ces213@lehigh.edu)*

Negative Biases in the Study of Culture in International Business: The Need for Positive Organizational Scholarship

Günter K. Stahl, WU Vienna
Rosalie L. Tung, Simon Fraser University

The results of a content-analysis of 1,141 articles published in the Journal of International Business Studies over a 24-year time period (1989-2012) reveal that a pervasive bias exists in the international business literature towards emphasizing the adverse outcomes associated with cultural differences more than the positive effects. We argue that this negative bias has hindered our understanding of the processes and conditions that help organizations leverage the benefits of cultural differences. We offer several explanations for the predominance of the negative over the positive in theory and research on culture in inter-national business; and, using a Positive Organizational Scholarship (POS) lens, highlight a complementary perspective, namely the idea that cultural differences can be an asset rather than a liability in a range of international business contexts. We conclude with a discussion of the implications of the POS perspective for current theory and research on culture in inter-national business. *(For more information, please contact: Günter K. Stahl, WU Vienna, Austria: guenter.stahl@wu.ac.at)*

National Culture as Variable and as Identity: Knowledge Networking among Taiwanese Transnational Professionals

Fiona Moore, Royal Holloway

In international business studies, national culture is treated as a variable which can be isolated. However, a mixed-method qualitative study of Taiwanese professionals in London indicates that, rather than the uncomplicated national culture ascribed to Taiwanese in IB literature, Taiwanese identity is revealed to be a complex, contested property. This complexity allowed network formation, not only with coethnics, but with others outside the diaspora, which were used to share knowledge transnationally. The study suggests a framework for approaching culture in IB where national culture is not a variable to be isolated, but a point of identity for complex interactions. *(For more information, please contact: Fiona Moore, Royal Holloway, United Kingdom: fiona.moore@rhul.ac.uk)*

Cultural Ascription-Achievement: A Cultural Lens to Explain Idiosyncratic Evaluation

Xin Yang, Hong Kong Baptist University
Henry Fock, Hong Kong Baptist University

This paper presents four multi-level empirical studies to demonstrate the uniqueness of cultural ascription-achievement as a dimension to account for the cross-cultural variations of people's judgment in organization management and marketing settings. Convergent findings from a database of 22 nations (Study 1) and primary data from a survey including 10 nations (Study 2) show that the cultural ascription-achievement dimension is unique and distinct from the popular cultural dimensions proposed by Hofstede (1980). Furthermore, our survey findings (Study 3) and analysis of World Value Survey data (Study 4) consistently demonstrate that people's attitudes toward ascribed status in marketing (VIP customer status) and management (job status) settings are moderated by cultural ascription-achievement. *(For more information, please contact: Xin Yang, Hong Kong Baptist University, Hong Kong, SAR-PRC: 11467231@life.hkbu.edu.hk)*

Session: 3.3.5 - Competitive

Track: Track: 6 - Innovation and Knowledge Management

Institutional Voids and Innovation

Presented On: June 26, 2014 - 13:00-14:15

Chair: Aldo Musacchio, Harvard Business School

Greasing the Wheels of Change: The Impact of Corruption, Local Arbitrariness, and Institutions on Firm Innovation

Sorin M.S. Krammer, Groningen University

Innovation is regarded as a critical source of competitive advantage. While the literature examines various firm, sector and country-specific determinants of innovation such as competition, networks or human capital, little is known about how institutional elements stimulate or inhibit firms to innovate. This study examines the impact of corruption, proxied by bribes, on firm innovation using responses from 7,000 firms in 30 emerging markets that exhibit significant heterogeneity in terms of both bribing practices and innovative performance. The empirical results show that: (1) bribes have a positive effect on firm innovation by "greasing" the regulatory apparatus to facilitate the introduction of innovative products to markets; (2) local arbitrariness, defined as the dispersion of individual firm bribes within a sector-region-city unit, has a negative impact on firm innovation, increasing the financial burden and informational asymmetries that firms face in their local environments; and (3) the efficiency of bribes is mitigated by the quality of formal (control of corruption) and informal (trust) institutions. These findings augment the existing literature by providing new insights into the relationship between firm innovation, bribery and institutional background. *(For more information, please contact: Sorin M.S. Krammer, Groningen University, Netherlands: m.s.s.krammer@rug.nl)*

R&D Investment Dynamics in Agglomerations Under Weak Appropriability Regimes

Anna Lamin, Northeastern University

Miguel Ramos, University of Texas, El Paso

R&D activity by local and foreign firms is increasing in environments with weak intellectual property rights (IPR). What are the dynamics of R&D investment when firms from multiple industries co-locate in such environments? Given that co-location can result in knowledge spillovers, we argue that local firms can 'free-ride' on nearby foreign and local firms. Furthermore, local firms are expected to free-ride more from other local firms within their industry and from foreign firms from other industries. Relying on fieldwork and analysis of a unique sample of 3,475 R&D lab investment decisions during 2003-2010 in India, we find that local firms free-ride from other local firms both within and across industries. Our results contribute a more nuanced view of knowledge spillovers in environments with weak IPR. *(For more information, please contact: Anna Lamin, Northeastern University, USA: a.lamin@neu.edu)*

Why do MNE Subsidiaries Outsource R&D in Countries with Weaker National IPR Regimes? The Role of Local Institutions

Grazia D. Santangelo, University of Catania

Klaus Meyer, China Europe International Business School

Bjoern Jindra, Copenhagen Business School, Halle Institute for Economic Research

Research on international knowledge sourcing has investigated the seemingly puzzling situation of multinational enterprises (MNEs) conducting research and development (R&D) in countries where intellectual property rights (IPR) protection is weaker than in their home country, and concluded that MNEs mitigate the appropriability hazards in these countries by resorting to internal mechanisms involving the entire MNE network. These studies have mainly focused on captive R&D units and identified specific internal mechanisms which may not be

generalized to other governance modes. In particular, MNE subsidiaries increasingly outsource R&D to local contractors in weaker IPR countries. Drawing on institutional and transaction costs economics, we address this gap and argue that the quality of subnational institutions plays a contractual hazard-mitigating role that may at least partially compensate for the appropriability hazards of a relatively weak national IPR regime and, hence, positively influence the subsidiary decisions to rely more or less extensively on local external (versus internal) R&D partners. However, subsidiaries that strategically prioritize external knowledge sourcing in their innovative activity are less sensitive to the quality of sub-national institutions as these subsidiaries commonly adopt a set of appropriability mechanisms that help protecting their knowledge. *(For more information, please contact: Grazia D. Santangelo, University of Catania, Italy: grsanta@unict.it)*

Session: 3.3.6 - Competitive

Mergers and Acquisitions

Presented On: June 26, 2014 - 13:00-14:15

Chair: Marcus M. Larsen, Copenhagen Business School

The Impact of Institutional Distance on the Debt-Equity Choice in International Corporate Acquisitions

Thomas Lindner, WU Vienna

Igor Filatotchev, City University London

Jonas Puck, WU Vienna

International acquisitions trigger significant changes to the acquiring company's capital structure. Intense discussion throughout three decades has clarified the firm-specific characteristics that determine the degree to which acquisitions are financed with debt or equity. The international, context-specific component, however, has only been proposed to be a missing piece to the puzzle. Consequently, this paper develops and empirically tests a model explaining the debt-equity choice when financing international acquisitions that incorporates firm-specific and regulatory institutional distance variables. Institutional, pecking-order and trade-off theories are integrated in the development of the model. Empirical tests are conducted on a large multi-home and multi-host country sample. Underinvestment problems, diversification and operational risk when acquiring companies abroad are found to affect the debt-equity choice. Contributions to the literature on capital structure choice, internationalization and risk structure as well as to the distinction between long- and short-term effects of international diversification on capital structure are made. *(For more information, please contact: Thomas Lindner, WU Vienna, Austria: thomas.lindner@wu.ac.at)*

Regional Influences on the Equity Share Ownership of Foreign Partners in International Joint Ventures

Michael Bowe, MBS, University of Manchester

Sougand Golesorkhi, Manchester Metropolitan University

Mohammad Yamin, University of Manchester

This paper investigates the impact of intra-regional proximity on the contracted distribution of equity share ownership for firms engaging in a strategic collaboration through an equity international joint venture (IJV). Empirical results from a sample of UK-based IJVs corroborates the view that intra-regional proximity conveys important strategic advantages to IJV collaborating partners in monitoring non-performance risks, overcoming barriers to learning and facilitating efficient information acquisition and processing. We provide evidence that the relative intangibility of the partners' assets and the IJV's strategic objectives, are both major determinants of the initial contracted allocation of equity share ownership at IJV formation. *(For more information, please contact: Michael Bowe, MBS, University of Manchester, United Kingdom: mike.bowe@mbs.ac.uk)*

Time Horizons of Incentives in Different Institutional Settings – An Empirical Analysis of M&A Deals of US and European Firms

Johannes Sauset, Georg-August-University Goettingen
 Jana Oehmichen, Georg-August-University Goettingen
 Michael Wolff, Georg-August-University Goettingen

Differences in time horizons of executives and shareholders are potential sources of conflicts between owners and managers which may lead to suboptimal decisions from a shareholder's perspective. This paper examines whether longer duration of CEO compensation schemes increases quality of merger & acquisition decisions in different institutional settings. Using hand-collected contract design data of 226 non-financial firms from 17 U.S. and European countries executing 457 deals in 2006 and 2010, we calculate the duration of CEO compensation. We find firms that design CEO contracts containing a longer duration of their compensation to execute more successful M&A deals. Furthermore, this general relationship depends on the institutional setting: In a setting with more shareholder protection, impact of duration is weaker. We conclude that longer time horizons of CEO compensation align owner and manager incentives more closely and lead to better long-term investment decisions. *(For more information, please contact: Johannes Sauset, Georg-August-University Goettingen, Germany: johannes.sauset@wiwi.uni-goettingen.de)*

Session: 3.3.7 - Panel

Course-Based Export/Import Projects: Do the Benefits Justify the Costs, and if so How can Resources be Provided?

Presented On: June 26, 2014 - 13:00-14:15

Chair: Nick Robinson, North Island College

Panelists:

Mirosław Jarosinski, Warsaw School of Economics
 Michel Librowicz, Université du Québec à Montréal
 Peter E. Lloyd, Peter Lloyd Associates
 Nick Robinson, North Island College
 Ingrid Burkholder, North Island College
 Julia Drew-Watt, Government of Canada, DFAITD
 Andreas Hagen, iLab Solutions

In course-based export/import projects, students investigate and report on real export opportunities for participating businesses as a major assignment in a course. This hands-on experience complements the students' study of international business theory, and it puts them in a better position to recognize and capitalize on international opportunities once they enter the workforce. In this session panelists will address the following questions: (1) How have recent improvements in telecommunications technology created new possibilities for running course-based export/import projects? (2) What is known about the costs and benefits of such projects, and how could better cost/benefit measures be developed? (3) What are the barriers to the use of this sort of pedagogy, and how might these barriers be overcome? Is there a role for course-based export/import projects in governments' broader trade facilitation strategies? These questions will be addressed by a panel whose members bring different perspectives: faculty, business, student, government & consultant. *(For more information, please contact: Nick Robinson, North Island College, Canada: nick.robinson@nic.bc.ca)*

Session: 3.3.8 - Competitive

Track: Track: 3 - Organization, Management and Human Resources of the MNE

Organizing Frameworks for Knowledge and Learning

Presented On: June 26, 2014 - 13:00-14:15

Chair: Dana Minbaeva, Copenhagen Business School

Rocking and Rebalancing the Boat: How Offshoring Elicits Reconfiguration of the Service Production System

Kristin Martina Brandl, Copenhagen Business School

Michael Mol, Warwick Business School

Bent Petersen, Copenhagen Business School

Service production systems can be seen as a structure consisting of task execution, resources executing tasks and the service output received by the client. Offshoring acts as an exogenous shock to such a service production system. Drawing on practice theory and applying a multiple case methodology to a large, multinational shipping company we investigate how offshoring to an emerging economy leads to misalignment of the system. We then find that agents undertake actions, both top-down and bottom up initiatives, to attempt to realign the service production system. We develop a set of propositions that explains how structures and agents interact to deal with misalignment and how service output changes due to offshoring. The major contribution of this paper is that it provides a theoretically grounded explanation of how service production systems evolve over time. We also contribute to an understanding of the impact of offshoring and to practice theory. *(For more information, please contact: Kristin Martina Brandl, Copenhagen Business School, Denmark: kbr.int@cbs.dk)*

International Training, Learning and New Product Development in the Multinational Corporation

Kyoung Yong Kim, University of Houston

Anupama Phene, George Washington University

This paper examines whether and under what conditions international training influences intra-firm learning and new product development in the multinational corporation. We build a conceptual model by integrating the knowledge creation and human resource management literature. We propose that international training enhances employees' attitudes, incentives, ability to engage in learning and develop new products by expanding and transforming their cognitive schema. We hypothesize about the direct effects of international training on intra-firm learning and new product development. We posit that international training has an indirect effect on new product learning mediated by intra-firm learning. In addition, variety of employees' experience is expected to moderate these relationships. We test out hypotheses using survey and archival data in a sample of Korean multinational firms observed over three time periods, 2007, 2009 and 2011. Our results provide support for our hypotheses. *(For more information, please contact: Kyoung Yong Kim, University of Houston, USA: ykim@bauer.uh.edu)*

Co-Parenting Advantage through Extra-Regional Headquarters: Knowledge Flows and Embeddedness in a Model of Subsidiary Evolution

Jose Pla-Barber, University of Valencia

Cristina Villar, University of Valencia

Anoop Madhok, York University

Recent literature on headquarters-subsidiary relationships is starting to question how and when headquarters could add value to their subsidiaries. We shed light on this issue analyzing a novel way to configure MNC networks in a model named "co-parenting": the convenience of using intermediate units acting as extra-regional headquarters to manage foreign operations. These springboard subsidiaries may help parent companies to

overcome the liability of inter-regional foreignness in culturally and institutionally distant countries. We depict the evolution of this subsidiary mandate proposing a model of three stages: entrepreneurial, integrative and selective engagement. In each of these stages there is a different configuration in terms of knowledge flows and the focus on internal or external embeddedness in the host country network. We contextualize this phenomenon through a qualitative study that illustrates the entry into Latin America by six European MNC using these intermediate units in Spain. Overall, we enrich the internationalization perspective by explaining how internationalization can be enabled not just through direct experience in the target country but indirectly through the knowledge, learning and experience possessed by other subsidiaries in specific locations of the MNC network. *(For more information, please contact: Jose Pla-Barber, University of Valencia, Spain: jose.pla@uv.es)*

Session: 3.3.9 - Competitive

Track: Track: 12 - The Institutional and Political Environment of IB

Sociopolitical Hazards and Their Firm-Level Implications

Presented On: June 26, 2014 - 13:00-14:15

Chair: Jing Li, Simon Fraser University

Policy Risk and Divestitures: Firm-Specific and Macro Considerations

Daniel Blake, IE Business School

Caterina Moschieri, IE Business School

We explore whether and how firm-specific facets of policy risk lead firms to dispose of and divest their units in foreign countries. Specifically, we argue that when firms experience a serious dispute with a host government, their assessment of their exposure to policy risk changes, making them more likely to divest in the host country's region and to significantly reduce the amount of shares that they want to retain in their units in the host country. We find support for this argument using a hand-collected database that matches all the disputes presented before the World Bank with the claimants' divesting activity in the last 18 years. Furthermore, when we analyze the aggregate effect of firm-specific risks and macro environmental risks, we find that firms do reduce and contract their investments when encountering high levels of policy risk. These results extend the boundaries of current knowledge with respect to the determinants of divestitures and show that policy risk is an important driver of divestiture decisions. By highlighting the potential disjuncture between macro environmental characteristics and how they apply to, or are experienced by, individual firms, we offer a nuanced understanding of environmental features and firms' strategies. *(For more information, please contact: Daniel Blake, IE Business School, Spain: daniel.blake@ie.edu)*

Does Civil Unrest Impede or Enable Employee Innovation Behavior? The Alchemic Role of Collaborative Conflict Management

Carol Reade, San Jose State University

Hyun-Jung Lee, London School of Economics

We investigate whether civil unrest in the form of ethnopolitical conflict influences an employee's propensity to work with colleagues to innovate products, services, and job processes, all fundamental to a firm's competitive advantage. We empirically examine the direct and interaction effects of civil unrest, organizational frustration, and collaborative conflict management style of supervisors on employee innovation behavior. The results show that employees are most inclined to innovate when they are both highly sensitive to the societal conflict and highly frustrated with the organization, and when they perceive their supervisor to be highly collaborative in managing conflict. This suggests that a collaborative conflict management style may play an alchemic role in transmuting social conflict and organizational frustration into positive employee behavior. Results vary by firm

ownership. (For more information, please contact: Carol Reade, San Jose State University, USA: carol.ream@sjsu.edu)

Rob Peter or Rob Paul? Expropriation and Sovereign Default as Complements or Substitutes
Anthony Cannizzaro, George Washington University

Are political (expropriation) risk and sovereign (default) risk complements or substitutes? Drawing on new insights in the political economy literature regarding how the structure of sovereign lending impacts conditionality, I propose a theoretical framework in which governments are incentivized to expropriate or default dependent upon the ownership structure of foreign investments. Typically, expropriation and default are substitutes: As atomistic creditors demand fiscal discipline, governments become shortsighted and less likely to default. Seeking to maintain consumption levels, politicians are then more inclined to capture rents from foreign multinationals through expropriation. However, when ownership is structured such that both debt and equity investors lack the capacity to mount a credible exit threat, expropriation and default are complementary. (For more information, please contact: Anthony Cannizzaro, George Washington University, USA: tony_c@gwmail.gwu.edu)

Session: 3.3.10 - Competitive

Track: Track: 11 - Stakeholders, Responsible Leadership and Governance

CSR and Corporate Performance and Renewal

Presented On: June 26, 2014 - 13:00-14:15

Chair: Bindu Arya, University of Missouri-St. Louis

Creating Shared Value Strategies – Effects on Coffee Farmers

Luciano Ciravegna, INCAE
Paul Robson, Royal Holloway
Bernard Kilian, INCAE

In 2011 Porter and Kramer published an influential article proposing a new framework for implementing strategies that generate additional value for all the stakeholders involved in the value chain, which they named the Creating Shared Value (CSV) approach (Porter and Kramer, 2011). CSV suggests that instead of getting involved in unrelated projects or paying higher than market prices simply for philanthropic reasons multinational buyers should help their suppliers achieve higher productivity and reduce their environmental impact, which is different from what suggested by the Corporate Social Responsibility (CSR) approach. The CSV approach has been enthusiastically adopted by several leading multinational corporations. However, there is an empirical gap with regards to its impact, as CSV strategies remain understudied. This study measures the impact of CSV strategies by examining the economic and environmental performance of 592 coffee farmers based in five countries of Latin America and testing the effects of being part of a CSV value chain. (For more information, please contact: Luciano Ciravegna, INCAE, Costa Rica: luciano.ciravegna@incae.edu)

The Battle of Ideas Inside the MNC: A Case Study of Ideological Politics and Change

Jacqueline Mees-Buss, University of Sydney
Catherine Welch, University of Sydney

In this paper we investigate the dynamics of ideological politics in a single case study of a large multinational corporation (MNC). In contrast to existing research on power and politics in the MNC, which has largely concentrated on 'game-playing' between headquarters and subsidiaries over resources and interests, we introduce an ideological perspective on power and politics amongst the managerial elite of the MNC. We follow

the case of a 'battle of ideas' about the meaning of responsible global leadership. The debate unfolds amongst the global management team of Unilever in charge of the brand Dove. We use ideological analysis – a form of textual analysis proposed by van Dijk (1998, 2000) – to proceed from the conflicting accounts that our participants gave, to the underlying ideologies that explain these differences. Having established the existence of two different sets of ideas, a normative and a rational ideology, we then turn to the dynamic process by which the two ideologies took turns in being the dominant and legitimized ideology in the global brand team. We conclude by arguing that these ideological battles are important for progress in the organization because they facilitate management learning and corporate renewal in a constantly changing environment. *(For more information, please contact: Jacqueline Mees-Buss, University of Sydney, Australia: jacquelinemees@gmail.com)*

International Diversification and Corporate Social Performance

Xueji Jessie Liang, National University of Singapore
Jane Lu, University of Melbourne

This study investigates the differential effects of international diversification on two components of corporate social performance (CSP): input-based CSP and interaction-based CSP. Input-based CSP evaluates firm's input and resources invested in CSR, which is directly driven by firm's willingness to engage in CSR. Interaction-based CSP measures the outcome of interactions between firm and key stakeholders, which involves both willingness and capability to engage in CSR. Firm visibility increases stakeholder pressure which strengthens the positive relationship between international diversification and input-based CSP, but does affect the link between international diversification and interaction-based CSP. Liability of foreignness increases the willingness to act socially responsible, but lowers the capability of MNCs to act socially responsible, and therefore, has positive effect on input-based CSP but no impact on interaction-based CSP. An analysis of 1,075 U.S. public firms supports the arguments. Our findings contribute CSR research by revealing two different mechanisms through which international diversification affects CSP. *(For more information, please contact: Xueji Jessie Liang, National University of Singapore, Singapore: xuejiliang@nus.edu.sg)*

Session: 3.3.11 - Competitive

Track: Track: 7 - Competition and Collaboration in IB

Knowledge, Innovation, and Collaboration

Presented On: June 26, 2014 - 13:00-14:15

Chair: Vesna Sedoglavich, Australian National University

Cooperative Innovation Networks: Geographic Partnership and Performance within Degrees of Innovation

Yu-Ying Li, Taiwan Research Institute
Daw Ma, Chung-Hua Institution for Economic Research

This study contributes to the existing research by categorizing the degrees of innovation, the geographic partnerships, the knowledge spillover sources and the innovation impediments to examine what determines a firm to choose the geographic innovation partners and how these determinants affect firm performance with various innovation degrees. We investigate the hypotheses on a sample of manufacturing firms engaging in technological innovation based on the Third Taiwan Technological Innovation Survey (TTIS3). The empirical results support the statements that the comparative advantages and the complements matter when considering the collaborative partners. While degrees of innovation result in cooperating with different geographical partners, the international cooperation contributes to the radical innovation performance. Further, the sources of knowledge spillover effects also tend to have different effects on radical and incremental innovation performances. *(For more information, please contact: Yu-Ying Li, Taiwan Research Institute, Taiwan: u892302@tri.org.tw)*

Tacit and Explicit Knowledge Transfers in IJVs: The Role of Partner Dissemination, Compatibility, and the Impact on Innovation

Chansoo Park, Memorial University of Newfoundland
Chol Lee, Sogang University

This paper aims to develop and test a theoretical model of IJV learning and innovation that examines the impacts of the key knowledge disseminative abilities of foreign parent firms on the transfer process of two types of knowledge (explicit and tacit), focusing on the moderating role of compatibility. We tested the framework with survey data collected from 199 International Joint Ventures (IJVs) in South Korea, estimating a structural equation model using AMOS 20.0. We found that selection and codification abilities are related positively to the transfer of explicit knowledge, and negatively to the transfer of tacit knowledge, while conversely, effective communication was found to be significant in the transfer of tacit knowledge but not of explicit knowledge. Compatibility was found to be a key moderator of explicit knowledge transfer. Tacit knowledge transfer was found to support the transfer of explicit knowledge, which in turn leads to innovation. *(For more information, please contact: Chansoo Park, Memorial University of Newfoundland, Canada: cpark@mun.ca)*

Internalization or Alliance Modes & Variation in the Scope of Knowledge Production in the Biopharmaceutical Sector in China

Tariq H. Malik, Dongbei University of Finance & Economics

This research examines a possible influence of internal versus alliance modes of organization on the scope of knowledge production in the biopharmaceutical sector. In China, there are five possible modes in the current context: foreign organizations' internalization (F), foreign-foreign collaboration (FF), Chinese organizations' internationalization (C), Chinese-Chinese collaboration and Chinese-foreign collaboration (CF). The analysis from the biopharmaceutical sector for new product development (clinical trials) reveals interesting insights. Transaction Cost Economics predicted that $F > FF$ and $C > CC$. Results confirm that $F > FF$ but not $C > CC$. Instead, it shows $CC > C$ in the scope of knowledge production. Resource-based view predicted that $FF > CF$ and $CC > CF$. These results confirm the RBV. These findings show a better understanding of the theory, context and future implications for research and practice. *(For more information, please contact: Tariq H. Malik, Dongbei University of Finance & Economics, China: tmalik@dufe.edu.cn)*

R&D Collaborations and Innovation: Differences between Subsidiaries of Foreign MNEs and Domestic Firms

C. Annique Un, Northeastern University

We analyze how research and development (R&D) collaborations influence innovation differently in subsidiaries of foreign firms versus in domestic firms. We argue that subsidiaries of foreign firms benefit more from collaborating with downstream R&D partners than upstream ones, because they have higher ease of access to diversity of knowledge via the multinational network but lower ease of access to local-market knowledge. In contrast, domestic firms benefit more from collaborating with upstream R&D partners than downstream ones, because they have lower ease of access to diversity of knowledge but higher ease of access to local-market knowledge. Results of the empirical analysis of manufacturing firms over a 13-year period support our arguments. The paper contributes to the literature on subsidiary innovative capability development by being among the first to compare the relative effects of R&D collaborations on innovation of subsidiaries of foreign firms with that of domestic firms. *(For more information, please contact: C. Annique Un, Northeastern University, USA: a.un@neu.edu)*

Session: 3.3.13 - Interactive

Track: Track: 12 - The Institutional and Political Environment of IB

Institutional Constraints and Triggers of Firm Internationalization

Presented On: June 26, 2014 - 13:00-14:15

Chair: Hussain Rammal, University of South Australia

Host Country Internet Infrastructure and MNC Expansion Choices

Seung-Hyun Lee, University of Texas at Dallas

Chang Hoon Oh, Simon Fraser University

Jeoung Yul Lee, Hongik University

As sharing knowledge within a multinational corporation (MNC) becomes more important, rapid and rich communication within an MNC subsidiary network becomes vitally important. Using expansion information from 2,589 subsidiaries of 487 Korean MNCs between 1990 and 2011, we find that host country Internet infrastructure plays an important role in bolstering MNC communication, which is an important factor in MNC expansion decisions. We also find that well-developed Internet infrastructure within a host country facilitates more investments from MNCs producing consumer goods than those producing industrial goods and also more from domestic market followers than market leaders. *(For more information, please contact: Jeoung Yul Lee, Hongik University, Korea, South: jeoungyul@hongik.ac.kr)*

The Effect of Institutional Evolution on Indian Firms' Internationalization

Tamara Stucchi, Technical University of Denmark

Torben Pedersen, Bocconi University

Vikas Kumar, University of Sydney

Drawing upon the institutional theoretical perspectives, we study Indian firms' internationalization during a period of institutional change. We focus on the extent of internationalization of domestic firms setting up a subsidiary abroad. We delve deeper into the nature of institutional changes and propose two broad categories with different magnitudes of impact on international investments. We develop six hypotheses and test them with data on Indian firms. Our findings provide interesting insights on institutional factors that promote firms' internationalization in a context characterized by dynamic changes, with significant theoretical and managerial implications. *(For more information, please contact: Tamara Stucchi, Technical University of Denmark, Denmark: tamst@dtu.dk)*

Outsourcing Destination Choices: The Role of Formal and Informal Institutions

Grigorios Livanis, Northeastern University

Christopher Robertson, Northeastern University

Khalid Al-Shuaibi, King Abdulaziz University

Khalid Hussain, King Abdulaziz University

Offshoring and offshore-outsourcing have been hot button topics in the international strategy literature as more developed-world leaders seek to protect local employment rates. Yet in emerging economies little is known about perceptions of the inflow and outflow of manufacturing and especially service jobs. Accounting for the effects of formal and informal institutions, we predict that the propensity of buyers in such economies to offshore or offshore-outsource a service is higher if the suppliers are located in developed countries rather than in developing countries. However, counter to theoretical expectations, this propensity is the same when the developing countries have similar religious-identity to the buyer's home country. A survey of 235 managers in the Kingdom of Saudi Arabia provides support for these predictions. Managerial implications and future research

directions are also discussed. *(For more information, please contact: Grigorios Livanis, Northeastern University, USA: g.livanis@neu.edu)*

The Influence of Formal Institutions in the Internationalization of Companies in an Emerging Country

Jefferson Marlon Monticelli, UNISINOS
 Cyntia Vilasboas Calixto, FGV-EAESP
 Silvio Luis de Vasconcellos, UNISINOS
 Ivan Lapuente Garrido, UNISINOS

Institutions play an important role in formulating an either fragile or robust institutional framework, especially in emerging markets, by providing sources of competitiveness for firms operating within this organizational network. The goal of this study is to examine how formal institutions influence the internationalization process of companies in an emerging country, using an institution-based view as the background for this research. Our case study is based on semi-structured interviews with twenty-one formal institutions in the Brazilian wine industry. It was noted that formal institutions have a positive influence on the internationalization of Brazilian wineries through providing learning, relationship networks, generation of intelligence about foreign markets, reduced costs, internationalization of business, promotion of the country's image as a wine producer in foreign markets and recognition in the domestic market. On the other hand, they have a negative influence through bureaucracy and strikes, legal barriers with other countries, insufficient technical knowledge, the tax system and the favoring of the most representative wineries in the sector. Lastly, input is provided for future research concerning the influence of political decisions of formal institutions on the competitiveness of firms. *(For more information, please contact: Jefferson Marlon Monticelli, UNISINOS, Brazil: jeffmarlon@hotmail.com)*

Agents of the State or Market? A Mutual Institutional Constraint Framework for Chinese Central SOEs' Internationalization

Monica Ren, Macquarie University
 Wei Li, University of Sydney

Chinese Central state-owned enterprises (CSOEs) have become active global players. This requires extensions of existing theories since CSOEs sit multidisciplinary across international business and political economy. This paper develops a mutual institutional constraint framework (MICF) to explore whether CSOEs are the agents of the state or market while internationalizing. MICF has identified 'three level actors': the state, the enterprises, and the top executives; illustrated 'three forces' embedded in all actors: capabilities, responsibilities and incentives; and resulted 'three manifestations': conservatives, entrepreneurs, and opportunists of CSOEs' internationalization. Two case studies are conducted between 2011 and 2013, providing supporting evidence to MICF. Six propositions are developed for further investigations. CSOEs' internationalization has shown characteristics of a mixture of practices as agents of state and market. The 'three level actors' are mutually constrained by various forces in the state-centred and non-state-centred home institutional environment in China. It's also of the interests to explore if this framework can be used to explain other ownership firms in China or state-owned firms' OFDI from other developing countries. *(For more information, please contact: Monica Ren, Macquarie University, Australia: monica_ren@yahoo.com)*

Chinese Multinational Enterprises' Approach to Employer Associations in Host Country: Insights and Implications from Institutional and Social Cognition Research

Judith Shuqin Zhu, University of Newcastle

This study aims to explore how managers' mindset influences MNE's management practices. Based on qualitative data from 20 Chinese MNEs, this study demonstrates that mindset of executive expatriate managers significantly contributed to Chinese MNEs' employer association membership policy. Therefore, in understanding MNEs' management practices an individual level analysis which requires incorporation of cognitive psychology perspective, in conjunction with macro-environment and meso- firm level analysis should

be considered by scholars in international business research. This paper contributes to the fields of international business primarily in two ways. First, it highlights the necessity for future international management studies to take up a multi-level analysis of firms practices, supplementing macro- environment and meso –firm level analysis that is commonly seen in international business research with a perspective that includes the analysis of managers' mindset/cognitive orientation. Second, this study fills a gap in literature, that is, the paucity of research on MNEs' approach to employer associations, particularly that of MNEs from emerging economies. *(For more information, please contact: Judith Shuqin Zhu, University of Newcastle, Australia: judith.zhu@newcastle.edu.au)*

Sealing the Deal: Using Ownership Structure to Complete Cross-Border M&As in Light of Institutional Distance
Danielle Renee Jones, University of Illinois at Urbana-Champaign

Cross-border mergers and acquisitions are a dominant mode of entry utilized by firms in their internationalization exploits; however, a significant proportion of these deals never reach consummation. Prior theoretical and empirical studies have indicated that one of the most salient factors for merger abandonment is institutional distance between the acquiring and target firms. This paper suggests that in light of institutional distance, ownership structure may be used to increase a merger's chances of completion. Drawing on institutional theory, I offer three propositions suggesting that the target firm's ownership structure (state-versus privately-owned) may help the acquiring firm achieve legitimacy in the host environment and subsequently increase likelihood of merger completion. The paper concludes by discussing implications for researchers and practitioners and by offering suggestions for future research. *(For more information, please contact: Danielle Renee Jones, University of Illinois at Urbana-Champaign, USA: jonesdr2@gmail.com)*

Session: 3.3.14 - Interactive

Track: Track: 8 - Global Strategy, M&As and Competitiveness

Business Strategy in the International Context

Presented On: June 26, 2014 - 13:00-14:15

Chair: Pervez N. Ghauri, Kings College London

The Interrelationship and Determinants of Imports and Sales in U.S.-based Corporations
Valentina Marano, Northeastern University
Pete Tashman, Portland State University

We examine the interrelationship between imports and sales, as well as the role of internal and external factors that contribute to shaping this interrelationship for 2,238 U.S.-based manufacturing companies from 2007 to 2012. Our results provide strong support for the notion that imports and sales positively and simultaneously determine each other for all firms in our sample, whether American or foreign firm, and purely domestic or multinational companies. Results also show that foreign market growth and exchange rate fluctuations affect the importing behavior of U.S.-owned and foreign firms. However, foreign exchange fluctuations do not affect the importing behavior of U.S.-owned purely domestic firms. We discuss the importance of these findings for understanding and managing importing strategies. *(For more information, please contact: Valentina Marano, Northeastern University, USA: valentina.marano@gmail.com)*

The Relationship Between Diversification and Performance of Business Groups: Evidence from Taiwan

Te-Yi Lin, Tatung University

Cheng-Wen Yao, Commerce Development Research Institute

As a distinctive phenomenon of emerging countries, business groups receive much attention of practitioners and academics. Although many studies examine the relationship between diversification and business group performance, most of them focus on the relationship between diversification and an affiliated firm's performance. Due to the nature of business groups, and to explore a bigger picture of business group performance, this study proposed that the impacts of diversification on a business group were different from those on a single member firm. This study explored the impacts of different diversifications on the performance of a whole business group. An OLS multiple regression model was used to test the hypothesis. Results based on 84 business groups showed that several kinds of diversification were beneficial to a business group. Breadth of international diversification and related diversification are both advantageous to business group performance. Furthermore, diversification into developing countries is more helpful to business group performance than diversification into developed countries. However, unrelated diversification was found to have no significant impacts on business group performance. *(For more information, please contact: Te-Yi Lin, Tatung University, Taiwan: tylin@ttu.edu.tw)*

Competitive Environment, Business Relationships and Subsidiary Importance

Lu-Jui Chen, Ming Chuan University

Hsien-Che Lai, National University of Tainan

Chuan-Hung, Wang, National Taiwan University

What determines the importance of subsidiary in MNEs? In this paper, we shed light in this question by linking the environment competitiveness, subsidiary business relationships, and headquarters international attention to the subsidiary importance. We test our hypotheses by questionnaires of 197 subsidiaries in Taiwan. Our results indicate that the environment competitiveness, customer business relationship, and competitor business relationship have a positive effect on the subsidiary importance. We also find that headquarters international attention into its effect between the subsidiary context and importance. We discuss implication for the MNE literature, internal and external network, and the literature on the subsidiary's and headquarters' role. *(For more information, please contact: Lu-Jui Chen, Ming Chuan University, Taiwan: shunyde@mail.mcu.edu.tw)*

Complex Network of Chinese Companies based on Internationalization and Product Diversification Strategies

Da Huo, Central University of Finance and Economics

Haibo Wang, Texas A&M International University

Tingyuan Guan, Central University of Finance and Economics

Bozhao Du, Central University of Finance and Economics

Chunlei Meng, Central University of Finance and Economics

With further opening of Chinese market and deregulation of production, Chinese companies are further involved in international competitions with both internationalization and product diversification strategies. It is important to have a further understanding of effects from product diversification and internationalization strategies of Chinese companies so that the companies can be better-off in their global decisions. This research analyzed the co-function of product diversification and internationalization strategies in the complex value network of Chinese companies. Five different clusters of Chinese companies with different levels of internationalization and product diversification strategies are identified by system cluster analysis, also in consideration of firm attributes. The relationships of product diversification and internationalization strategies with firm performance of Chinese companies are visualized in a 2-Mode value network, also in consideration of firm-level factors such as firm growth, firm leverage, firm size, firm age, and ownership concentration. Chinese companies with higher level of sales performance are found to have a higher level of product diversification strategy and a lower level of internationalization strategy, with a larger firm size. Adversely, Chinese companies with lower level of sales volume are found to have higher level of internationalization and lower level of product diversification strategy.

Therefore, Chinese companies are suggested to maintain a balance between product diversification and internationalization strategies in their business activities. The result of this research will be helpful to policy makers and global managers with their global strategic decisions. *(For more information, please contact: Da Huo, Central University of Finance and Economics, China: dhuo@cufe.edu.cn)*

The Internationalization Strategy of a German Car Industry Supplier: Is the Uppsala Model applicable?

Daniela Nitsche, Deggendorf Institute of Technology
Mario Henrique Ogasavara, ESPM-SP

The purpose of this paper is to test the applicability of the Uppsala model in the internationalization strategy of a German car industry supplier. The propositions state that this firm internationalizes following the Uppsala model and there is a high relationship between the cultural distance index and the pattern of the internationalization process. A case study analysis was developed based on in-depth interviews, management reviews, internal audits and other statistical materials. The findings show that only the initial steps of internationalization follow the Uppsala theoretical approach. In general, we could only partially support the Uppsala model. It implies that other aspects have to be considered to better understand the firm internationalization process including varying price structure and the case of following a customer to a specific country without any previous experience. *(For more information, please contact: Mario Henrique Ogasavara, ESPM-SP, Brazil: mario.ogasavara@espm.br)*

The Emergence of Regional Management Centers – Integrating the Resource-Based and Institution-Based views

Ying-Ying Hsieh, Ivey Business School
Andreas Schotter, Ivey Business School

Multinational enterprises (MNEs) employ regional management centers in their organizational structures as part of the regional strategies. Such centers can take one of two forms: regional headquarters (RHQs) and regional management mandates (RMMs). Building on the Resource-Based View (RBV) and institutional theory, this study focuses on three related questions. Why do MNEs use RHQs or RMMs to manage the regional operations? How is the use of RHQs and RMMs contingent on the regional institutional conditions? How do RHQs and RMMs add value and affect MNE performance? A conceptual framework is proposed on the impetuses and contingency factors of the use of regional management centers and MNE performance. This study aims to add to the theory of the MNE and the semi-globalization literature in terms of how MNEs design the structures corresponding to their strategies in order to achieve the best fit between firm resources and institutional settings at the regional level. *(For more information, please contact: Ying-Ying Hsieh, Ivey Business School, Canada: yhsieh.phd@ivey.ca)*

Session: 3.3.15 - Interactive

Track: Track: 6 - Innovation and Knowledge Management

Diffusion of Innovation

Presented On: June 26, 2014 - 13:00-14:15

Chair: Kazuhiro Asakawa, Keio University

Entrepreneurial Orientation and Subsidiary's Knowledge-based Growth on Foreign Markets

Anders Pehrsson, Linnaeus University

This paper draws on the knowledge-based view and contributes to literature on subsidiary entrepreneurship which is an underestimated topic despite its importance for firm performance. The paper addresses limitations of previous studies, and develops a conceptual model and propositions based on a literature review. The

propositions highlight associations among types of barriers to competition that may obstruct post-entry growth of the foreign subsidiary, transfer and acquisition of knowledge of barriers, and the moderating role of subsidiary's entrepreneurial orientation. The first proposition predicts that the greater the foreign subsidiary's entrepreneurial orientation, the stronger the positive association between knowledge of scale barriers transferred to the subsidiary and the subsidiary's relative growth. The second proposition predicts that the greater the foreign subsidiary's entrepreneurial orientation, the stronger the positive association between knowledge of customer access barriers acquired by the subsidiary and the subsidiary's relative growth. Theoretical and managerial contributions are discussed. *(For more information, please contact: Anders Pehrsson, Linnaeus University, Sweden: anders.pehrsson@lnu.se)*

International Technology Diffusion: Revisiting Path Dependence and Convergence Debate
Byungchae Jin, Korea Advanced Institute of Science and Technology

This study seeks to explicate the temporal dynamics of international technology diffusion in the technological community. By combining path dependence and convergence arguments, I address who adopts what and when. I specifically investigate whether country-level technological capabilities can influence an agent's choice of a novel or established technology and, if so, how the effect differs before and after technology commercialization. To test my arguments, I use research proceedings published by the international Electric Vehicle Symposium (EVS) from 1990 to 2009. Empirical findings indicate that, as path dependence suggests, agents from technologically leading countries are prone to discuss a more established technology in the pre-commercialization period. In contrast, consistent with a convergence argument, evidence also reveals that agents from technologically lagging countries are more likely to adopt a well-established, and/or successfully launched, technology during the post-commercialization period. This study enriches the conventional literature on technology diffusion and adoption by uncovering the sequential effects of path dependence and convergence on agents' technology adoption before and after technology commercialization. In addition, it also extends the existing literature on international technology diffusion by demonstrating the importance of a country's relative technological standing for determining its own technological path. *(For more information, please contact: Byungchae Jin, Korea Advanced Institute of Science and Technology, Korea, South: bjjin@kaist.ac.kr)*

Exploring the Role of Internationalization Knowledge in the Process of Strategic Renewal
Monica Ileana Riviere, Skema Business School
Suder Gabriele, University of Melbourne

The literature on the internationalization process shows that a firm's experiential knowledge, gained over all foreign market activities, is critical to its process of internationalization. This experiential knowledge is known as internationalization knowledge. In the traditional view, internationalization knowledge is important to successfully entering and developing competitive strategies in new markets and to managing internationally dispersed operations. However, the process of internationalization has two dimensions: exploiting existing capabilities in new markets and renewing capabilities abroad. While international entrepreneurship literature stresses the role of internationalization to the capability-renewal and firm's innovativeness, how internationalization knowledge contributes to the renewal process and what type of internationalization knowledge is important for a firm to thrive over time has never been discussed. We shed light on the role of internationalization knowledge in the strategic renewal of the firm through a case study on a large IT multinational. *(For more information, please contact: Monica Ileana Riviere, Skema Business School, France: monicaileana.rogoz@skema.edu)*

Global Cities as Innovation Hubs: The Location of Foreign R&D Investments by Multinational Firms

Shanqing Du, University of Leuven

Dieter Somers, University of Leuven

The world's leading internationally connected cities ("global cities") host a disproportional share of skilled workers, innovative companies and high quality public and private institutions, but yet their role as innovation hubs in international R&D networks has been underexposed. In this paper we examine how characteristics of global cities' innovation systems attract or discourage R&D investments by multinational firms. An analysis of location decisions for 971 cross-border R&D investments in 50 global cities during 2003-2012 confirms the significance of cities' specialized technological strengths, international inventor connectivity, and the strengths of local universities as key attractors of R&D. Wage costs strongly discourage R&D investments, while political and social stability facilitates R&D. The role of university strength is substantially more pronounced for research investments, but market potential (GDP and GDP growth) attract development projects. *(For more information, please contact: Shanqing Du, University of Leuven, Belgium: shanqing.du@kuleuven.be)*

In Search Of A Theoretical Framework For Reverse Innovations

Ahreum Lee, Temple University

Robert McNamee, Temple University

Despite the increased strategic importance of reverse innovation, an inspection of the literature suggests that there is still confusion as to what it is, how it is related to, yet distinct from, other types of innovation (e.g., frugal or disruptive innovation), and what factors are needed for it to occur successfully. Best practices and underlying conceptual frameworks appear to be lacking or somewhat scarce in both academic and practitioner literature. In this paper, we propose that reverse innovation shares some common underpinnings with the well-established concept of reverse knowledge transfer. This provides a robust foundation upon which to study the phenomenon of reverse innovation. An added benefit of this perspective is that it enhances the generalizability of research on reverse knowledge transfer. By connecting reverse knowledge transfer and reverse innovation under a general perspective of global competence creation and transfer, we believe we provide a framework that allows all firms, regardless of where they focus in the value chain, to appreciate the importance of global competence creation. *(For more information, please contact: Ahreum Lee, Temple University, USA: ahreum.lee@temple.edu)*

Towards the Micro-Foundations of Organizational Practice Adoption in the MNC: The Role of Core Self-Evaluation

Adrian Schulte Steinberg, University of St. Gallen

Bjoern Ambos, University of St. Gallen

Sven Kunisch, University of St. Gallen

The adoption of organizational practices is elementary in the creation of sustained competitive advantage for the multinational corporation (MNC). While prior studies have largely focused on the institutional context, in this study, we explore the role of the subsidiary managers' personality in the adoption of practices mandated by corporate headquarters to subsidiary units. Using a unique data set, we analyze 130 practice adoption cases in a large European MNC and find that managers' core self-evaluation (CSE) is a significant factor with respect to the implementation and internalization of organizational practices. In addition, the empirical findings suggest that socialization of subsidiary managers moderates the relationships between managers' personality and both dimensions of organizational practice adoption. Drawing attention to the role of individuals in organizational practice adoption, the study contributes to the emerging literature on the micro-foundations of knowledge transfers in large organizations. *(For more information, please contact: Adrian Schulte Steinberg, University of St. Gallen, Switzerland: adrian.schultesteinberg@unisg.ch)*

Technology Innovation Truly International? Evidence of Comparative Study on Index of Patent Internationalization, 1981-2008

Xiaoyun Tang, East China University of Political Science and Law
 Guiqin Zhao, Shanghai University of Finance and Economics
 Huifen Cai, University of Huddersfield

In this study we examine the indicators of patent internationalization reflecting better on the current important content of the techno-globalism utilization, the production of globalization and global cooperation, etc. Based on the measurement of technological internationalization on patents data between OECD countries and non-OECD countries (or regions), with the comparative analysis of the influence of the trading, investment and the scale of a country, R&D intensity and three proximities (including the technical, the social and culture and geographical proximities) on technological innovation internationalization. These results are not similar based on different patents data from USPTO and EPO, and the factors affecting internationalization of technology in OECD and non-OECD countries are different. It is a long way to go for the non-OECD or developing countries to engage/realize the real technology innovation globalization. The findings contribute to our knowledge of technology innovation internationalization and also have important managerial and policy implications.

Keyword: Technology innovation; Internationalization/globalization; Patent (For more information, please contact: Huifen Cai, University of Huddersfield, United Kingdom: h.cai@hud.ac.uk)

Session: 3.3.16 - Interactive

Track: Track: 4 - Marketing and Consumers in IB

Attitudes toward Foreign Products, Branding, and Advertising

Presented On: June 26, 2014 - 13:00-14:15

Chair: Brenda Sternquist, Michigan State University

Localizing to Arabic Speaking Consumers: Comparative Insights from Print Advertising

Nitish Singh, Saint Louis University
 Wootae Chun, Saint Louis University
 Rana Sobh, Qatar University
 Mamoun Benmamoun, Saint Louis University

This study argues that understanding the nature and the influence of cultural differences in print advertising is important for an effective international marketing strategy. Prior studies have investigated cross-cultural differences in advertising, but advertising from the Arab world has not received much attention. There also seems to be the lack of studies providing specific recommendations to localize advertising for Arab consumers. Therefore, this study conducts a comparative analysis of Arab and U.S. print ads (magazines) to identify cross-cultural differences in advertising and make recommendations on localizing advertising to the Arab consumers. (For more information, please contact: Nitish Singh, Saint Louis University, USA: singhn2@slu.edu)

How do they Consistent of Brand Personality in Cross Cultural Context? Explore the Link the Career Information of Global Brands

Yu Yin Chang, National Taiwan University

This research examines how global brands communicate the consistent brand personalities via the career information within cross cultural context. From country cultural dimension to brand personality, Study 1 demonstrates the country cultural dimensions of global brands to represent the key driver, country of origin, of brand personality. Study 2 explores that global brands have different cultural value centralized by different industries. As the concept of employee-brand alignment, Study3 investigates brands' personality via the career information of relative global brands. The results show there are some similar countries cultural dimensions of

global brands, and consistence of brand personality in some hedonic brands. Finally, discuss the implications of these finding for theory and practice implication. *(For more information, please contact: Yu Yin Chang, National Taiwan University, Taiwan: vivienneyuyin@gmail.com)*

A Study of Taiwanese Consumers' Perception of Online Trustmark
Meng-Hsiu Lee, National Sun Yat-sen University

The growing of online retail sales is not strenuous, but it continues to grow steadily. Taiwan has a relatively well-developed information communication technology infrastructure, which is an essential factor in e-commerce development. However, the rapid development of e-commerce is still hamstrung by the consumers' concern for distrust and un-safety during online transaction. From consumers' perspective, this research investigates the current consumer's recognition of online trustmark in Taiwan, and also ascertains how consumers establish their trust in online shopping and vendors. The study subjects are 130 Taiwanese, and most of them have online shopping experience. The results present that (1) most of Taiwanese consumers still highly concern and rely on the role which third-party organizations play. Before awarding trustmarks to online vendors, third-party organizations should take deeply and careful assessments. (2) The majority of Taiwanese online consumers agree that online vendors should state how they collect and deal with customers' personal information. Therefore it is necessary for online vendors to present customers' privacy protection statement. In conclude, Taiwanese consumers generally agree that the design and promotion of trustmarks can enhance consumers' confidence and trust in online vendors. Managerial and theoretical implications are also presented. *(For more information, please contact: Meng-Hsiu Lee, National Sun Yat-sen University, Taiwan: st87321700@gmail.com)*

Integrate Enculturalization Paradigm into Consumer Inquiry: Determinants for Brand Function in Local Contexts
David W. Pan, Prince Sultan University
Frank H.K. Fu, Hong Kong Baptist University
Alan Jerry Pan, Prince Sultan University
Linda Clarke, University of Florida
Berna Mutlu, University of Florida

This study integrates socio-ethnological considerations with the nuances of product and brand strategy research to derive a dynamic system of paradigms that explain determinants for successful products through brand function by enculturalization conformance. We use empirical evidence to support our proposed paradigms that a product value intended by a business in one culture does not necessarily translate into equivalent value in another until it becomes congruent with local contexts. The process is so coined as brand function that is largely dependent upon enculturalization, both locally and internationally, subject to certain limitations. We also propose a typology of product classifications from the broadened global business perspective through our mathematical reasoning and illustrations and a set of paired axioms of Brand-in-Value for Firms (BIV-Firm) and Brand-in-Value for Markets (BIV-Market) in a cross-cultural setting with an illustration using Hofstede's power distance that can be used to derive effective and context-suitable marketing strategies in a global business environment. *(For more information, please contact: David W. Pan, Prince Sultan University, Saudi Arabia: davidwpan1@gmail.com)*

An Investigation of Elite Consumers Attitudes and Purchase Intentions of Foreign Products to Achieve Physiological and Psychological Goals
Hina Khan, Lancaster University
Padmali Rodrigo, Northumbria University

This study was conducted in an emerging market namely Sri Lanka in order to enhance the current limited understanding of COO effects on elite consumers purchase intentions of foreign products across different product categories. The present study proposed TPB-COO framework, which significantly contribute to the COO

field, which is often criticised for lack of conceptual, theoretical and methodological transparency. The data for the study was gathered via a self-administered survey conducted amongst 316 elite Sri Lankan consumers. Two hierarchical regression models (for technically simple vs technically complex products) were tested separately to investigate to what extent TPB components and the other two antecedents can predict elite Sri Lankan consumers purchase intentions of foreign products. The findings suggest that the addition of self-image congruity and consumption values-strengthen the cognitively driven TPB and enhance its ability to predict behavior but also makes it an actionable framework for marketers. Therefore, from a practitioner perspective the present study provides a richer understanding of cognitive, social, self- image and value driven physiological and psychological factors that affect consumer purchasing decisions. Thus, marketers can effectively utilize the extended TPB-COO framework to develop informed marketing mix strategies to achieve a sustainable competitive advantage in emerging markets. *(For more information, please contact: Padmali Rodrigo, Northumbria University, United Kingdom: padmali.rodrigo@northumbria.ac.uk)*

Peer Identification, Online Brand Community Identification and Brand Loyalty: Brand-Community Identity Fusion as a Moderator

Shih-Ju Wang, National Taiwan Normal University
Heng-Chiang Huang, National Taiwan University
Jui-Che Chang, National Taiwan Normal University

Building an online brand community is a tough challenge for companies which want to increase their marketing effectiveness. Using Taiwan's automobile brand communities (composed of nine foreign and local auto brands) as an example, this paper examines the causal relationship between online brand community identification (at both "member-to-community" and "member-to-member" levels) and brand loyalty. We also examine the moderating effect of brand-community identity fusion. A structural equation model was analyzed and several hypotheses were tested. Findings in this paper have important marketing and strategic implications. *(For more information, please contact: Shih-Ju Wang, National Taiwan Normal University, Taiwan: sjwang@ntnu.edu.tw)*

Session: 3.4.1 - Panel

Track: Track: 2 - Entrepreneurship, SMEs, and Born Globals

Understanding Multinational-New Venture Ecosystems: Insights From Bangalore

Presented On: June 26, 2014 - 14:30-15:45

Chair: Shameen Prashantham, Nottingham University China

Panelists:

Mukund Mohan, Microsoft
S. Raghunath, Indian Institute of Management Bangalore
Isabel Alvarez, Universidad Complutense
Charles Dhanaraj, IMD Lausanne
Erkko Autio, Imperial College

This panel considers empirical and conceptual insights into the interface between new ventures and large multinational enterprises within the Bangalore software industry and thereby sheds light on the co-evolution of MNE engagement, new venture innovation and entrepreneurial ecosystems in an emerging economy setting. It suggests there is an emergent pathway into international markets via MNE networks for new ventures and that there is an unprecedented opportunity for MNEs to tap into the innovations of new ventures in emerging economies. Furthermore, the panel provides useful insight into Bangalore as a valuable setting for IB research ahead of the 2015 AIB Conference to be held in that city. *(For more information, please contact: Shameen Prashantham, Nottingham University China, China: shameen.prashantham@nottingham.edu.cn)*

Session: 3.4.2 - Competitive

Track: Track: 4 - Marketing and Consumers in IB

Antecedents and Outcomes of Export Strategy

Presented On: June 26, 2014 - 14:30-15:45

Chair: Weichieh Su, National Cheng-Chi University

The Importance of Protected Designations of Origin in the Wine Industry

Ricardo Sellers-Rubio, University of Alicante

Francisco José Mas-Ruiz, University of Alicante

The aim of this paper is to analyse the economic efficiency of members of Protected Designations of Origin (PDO). For the first time we analyse the value of PDO labels from the point of view of economic efficiency. The central hypothesis is that a PDO has a positive impact on the economic efficiency of its member companies and that this is because a PDO label is a collective reputation indicator. The methodology applied to test this hypothesis is based on Data Envelopment Analysis (DEA) to estimate economic efficiency, and econometric models to explain company efficiency through both the PDO label, as an indicator of collective reputation, and the characteristics of the company. The results obtained in the Spanish winery sector show that PDO labels have a positive impact on economic efficiency. Additionally, the age of the winery has a positive effect while the wage level of the winery has a negative influence on efficiency. The results reveal the importance of PDOs in industries in which the signal of reputation is not only reliant on the individual brands. *(For more information, please contact: Ricardo Sellers-Rubio, University of Alicante, Spain: ricardo.sellers@ua.es)*

SMEs Exports Continuity Through Relational Governance

Claude Obadia, ESCE, Paris

Jose Pla-Barber, University of Valencia

Irena Vida, University of Ljubljana

For exporting small and medium-sized enterprises (SMEs), the liability of smallness translates into higher operating costs, lower foreign-partner commitment, and higher attrition in their network of overseas distributors. Unsurprisingly, many SMEs discontinue exporting because of insufficient resources and disappointing results. This research investigates lower-resource-consuming processes that facilitate the sustainability of exporting activities for smaller firms. It focuses on the effectiveness of relational governance mechanisms, such as bilateral norms, that SMEs can use to manage their international alliances with overseas intermediaries. Using a longitudinal research design, the study shows that norms curb importer opportunism, help improve importer role performance and increase the chances of survival of export ventures. By achieving export success while reducing the costs of exporting, relational governance can secure the continuity of this vital activity for resource-constrained SMEs. *(For more information, please contact: Claude Obadia, ESCE, Paris, France: claude@obadia.org)*

The Impact of Product Innovativeness on Export Performance in an Emerging Market Context: An Evaluation of the Moderating Effects of Financial Resources and Competitive Intensity

Nathaniel Boso, University of Leeds

Samuel Adjei, Headlines Hospitality

Richard Boateng Yeboah, Access Bank Ghana Ltd

Fu-Mei Chuang, Loughborough University

This study develops a model of export success outcomes of product innovativeness in an emerging market setting, focusing on the form of the relationship between firm-level product innovativeness, namely intensity and novelty, and export performance. Further, drawing from the innovation literature and the emerging

economy context, this study proposes the contingent effects of financial resources and the competitive environment. The model is tested using data from exporting firms operating in Ghana. Contradicting Western economy-based conventional wisdom, our results show that the impact of intensity of product innovativeness on performance is J-shaped; that novelty of product innovativeness has an inverted U-shape relationship with performance; and that the curvilinear relationship between novel product innovativeness and export performance moves from being invert U-shaped to being U shaped as access to financial resources increases, and becomes increasingly invert U-shaped as competitive intensity increases. The study concludes that, for emerging market firms seeking to compete in global markets, they should increasingly seek high levels of product innovation intensity. However, it is not the case that ever increasing levels of novelty should always be sought. We discuss theoretical and managerial implications of our findings. *(For more information, please contact: Nathaniel Boso, University of Leeds, United Kingdom: n.boso@leeds.ac.uk)*

Session: 3.4.3 - Panel

Track: Track: 12 - The Institutional and Political Environment of IB

Policies and Instruments to Support Outward FDI: What are the Challenges?

Presented On: June 26, 2014 - 14:30-15:45

Chair: Karl P. Sauvant, Columbia University

Discussant: Steve Globerman, Western Washington University

Panelists:

Victor Zitian Chen, University of North Carolina at Charlotte

Peter J. Buckley, University of Leeds

Ana Teresa Lehmann, University of Porto

Shawn Lim, Columbia Law School

Aldo Musacchio, Harvard Business School

All developed countries have policies and measures in place to support their firms to invest abroad. More and more emerging markets (i.e., non-OECD countries) are doing the same. Yet, little research has been undertaken on this issue, be it regarding theoretical implications nor policy lessons. Moreover, since state-owned enterprises play an important role in the outward FDI in a number of emerging markets, the issue of competitive neutrality has entered the international policy making discussions and treaty-making (e.g., in the context of the Trans-Pacific Partnership negotiations). This panel will examine a number of issues surrounding policies and instruments supporting outward FDI. *(For more information, please contact: Victor Zitian Chen, University of North Carolina at Charlotte, USA: emgp.editor@gmail.com)*

Session: 3.4.4 - Competitive

Track: Track: 3 - Organization, Management and Human Resources of the MNE

Employment Practices in MNEs

Presented On: June 26, 2014 - 14:30-15:45

Chair: Chris Brewster, University of Reading

Human Resource Management Trends in the Arab Middle East: A Model

Akram Al Ariss, Toulouse Business School

Yusuf Sidani, American University of Beirut

The HRM literature in the Arab countries focuses on its problematic facets. This leaves a knowledge gap in terms of understanding best HRM practices in the region. This paper contributes to filling this knowledge gap by assessing key HR practices in Arab contexts (Study 1) and by also discussing the case of best HRM practices in five Arab companies each with headquarters in different Arab countries (Study 2). Study 1 uncovers factors that impede the professionalization of HR management systems in Arab contexts. Study 2 explores what pioneering Arab companies are doing to combat such challenges. *(For more information, please contact: Akram Al Ariss, Toulouse Business School, France: a.alariss@tbs-education.fr)*

Global Standardization or National Differentiation of HRM Practices in Multinational Companies? A Comparison of Multinationals in Five Countries

Tony Edwards, King's College London

Jonathan Lavelle, University of Limerick

Dana Minbaeva, Copenhagen Business School

Rocio Sanchez-Mangas, Universidad Autonoma de Madrid

Patrice Jalette, University of Montreal

Drawing on a unique dataset, constructed from a parallel series of nationally representative surveys of MNCs, we compare the HRM practices of MNCs in the UK, Ireland, Canada, Spain and Denmark. In each country we analyze data relating to MNCs from that country and of the foreign affiliates of US MNCs. We argue that there is evidence of dominance effects and convergence in the nature of practices across countries, something that shows through particularly in the analysis of US MNCs, but also of nationally-conditioned practices, which is more evident in our analysis of the five sets of indigenous MNCs. *(For more information, please contact: Dana Minbaeva, Copenhagen Business School, Denmark: dm.smg@cbs.dk)*

Chinese Multinational Corporations' Responses to Host Country Trade Union Challenges: An Eclectic Approach

Judith Shuqin Zhu, University of Newcastle

This paper explores Chinese multinational corporations' (MNCs) response to trade unions in host countries. Using in-depth case study analysis of policies on union representation and union-management practices in six Chinese MNCs, this paper demonstrates that Chinese MNCs' response to host unions is primarily shaped by home and host institutions, firm's strategic choice and organizational learning. It concludes that while rational choice and institutional theory, two dominant lenses used in existing literature, are helpful in understanding industrial relations (IR) practice of MNCs, they need to be supplemented with an organizational learning perspective in an analysis of IR practices in MNCs from emerging markets. *(For more information, please contact: Judith Shuqin Zhu, University of Newcastle, Australia: judith.zhu@newcastle.edu.au)*

Session: 3.4.5 - Competitive

Track: Track: 6 - Innovation and Knowledge Management

Knowledge and the MNC

Presented On: June 26, 2014 - 14:30-15:45

Chair: Stefanie Beninger, Simon Fraser University

Live and Let Die: A Survival Analysis of Foreign R&D Units in Swedish MNCs

Lars Hakanson, Copenhagen Business School

This paper develops and tests a set of hypotheses regarding factors that influence the longevity of foreign R&D units in Swedish MNEs 1992-2012. The results obtained point to a hitherto underexplored aspect of the internationalization of R&D – the quite considerable volatility of R&D activities undertaken abroad. Over the 20 year period, 42 per cent of the R&D units had been closed down. As hypothesized, the hazard for closure declines with age and is greater for R&D units added through mergers and acquisitions than for greenfield establishments, but was smaller for strongly locally embedded units and units with R&D directed towards global markets. Contrary to expectations, the hazard of closure was greater for units strongly integrated with the rest of the MNE. *(For more information, please contact: Lars Hakanson, Copenhagen Business School, Denmark: lh.int@cbs.dk)*

Integral Management Practices and Knowledge Creation

C. Annique Un, Northeastern University

Kazuhiro Asakawa, Keio University

We conduct comparative case analyses of large established U.S. and Japanese firms to examine how they manage employees to deal with the exploration/exploitation dilemma of knowledge creation. We find that although the firms tend to use different integrating practices, those that facilitate the motivation to share and understanding of others' knowledge, these are not necessarily related to the country of origin of the firm. Instead, they are a reflection of theoretically distinct ways of managing employees to create knowledge. The practices can be grouped into three models, depending on how they are used on the employees: non-task-specific, task-specific, and hybrid. What has been called the "Japanese way" is a non-task-specific model of managing employees, whereas what has been called the "American way" is a task-specific model of managing employees. There also exists a hybrid model that combines characteristics of both non-task-specific and task-specific models. Furthermore, each model has a similar impact on the solution of the exploration/exploitation dilemma; all of them enable the achievement of both exploitation and exploration, rather than one at the expense of the other. However, the models appear to be ranked in terms of the achievement of these two outcomes: the non-task-specific model appears to achieve this best, followed by the hybrid model, and then the task-specific model. *(For more information, please contact: Kazuhiro Asakawa, Keio University, Japan: asakawa@kbs.keio.ac.jp)*

The Adventurous Gene – Technological Imprinting in the International Growth of the Multinational Corporation

Katarina Blomkvist, Uppsala University

John A. Cantwell, Rutgers Business School

Philip Kappen, Copenhagen Business School

Ivo Zander, Uppsala University

In this paper we explore the notion of imprinting in the multinational corporation (MNC), specifically how during the brief period when foreign subsidiaries turn into technologically advanced units they are influenced by the technological activities carried out at headquarters and home country units. We hypothesize and empirically show that during that period of transition the degree of adventurousness or explorative intensity of home

country units is replicated and has a long-lasting effect on the type of technological work carried out by the foreign subsidiaries. The results suggest the systematic transfer of an 'adventurous gene' in the international growth of the MNC, with potentially broader implications for the study of foreign subsidiary development and a furthering of the evolutionary theory of the MNC. *(For more information, please contact: Ivo Zander, Uppsala University, Sweden: ivo.zander@fek.uu.se)*

Turning Knowledge Inputs into Ideas: The Central Role of Absorptive Capacity in the Innovation Process of Multinational Subsidiaries

Rene Olie, Rotterdam School of Management

This paper investigates the link between intra-MNC knowledge flows, a subsidiary's absorptive capacity and its innovation activities. First, we examine the relevance of access to intra-MNC knowledge flows for explorative and exploitative innovation activities. Second, we explore the underlying process by looking at the mediating role of absorptive capacity. Unlike prior research we present absorptive capacity as a process consisting of potential and realized absorptive capacity. In our empirical study we find no support for a direct link between intra-MNC knowledge flows and innovation, but do find strong evidence for a three-path mediation process through potential and realized absorptive capacity. In addition, we also find an alternative mediation process for explorative innovation. *(For more information, please contact: Rene Olie, Rotterdam School of Management, Netherlands: rolie@rsm.nl)*

Session: 3.4.6 - Competitive

Innovation and Venture capital

Presented On: June 26, 2014 - 14:30-15:45

Chair: Evis Sinani, Copenhagen Business School

Venture Capital and Innovation around the World

Douglas Cumming, York University

Arsalan Safari, MIT

Brian Cozzarin, University of Waterloo

Based on data from 98 countries around the world over the 2000-2011 period, we compare the effect of venture capital (VC) on patenting in different institutional contexts. The data indicate that the impact of VC on patenting is stronger in countries with weaker IPR. This effect is robust to a number of different specifications for endogeneity, among other things. The economic effect is pronounced: the impact of VC on patents is up to five times more pronounced between the weakest and strongest IPR regime in the sample. *(For more information, please contact: Douglas Cumming, York University, Canada: douglas.cumming@gmail.com)*

Revisit the Migration-Trade Linkage: From Human Capital Endowment to Entrepreneurial Engagement

Xiaohua Lin, Ryerson University

Xiyan Yang, Shanghai University of International Business and Economics

The mechanisms underlying the positive link from migration to trade have not been fully investigated. While some suggest that high-skilled immigrants play a bigger role in boosting trade for their greater endowment of human capital in terms of educational attainment and thus knowledge of source country, we argue that low-skilled migrants should exert a greater pro-trade impact since relatively more limited labor market opportunities are more likely to orient them toward source-destination trade as an entrepreneurial pursuit. Hypotheses are informed by ethnic economy theory and tested with China as the source of emigrants and exports to 118

trading partners. *(For more information, please contact: Xiaohua Lin, Ryerson University, Canada: hlin@ryerson.ca)*

Does Foreign Acquisition Benefit SOE Innovation in China?

Aizhen Chen, Xiamen University
Jiawen Yang, George Washington University

This paper develops a model to analyze how innovation in China's state-owned enterprises (SOEs) is affected by (partial) foreign acquisition. Our model shows that when an acquiring MNE has significant cost advantage, the government and SOE often prefer MNE to control the acquired firm. So the increase of SOE's social responsibility in industries with strong characteristic of public goods and a great technical disparity compared to MNEs, and the reduction of SOE's social responsibility in industries with higher competition, make it easier for MNE to cripple SOE's relative control power and gradually exploit SOE's administrative monopoly advantages. It weakens the resources and independence of SOE's innovation. These findings underline the importance of reform in state-owned sector before utilize foreign partial acquisitions of SOEs to gain external sources of technology from MNEs. *(For more information, please contact: Aizhen Chen, Xiamen University, China: azchen@xmu.edu.cn)*

International IPO Markets and a Foreign IPO Puzzle

Kelsey Syvrud, Florida State University
Gonul Colak, Florida State University
Candace Jens, Tulane University
April Knill, Florida State University

We analyze a firm's decision to conduct initial public offerings (IPOs) internationally. Global IPOs (issuing both domestically and abroad) raise significantly more capital in the international markets than any other form of IPO. Though over eight percent of firms conducting an IPO between 1995 and 2010 choose to conduct foreign IPO (issuing only abroad), this form of IPO fails to raise significantly more proceeds than matching IPOs with similar firm characteristics. This constitutes a Foreign IPO Puzzle. We consider several explanations for this puzzle. Our results are consistent with firms attempting to take advantage of hotter IPO markets, lower indirect costs, better legal environment, better opportunities for a subsequent SEO, and stronger currencies, however none of these hypotheses fully explains away this puzzle. *(For more information, please contact: Kelsey Syvrud, Florida State University, USA: kls07f@my.fsu.edu)*

Session: 3.4.7 - Panel***From Friction to Synergy: A Look at the Bright Side of Culture in Cross-Cultural Management Education and Learning*****Presented On:** June 26, 2014 - 14:30-15:45

Chairs: Christof Miska, WU Vienna and Günter K. Stahl, WU Vienna

Discussant: Hyun-Jung Lee, London School of Economics

Panelists:

Henry W. Lane, Northeastern University
Allan W. Bird, Northeastern University
Mary-Yoko Brannen, University of Victoria
Terry Mughan, University of Victoria
Joyce Osland, San Jose State University
P. Christopher Earley, Purdue University
Elaine Mosakowski, Purdue University
Goran Calic, Purdue University

The purpose of this panel is to point to an important, but hitherto neglected, issue that has limited the effectiveness of current approaches to cross-cultural management (CCM) education and learning, namely the tendency to overemphasize the adverse effects of culture. The presentations of this panel aim to underline the inherent problem-focused bias in CCM education and learning and explore approaches, strategies, and tools which help instructors leverage the benefits of cultural differences, diversity, and foreignness in the international business context. The panel will be designed as a roundtable discussion between panelists and the audience to allow for a maximum of interaction among all participants. The presenters are prominent CCM educators who, in addition to their novel and original teaching approaches, share their experiences and insights. The key contributions of this panel are: 1) to comprehensively discuss the tendency in CCM education and learning to emphasize the problems, costs, and risks associated with culture and cultural differences rather than their potential positive aspects; 2) to present novel and innovative pedagogical approaches, tools, and strategies which help instructors and students understand the potential benefits of cultural differences, diversity, and foreignness; and 3) to stimulate further debates about the way we teach CCM. *(For more information, please contact: Christof Miska, WU Vienna, Austria: christof.miska@wu.ac.at)*

Session: 3.4.8 - Competitive**Track: Track: 3 - Organization, Management and Human Resources of the MNE*****Employee Behavior in International Business Organizations*****Presented On:** June 26, 2014 - 14:30-15:45

Chair: Vas Taras, University of North Carolina at Greensboro

Developmental Practices and Employee Outcomes in Nordic Context: The Mediating Role of Psychological Contract Fulfillment and Organizational Identification

Violetta Khoreva, Hanken School of Economics

In this article, we examine the relationships among developmental practices and employee outcomes such as affective commitment and work engagement. Psychological contract fulfillment is expected to mediate the relationship between developmental practices and affective commitment as well as between developmental practices and work engagement. Organizational identification is also expected to mediate the relationship between developmental practices and affective commitment as well as between developmental practices and

work engagement. Our analysis of 330 key employees with high level of talent in eight Nordic multinational enterprises revealed that developmental practices were positively related to both affective commitment and work engagement. We also found that psychological contract fulfillment partially mediated the relationships between developmental practices and affective commitment, and fully mediated the relationship between developmental practices and work engagement. Furthermore, we found that organizational identification fully mediated the relationship between developmental practices and affective commitment, and partially mediated the relationship between developmental practices and work engagement. This study contributes to the literature by demonstrating that HRM relates to employee outcomes through multiple pathways. *(For more information, please contact: Violetta Khoreva, Hanken School of Economics, Finland: violetta.khoreva@hanken.fi)*

Mediating Role of Affective Commitment in the Relationship between Transformational Leadership and Followers' Job Satisfaction and Turnover Intention: A Comparison between Korea and US

Gahye Hong, Korea University
Mannsoo Shin, Korea University

Using a total sample of 516 employees in the Korea and US, we examined whether affective commitment mediated the effects of transformational leadership on followers' job satisfaction and turnover intention based on social exchange theory. Secondly, we analyzed how nationality influences on the relationship between transformational leadership and affective commitment. Results from SEM analysis showed that affective commitment partially mediated the relationship between transformational and followers' job satisfaction and turnover intention. Additionally, the positive impact of transformational leadership on followers' affective commitment was relatively higher in the US than in Korea cultures where power distance value is lower. Implications for research and practice of our findings are pounded. *(For more information, please contact: Gahye Hong, Korea University, Korea, South: gahye.hong@gmail.com)*

Understanding your Chinese Employees' Conflict Avoiding Behavior

Lin Wang, Lingnan University
Dean Tjosvold, Lingnan University
Yifeng Chen, Lingnan University

Conflict is inevitable but managing it appropriately can make it constructive. As Chinese people are thought to be less confrontational, understanding conflict avoidance is particularly important for managing organizations in China. This study adopts Deutsch's (1973) theory of cooperation and competition to understand conflict avoiding behavior between employees and their supervisors in China. Results of the structural equation modeling and other analyses support the hypotheses and proposed theoretical model that goal interdependence greatly affects employee behavioral intentions that lead to different avoiding behaviors that in turn affect the important outcomes of productivity, relationship, and social respect. Research findings contribute to the conflict management literature and also provide important practical implications for dealing with conflict avoidance in China. *(For more information, please contact: Lin Wang, Lingnan University, Hong Kong, SAR-PRC: linwang@ln.edu.hk)*

Session: 3.4.9 - Competitive

Track: Track: 12 - The Institutional and Political Environment of IB

Managing Institutional Constraints and Developing Institutional Entrepreneurship in International Business

Presented On: June 26, 2014 - 14:30-15:45

Chair: George O. White III, Old Dominion University

Networked Institutional Entrepreneurship: Legitimizing the Apprenticeship Practice in a Distant Environment

Johann Fortwengel, Free University of Berlin

Gregory Jackson, Free University of Berlin

This paper asks how Multinational Corporations (MNCs) engage in institutional entrepreneurship to successfully transfer an organizational practice to a distant host environment. In our case study of practice transfer of apprenticeship-based training from Continental Europe to U.S. subsidiaries, we highlight the important role of agency through networked institutional entrepreneurship. We find that this type of institutional entrepreneurship was effective in influencing the cognitive, normative, and regulative pillars of host country institutions, creating institutional support for the transfer of apprenticeship training. We argue further that networked institutional entrepreneurship is a useful strategic tool to overcome a particular kind of institutional distance of transferring practices requiring high levels of inter-organizational coordination to more liberal market-oriented institutional settings. We contribute to existing knowledge by showing how institutional change can be brought about through collective agency in networks, and by suggesting that this might be a particularly effective strategy under certain conditions. *(For more information, please contact: Johann Fortwengel, Free University of Berlin, Germany: johann.fortwengel@fu-berlin.de)*

Home Country Trade Network Effects on Organizational Procurements of Assets

Naoki Yasuda, Keio University

Hitoshi Mitsuhashi, Keio University

Previous research has examined the effects of state-level dyadic social capital on firm behavior. The present study theorizes the effects of home country trade networks on firm asset procurement behavior and offer a comprehensive view of contingencies, proposing that the value of home country trade networks differs depending on organizational attention to the external environment and foreign experience, as well as the political institutions of different states. Analysis of the global mining industry supports these hypotheses. This study theorizes that firm behavior is embedded not only in a firm's network structure but also in the broader social structure. By applying the home country trade networks as a state-level network variable, this paper provides an interface that bridges the literature on political science and organizational management. *(For more information, please contact: Naoki Yasuda, Keio University, Japan: naokiyasuda0623@yahoo.co.jp)*

Political Context and Institutional Voids: How Firms in China's Integrated Circuit Design Industry Navigate Institutional Voids

Douglas B. Fuller, Zhejiang University

Using the case of China's integrated circuit design industry, this paper draws on the literature on political agency within comparative political economy, including such literature on China, to add to the conception of institutional entrepreneurship in the face of institutional voids in two ways. First, the paper argues that the voids as hindrances to voluntary market exchange need to be politically contextualized in order to understand how they hinder the firms (necessitating filling or avoidance of the voids by firms) or their competitors (dictating the firms need to utilize the voids in competition). The wider political context within a given emerging economy and firm's relationship to it heavily shapes the nature of the relationship of the firm to the void. Second, the

paper argues that the act of avoiding these voids by borrowing institutions from abroad is itself as a strategic option for firms due to a larger political process within the emerging economy that allows such borrowing to take place. *(For more information, please contact: Douglas B. Fuller, Zhejiang University, USA: douglas.b.fuller@gmail.com)*

Institutional Arbitrage and Foreign Listing of Emerging Economy Firms: Evidence from China

Yangwen Wang, Chinese University of Hong Kong
Xufei Ma, Chinese University of Hong Kong
Shige Makino, Chinese University of Hong Kong

This study aims to enhance our understanding of the motivation of firms going foreign listing from emerging economies. We take the institutional arbitrage perspective and argue that foreign listing is a firm response to the institutional voids in emerging economies. By using the institutional arbitrage opportunity brought by foreign listing, firms are able to create a set of new institutions more favorable to the firm capabilities. Using a sample of 287 listed IT firms from China, we found that firms with relation-based capabilities are less likely to go foreign listing, while firms with market-based capabilities are more likely to foreign list. In addition, we found that the subnational institutional development have negative effect on the relationship between market-based capabilities and foreign listing, while no impact on relation-based capabilities and foreign listing. The results suggest that institutional aspects have predictive power of emerging economy firm's location choice of share listing. *(For more information, please contact: Yangwen Wang, Chinese University of Hong Kong, Hong Kong, SAR-PRC: wangywmandy@gmail.com)*

Session: 3.4.10 - Competitive

Track: Track: 11 - Stakeholders, Responsible Leadership and Governance

Cultural Influences on CSR Practices and Expectations

Presented On: June 26, 2014 - 14:30-15:45

Chair: Sheila Puffer , Northeastern University

The Effects of Cultural Norms on the Societal Expectation of Firms' CSR Behavior

Susan L Young, Seton Hall University
Mona Makhija, Ohio State University

Researchers have noted that the societal context within which the firm is embedded plays a key role in determining its CSR choices, by imposing systematic institutional pressures that influence the firm's need for legitimization. While much attention has been paid to regulatory and stakeholder pressures, less attention has been afforded to the cultural influences driving firms' CSR behavior and in particular which cultural influences. To address this concern, we present a model stressing the effects of cultural norms on the societal expectation of firms' CSR behavior. We argue that when firms behave in line with cultural expectations with respect to their CSR activities, they will be perceived by societal actors as legitimate members of that society. By examining the effect of seven cultural dimensions on a unique database of firms' CSR activities in the global garment industry, we demonstrate that not only does culture have a strong affect on the decision to engage in CSR, but that different cultural dimensions have varying impact on this decision. This research contributes to a number of literatures, including those of international business and strategy, by highlighting the critical role of culture in influencing a firm's strategic behavior. *(For more information, please contact: Susan L Young, Seton Hall University, USA: susan.young@shu.edu)*

Competing Institutional Logics and the Varieties of Organizational Responses: The Case of Workplace Practices in China

Sunwook Chung, Sogang University
Sunghoon Kim, University of New South Wales

This paper studies organizational responses to institutional complexity, where multiple institutional logics prescribe contrasting organizational practices. The authors investigate firms' use of illegal overtime hours in China—an issue of enduring corporate social responsibility. Using original survey data collected from electronic parts firms in China (n = 182), the authors examine how the two competing institutional logics (economic development logic and social harmony logic) differently penetrated into organizations and thus generated varied approaches to a firm's illegal overtime practice. Specifically, the authors find that firms tend to require their employees to work less illegal overtime when they are relatively small in size, allow the human resources (HR) department to take a strategic partner role, recognize trade unions, or employ a lower proportion of migrant workers vis-à-vis local resident workers. The authors also find that Japanese- and American-owned firms require significantly less illegal overtime work from their employees than domestically owned firms do. *(For more information, please contact: Sunwook Chung, Sogang University, Korea, South: sssj@sogang.ac.kr)*

Does National Culture Really Matter for Corporate Social Responsibility?

Yu-Shu Peng, National Dong Hwa University
Altan-Uya Dashdeleg, National Dong Hwa University
Hsiang-Lin Chih, National Taipei University

This paper reexamines the relationship between national culture and CSR. The current research employs binary logistic regression with the sample of 1,189 firms collected from DJSI and S&P Global 1200 indices. Findings of this research suggest that four of five Hofstede's cultural dimensions can predict a firm's CSR commitment, indicating individualism and uncertainty avoidance have a positive influence on a firm CSR commitment, while power distance and masculinity have a negative influence on it. *(For more information, please contact: Yu-Shu Peng, National Dong Hwa University, Taiwan: yspeng@mail.ndhu.edu.tw)*

Social Perception of Corporate Social Responsibility and Irresponsibility: Asymmetric Benefits and Penalties of CSR Strategy

Olga Hawn, Boston University
Catherine Shea, Northwestern University

This study examines the relationship between corporate social responsibility (CSR), social perception, and organizational outcomes. Drawing from theory on stereotypes and expectancy effects, we argue that CSR influences and is influenced by two fundamental dimensions of social perception – warmth and competence – which mediate and moderate the effects of socially responsible and irresponsible (CSI) actions on firm outcomes. We propose that CSR is viewed as a corporate strategy that connotes increased perceptions of warmth, and firms with differing levels of warmth receive asymmetric benefits and penalties for their CSR and CSI behavior. We conduct two experiments: Experiment 1 links CSR with perceptions of warmth, and shows that these warmth perceptions mediate the relationship between CSR and important outcomes, such as firm reputation and purchase intentions. Experiment 2 uses the variation in warmth and competence perceptions of the country of origin to examine how the effects of CSR and CSI are evaluated for different kinds of firms. We find that firms from low-warmth countries (i.e. Germany, Pakistan) attain better or equal evaluations when they behave in socially responsible or irresponsible manner, than firms from high-warmth countries (i.e. USA, Portugal). This supplemental role of CSR offers strategic implications and theoretical contributions. *(For more information, please contact: Olga Hawn, Boston University, USA: olgahawn@bu.edu)*

Session: 3.4.11 - Competitive

Track: Track: 7 - Competition and Collaboration in IB

Organizing along the Value Chain and Geographic Space

Presented On: June 26, 2014 - 14:30-15:45

Chair: Aks Zaheer, University of Minnesota

Symbiosis, Commensalism, and Competition: The effect of Foreign Firm Density on Local Firm Exit

Dean Xu, University of Melbourne

Zhenyan Lu, Industrial and Commerce Bank of China

We adopt an interpopulation density dependence model to examine the effect of FDI on local firms. Based on a symbiosis logic, we predict that the density of foreign entrants will have a U-shaped effect on the exit rate of local firms. Meanwhile, based on a commensalism logic, we predict that such a U-shaped effect will be stronger for local firms in the private sector than for those in the state sector. Using nationwide census data in China, we find that greater density of foreign entrants, measured at the industry, region, or industry-region level, first lowers and then raises the exit rate of local firms. At each level, the U-curve is steeper for local private firms than for local SOEs. *(For more information, please contact: Dean Xu, University of Melbourne, Australia: dean.xu@unimelb.edu.au)*

Modularity and Social Governance in Non-equity based International Alliances

Yong Kyu Lew, University of Manchester

Rudolf R. Sinkovics, University of Manchester

This paper investigates the moderating impact of the product modularity on the relationship between a partner's tacit knowledge and a focal firm's knowledge acquisition capability in international technology ventures. We conceptualize product modularity as component separability and combinability at the product level, and examine to what extent social governance and product modularity affect a firm's knowledge acquisition capability and performance. We investigate 110 international ventures between software and hardware firms, participating in the global value chain of the mobile computing product. The two industries are characterized as different types of core resources for creating their own competencies, i.e., software for logical binary codes and hardware for physical part/component resources. The results indicate that there is a strong relationship between tacit knowledge and social governance; whereas a venture partner's tacit knowledge is not associated with a firm's knowledge acquisition capability. In addition, we find social governance in the venture positively affects a firm's capability for external knowledge acquisition. Interestingly, product modularity positively moderates the relationship between a partner's tacit knowledge and a focal firm's knowledge acquisition capability. This study shows a dual role of product modularity that complements interfirm social governance when a venture partner's knowledge is tacit, and prompts a firm's knowledge acquisition capability and internationalization. *(For more information, please contact: Yong Kyu Lew, University of Manchester, United Kingdom: yongkyu.lew@mbs.ac.uk)*

Upmarket And Downmarket Outward Foreign Direct Investment In Response To Pro-Market Reforms

Luis Alfonso Dau, Northeastern University

We analyze the impact of the level of pro-market reforms on outward FDI. Pro-market reforms are the transformation of institutional frameworks and regulations required for markets to function properly. Building on the institution-based view, we propose that higher levels of reforms in the home country induce domestic firms to improve their competitiveness to international levels, enabling them to invest abroad and become multinationals. Moreover, we argue that the level of reforms in the home country influences the destination of their investment, with higher levels of reforms enabling firms to become more internationally sophisticated

competitors and invest upmarket in more advanced countries than their home country. We test these arguments on a sample of 45,291 bilateral OFDI flows covering most of the globe from 1995-2010. *(For more information, please contact: Luis Alfonso Dau, Northeastern University, USA: l.dau@neu.edu)*

Session: 3.4.12 - Competitive

Track: Track: 9 - Home Economies and the MNE

The Bottom Line: Factors Affecting MNE Performance

Presented On: June 26, 2014 - 14:30-15:45

Chair: Grazia D. Santangelo, University of Catania

The Moderating Role of Ownership on International Diversification-Firm Performance Relationship: Evidence from India

Saptarshi Purkayastha, Indian Institute of Management Kozhikode
Somnath Lahiri, Illinois State University

International diversification of emerging market firms represents an important yet understudied area of academic scrutiny. Drawing on several strands of extant international business research, we examine in this study how different ownership forms (controlling family, domestic and foreign corporations and institutions) moderate the relationship between international diversification and firm performance (IDP) of emerging market firms. Analysis of a sample of 1074 publicly-listed Indian firms demonstrates that various ownership forms moderate IDP relationship in different ways. Findings further provide evidence that group-affiliated versus non-group status of firms alter the moderated relationships significantly. The results generally provide support for our hypothesized relationships. *(For more information, please contact: Somnath Lahiri, Illinois State University, USA: slahiri@ilstu.edu)*

The Role of Country of Origin on the Multinationality-Performance Relationship

Jose-Mauricio Geleilate, Florida International University
Peter Magnusson, Florida International University
Marcelo Alvarado-Vargas, University of Toledo
Ronaldo Parente, Florida International University
Darrell Crosgrave, University of Toledo
Daniel Baack, University of Denver

Over the past forty years, scholars have investigated how firms are capable of reaping the benefits of their international activities. However, there's still a dearth of research on the role of country of origin in the form of formal institutions and its effects on the multinationality-performance (M-P) relationship. We address this issue using meta-analytic techniques based on a large number of empirical studies comprising firms from 26 countries. Specifically, we investigate how government policies affect the M-P relationship in terms of trade liberalization, public funding availability, borrowing costs and control of corruption. Our findings indicate that these formal institutions do not have the same effect on the M-P relationship of firms from developed and emerging economies when it comes to local borrowing costs and control of corruption. Trade liberalization policies have a positive impact on the M-P slope of firms from emerging countries, while development of public equity funding via capital markets was found to be positively related to the M-P relationship of all firms. *(For more information, please contact: Jose-Mauricio Geleilate, Florida International University, USA: jgeleila@fiu.edu)*

Acquisitions and Debt Financing of Emerging Economy Firms
 Quyen Nguyen, University of Reading

We study the international expansion of emerging economy multinational enterprises (MNEs) by cross-border acquisitions of Western firms. We apply the theory of the MNE to explore the challenges that these firms face in their internationalization. We find that much of the existing literature has largely neglected the financing strategy of such foreign acquisitions and its impact on the financial performance of emerging economy firms. We find that these emerging economy firms rely heavily on debt to finance foreign acquisitions. This increases their risk profiles and adversely affects their subsequent development and growth. They cannot service interests and debt obligations due to poor financial performance. Consequently, some of these mega acquisitions end up in divestments and asset disposals to reduce debt and to redress the balance sheets. In short, emerging economy firms fail to efficiently augment and build their capabilities through acquisitions and profitably exploit their newly acquired resources and assets. Thus the strategic goals of acquisitions are financial failures. *(For more information, please contact: Quyen Nguyen, University of Reading, United Kingdom: t.k.q.nguyen@henley.ac.uk)*

Outward FDI of Emerging Market Firms: Performance feedback and Institutional Factors
 En Xie, Xi'an Jiaotong University
 Gerald Yong Gao, University of Missouri-St.Louis
 Yuanyuan Huang, Xi'an Jiaotong University
 Kevin Zhou, University of Hong Kong

Outward foreign direct investment (OFDI) of emerging market firms (EMFs) increases rapidly in recent years. This phenomenon challenges traditional wisdoms and calls for more research from new theoretical perspectives. Drawing on the behavioral theory of the firm and institutional theory, this study examines how performance feedback and two institutional factors—state ownership and market development—affect OFDI of EMFs. Using a panel data of 241 publicly-listed Chinese manufacturing companies, we find that positive discrepancies between firms' actual performance and aspiration lead to higher levels of OFDI. Institutional factors not only affect OFDI directly, but also moderate the effect of performance feedback. Specifically, state ownership decreases OFDI whereas market development facilitates OFDI. Moreover, state ownership moderates both positive and negative performance feedback, whereas market development strengthens the effect of positive performance feedback but negatively moderates the effect of negative performance feedback on OFDI. *(For more information, please contact: Gerald Yong Gao, University of Missouri-St.Louis, USA: gaogy@umsl.edu)*

Session: 3.4.13 - Interactive

Track: Track: 11 - Stakeholders, Responsible Leadership and Governance

Strategy, CSR, and Performance

Presented On: June 26, 2014 - 14:30-15:45

Chair: Catherine Welch, University of Sydney

Survival Strategy Of Companies Manufacturing And Selling Products With A Legitimacy Gap - Comparison Of Opium Traders, Tobacco Companies And Nuclear Power Reactor Manufacturers
 Kuniko Mochimaru, Josai University

This study aims to compare the survival strategy of companies manufacturing and selling legitimacy gap products by testing four hypotheses concerned with business diversification, social movements, withdrawal from business, and business expansion to foreign markets. Business diversification has not been found to be related to the survival of companies protected under a monopoly system. However, social movements do influence such companies' behavior indirectly through regulation. For example, an opium trader survived by giving up his

products in time, and two U.S. nuclear power reactor manufacturers are about to use the same strategy to survive. Other examples are tobacco companies and nuclear power reactor manufacturers that have expanded their businesses to foreign markets. *(For more information, please contact: Kuniko Mochimaru, Josai University, Japan: mochima@jcom.home.ne.jp)*

'Non-Traditional' CSR in BRIC Nations: A Review and Agenda for the Future
Bindu Arya, University of Missouri-St. Louis

This review evaluates 91 articles that focus on the indigenous or 'non-traditional' corporate social responsibility (CSR) practices of domestic firms operating in BRIC nations. Based on this evaluation, an organizing model that synthesizes antecedents, mediators and moderators of different types of 'non-traditional' CSR practices enacted by organizations in these contexts is presented. After a detailed examination of these variables in each BRIC nation, this review discusses similarities and differences between the 'non-traditional' CSR practices of firms in all the BRIC nations. Finally, a detailed research agenda for the future is offered. *(For more information, please contact: Bindu Arya, University of Missouri-St. Louis, USA: bindua@umsl.edu)*

Selective Engagement in Corporate Social Responsibility: What is CSR Really? And How to Do it Right?
Jie Zou, Peking University
Changqi Wu, Peking University

This paper attempts to understand why and how firms behave differently in the realm of CSR. CSR is complex construct which should not be aggregated into one unified concept. We construct a model that decomposes corporate social responsibility into five dimensions. A firm can be responsible in some dimensions of CSR while acting irresponsibly in some other dimensions. Exploring a unique survey database of more than 1,000 industrial firms (mostly small- and medium-sized firms) in China, we find that firm's characteristics and external environment generate different motivations for CSR, and push firms to selectively engage in CSR. Private firms are more likely to engage in corporate philanthropy. Exporting firms are less likely to engage in corporate philanthropy while more likely to engage in supply chain responsibility. Firms facing fierce competition are more likely to engage in quality control, supply chain responsibility and corporate philanthropy. Firms located in regions with stronger institutions pay more attention to employee care while less attention to corporate philanthropy. Those results show that firms indeed choose the dimensions of CSR activities carefully in order to amend their weakness and amplify their strength. This study contributes to a more holistic view of CSR by synthesizing multiple theoretical perspectives (institutional theory, resource depend theory, stakeholder theory, and resource-based view) and revealing the richness of CSR concept. It has practical implication for CSR strategy formulation and implementation. *(For more information, please contact: Jie Zou, Peking University, China: xinhansheng@gmail.com)*

Ethical Judgments and Moral Intentions toward Business Ethics: A Comparison of Kenyan and Austrian Students
Georg Kodydek, WU Vienna
Ronald Hochreiter, WU Vienna
Everlyne Awuor Ochome, Catholic University of Eastern Africa

The purpose of this empirical study was to examine differences and similarities of business ethics, moral awareness, and work values across two groups of students from Kenya and Austria. The study comprised a questionnaire based survey with a sample of 237 students attending universities in Kenya and Austria. Relationships among variables were analyzed using inference statistics, and principal component analyses. The results indicated that differences regarding ethical judgments and moral intentions between Kenyan and Austrian students exist. The findings also showed that unethical workplace practices had positive associations with unethical decision making. In addition, we found that Protestant work ethic partially mediated the relationship between unethical workplace practices and unethical decision making. *(For more information, please contact: Georg Kodydek, WU Vienna, Austria: georg.kodydek@wu.ac.at)*

What Internationalization Brings to Firms From Emerging Markets? A Corporate Social Responsibility Perspective

Haifeng Yan, East China University of Science and Technology

Yunlong Liu, East China University of Science and Technology

Juan Wang, East China University of Science and Technology

Yiqiong Qin, East China University of Science and Technology

Internationalization of firms from emerging markets (EMFs) has gained increasing attention by scholars, but themes are still focused and confined to traditional issues in international business. Despite some trying to test financial impacts, few papers have explored other non-financial consequences brought by internationalization to EMFs. Basing on the institution theory, this paper explores what internationalization brings to Chinese firms from cooperate social responsibility (CSR) perspective. Using data published by the Ministry of Commerce and Chinese Academy of Social Sciences, we tested the effects of internationalization and also international diversification on level of CSR, and the difference of the influences between state-owned and private firms. Research results show that both internationalization and international diversity have a positive impact on the level of corporate social responsibility of Chinese firms. Moreover, the effects of internationalization on corporate social responsibility are stronger in private firms than on state-owned firms. Managerial implications and limitations are discussed. *(For more information, please contact: Haifeng Yan, East China University of Science and Technology, China: haifengy@163.com)*

Changing Practices to Create Sustainable Value Chains: Local Contexts in Global Business

Paola Perez-Aleman, McGill University

This paper focuses on the organizational processes involved in shifting to sustainable production in global supply chains. Through a qualitative study of the coffee value chain, it analyzes the interaction between sustainability standards and production and processing routines in a local cluster of producers supplying global businesses. The analysis shows the interplay between global standards that aim to foster sustainability and the changes in routines in the local context. This occurs as local organizations develop new connections that support the transformation of existing routines and the development of new ones. The changes in routines are integrally connected in a process that also creates local and global networks that help generate supportive collective resources for local suppliers. *(For more information, please contact: Paola Perez-Aleman, McGill University, Canada: paola.perez-aleman@mcgill.ca)*

Cross-listing, Corporate Governance and Firm Performances

Zhuojun Li, Peking University

This study aims to examine the effect of cross-listing on corporate governance and firm performance. Using China as research context, this study shows that cross-listing does have effect on corporate governance. However, existing theoretical perspective cannot fully describe emerging economies. Some of the supported empirical results cannot be verified in China context. Cross-listing has positive effects on the transparency of corporate governance, but there is a negative relationship between cross-listing and firm performance. *(For more information, please contact: Zhuojun Li, Peking University, China: lizhuojun@pku.edu.cn)*

Session: 3.4.14 - Interactive

Track: Track: 6 - Innovation and Knowledge Management

Innovation in Multinational Enterprises

Presented On: June 26, 2014 - 14:30-15:45

Chair: Aline Gatignon, INSEAD

The Effect of Local Relational Embeddedness on the Innovative Performance of Foreign Subsidiaries

Qin Yang, Robert Morris University

Crystal X. Jiang, Bryant University

Yong Wang, Western New England University

By incorporating resource based view with the social network perspective, we examine foreign subsidiaries' local relational embeddedness in the host country and its impact on their innovative performance. We propose that foreign subsidiaries' relational embeddedness with different local network units such as clients, suppliers, and research institutes affect subsidiaries' product and process innovations. Using data on 381 multinational corporation subsidiaries in China, we find that subsidiaries' relational capital with clients and suppliers positively associated with their product and process innovations. In particular, subsidiaries' quantity and quality of the relationship with clients are positively associated with product innovation, while the quantity of suppliers affects process innovation. We discuss theoretical and practical implications of this study. *(For more information, please contact: Crystal X. Jiang, Bryant University, USA: cjiang1@bryant.edu)*

What Drives the R&D Capacity Growth of Foreign Subsidiaries? A Study of MNE Subsidiaries in Korea

Chaisung Lim, Konkuk University

Martin Hemmert, Korea University

Seunghoi Kim, Konkuk University

We propose and test a framework of antecedents of research and development (R&D) capacity growth in foreign subsidiaries of MNEs (multinational enterprises) which considers subsidiaries' knowledge sourcing activities as well as aspects of headquarter-subsidiary relationships. An analysis of survey data collected from 116 foreign subsidiaries in Korea reveals that their R&D capacity growth is positively related to external knowledge sourcing, but not to internal knowledge sourcing. Furthermore, we find that subsidiaries' R&D capacity growth is positively related to their managerial autonomy and negatively related to cultural distance between MNE home and host countries. Overall, our results suggest that researchers as well as managers and policymakers who are concerned with the growth of R&D activities by foreign subsidiaries should consider knowledge sourcing dimensions and relational factors not in an isolated manner, but in concert. *(For more information, please contact: Chaisung Lim, Konkuk University, Korea, South: edisonfoot@gmail.com)*

Local R&D, Political Embeddedness and Export of MNE Subsidiaries

Ziliang Deng, Renmin University of China

Multinational enterprises (MNEs) have increasingly conducted research and development (R&D) in technologically lagged and institutionally distant emerging economies, developing products ambitiously for the global market. But it remains understudied whether such R&D activities can enhance exports and whether embeddedness of MNE subsidiaries in the local political system can catalyze that enhancement. This study constructs a theoretical framework hypothesizing the relationship between local R&D and export of MNE subsidiaries and the moderating role of political embeddedness in emerging economies. Employing a panel dataset of more than 35,000 MNE subsidiaries in China during 2005-2008, this study finds that local R&D boosts export volume. At the same time local R&D reduces export shares in the global sales of subsidiaries as R&D promotes local sales at even greater magnitude. The above relationships become even stronger when MNE

subsidiaries are more politically embedded by building international joint ventures with local state agents. *(For more information, please contact: Ziliang Deng, Renmin University of China, China: dengziliang@rbs.org.cn)*

Time-Frame Effects of International R&D

Ziqi Liao, Hong Kong Baptist University

This paper aims to examine the time-frame effects of international research and development (R&D) carried out by multinational enterprises (MNEs). Given the increasingly competitive marketplace and dynamic conditions of world economy, international R&D is viewed as an instrument aiming at enhancing strategic opportunities. Generalizing from the economic theory, we operationalize the time frames through attributing a medium run to strategic effectiveness of international R&D when it impacts on international competitiveness and a long run to strategic effectiveness of international R&D when it impacts on strategic growth. We empirically test the relationships between strategic effectiveness over two different runs and explanatory variables using the survey data collected from the MNEs' subsidiaries in Singapore. The present analysis yields empirically significant time-frame effects. The analytical results suggest that because the strategic effectiveness of international R&D varies in light of the two different runs, the MNEs must be rationally clear about the period over which impact is sought in international R&D decision-making and planning. The present work makes important contributions to research and practice. The findings enhance the understanding of the Coase-theoretic matching of decision horizons and the importance of time frames to the allocation of international R&D resources. *(For more information, please contact: Ziqi Liao, Hong Kong Baptist University, Hong Kong, SAR-PRC: victor@hkbu.edu.hk)*

The Crucial Role of Cultural Intelligence in Expatriate Knowledge Acquisition and Performance in a Foreign Subsidiary

Xiaojun Xu, Fudan University

Xiaoping Chen, University of Washington

This study aims to demonstrate the crucial role of cultural intelligence (CQ) in facilitating expatriates' knowledge acquisition and job performance when working in foreign subsidiaries. We hypothesize that expats' knowledge acquisition is more likely to occur when they are more culturally intelligent, and this relationship is stronger when the tacitness and complexity of the knowledge is higher. Moreover, knowledge acquisition is positively related to expats' job performance. We surveyed 274 expatriate-supervisor dyads working in Chinese Multinational Companies' overseas subsidiaries or branches, and found support for our hypotheses. Specifically, the indirect effect of CQ on expats' task performance through knowledge acquisition was greatest when both knowledge tacitness and complexity were high. We discuss the theoretical and practical implications of these findings in the context cross-border management. *(For more information, please contact: Xiaojun Xu, Fudan University, China: xuxjbin@gmail.com)*

Session: 3.4.15 - Interactive

Track: Track: 5 - Global Value Chains and the Geography of IB

Supply Chain Management in Offshoring Decisions

Presented On: June 26, 2014 - 14:30-15:45

Chair: Ari Van Assche, HEC Montreal

Purchasing and Supply Organisation in Transition: An Exploratory case of Offshoring Within a Global Engineering Company

Godfrey Mugurusi, Norwegian University of Science and Technology

Lydia Bals, Copenhagen Business School

The increasing global competition, declining product life cycles and high market uncertainties are making organizations rethink their operations. Offshoring is among the many strategies organizations are using to redefine their operations and grow market presence. However, it is still not clear which impact offshoring has on the organization's purchasing and supply operations. This paper is about the changes in the purchasing and supply organization (PSO) as the process of offshoring production occurs. How new purchasing structures and practices emerge and (how) the old purchasing structures and practices are discarded. The paper draws from an empirical in-depth case study of a global robots manufacturer. The company's offshoring process is longitudinally reconstructed using both historical and current data, and then changes within its PSO are mapped from series of semi-structured interviews, observations and archival analysis. The preliminary findings suggest that the PSO changes dramatically when the company relocates production activities through the captive offshoring mode. However, these structural changes are somewhat intermittent but deterministically influenced partly by the offshoring process (e.g. product complexity, change of supply base, competence availability, etc.) and partly the environmental factors (e.g. host country legislation, market uncertainty, etc.). *(For more information, please contact: Lydia Bals, Copenhagen Business School, Denmark: lydia.bals@web.de)*

Knowledge Management, Global Mindset and Relationship Quality: Evidence from Offshore Service Providers in India

Revti Raman, Victoria University of Wellington

Doren Chadee, Deakin University

Banjo Roxas, Deakin University

Offshore service providers (OSPs) in the information technology sector have become an integral part of global value chains of large multinational enterprises. The literature suggests that the client-vendor relationship quality impacts outsourcing success as well as performance of OSPs. This paper extends the global value chain literature by analysing the mediation effects of global mindset on the association between knowledge management and relationship quality of clients and OSPs. Based on a sample of 68 OSPs in India, the results show that global mindset has significant partial mediation effect on the association between knowledge management and OSP-client relationship quality. *(For more information, please contact: Revti Raman, Victoria University of Wellington, New Zealand: revti.raman@vuw.ac.nz)*

The Emergence of Clean Energy Clusters: Cross-Industry Synergies, Global Value Chains, and Advocacy Networks

Jo-Reese Williams, University of Massachusetts, Boston

Stephan Manning, University of Massachusetts, Boston

David Levy, University of Massachusetts, Boston

This conceptual paper discusses critical drivers of emergence of clean energy clusters (CECs) as a recent type of geographic cluster that cuts across industry and technological boundaries. CECs are geographic concentrations

of organizations involved with research, manufacturing, production, distribution, and other value-adding processes related to clean energy. We examine three key variables of CEC emergence and growth: cross-industry synergies, intermediary and lead positioning in global value chains, and advocacy networks across organizations. Supported by qualitative evidence from expert interviews and secondary data, we show that these factors are often interrelated and may reinforce each other in promoting cluster constitution. Findings have important implications for clean energy, cluster and innovation research. *(For more information, please contact: Jo-Reese Williams, University of Massachusetts, Boston, USA: jo-reese.williams001@umb.edu)*

Designing and Managing Transactional Tension in Supply Chain Network: The Case of Uniqlo's Supply Chain Development in China

Tetsuya Usui, Nihon University
Masaaki Kotabe, Temple University

Transactional tension is defined as the balanced condition in which the principal firm maintains both a high level of interfirm competence development and a high level of market force effects (i.e., transactional flexibility and competitive pressure) with its suppliers in the supply chain network. Relying on a particular supplier for a long term may cause transactional inflexibility, thus resulting in the loss of opportunities to benefit from market transactions. However, too much flexibility also causes an opportunistic behavior of partners. Therefore, a principal firm needs to manage the balance between conditions for relationship-specific assets development and transactional flexibility. Although issues related to relationship-specific assets development and transactional flexibility has been studied separately in the literature, an integrated framework has not been introduced. In our paper, we conduct a single qualitative case study through longitudinal content analysis in order to reveal how to design and manage transactional tension. We found two factors for designing an effective transactional tension management in supply chain network: 1) the principal firm's exercised economic and referent power and 2) the principal firm's orientation toward dual growth strategy. *(For more information, please contact: Tetsuya Usui, Nihon University, Japan: usui.tetsuya@nihon-u.ac.jp)*

The Influence of Path Dependence on Capabilities in Captive Global Value Chains

Silvio Luis de Vasconcellos, UNISINOS
Luciana Marques Vieira, UNISINOS
Luis Carlos Schneider, UNISINOS
Ivan Lapuente Garrido, UNISINOS

Global Value Chains (GVC) and their participants are dynamic. Events might provoke distinguished strategic responses from different firms, even when they are involved in GVC. We aimed to investigate how both organizational and supply chain path-dependence influence the needed capabilities to a firm achieve to higher added value position in GVC. Theoretically, we integrated three main areas of knowledge: Global Value Chain, Capabilities and Path-dependence. We carried out a case study in a Brazilian footwear firm analyzing its relationship with buyers in GVC. We found that path-dependent elements locked-in forwarding to higher added value positions, keeping the organizational in captive supply chains, even when it has changed to new international markets. Additionally, we propose a theoretical model in order to promote further research. *(For more information, please contact: Silvio Luis de Vasconcellos, UNISINOS, Brazil: silvio@conexo.com.br)*

The Financial Impact of Value Added Tax (VAT) on Supply Chains

Bora Cetin, University of St. Gallen
Joerg S Hofstetter, University of St.Gallen

This paper examines the coupling of Value Added Tax (VAT), an indirect tax collected by companies, and physical distribution within Supply Chains. Practical evidence and theoretical analysis indicate, that VAT – against its design principle – financially impacts the involved companies. VAT is a result of ownership transfer in material flows between suppliers, customers, and legally independent businesses of a multinational corporations

(MNCs). The costs VAT taxation causes therefore are Supply Chain costs and need to be considered in the optimization of Supply Chains. We explain how VAT taxation causes costs and derive that temporal dispersion of VAT cash flows cause bound capital. Based on this, we conceptionally propose a method for the calculation of the costs. *(For more information, please contact: Bora Cetin, University of St. Gallen, Switzerland: bora.cetin@unisg.ch)*

Collaborate Globally and Invent Locally? An Exploration of Innovation in the Industrial Heartland

Susan Mudambi, Temple University
Vittoria Giada Scalera, Temple University / Politecnico di Milano

In reflection of the theme of "local contexts in global business," we drill down to the local context of innovation in two cities of the industrial U.S. heartland, to examine research questions on industry cluster evolution and global knowledge collaboration. We analyze patent activity from 1975-2010, and extract information on the location of patent assignee firms and the location of inventors and collaborators. This enables insights on the evolution of industry clusters, and the global connectedness within industrial clusters, across geography, and over time. *(For more information, please contact: Susan Mudambi, Temple University, USA: susan.mudambi@temple.edu)*

Social Standard Compliance in Global Textile Supply Chains: A Comparative Study between Bangladesh and India

Marc Mueller, University of St.Gallen
Joerg S Hofstetter, University of St.Gallen
Anthony Goerzen, Queen's University

The ongoing revelations on the exploitation of workers in the global supply chains of well-known brands including Adidas, H&M, Nike and others have put Western brands under pressure to ensure adequate working conditions at their suppliers' facilities. Yet, research on social issues in global supply chains has gained momentum only recently and few studies have connected the endeavors through which Western buyers address social issues along their supply chains with the outcome, social standard compliance of suppliers. We draw on multiple case studies based on supplier social audit reports from the Business Social Compliance Initiative focusing on four textile suppliers from Bangladesh and India to shed light on the determinants of suppliers' compliance with social standards. An inductive research approach is employed to derive a set of testable propositions focusing on how (enhanced) buyer social standard monitoring and the state of economic and institutional development of sourcing countries shape supplier social standard compliance. *(For more information, please contact: Marc Mueller, University of St.Gallen, Switzerland: marc.mueller@unisg.ch)*

Session: 3.4.16 - Interactive

Track: Track: 10 - Theories of the MNE and of FDI

In and Out of Emerging Economies

Presented On: June 26, 2014 - 14:30-15:45

Chair: Jeremy Clegg, University of Leeds

A Typology of Market-Seeking Investments - The Case of Swedish Firms in China

Sten Soderman, Stockholm University
Hans Jansson, Linneus University

According to a recent report by KPMG on future globalization trends, MNCs must be present in primarily China but also in other big emerging markets to succeed in future international business. It is therefore vital to study

how MNCs investing in China have fared. The purpose of this paper is to craft a robust conceptual framework on the evolvement of market-seeking investments in emerging markets, including marketing, production and other local activities. The typology is based on a network approach to internationalization processes, where a case study is made of the experience of Swedish MNCs of the Chinese market. We elaborate on the four major motives for market seekers to make production investments, but where the main contribution lies in how such investments relate to FDI in marketing. In the process, the paper also contributes to the mostly static FDI theory and the entry mode approach, which both have paid little attention to the maturing and the various types of FDI by MNCs in emerging in markets five or fifteen years after their initial entry. *(For more information, please contact: Sten Soderman, Stockholm University, Sweden: sod@fek.su.se)*

The Impacts of Chinese Outward Foreign Direct Investment on Home Firm's Productivity: Investigating the Explanatory Power of Three Theoretical Frameworks

Wen Chung Hsu, National Chi Nan University
Tsestegmaa Ankhtuya, National Chi Nan University
Huang Chin Wei, National Chi Nan University

This paper examines the impacts of outward foreign direct investment (OFDI) on home firm's productivity in an emerging economy. Based on the literature review and findings from this paper of Chinese outward investing firms, we develop a conceptual framework that integrates the resource based view, industrial organization economics, and institutional view of international business study. In our findings, they show that the integrating model of three aspects have higher explanation than individual aspect model. We try to use firm-level data to explain how the firm-specific factors, industrial factors and national institution factors affect productivity in Chinese OFDI firms. Also, this analysis of firm-level data can provide the evidences in the effectiveness of resource using, competitiveness, and policy impact on individual firms. *(For more information, please contact: Tsestegmaa Ankhtuya, National Chi Nan University, Taiwan: ankhtuya_ts@yahoo.com)*

Assets and Liabilities of Foreignness: A Mixed Balance for Hotel Groups in Vietnam

Benedicte Geraud, University of Poitiers
Jean Paul Lemaire, ESCP Europe
Eric Milliot, University of Poitiers

This paper aims to investigate the liabilities of foreignness, a widely accepted and key concept of the theory of the multinational enterprise, as well as the notion of asset of foreignness which, on the other hand, has not so far received due attention. The present study addresses the following question: what are the sources of such disadvantages and benefits? To do this, we conducted semi-structured interviews with managers of European and American hotel companies in Vietnam. We identified three main sources of the liability of foreignness – corruption, bureaucracy and communication difficulties–, and three sources of assets of foreignness: image and respect, technical and managerial professionalism, and international connections. This study enhances our understanding of difficulties and advantages connected to the foreign status of a company. It should thus be useful to both practitioners and theorists in international business. *(For more information, please contact: Benedicte Geraud, University of Poitiers, France: benedictegeraud@gmail.com)*

Augmenting Dunning's Investment Development Path during Rapid Industrialization Japan, Korea, China

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This article investigates the home country macroeconomic determinants of outward foreign direct investment from Japan, Korea and China during their industrialization period. Error Correction Model is used to test relationships between OFDI and explanatory variables in the long run and short run. The regression results show that the three countries converge on the same macroeconomic variables as income, human capital and

exports, indicating that firms are engaging in FDI as a response to export performance through economic development. The results show that the three countries exhibit different relationship with foreign exchange reserves, exchange rates and interest rates. Japan's OFDI is affected by interest rates in the long run, Korea by exchange rates and China by foreign exchange reserves in both the long and short run. This implies that limited differences do still exist across the three countries. *(For more information, please contact: Ling Liu, University of Edinburgh, United Kingdom: ling.liu@ed.ac.uk)*

Brazilian OFDI Determinants

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Recently the global economic acquired a new setting in which emerging economies became to make substantial investments in the international market. This study aimed to investigate the determinants of OFDI from the Brazilian economy in the period 2002-2011. The proposed models were developed including the attractiveness of the host country, characteristics of home country, and firm strategies. Results show that Brazilian investments were attracted by the availability of skilled labor, by the opening of the host market, geographical proximity, improved financial conditions of Brazilian companies and also by national companies reaffirmation and consolidation strategy as global players. *(For more information, please contact: Juciara Nunes Alcantara, UFLA, Brazil: juciaraalcantara@gmail.com)*

Session: 3.5.1 - Plenary

AIB Awards Ceremony and Business Meeting

Presented On: June 26, 2014 - 16:15-17:45

The session will start with the announcement of the winners for the various conference awards including the Buckley and Casson Dissertation Award, Best Paper Award, and the Haynes Prize. The business meeting will feature a presentation for the 2015 AIB Meeting in Bangalore and a review of the state of AIB and JIBS. The floor will then be open for questions and comments from the membership.

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