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of the

Academy of International Business

"International Business for Sustainable World Development"

Nagoya, Japan
June 24-28, 2011

Editors
Shige Makino, Program Chair
Tunga Kiyak, AIB Managing Director

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2011 PROGRAM ACKNOWLEDGEMENTS

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## AIB 2011 Program Overview

### Nagoya, Japan - June 24-28, 2011

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1. Fellows Café 8:15-9:05
2. 2.1 Concurrent Sessions 9:20-10:35
3. 2.2 Culture and Sustainability Plenary 11:15-12:45
4. 2.3 Concurrent Sessions 13:45-15:15
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7. 3.1 Concurrent Sessions 9:20-10:35
8. 3.2 2011 JIBS Decade Award 11:15-12:45
9. 3.3 Concurrent Sessions 13:45-15:00
10. 3.4 Concurrent Sessions 15:30-16:45
11. 3.5 AIB Awards Ceremony and Business Meeting 17:00-18:30

**Breaks**

1. COFFEE BREAK 10:35-11:15
2. LIGHT LUNCH 12:45-13:45
3. COFFEE BREAK 15:00-15:30
4. BREAK 16:45-17:00
5. AIB Closing Reception 18:30-20:30
The Academy of International Business thanks the following sponsors for making the 2011 Nagoya Conference possible through their generous contributions.
ABSTRACTS
Session: 0.5.P - Plenary

Opening Plenary: Recognizing IB Leaders

Presented On: June 25, 2011 - 16:30-19:00

Chair: Mary Ann von Glinow, Florida International University

Welcome Remarks, AIB President
Mary Ann von Glinow, Florida International University

Welcome Remarks, Mayor of Nagoya (pending confirmation)
Takashi Kawamura, Mayor, Nagoya City

Welcome Remarks, 2011 Program Chair
Shige Makino, Chinese University of Hong Kong

Welcome Remarks, Local Host Committee
Katsushige Sawaki, Nanzan University

International Executive of the Year: Fujio Cho
Eleanor Westney, York University

Eminent Scholar Award: Richard Nelson
John Cantwell, Rutgers University

AIB Fellows' Feature Plenary: International Business for Sustainable World Development

Panelists:
Geoffrey G. Jones, Harvard Business School
Lorraine Eden, Texas A&M University
Ravi Ramamurti, Northeastern University
Session: 1.1.1 - Special Session

**AJBS-Soshikigakkai Panel: Rethinking of Japanese Firms: Can They Compete in the Global Arena? (AJBS Special Session)**

**Presented On:** June 26, 2011 - 09:20-10:35

Chair: Hideki Yoshihara, Nanzan University
Co-Chair: Toshihiro Kanai, Kobe University

*Rethinking International Division of Labor - A Framework of Design-Based Comparative Advantage*
Takahiro Fujimoto, University of Tokyo

*Accumulated-knowledge Technologies: Core Capabilities of Japanese Manufacturing Firms*
Kentaro Nobeoka, Hitotsubashi University

*Internationalization in the Japanese Service Sector: Underexploited Opportunities*
Elizabeth L. Rose, Aalto University

Session: 1.1.2 - Panel
Track: Track: 10 - Economics, Finance and Accounting

**State-of-the-Art Session: Economic Geography and Multinational Firm: Frontiers in the Location of Multinational Value Creation**

**Presented On:** June 26, 2011 - 09:20-10:35

Chair: Ram Mudambi, Temple University

Panelists:
Sjoerd Beugelsdijk, University of Groningen
Ram Mudambi, Temple University
John Cantwell, Rutgers University

Session: 1.1.3 - Competitive
Track: Track: 11 - SMEs and Entrepreneurship

**Resources and Capabilities of Born Global Firms**

**Presented On:** June 26, 2011 - 09:20-10:35

Chair: Christos N. Pitelis, University of Cambridge

*What Makes Born-Global Firms Born-Global?*
Daekwan Kim, Florida State University
Gary Knight, Florida State University
Gang Ok Jung, Hannam University
While an increasing number of young companies are targeting international markets from or near the founding of the firm, scholarly understanding of what drives such businesses to be born global is limited. Drawing on the resource constraints and resource advantage perspectives of the firm, this study identifies several resource constraining or constricting factors that affect the potential of such young firms to become born global. We also identify factors that provide young firms positions of resource advantage, which enhance their propensity to become born global. After devising a model that summarizes these issues, we employ data from a large sample of born-global and traditional small and medium sized enterprises. Analysis in binary regression reveals several factors that significantly affect the likelihood that young firms will become born global. Specifically, we identify competitive restructuring, market velocity, international business experience, and major local demand, and resource advantages including quality advantage and technological advantage as influential in determining firms' likelihood of undertaking early internationalization. After assessing the results, we provide scholarly implications. (For more information, please contact: Daekwan Kim, Florida State University, USA: dkim@cob.fsu.edu)

Born Global Resource Integrators: A Study of High Tech Entrepreneurs
Klaus Meyer, University of Bath
Helen TQ Xia, University of Bath

Born global firms have fascinated entrepreneurship and international business researchers for two decades. In view of the formidable obstacles to doing business internationally, they have investigated the puzzle how companies can within a short time build the resources to compete in multiple markets across the world. However, we argue that for an important group of firms, this research is asking the wrong question. In certain cases, a global business model is not a consequence of rapid growth, but an antecedent of the establishment of the business. Hence, these firms - which we call born global resource integrators - identify, attract, combine and transform resources located at different locations around the world to create a new entrepreneurial business. Based on four in-depth case studies of British start-ups, we investigate why high tech entrepreneurs build their business around globally dispersed resources, and how they implement such business models. (For more information, please contact: Klaus Meyer, University of Bath, United Kingdom: k.meyer@bath.ac.uk)

Born Global as a Means to Compete Domestically in Emerging Economies
Tachia Chin, Sun Yat-sen University
Yunshi Mao, Sun Yat-sen University
Garry D. Bruton, Texas Christian University

Literature shows that the born global emerging economy firms go international originally since they found the international markets more profitable and less competitive than their home markets. However, as mature economies have declined recently, these firms are encouraged to consider entering their local markets which they have historically ignored. This paper thereby from capabilities and springboard perspectives investigates this ‘reverse internationalization’ among emerging economy born globals - going broad to learn skills that ultimately allow them to compete domestically. Using data from born global OEMs in the largest emerging economy of China, we discovered that the key capabilities including technological, manufacturing and marketing capabilities developed via internationalization have significant effects on born globals’ performance and on the proportion of domestic sales, and that the intensity of selling own brand fully mediates the positive relationships between key capabilities and domestic sales, and partially mediates the positive relationship between key capabilities and born globals’ performance. The results fill a gap in the under-researched area of literature on born global OEMs from emerging economies by examining the novel concept of ‘reverse internationalization’ and the initiative of selling own brand products to compete in domestic markets. The empirical and theoretical implications are discussed. (For more information, please contact: Yunshi Mao, Sun Yat-sen University, China: mnsmys@mail.sysu.edu.cn)
The Moderating Effects of Firm Age on Innovation and Performance of Born-Global Firms in China
Lianxi Zhou, Brock University
Aiqi Wu, Zhejiang University
T.S. Chan, Lingnan University

The speed of internationalization and firm age are two important time dimensions for born-global firms. Yet, theoretical advances in international entrepreneurship have largely ignored these aspects. This study used a sample of international SMEs from China and examined the moderating effects of firm age on innovation and performance implications with regard to early internationalization. The results show that the learning advantages of newness is significantly related to a born-global firm’s international sales growth, but not on profitability and innovation. The impact of early internationalization on performance outcomes diminishes as born-global firms are getting older. Our investigation lends itself to a much needed longitudinal research designs on born-global or early internationalization, and considers the performance outcomes of the timing of internationalization as a process. (For more information, please contact: Lianxi Zhou, Brock University, Canada: lzhou@brocku.ca)

Session: 1.1.4 - Panel
Track: Track: 3 - IB Theory, FDI, and Entry Mode

Alternative Approaches for Dealing with the Construct of Distance in International Business Research

Presented On: June 26, 2011 - 09:20-10:35

Chair: Daniel W. Baack, University of Denver
Co-Chair: Ronaldo Parente, Rutgers University, Camden
Co-Chair: J. Douglas Dow, Melbourne Business School

Alternative Approaches for Dealing with the Construct of Distance in International Business Research
Rosalie Tung, Simon Fraser University
Vikas Kumar, University of Sydney
Peter Magnusson, Northern Illinois University
Vas Taras, University of North Carolina at Greensboro

The past decade has seen increasing criticism of the traditional use of Kogut and Singh’s (1988) Euclidian distance measure of cultural distance and, more generally, increasing calls for more sophisticated investigations of cultural differences. In response, researchers have shifted focus to psychic distance and to a multi-level, more nuanced approach. This panel focuses on recent developments regarding this emerging stream of research. Questioning the effectiveness of traditional measures, the five presentations in the panel introduce innovative thought and research on distance. The topics covered include a critique of the common, and incorrect, assumptions for cultural distance dimensions, two presentations exploring the assumed symmetry in the cultural distance construct, a comparison of how various conceptualizations of distance explain team dynamics, and, lastly, how individual-level perceptions of distance can be shifted through exposure to information about the country-of-entry. (For more information, please contact: Daniel W. Baack, University of Denver, USA: dbaack@du.edu)
Session: 1.1.5 - Competitive

Advances in Qualitative Methods in IB Research

Presented On: June 26, 2011 - 09:20-10:35

Chair: Catherine Welch, University of Sydney

Towards New Conceptualizations of Organizational Control: Outlining a Discourse Analysis of Managers' Talk in Cross-Border Acquisitions
Laura Erkkila, Aalto University

The purpose of this paper is to build understanding on a novel, socially constructed view of organizational control in post-acquisition integration. By reviewing previous literature on M&A, I can conclude that although control issues are acknowledged to be of pivotal importance in the integration, in-depth coordination and control studies in the context of acquisitions are few. In addition, control is often portrayed as rational, unidirectional, top-down managerial activity, taken for granted. Therefore, I wish to reject the rational view of control, and recognize the complex and rather uncontrollable reality of organizational change situations, such as M&A. The paper consequently identifies an important future research area of organizational control in post-acquisition integration, introducing discourse analysis as a relevant method to investigate it, and finally presenting expected results and contributions of such a study. (For more information, please contact: Laura Erkkila, Aalto University, Finland: laura.erkkila@aalto.fi)

A Qualitative Approach to Explore the Process of Spillover Effects
Weng Si Clara Lei, Institute for Tourism Studies

This research study attempts to examine spillover effects from the service industry with a qualitative approach. As the emergence importance of the service industries in the last few decades, whereas service delivery and quality are critical success factors, understanding of spillover creation in the servicing industry deserve adequate attention. Moreover, this study also explores how spillover effects occur by using case study as a research method. The findings of the study contribute to the knowledge of spillover effects and reveal imperative evidence of the mechanism by which spillover effects may occur in the servicing industry. (For more information, please contact: Weng Si Clara Lei, Institute for Tourism Studies, Macao: clara@ift.edu.mo)

‘A Picture is worth a thousand Words’ - Metaphor Analysis in international Research Settings
Stefanie Paluch, TU Dortmund University
Hartmut H. Holzmueller, TU Dortmund University

Modern information technologies alter not only the nature of services and their delivery process but also facilitate the internationalization of companies. The technology-mediation of services is changing the interaction at the interface between service provider and customer. Increasingly more companies offer remote services in B2B-settings that are provided from a distance, which imply a reduced personal contact between provider and customer. The offshoring of services and consequently the transformation from close personal contact to technology-mediated interaction is challenging the service provider and the customer. Against this background, this research focuses on a) the exploration of a new type of technology mediated services so-called remote service in a B2B context, central factors that determine the perception and evaluation of the service including customer’s expectations and the impact of remote services on marketing and the customer relationship management. And b) which is more relevant for this track: based on a qualitative interview study, we have found out that metaphors in international research settings are a valuable instrument to explore customers’ individual feelings and perception about complex service technology, because customers use straightforward pictures to express their attitudes. It is further shown that results from the metaphor analysis strongly support
the findings from the qualitative content analysis. (For more information, please contact: Stefanie Paluch, TU Dortmund University, Germany: stefanie.paluch@tu-dortmund.de)

Session: 1.1.6 - Competitive
Track: Track: 9 - Cross-cultural Management and HRM

Developing Global Managers

Presented On: June 26, 2011 - 09:20-10:35

Chair: Allan Bird, Northeastern University

Embracing the Unexpected: A Pathway to Cultural Intelligence via Optimal Contact, Disconfirmation and Stereotype Consciousness
Brent MacNab, University of Sydney
Valerie Rosenblatt, University of Hawaii at Manoa
Reginald Worthley, University of Hawaii at Manoa

The social learning paradigm suggests that individuals learn from observation and experience. We investigate mechanisms by which direct contact with members of a different cultural group contributes to the development of an individual’s ability to adjust and function in culturally diverse contexts, known as cultural intelligence (CQ). The results of our study, grounded in Contact Theory and experiential learning research, show that intergroup contact influences the development of CQ by means of disconfirmed expectations and an increase in stereotype awareness and alteration. Managers and educators understanding these processes are better suited to craft the most effective CQ development efforts. (For more information, please contact: Valerie Rosenblatt, University of Hawaii at Manoa, USA: valerie6@hawaii.edu)

The Relationship between the Cross Cultural Adjustment, Organizational Socialization, and Work Outcomes of Foreign Labor
I-Chen, Janet Lee, Chang Gung University
Hung-Wei, David Lu, Chang Gung University

The purpose of this research is to discuss the impact of cross-cultural adjustment and organizational socialization on the job performance and workplace deviance behavior. Samples are foreign workers from the Philippines, Thailand, Indonesia and Vietnam, who are currently working in the manufacturing industry in Taiwan. We utilized a questionnaire to gather data, and collected 193 valid paired samples. The result shows that the improvements to cross-cultural adjustment and organizational socialization for foreign workers should have a similar effect. In regards to the sub-dimensions of each variable, we discovered that ‘life adjustment’ and ‘co-worker support’ were both predictors of workplace deviance behavior and job performance. Furthermore, when foreign workers adapt to the food, clothing, housing, transport, entertainment, and medical services of their country of residence, there will be improvements in their job performance, and reductions in workplace deviance behavior, such as the apathy towards co-workers, supervisors, and job duties. Workers from Indonesia and Vietnam measured higher in cross-cultural and psychological adjustment than those from the Philippines. Individuals with an education below a university level, who have come to Taiwan for the first time, and whose current employer is also their first employer, had measured lower in psychological adjustment disorders. (For more information, please contact: I-Chen, Janet Lee, Chang Gung University, Taiwan: ichen@mail.cgu.edu.tw)
Developing Global Managers: Creativity Gains from the Expatriate Experience
Sidney Gray, University of Sydney
Anthony Fee, University of Sydney

Creativity is a highly valued capability in global managers; yet while extant literature suggests that the unique work and cross-cultural experiences of an international assignment might promote the development of a person's creative capabilities, this is yet to be verified through longitudinal field research. This paper reports the findings of a pretest-posttest longitudinal field study that measured the changes in the creative abilities of expatriate development professionals over the first twelve months of their international assignments. The expatriates showed significantly greater increases in creativity over the study period than a control group of non-expatriates. (For more information, please contact: Sidney Gray, University of Sydney, Australia: sid.gray@sydney.edu.au)

How Expatriate Employees View Expatriate Return on Investment
Yvonne McNulty, James Cook University
Kate Hutchings, Griffith University
Helen DeCieri, Monash University

Extending recent research which has explored expatriate return on investment (ROI) for long-term international assignments from a management perspective, this study provides new insights by analysing the perspective of expatriate employees. Drawing on systems theory and psychological contract theory, we investigate how expatriate ROI is defined, measured, and managed among 51 long-term assignees on assignment in five world regions. Our findings suggest that expatriate ROI is perceived by expatriate employees to be predominantly linked to expatriate retention. Thus, a range of determinants of job changes and job embeddedness which operationalise at the contextual, organisational, and individual levels emerge to strengthen expatriates’ commitment to the global firm and/or lead them to seek out external employment opportunities. Extending prior frameworks, our findings reveal a more comprehensive picture of the factors influencing the value to be gained from long-term international assignments than has been offered in prior studies. Implications arising from our study are discussed for theory, research, and practice. (For more information, please contact: Yvonne McNulty, James Cook University, Singapore: yvonne.mcnulty@jcu.edu.sg)

Session: 1.1.7 - Competitive
Track: Track: 1 - Institutions, Governance, CSR

Impacts of Institutions and Institutional Change

Presented On: June 26, 2011 - 09:20-10:35

Chair: Patricia Kanashiro, George Washington University

An Institutions-based View of Executive Compensation: A Multilevel Meta-Analytic Test
Marc Van Essen, Utrecht University
Pursey P.M.A.R. Heugens, Erasmus University
Hans Van Oosterhout, Erasmus University
Jordan Otten, Erasmus University

Our study confirms the widely held theoretical expectation that executive compensation is positively associated with firm performance. Yet it also reveals considerable cross-country variability in this relationship, which we trace to formal institutions like the rule of law and investor protection provisions and to informal institutions like concentrated ownership patterns and codes of good corporate governance. A core finding of this study is that formal and informal institutions are complementary, as the focal relationship becomes stronger when
concentrated owners have access to well-functioning courts, and when informal norms of good governance are buttressed by formal shareholder protection laws. (For more information, please contact: Marc Van Essen, Utrecht University, Netherlands: messen@rsm.nl)

The Transformation of Japanese Institutions and Governance: The Case of Vertical Keiretsu in Toyota, Nissan and Honda 1990-2010
Katsuki Aoki, Meiji University
Thomas Taro Lennerfors, Meiji University

This paper is about the transformation of Japanese institutions and governance, focusing on keiretsu. We identify four dimensions of keiretsu (long-standing relationships, exclusiveness, governance mechanisms: trust/power/security, and support systems) based on which we discuss transformation of keiretsu in three companies in the automotive industry (Toyota, Nissan and Honda). We draw on both quantitative data on sales volume, ownership, membership in suppliers' associations as well as qualitative data from factory visits and interviews over a period of ten years. We argue that long-standing relationships to suppliers and exclusiveness have changed significantly in the Nissan, while remaining stable in Toyota and Honda. We argue that more competition based elements have been added to governance mechanisms, but that they still are hybrid combination of trust, power and security. The support systems still exist, but go beyond keiretsu in Toyota and Honda, indicating more openness. We relate the development of keiretsu to company policies and economic results of the three cases, arguing that Nissan's economic situation combined with its alliance with Renault had particularly strong effects on its keiretsu. (For more information, please contact: Katsuki Aoki, Meiji University, Japan: kaoki@meiji.ac.jp)

How Institutions and Governance enable a Firm's Strategy for Climate Change
Patricia Kanashiro, George Washington University

Institutional pressures shape organization environmental strategy through regulative, normative, and cognitive pressures. However, while institutional pressures influence organizational strategy, management may choose to either resist or succumb to institutionalization. This paper draws on agency theory to examine why management may resist to societal expectations. I suggest that corporate governance structures, in the form of monitoring and incentive mechanisms, moderate the relationship between institutional pressures and firms' environmental strategies. This study employs an ordinal logistic regression using a sample of 179 U.S. S&P 500 multinational firms, year 2010. I found that the existence of regulatory threats and the participation in voluntary agreements enhance the likelihood that a firm adopts climate change mitigation programs. Results support current trend for the global international law, which is seen as initiated at the state level and enacted through international treaties that reflect global regulation at a transnational level. (For more information, please contact: Patricia Kanashiro, George Washington University, USA: ptk@gwu.edu)

Institutional Determinants of Substantive vs. Symbolic Restructuring
Pengji Wang, James Cook University
Ishtiaq Pasha Mahmood, National University of Singapore
Xiaohui Lu, National University of Singapore

This study examines whether and how institutions matter in shaping firms’ decoupling or symbolic actions through analysis of the adoption of substantive vs. symbolic restructuring programs by Chinese listed firms that are subject to delisting pressure in the period of 1998-2004. We argue that firms’ decision to pursue more or less substantive restructuring would depend on the institutional environment within which they operate. The higher the level of institutional incongruence, the more likely it is for firms to decouple. In this case, decoupling is driven by firms’ ability to arbitrage between local and central institutions. We conduct empirical analysis to investigate how firms’ choice of substantive vs. symbolic restructuring is affected by (1) provincial-level legal
environment, constructed by contract law, property law and enforcement, (2) provincial-level government support in terms of subsidies, preferential credit access, and local protectionism, and (3) the interaction of the two forms of institutions at the provincial level and the independence of auditors at the firm level. The results confirm the significant effects of local institutions on firms’ restructuring decisions. (For more information, please contact: Xiaohui Lu, National University of Singapore, Singapore: bizlxh@nus.edu.sg)

Session: 1.1.8 - Panel
Track: Track: 9 - Cross-cultural Management and HRM

The Role of Expatriates and Host Country Nationals' Identity in Interpersonal Relationships

Presented On: June 26, 2011 - 09:20-10:35

Chair: Shea Fan, University of Melbourne
Discussant: Mary Yoko Brannen, INSEAD

Who Do You Think You Are: Investigating the Salience of National Identity in the Self-concept of MNC Employees

Dan Caprar, Australian School of Business

Attending to Cultural Diversity: Bicultural Identity Integration Affects Cultural Inclusion in Attention

Aurelia Mok, City University of Hong Kong
Michael W. Morris, Columbia University

Host Country Employees’ Organizational Identification in Trust-based Interpersonal Knowledge Sharing Framework

Sachiko Yamao, University of Melbourne
Toru Yoshikawa, Singapore Management University

Do You Really Know Me?: Identity Confirmation in Expatriate Assignments

Shea Fan, University of Melbourne
Tine Koehler, University of Melbourne
Anne-Wil Harzing, University of Melbourne

Perceiving Expatriates as Foreign and Fair Treatment Encourages Information Sharing

Soo Min Toh, University of Toronto
Geoffrey Leonardelli, University of Toronto
**The Globalization of Government Corporations: Evidence from China**

Nan Zhou, Moscow School of Management SKOLKOVO

This paper examines the role of government in the globalization process. I argue that government influences both the motivation and resources of firms when they go abroad. More specifically, I show that compared to partially privatized enterprises (PPEs) and fully privatized enterprises (FPEs), state-owned enterprises (SOEs) are less likely to go abroad as a result of their risk-averse nature. They also differ in terms of the resources they rely on when they go abroad. SOEs rely on external resource from the government rather than internal resources; while PPEs rely on internal firm-specific ownership advantages rather than external government resources to invest abroad. An empirical investigation of the FDI activities of Chinese-listed firms in high-tech industries between 1991 and 2007 supports the arguments. (For more information, please contact: Nan Zhou, Moscow School of Management SKOLKOVO, China: nan_zhou@skolkovo.ru)

**Drivers of Internationalization in Emerging Economies: Comparing Petrobras and PDVSA**

Cesar E. Baena, BEM Bordeaux Management School
Andrea Goldstein, Bocconi University

The history of the global oil industry is essential to understand the rise of multinational enterprises. Some of the most dynamic Developing-Country Multinational Companies (DMNCs) are oil companies. Petrobras in particular has started to exploit in international markets the world-class technology it developed to exploit deepwater oil fields off the Brazilian coastline. PDVSA, on the other hand, has focused its international expansion strategy in building an international network of refineries that is unrivalled among OPEC members. This paper examines the cases of Petrobras and PDVSA in terms of production, technology, ownership, governance, international expansion; it also looks at the main features of the companies' international expansion in terms of country of operation, patterns of integration, and entry mode. The Petrobras experience confirms that the rise of emerging economies is leading to a transformation in global business in which foreign direct investment is driven not only by the exploitation of traditional firm-specific competencies, but also by the exploration of new patterns of organizational innovation and ways of accessing markets. PDVSA's case illustrates that for a DMNC the path towards decision-making autonomy from government is mired with many obstacles; key commercial strategies can be challenged by a government seeking to impose its agenda on the company. (For more information, please contact: Cesar E. Baena, BEM Bordeaux Management School, France: cesar.baena@bem.edu)

**Foreign Direct Investments in Natural Resource Industries in Africa: The Chinese versus Western Models**

Jing Li, Simon Fraser University
Aloysius Newenham-Kahindi, University of Saskatchewan
Victor Zitian Chen, Simon Fraser University
Daniel M. Shapiro, Simon Fraser University

Chinese firms have increased significantly their foreign direct investments (FDI) in Africa. Our study attempts to investigate the reasons leading to such significant growth (relative to modest growth of the Western firms in Africa). In particular, we focus on the role played by the Chinese government. Using interview information with nine Chinese and Western companies in Tanzania and four Chinese and Tanzanian government officials, we find...
two major differences between Chinese and Western FDI models in Africa. First, the Chinese government has been more actively involved in building economic ties and negotiations with the host country government for investment opportunities for Chinese firms. The Chinese government also provides valuable financial resources and infrastructure support for Chinese firms that invest in natural resource industries in Africa. The Western governments provide only general advisory information. Second, the Chinese firms in different industries, under the guidance and assistance of the Chinese government, form groups to provide multiple purpose projects, satisfy multiple needs of local communities, and therefore help to improve their economic conditions rapidly. The western firms, however, act individually and contribute to improvement of local communities relatively slowly. We discuss the implications of the findings for research, government policy, and firm strategy. (For more information, please contact: Jing Li, Simon Fraser University, Canada: jingli@sfu.ca)

Session: 1.1.10 - Competitive
Track: Track: 4 - Strategy, Alliances, Competitiveness

Strategic, Firm Valuation and Competitiveness

Presented On: June 26, 2011 - 09:20-10:35

Chair: Claudia Schoonhoven, University of California, Irvine

Reforms and Developing-Country Firms

Luis Alfonso Dau, Northeastern University

Building on Knowledge-Based Theory, I study the relationship between pro-market reforms, firm internationalization strategy, and firm profitability in developing countries. I argue that pro-market reforms augment firm profitability by increasing the competitiveness of local markets, allowing firms to increase their market experiential knowledge and ultimately their profitability. However, I also explain that the effects of reforms on firm profitability may be enhanced by the international strategic choices of firms because such choices may increase the potential for absorptive capacity and learning. I propose that developing-country firms that operate in international markets increase their market experiential knowledge by learning how to compete at international levels, which makes it easier to be competitive in their home market in response to reforms. This effect is especially pronounced for developing-country firms that establish subsidiaries in advanced economies, as it forces them to develop their market knowledge to the highest international levels. It is also stronger for firms that become multinationals before the start of pro-market reforms implementation because such firms have a head-start over other local firms by learning how to compete at international levels before the local market becomes more competitive. In short, I argue that the different aspects of a firm’s internationalization that help increase its market experiential knowledge enhance the benefits of pro-market reforms on firm profitability because they make it easier for the firm to compete successfully in a market where such reforms are implemented. Using a panel of the largest 500 companies in Latin America from 1989-2008 and data from multiple sources, the analyses provide robust support for these arguments. (For more information, please contact: Luis Alfonso Dau, Northeastern University, USA: luisdau@neu.edu)

Nonmarket Strategies of Foreign Owned Firms in a Small Open Economy

Hans van Kranenburg, Radboud University Nijmegen
Cosmina Lelia Voinea, Radboud University Nijmegen

This paper explores the types of nonmarket strategies and characteristics of foreign owned firms in a small, open and regionally integrated host economy. As most comprehensive and inclusive nonmarket strategies we propose two particular types, namely foreseeing strategy vs. subsequent strategy. Based on neo-classical economics, organizational theory, institutional economics, and resource scrutiny we identified the most important firm’s level determinants and resources which are most likely to affect the predilection for
implementing a specific type of nonmarket strategy. Evidence is provided by a survey sample of 160 foreign owned firms operating in the Netherlands. The results show that large foreign owned firms with a market focus on the host economy are more inclined to implement a foreseeing strategy, while firms with a regional headquarters function and low host country experience implement a subsequent nonmarket strategy in the host environment. Empirical outcome also indicates that the firms with the same corporate parent of a large number of other subsidiaries in the host country prefer to implement foreseeing strategies. (For more information, please contact: Cosmina Lelia Voinea, Radboud University Nijmegen, Netherlands: c.voinea@fm.ru.nl)

Converting Country-specific Advantages into Firm-specific Advantages in Chinese Firms: The Case of BYD
Feng Wan, University of Cambridge
Peter Williamson, University of Cambridge

Chinese firms have been disrupting the global competition and some of them have become leading forces not only in China but also in the world. This paper aims to develop a framework of the conversion from country-specific advantages (CSAs) into firm-specific advantages (FSAs) to explain the rapid development of Chinese firms. The conversion process consists of recognizing CSAs, seizing innovation opportunities, and reconfiguring strategic assets to create and sustain FSAs. Also, we suggest that the CSA-FSA conversion process is dynamic rather than static, as FSAs that a firm created can dramatically influence the conversion process. We explore the characteristics and contributions of the CSA-FSA conversion process by invoking a longitudinal case study of a leading Chinese firm, BYD. The case illustrates the process of how BYD converted CSAs into FSAs and became a leading performer in the rechargeable battery business as well as in the automobile business. (For more information, please contact: Feng Wan, University of Cambridge, United Kingdom: fw269@cam.ac.uk)

The Ever Changing Logic of Global Outsourcing Decisions: Client Strategies, Path Dependencies, and Industry Dynamics
Arie Lewin, Duke University
Silvia Massini, University of Manchester
Carine Peeters, Solvay Brussels School of Economics and Management
Stephan Manning, University of Massachusetts Boston

This paper develops and empirically investigates a dynamic understanding of the disintermediation and global sourcing of business. The focus of this paper is on explicating underlying mechanisms of global sourcing decisions and their dynamic interactions between multi levels of analyses involving the task-level, firm-level, industry-level and geographic factors. We contribute to the growing literature on global sourcing of business processes which, to this date, has been focusing on single lens explanations and to the recent stream of literature that focuses on the co-evolution and dynamics of industry capabilities and firm-level boundary choices. (For more information, please contact: Arie Lewin, Duke University, USA: ayl3@duke.edu)
Japanese firms have a longstanding reputation for superior marketing capabilities. In the face of rapid globalisation and two decades of economic stagnation, they are intensifying their presence in large emerging markets. This paper tracks the fortunes of four multinational enterprises in India. All have had to fundamentally adjust to local rules of engagement. The paper finds that Japanese firms demonstrate the capability to absorb divergent consumer behaviours, overcome opaque business conditions and develop a foothold in emerging markets. While strategies vary between the four firms and within each firm they vary over time, the cases exhibit two prototypical scenarios in tapping into emergent consumer bases. Niche market strategies seek to implement and diffuse global marketing success factors, skimming premium and emergent middle class consumer clusters (top-down market development). Mass market strategies seek to engage with the here and now of a broad customer base (bottom-up market development). Joint venture configurations are central for developing market-led solutions in the terra incognita of large emerging markets. While the first strategy represents an evolution of Japanese global marketing repertoire, the second hints at a re-orientation of the global strategy of Japanese (For more information, please contact: Sierk A. Horn, University of Leeds, United Kingdom: s.horn@leeds.ac.uk)

A Multi-wave, Multi-source Study on a Moderated Mediation Model of Market Orientation in China
Frederick Hong-kit Yim, Hong Kong Baptist University
Ho Kwong Kwan, Drexel University
Xiaomeng Zhang, American University
Yina Mao, Chinese University of Hong Kong

The present study depicts a moderated mediation model and examines the relationship between market orientation and firm performance in an emerging economy context by focusing on the mediating role of service climate and the moderating role of the competitive intensity of the business environment. A two-wave data collection method was used to solicit data from a sample of 83 hotels in China. Empirical results provide support to all of our hypotheses, indicating that service climate mediates the relationship between market orientation and firm performance. It is also found that the effect of service climate on firm performance is stronger when competitive intensity is greater. (For more information, please contact: Ho Kwong Kwan, Drexel University, USA: hk88@drexel.edu)

Customer Loyalty on International Consulting Firms in China: Rational Choice and Irrational Belief
Qianqian Li, Fudan University
Qinqin Zheng, Fudan University

It is a long lasting question that why international consulting firms maintain high customer loyalty compared to domestic Chinese consulting firms in China. From the starting point of consulting firms' clients, we use a rational-irrational lens to study the path of customer loyalty of international consulting firms. Data were obtained from 231 companies in China accepting service from international consulting firms. Structural model testing supports the existence of both rational choice based on their service quality and irrational belief caused by halo effect on the background of international firms, which together lead to the customer loyalty on international consulting firms. Conclusion and managerial implications for domestic consulting firms are provided at the end of the paper. (For more information, please contact: Qianqian Li, Fudan University, China: 09110690028@fudan.edu.cn)
Structural Configuration of Global Alliance Portfolios and Firm Performance Effects
Andreas Al-Laham, University of Mannheim
Florian Zock, Mannheim University
Suleika Bort, University of Mannheim

This study analyzes the structure of global alliance portfolios and their performance implications. We examine both configurational and managerial aspects in alliance portfolios, which have so far been conceptualized separately. In particular, we analyze the impact of multi-level alliance portfolio configuration on firm innovation performance. Also, we investigate the role of alliance portfolio capabilities, examining its moderating effect on that relationship as well as its direct influence on firm innovation. Empirical evidence is derived from a longitudinal study of 853 German biotechnology firms. The findings of our event history analysis indicate that the international diversity of a firm's alliance portfolio partners' and the degree of the first-tier partners' embeddedness in the larger global network influences firm innovation performance. We find two inverted u-shaped relationships indicating that a balanced portfolio configuration has the highest innovative outcome. Furthermore, we reveal that portfolio capabilities hardly moderate those two relationships, whereas capabilities per se strengthen innovation performance. (For more information, please contact: Andreas Al-Laham, University of Mannheim, Germany: al-laham@uni-mannheim.de)

To Compete or to Cooperate: A Strategic Dilemma of Partners in an International Alliance
Sonya H. Wen, Tamkang University
Cheng-min Chuang, National Taiwan University

By exploring how the competitive dynamics between partners affect the alliance strategy, we examined how cooperation and competition between partners interplay in an alliance. To illustrate how partners cope with the strategic dilemma whether to compete or to cooperate, we hypothesized a governance model of resource similarity, a major driver of competitive tension from the perspective of competitive dynamics. Hypotheses on the governance effects of resource similarity are developed and tested on a sample of 6,893 international alliances formed by partners from China or South Korea. This sample is intentionally selected to further demonstrate the strategic importance of current and future resource-similarity, measured by comparative location and knowledge attributes between foreign and emerging partners. The test results support our hypotheses that resource similarity between alliance partners increases the propensity of adopting equity-based mode, which offers additional safeguarding mechanisms to deter potential competitive threat than the alternative contractual mode. Our research also identifies three applicable conditions of knowledge determinants, whose governance effects become stronger for the asymmetric alliances, which are located in the host country of emerging partner, formed by partners with larger gap of knowledge scope, and in the more recent period than symmetric alliances. (For more information, please contact: Sonya H. Wen, Tamkang University, Taiwan: sonya.wen@gmail.com)

Inter-Organizational Multilevel Asymmetries and Duration of the Strategic Alliance: An Event History Analysis
Tariq H. Malik, Dongbei University of Finance & Economics
Yanzhi Zhao, Dongbei University of Finance & Economics
This article explores whether and how (a) national, (b) technological/business, and (c) organizational level asymmetries influence the duration of an inter-firm alliance in high-technology sectors. Using event history analysis to assess the alliance hazard (mortality), we use multiple covariates for the three levels to predict the alliance duration (longevity). The evidence shows that at the national level, industrial, religious and language asymmetries increase the life of the alliance. At the business level, we observe that business/technology asymmetries between the partners lengthen the life of the alliance. At the organizational level, inter-firm size asymmetries can also increase the life of the alliance. Among the controlled variables, we note two unexpected outcomes. First, instead of equity ventures increasing the duration, licensing mode tends to increase the life of the alliance. Second, instead of showing positive or negative effects, national cultural differences (e.g. Hofstede’s) show no significant results. (For more information, please contact: Tariq H. Malik, Dongbei University of Finance & Economics, China: tmalik@dufe.edu.cn)

**Session: 1.1.14 - Interactive**  
**Track: Track: 7 - Emerging Economies**

**Institutions and Competition in Emerging Economies**

**Presented On:** June 26, 2011 - 09:20-10:35

Chair: Carl F. Fey, Nottingham University

_Institutional Environment and International Joint Venture’s Strategic Mutation: An Institutional Perspective_

Zijie Li, University of International Business and Economics  
Yi Li, Australian National University  
Zelong Zhang, University of International Business and Economics  
Chang Liu, University of International Business and Economics

This study investigates the influence of various categories of institutions on international joint venture’s (IJV) strategic mutation behavior from an institutional perspective. Through theoretical deduction about the relationship between institutional environment and firms’ strategic decision making, we argue that variation of regulatory institutional pillar increases the likelihood of IJV’s strategic mutation. Meanwhile, the effects of law environment and governmental policy, which are two types of regulatory institutional pillar, are moderated by normative institutional pillar and firms’ performance respectively. We test our hypotheses using a sample of 494 Chinese small and medium IJVs over a three-year period (2006-2008), using Cox hazard models, and the empirical results support our hypotheses. (For more information, please contact: Yi Li, Australian National University, Australia: kisskiddkiss@hotmail.com)

_Russian Energy Sector: Trends and Strategic Implications in the Eurasian Context_

Anatoly Zhuplev, Loyola Marymount University  
Dmitry Shtykhno, Plekhanov Russian Academy of Economics

As countries and regions globalize and the economy starts growing after recession energy security becomes a priority. Intensified global competition for energy resources drives interest toward renewable energies, but their projected worldwide share will remain limited. Fossils will continue playing major role worldwide, including Eurasian region characterized by high energy consumption. Russia is top energy producer, exporter, and supplier in Eurasia that is extremely dependent on imported energy. Russian domestic economy has high energy consumption and low energy efficiency. Its energy sector plays extraordinary role in the national economy. With Eurasian region’s critical dependency on oil and gas imports, Russian energy sector also plays prominent role in its foreign policy. Emerging global imbalances in energy supply and demand coupled with inefficiencies in domestic energy production and consumption may in the future press Russia to limit its energy exports in favor of satisfying domestic consumption. That may jeopardize European energy security. Russia has initiated the
“Energy Strategy 2030” intended to boost efficiency in both energy production and consumption and pursue sustainable energy approaches. The paper examines the dynamics of the Russian energy sector, development scenarios, and policy implications for regional energy security under the Energy Strategy 2030. (For more information, please contact: Anatoly Zhuplev, Loyola Marymount University, USA: azhuplev@lmu.edu)

Organizational Culture and Firm Performance: The Comparison of Russia and China
Sergey Morgulis-Yakushev, Stockholm School of Economics
Carl F. Fey, Nottingham University

An issue that has been erstwhile under-explored is how relationship of organizational culture and organizational outcomes is influenced by national culture and national institutes. Although effect of organizational culture on firm performance depends on conditions that vary across cultural and institutional contexts, much of the literature tends to assume a rather universalistic understanding of the rope of organizational culture. In contributing to filling this gap in the literature, we examine how relationship of organizational culture and organizational outcomes in Chinese and Russian organizations is influenced by distinctive national cultural and institutional characteristics. We engage in a comparative examination of Chinese and Russian national cultural and institutional characteristics to analyze how and why Chinese and Russians are different from each other in their outcomes of organizational culture. (For more information, please contact: Sergey Morgulis-Yakushev, Stockholm School of Economics, Sweden: sergey.morgulis-yakushev@hhs.se)

Environmental Shock and the Timing of Marker and Nonmarket Strategies: Evidence from India
Susan E. Feinberg, Rutgers University
Catherine L. Magelssen, Rutgers University
Matthew G. Smith, Rutgers University

When environmental jolts occur, firms are likely to use both market and nonmarket strategies. We identify two types of integrated market/nonmarket strategy combinations – buffering and consolidating – and we examine characteristics of firms that choose each strategy combination. We define buffering as using nonmarket strategies first to cushion the environment before undertaking market strategies, and we define consolidating as taking market strategies first then using nonmarket strategies to strengthen the firm's position. We focus on the market and nonmarket strategies of restructuring and applying for trade protection. We argued that consolidating involves aggressive action, whereas buffering relies on a lengthy process of obtaining government relief prior to restructuring. “Consolidating” firms that can act aggressively following an environmental jolt should be more productive, have more slack and be less exposed to the domestic market. In contrast, we viewed “bufferers” as somewhat weaker firms that would need to obtain slack resources through nonmarket actions prior to restructuring.

We examined our hypotheses using a large sample of Indian firms, combined with a dataset on all the antidumping petitions filed in India from 1993-2007. India experienced an 80% reduction in import tariffs within our sample window. Our results support the expectation that bufferers are less competitive than consolidators. We find that, relative to consolidators, buffers are unproductive, unprofitable and have greater exposure to the domestic market. In additional exploratory analyses, we find systematic differences between purchasers and sellers of assets as well as significant differences among purchasers of assets that use buffering and consolidation strategies. (For more information, please contact: Susan E. Feinberg, Rutgers University, USA: feinberg@business.rutgers.edu)

Outward Foreign Direct Investment by Chinese Firms: Institutional Theory and Resource Dependency Perspectives
Tapan Seth, Wayne State University
Attila Yaprak, Wayne State University
The recent trend in large scale movement of outward foreign direct investment (OFDI) by emerging economies has attracted considerable research attention in the international business literature. Past research has largely focused on the transaction cost, the resource based, and the institution based perspectives to explain this phenomenon. This paper provides resource dependence and institutional theory perspectives to explain the internationalization patterns of Chinese Firms. (For more information, please contact: Attila Yaprak, Wayne State University, USA: attila.yaprak@wayne.edu)

What Is an Emerging Economy?
Olga E. Annushkina, Bocconi University
Renata Trinca Colonel, Bocconi University
Elena Berselli, Bocconi University

Regardless of the growing attention towards the emerging economies, there is not a shared definition as to what an “emerging economy” is and which economies are to be classified as “emerging”. The two-step statistical analysis of 29 indicators for 176 economies from 2003-2008 showed the need of further exploration of the definition. The study is partly confirming the validity of emerging economies classification in terms of economic growth, lower level of economies’ and financial markets’ development, inefficient institutional context, while the level of indebtedness, government intervention and the rates of new businesses creation were higher than expected for developed economies. (For more information, please contact: Olga E. Annushkina, Bocconi University, Italy: olga.annushkina@sdabocconi.it)

Session: 1.1.15 - Interactive
Track: Track: 1 - Institutions, Governance, CSR

Corporate Social Performance

Presented On: June 26, 2011 - 09:20-10:35

Chair: Sushil Vachani, Boston University

A Sensemaking Approach to Corporate Social Responsibility in Emerging Economies: Is Guanxi a Missing Link?
Weidong Rong, Saint Louis University
Hadi Alhorr, Saint Louis University
Hongxin Zhao, Saint Louis University

We approach CSR in emerging economies from recently developed CSR sensemaking perspective, which models CSR as an evolutionary process where many different agents act and react upon each other, and which also focuses both on the dynamic and social processes underlying the development of and on people's motivations for acting in a responsible way(Nijhof, Jeurissen, 2006; Weick 1995, 2001; Fisscher, Nijhof, and Steensma, 2003). Drawing on the CSR sensemaking theoretical framework, and institutional theory, this article addresses why and how the enterprises from emerging economies conduct CSR practices through the proposed theoretical model on the interaction of CSR and Guanxi network in emerging economies. We posit that the CSR practices for the enterprises from emerging economies will nurture and enhance these enterprises' guanxi network with government, moderated by company identity orientation, political appointment of CEO, and firm size. We extend the CSR sensemaking perspective to emerging economies by theorizing the CSR-Guanxi model and propose to test it empirically. (For more information, please contact: Weidong Rong, Saint Louis University, USA: romyerong@yahoo.com)
Corporate Social Reporting Practices of French and Brazilian Companies: a Comparison Based on Institutional Theory
Marcelle Colares Oliveira, University of Fortaleza/Federal University of Ceará
Jôao Ésio Pontes Júnior, University of Fortaleza
Augusto Marcos Carvalho de Sena, University of Fortaleza/Federal University of Ceará
Oderlene Vieira de Oliveira, University of Fortaleza

The objective of this study is to determine whether or not social information disclosure practices of the top 15 Brazilian and top 15 French companies listed in the Forbes global ranking differ due to company size, country of origin, using the 16 indicators of the United Nations publication ?Guidance on Corporate Responsibility Indicators in Annual Reports’ as benchmark. The empirical evidence is further analyzed using Institutional Theory as support. The study is based on a literature review and documents issued by the companies in the selected sample. The methodology is exploratory, quantitative and qualitative. The results revealed that disclosure practices by companies in both countries are similar, with no statistical significance connected to company size or country of origin. This result can further be explained by institutionalism in each country, a key featured that made it possible to use Institutional Theory as an important support to the main empirical results of the study. (For more information, please contact: Marcelle Colares Oliveira, University of Fortaleza/Federal University of Ceará, Brazil: marcellecolares@unifor.br)

Institutional and Vintage Influences on MNEs’ International Climate Change Strategies
Hinrich Voss, University of Leeds
John Mikler, University of Sydney

The global strategy reactions by multinational enterprise (MNEs) to climate change will define the extent and speed to which we will adapt to and mitigate climate change. Despite the fundamental role MNEs play, the extent to which they develop and deploy international strategies is little understood. This is part because previous studies have investigated MNEs from a uninational perspective – uninational in terms of the institutional environment and the applied strategies considered. We develop testable propositions around two novel perspectives on this topic. First, we bring in the political dimension to which MNEs react through varieties of capitalism approach. Second, we consider how the vintage of MNEs is affecting their climate change strategies. We suggest that there is considerable variance in home country conditions and vintage-based sunk costs and capabilities and that this variance is an important factor for the observable climate change strategies. (For more information, please contact: Hinrich Voss, University of Leeds, United Kingdom: hv@lubs.leeds.ac.uk)

Institutional Contingencies in the Corporate Social and Financial Performance Relationship: A Meta-Analysis
Pushpika Vishwanathan, Erasmus University

Although the large number of primary studies and meta-analyses on the link between Corporate Social Performance (CSP) and Corporate Financial Performance (CFP) may suggest that the field is saturated, we show that in fact there is scope for a great deal more reflection and research. This study adopts the institution-based view as the central perspective and contributes to existing knowledge of CSP by revealing how differences in formal and informal institutional settings across the globe explain why firms vary in their ability to financially benefit from CSP. Using meta-analytical methods on a sample of 213 primary studies, we find that the CSP-CFP relationship is significantly conditioned by the degree to which national business systems correspond to coordinated market economies, the dominance of a social democratic political ideology, and the overall level of humanitarian development. (For more information, please contact: Pushpika Vishwanathan, Erasmus University, Netherlands: pvishwanathan@rsm.nl)
Concern for the Earth or Concern for the Wealth: Reasons and Motives for Firms' Adoption of Environmental Management Systems
Erez Broitman, National Taiwan Normal University
Shu-Jou Lin, National Taiwan Normal University

This study explores 111 publicly traded Taiwanese firms holding ISO 14001 certifications in order to determine external factors stimulating firms to seek environmental management certifications. Expanding past research in this field, this paper presents four hypotheses regarding possible causes leading firms to seek environmental accreditation and examines them using regression analysis. The results indicate media coverage of environmental issues, firm size and resources, and within industry imitating trends are all supported as explanations for EMS adoption. Further research and managerial implications are later discussed (For more information, please contact: Erez Broitman, National Taiwan Normal University, Israel: erezbroitman@hotmail.com)

Cognition, Action and Corporate Performance: Corporate Social Responsibility in China
Tatiana Zalan, University of South Australia
Fuming Jiang, University of South Australia

The purpose of this conceptual paper is to contribute to an understanding of how political ideologies many influence CSR mindsets of executives and induce them to adopt a range of strategic responses to CSR. We conceptualize CSR mindsets as a multidimensional, hierarchical construct, with the economic/ non-economic dimension at the top of the hierarchy. Taking China as our research context, we suggest that senior executives’ mindsets are likely to be influenced by socialist and capitalist political ideologies which co-exist in modern China. Each of these ideologies will influence whether executives take a reactive or proactive stance to CSR. We propose that this response may be moderated by industry competition, firm's resource endowments, government regulation, managerial incentives and consumers’ response to CSR. We advance several propositions regarding the relationship between political ideology, CSR mindset and strategic response to CSR. (For more information, please contact: Tatiana Zalan, University of South Australia, Australia: tatiana.zalan@unisa.edu.au)

Session: 1.1.16 - Interactive
Track: Track: 6 - Innovation and Knowledge Mgmt.

Expanding to Asia

Presented On: June 26, 2011 - 09:20-10:35

Chair: Irene H Chow, The Chinese University of Hong Kong

The Impacts of Technological Knowledge Distance, Network Position, and Complementary Assets on Technological Diversification: An Asia Case
Hsien-Che Lai, National University of Tainan
Calvin S. Weng, Takming University of Science and Technology
Lu-Jui Chen, Ming Chuan University

This study applies three theoretical perspectives—organizational learning, the social network view and the resource-based view—to explore how a firm’s engagement in a technology alliance determines the scope of its technology base. Based on data from 882 cooperative agreements on technology among 248 electronics and information technology firms in Taiwan for the period of 2000-2007, the results indicate that technology alliances do not expand the scope of a focal firm’s technology base over time. This study suggests that decisions regarding the scope of a technology base may be traced to certain factors: technological knowledge
distance, betweenness centrality and complementary assets that govern the extent of technological specialization and diversification. First, in view of a focal firm’s absorptive capacity, a moderate level of technological knowledge distance contributes a more diversified technology base to a focal firm by benefiting from the access to absorbable novel technological knowledge than do very low and very high levels of technological knowledge distance. Second, the analytical results also show that the mere consideration of betweenness centrality and technological knowledge distance is not able to determine the scope of a firm’s technology base. Third, this study further introduces the notion of complementary assets as a hidden factor to solve the ambiguity. By considering complementary assets in conjunction with the interactive effect of technological knowledge distance and betweenness centrality to explore their joint impact on the scope of a focal firm’s technology base, we can conclude that the focal firm pursues a convergent scope of its technology base rather than going beyond resource commonality to seek technological diversification over time. (For more information, please contact: Hsien-Che Lai, National University of Tainan, Taiwan: hsienche@gmail.com)

The Effect of Niches’ Behaviors on the Japanese Video Game Business Ecosystem: Focusing on the Niche Creation, Productivity and Robustness as the Ecosystem Performance
Tatsuhiko Inoue, Waseda University
Susumu Nagayama, Waseda University

The “Business Ecosystem” is one of the emerging key concepts of competitive strategies. Although most research has been centered on the hub-firms within its ecosystem, it is niches that are responsible for creating most of the value in it. Thus, we focus on niches and separate them into four strategic types, which are Challengers, Defenders, Replicators and Opportunity Seekers. According to our empirical study in the Japanese video game industry, the performance exhibited by each niche varies. In addition, we indicate the potential for maintaining the health of the ecosystem by having each niche play a complementary role for the ecosystem. (For more information, please contact: Tatsuhiko Inoue, Waseda University, Japan: t-inoue@waseda.jp)

Does Ownership Matter? LCFs’ Innovative Capabilities Catch-up in China’s Automotive Industry? A Comparative Longitudinal Multiple-case Study
Shisong Jiang, Zhejiang University
Limin Gong, Zhejiang University

Extant literature pays little attention to the role of ownership on the innovative capabilities catch-up of latecomer firms (LCFs). Using China’s controversial automotive industry as research setting, we conducted a comparative longitudinal multiple-case study in order to investigate difference of innovative capabilities catch-up process between State-Owned Enterprises (SOEs) and Privately-Owned Enterprises (POEs) over nearly 30 years. We develop a series of propositions and present an integrated process model. The critical factors identified in the model are dependence on MNCs, learning openness and government’s policy orientations. We conclude with a discussion of the theoretical implications for the literature on LCFs’ technological learning and catch-up, organizational capability development, and resource dependence theory, as well as managerial and policy implications. (For more information, please contact: Shisong Jiang, Zhejiang University, China: ssjiangzju@gmail.com)

Dancing with Strangers: A Dyadic Analysis of University-Industry Research Collaborations in Korea
Martin Hemmert, Korea University
Anat Hovav, Korea University
Ludwig Bstieler, University of New Hampshire

University-industry research collaborations (UICs) to develop new products and technologies are becoming increasingly popular. However, many of these collaborations do not live up to expectations due to difficulties in overcoming the inherent differences between academe and industry regarding management and communication
styles, and goals and agendas. This is particularly salient in emerging economies where companies and universities often have minimal collaboration experience. An analysis of dyadic survey data on 98 recent UICs in the fields of biotechnology, microelectronics, and software in South Korea (hereafter: Korea) shows that both sides' knowledge acquisition and project satisfaction are primarily driven by their own perceived communication quality and trust, whereas the strength of contractual safeguards is less relevant for collaboration outcomes. Moreover, partner reputation is positively related to knowledge acquisition and goal congruence to project satisfaction. In general, there is strong divergence in perceptions between company and university partners. Our findings highlight the different conditions for managing UICs in emerging economies and the need for dyadic data analysis to understand perceptual gaps and relational dynamics between partners in such collaborations. (For more information, please contact: Martin Hemmert, Korea University, Korea, South: mhemmert@korea.ac.kr)

The Evolution of MNCs' Oversea R&D Institutions in Mainland China: Roles, Growth Paths and Patterns
Xiao Jun Xu, Fudan University
Ze Wei Xu, Shanghai Ocean University

This paper categorizes the R&D institutions in Mainland China set up by MNCs into four types: receptive R&D institution, bottleneck R&D institution, autonomous R&D institution, and regional/global R&D centers, based on the two dimensions of “the strategic importance of the market” and the “resources and capabilities Level”. We further develop two kinds of evolution patterns of R&D institutions in Mainland China: the capability-driving one and the strategy-driving one. We illustrate the proposed evolution pattern with five cases including Microsoft, SAP, Nestle, LG and GM. Finally, the paper summarizes the characters and questions to pay attention for these two kinds of evolution patterns. This paper will provide the reference for MNCs to know how to set up the R&D institution in Mainland China and meanwhile enrich the research of role theory for the oversea subsidiary of MNCs. (For more information, please contact: Xiao Jun Xu, Fudan University, China: xuxj@fudan.edu.cn)

Contextual Barriers to Multilevel Learning Processes in MNC Knowledge Transfer - Exploring the Country Specific Social Context in China
Niklas Åkerman, Linnaeus University

This study builds on previous work on barriers to organizational learning by developing the concept of environment in relation to barriers inhibiting organizational, multilevel learning (OL) further. It is a case study using deep two-sided qualitative data to provide insights in how factors specific to the social contexts of China have implications to multilevel learning processes. The context of China is compared to Denmark in order to explore how they differ in terms of authoritarian vs. egalitarian work relations, reluctance vs. indifference to make mistakes, and reluctance vs. willingness to take individual initiative. These three differences influence the process of developing individual knowledge to become group knowledge and therefore the transition of knowledge across organizational levels, suggesting that the Danish culture of self-organization and willingness to take risks and initiative is more likely to promote organizational learning. Thereby, this study contributes to the collective knowledge about barriers to OL in an international setting by explicitly including environment in terms of characteristics specific to the country’s social context. (For more information, please contact: Niklas Åkerman, Linnaeus University, Sweden: niklas.akerman@lnu.se)

Linkage between Human Capital Development and Organizational performance in Star hotels in India
Justin Paul, Nagoya University of Commerce & Indian Institute of Foreign Trade
Vijay Dhole, Singhad Institute of Management

Tourism and other factors have created a demand for a home away from home. It is but natural that there is a connection between growth of tourism on one hand and growth of hotel facilities on the other. Major part of accommodation is available in hotels. The growth of hotels is complimentary to the growth of tourism. The
hotels constitute the most important segment of the infrastructure facilities for tourism in India. In this research paper the main focus is on human resources development in star hotels. Star hotels, though their number is small, are making development efforts through training programs for the staff working at different levels. The purpose is to test the hypothesis that there is positive impact of training programs (human capital creation) on the performance of star hotels. *(For more information, please contact: Justin Paul, Nagoya University of Commerce & Indian Institute of Foreign Trade, India: profjust@gmail.com)*

*Internal Resources, External Networks, and Firm Innovation: A Longitudinal Study of Korean Firms*

Youngok Kim, University of New South Wales  
Steven S. Lui, University of New South Wales

on the types of innovation. To further our understanding of the impact of external network on innovation, especially for firms in emerging economies, we integrate resource-based view and alliance learning theory to conceptualize a theoretical model with three types of external networks (market network, institutional network, and business group affiliation) for Korean firms and two types of innovation (product and process innovation). We tested our model with a longitudinal survey of 275 Korean companies. We found that when a Korean firm possessed more internal resources, the relationship between external network and process innovation is weakened. Moreover, when the internal resources of a firm were protected, its reliance on market network was enhanced. We also found that while market network increased process innovation, institutional network increased product innovation. Business group affiliation, however, increased both product and process innovation. Implications of the results for theory and managerial practices are discussed. *(For more information, please contact: Youngok Kim, University of New South Wales, Australia: y.kim@unsw.edu.au)*

*Session: 1.1.17 - Interactive*  
*Track: 1 - Institutions, Governance, CSR*

*Formal and Informal Institutions*

**Presented On:** June 26, 2011 - 09:20-10:35  
Chair: Timothy Michael Devinney, University of Technology, Sydney

*Gatekeepers in the Financial Sector- The Future of Auditors as Providers of Market-based Governance in Financial Regulation in the UK and EU*  
Hse-Yu (Iris) Chiu, University College London

Post global financial crisis, policy makers in the EU and UK are increasing reliance on audit and compliance vetting to provide a form of market-based governance in the financial sector. Public interest objectives drive the expansion of the role of auditors but there is an expectation gap between what is expected of the governance effects of audit and assurance and what is actually delivered. This gap arguably needs to be closed if the market-based governance of the audit roles were to be realised. The question ahead lies as much in how to close this gap in favour of changing the character of the audit, as well as the implications of gap closure for the role and efficacy of audit and assurance. This paper will also examine auditors’ duties and liabilities, and unintended consequences such as moral hazard for investors and audited firms. *(For more information, please contact: Hse-Yu (Iris) Chiu, University College London, United Kingdom: uctlhc0@ucl.ac.uk)*

*Typological Conceptualization of Institutional Distance: A Quest of Relative Importance*  
Rimi Zakaria, Florida International University
Although North (1990) underscored the importance of the interaction between formal and informal institutions for economic development of a country, the interdependency of both the dimensions of institutions remains under-explored particularly in the context of two-country economic transactions. Drawing on North’s conceptualization of institutions and using the context of cross-border merger and acquisition (M&A) activities, this conceptual paper presents a relational typology of institutional distance. This typology, based on the difference between any two countries institutional profiles, considers the degree and simultaneity of both formal and informal institutional dimensions. Furthermore, the paper makes a comparative assessment between the relative strength between formal and informal dimensions in relation to the time factor. In addition to conceptually developing the newly posited typology, I present a wide range of propositions pertaining to four key areas between the phases of public announcement of acquisition attempts and deal resolution.  

(For more information, please contact: Rimi Zakaria, Florida International University, USA: rimi_zakaria@yahoo.com)

**Legitimacy in the Governance of Rule-Making: A Comparative Analysis of Public and Private Rule-Makers for Organic Agriculture**  
Mai Skjøtt Linneberg, Aarhus University

The international business environment is highly regulated by rules such as norms, standards and directives. The legitimacy for rule-makers is understood to be kernel to the rules’ proper implementation and diffusion. Contrary to the typical analysis of rule-making, this paper includes two governance modes, public and a private, in the analysis of how legitimacy is created and interspersed. Thus, this paper embarks upon a comparative analysis of the legitimacy in the rule-making of sustainable agriculture from a new institutional perspective. By means of a case analysis, the paper compares the two approaches, which are viable options to the governance of organic agricultural rule-making within the EU.  

(For more information, please contact: Mai Skjøtt Linneberg, Aarhus University, Denmark: msl@asb.dk)

**The Media’s Influence on Society During a Crisis**  
Muhammad Mohiuddin, Laval University  
Jonathan Gagnon, Laval University  
James William Campbell, Laval University

This paper describes risk perception and responses to a global financial crisis through publications in newspapers editorials. Previous literature has demonstrated the influence of the media on societal behaviours by conducting quantitative research. This paper suggests that it is possible to identify a categorisation of risk perception and responses through newspapers editorials by proceeding with a content analysis. While adopting a constructivism qualitative approach, researchers shall try to illustrate said categorisation and demonstrate how and why the media, through the promotion of certain risk perception categories, can influence the society to adopt various behaviours when faced with a global financial crisis. Finally, this paper shall analyse the coherence of responses to a global financial crisis based on a review of literature.  

(For more information, please contact: Muhammad Mohiuddin, Laval University, Canada: muhammad.mohiuddin.1@ulaval.ca)

**Human Rights Issues in Global Value Chains**  
Sarianna Lundan, University of Bremen

This conceptual paper draws insights from two sources, the research on global value chains and the legal scholarship on the evolution of transnational private law, to present a simple typology of different kinds of human rights issues related to the activities of MNEs by classifying them in terms of the mode of MNE governance and the institutional context. While traditional value chain issues concerning e.g. supplier standards in the textile or electronics industries occupy one quadrant of the framework, our analysis is intended to highlight the range of different kinds of human rights issues that occur in multinational value chains, and the potential contribution IB scholarship can make towards analyzing and addressing such issues. Specifically, it is...
hoped that the value chain approach serves to highlight the similarities in the division of risk and responsibilities between the cases, and that further examination of the underlying similarities will help in the development of pragmatic solutions to address human rights issues in line with the protect-respect-remedy framework put forward by the United Nations. (For more information, please contact: Sarianna Lundan, University of Bremen, Germany: slundan@gmail.com)

The Russian Labour Market Model and Varieties of Capitalism: Where Does Russia Fit
Andrei Kuznetsov, Lancashire Business School
Rostislav Kapelyushnikov, Institute of World Economy and International Relations
Olga Kuznetsova, Manchester Metropolitan University

The purpose is to investigate labour market practices in a transition economy in relation to broader institutional configurations. Through a review of relevant literature and the analysis of statistical data the paper reveals some specific factors influencing labour market practices in a transition economy. We establish a link between inefficient enforcement and the emergence of compensating institutional arrangements on the one side and the unusually broad implementation of flexible working time and flexible pay on the other as a crucial factor that made the stabilization of employment in Russia possible. We reveal how a formal regulatory system, which on the face of it is similar to what is a norm in the majority of European countries, may coexist with a distinctive labour market model and explore issues of relevance to academics, researching in the field, policy-makers, human resource managers, employers and employees. (For more information, please contact: Andrei Kuznetsov, Lancashire Business School, United Kingdom: akuznetsov@uclan.ac.uk)

State and Self Regulations as Complimentary Mechanisms of Remuneration Governance in Australia: A Post Crisis Corporate Governance Agenda
Zahid Riaz, University of New South Wales
Pradeep Kanta Ray, University of New South Wales
Sangeeta Ray, University of Sydney

This article examines how the introduction of state and self regulations representing both formal and informal institutions impacts compensation disclosure of director and executive compensation in Australia. In doing so our study steps beyond the simple state-market dichotomy that the extant literature is primarily concerned with and proposes a symbiotic relationship between both regulatory modes. Our study examines disclosure practices of top 100 Australian firms, including subsidiaries of foreign multinational corporations (MNCs) in Australia. The results of our analysis show that compensation disclosure levels are significantly higher after the advent of state and self regulatory reforms. We find that the disclosure level is driven not only by state regulation, but also by self-regulation indicating that both regulatory modes can potentially join forces to ease agency conflicts. Furthermore, we found that foreign MNCs which experience increased agency problems due to spatial complexities do not necessarily show signs of superior disclosure of director and executive remuneration. In brief, our findings highlight that coregulation is an effective market-friendly approach towards regulating modern corporations. There are insights for policy makers as how to develop policies that complement the state regulation with market based regulation for the governance of the modern globalised economy. (For more information, please contact: Zahid Riaz, University of New South Wales, Australia: zahid@unsw.edu.au)
Little is known about the relationship between the negative forces in the firm’s external operating environment and employee attitudes toward the firm. We address this gap in the literature by assessing the contextual impact of ethnopolitical conflict on organizational commitment among employees of foreign-invested and indigenous firms in Sri Lanka. Specifically, we examine employee sensitivity to ethnic conflict (ESEC) to determine whether it contributes to explaining organizational commitment in an unstable ethnopolitical operating environment beyond job satisfaction and perceived organizational support, two well-established predictors of organizational commitment. The results of hierarchical regression analysis reveal that ESEC has explanatory power beyond these traditional predictors and is inversely related to organizational commitment. Further, perceived organizational support (POS) is found to attenuate the negative relationship between ESEC and organizational commitment in foreign-invested firms but not in indigenous firms. The data suggest that an operating environment beset with ethnopolitical conflict may exact an indirect cost on the firm through lowered employee commitment, and that foreign firms operating in such an environment can manage this potential cost by maintaining high POS among their employees. Implications for research and practice are discussed. (For more information, please contact: Carol Reade, San Jose State University, USA: carol.reade@sjsu.edu)

The Impact of National Characteristics on HRM Practices: Evidence from Japanese- and Chinese-Based Manufacturers
Takashi Sakikawa, Niigata University

I explore the relationships between human resource management (HRM) practices and manufacturing performance, drawing on evidence from 191 manufacturing teams working in Japanese- and Chinese-based manufacturers. The statistical results demonstrate that country moderates the two-way interactions between HRM practices and manufacturing configurations, although the three-way interaction hypothesis is not entirely supported. Specifically, operating at a Japanese production site facilitates the effect of teamwork practices on productivity more where the manufacturing configuration is similar to a cell rather than a line. In contrast, operating at a Chinese production site diminishes such an effect in the same circumstances. This research will advance knowledge in the field of strategic human resource management (SHRM) studies by identifying the impact of different national characteristics on HRM practices. By answering the call to conduct these studies across nations, it also makes a theoretical contribution to the development of the burgeoning field of international SHRM. (For more information, please contact: Takashi Sakikawa, Niigata University, Japan: saki@mot.niigata-u.ac.jp)

Understanding HPWS and Individual Employee Performance Linkages: A Study of Moderated Mediation Model
Hsiao-Yun Liang, National Cheng Kung University
Ya-Ching Yeh, National Cheng Kung University
Researchers of HR management and organizational behavior have often suggested that employees’ preconceived beliefs about organizational environments will be likely to affect their work behavior and levels of effort. However, research that has empirically documented the link between human resource and organizational behavior is scant. This study explores the effects of HPWS on individual-level employee performance through a climate for initiative and a climate for psychological safety, and it infers whether psychological capital can moderate the mediated relationship. We apply the moderated mediation framework to develop our propositions, providing research with a better understanding of a linkage with two fields. (For more information, please contact: Hsiao-Yun Liang, National Cheng Kung University, Taiwan: ireneyun0916@gmail.com)

Flexible Work Arrangements in Europe and North America - HRM Practices and Cultural Factors that Promote their Use/Disuse
Maya Kroumova, New York Institute of Technology
Mila B. Lazarova, Simon Fraser University

Flexible work arrangements are easy to implement and provide benefits to both organizations and employees. This work in progress analyzes the HRM practices that are associated with the use of flex time to understand how flex time is embedded in the broader HRM system of the organization. The influence of power distance and uncertainty avoidance on the spread of flex time across countries is also investigated. Preliminary results indicate that flex time is used in organizations that invest in the attraction and retention of employees through extensive selection practices, career development, information sharing, pay for performance, and diversity programs. Flex time is much less likely to be used in cultures high on power distance and uncertainty avoidance. We use data from 25 countries and 5428 companies. (For more information, please contact: Maya Kroumova, New York Institute of Technology, USA: mkroumov@nyit.edu)

Regional Food Culture and Perceived Organizational Justice for High-Skilled Labor in China
Linghui Tang, College of New Jersey
Dinghong Yi, Renmin University

Based on regional food culture and style, this paper attempts to explain intra-national differences in perceived organizational justice for high-skilled labor in China. Using a national survey conducted in 2006, our empirical results indicate that a significant difference exists in workers’ attitude toward distributive, procedural, and interactive justice in six large cities in China. In particular, the regional difference is well explained by the local food culture, except for the largest migration city: Shenzhen. The managerial implications of the culture-dependent fairness perception are discussed in the paper as well. (For more information, please contact: Linghui Tang, College of New Jersey, USA: tang@tcnj.edu)

Fostering Organizational Citizenship Behavior in Asia: The Mediating Role of Trust and Satisfaction on OCB in China and Indonesia
Andre Anugerah Pekerti, University of Queensland
Sen Sendjaya, Monash University

This study examines the relationships between servant leadership (SL) and organizational citizenship behavior (OCB) as mediated by trust and satisfaction in the context of China and Indonesia. Hierarchical regression models indicate that trust and satisfaction mediate the effect of SL on OCB in China and Indonesia. Cross-cultural comparisons showed positive impact of servant leadership on OCB in both countries. Culture specific differences, however, were found regarding the impact of trust and satisfaction on organizational citizenship behavior-individual (OCBI) and organizational citizenship behavior-organizational (OCBO) in Indonesia and China, respectively. Findings are discussed in relation to the national contexts found in China and Indonesia, as well as, implications for international human resource management. (For more information, please contact: Andre Anugerah Pekerti, University of Queensland, Australia: a.pekerti@business.uq.edu.au)
Session: 1.2 - Plenary

**Strategy and Sustainability**

**Presented On:** June 26, 2011 - 11:15-12:45

Chair: Paul W. Beamish, University of Western Ontario

*Toward Sustainable Global Enterprise*
Stuart Hart, Cornell University

*Lessons from the Field: Applying Strategy and Entrepreneurship Theory in the Context of Abject Poverty*
Jay Barney, Ohio State University

*Sustainability Strategies and Sustainable Competitive Advantage*
Michael A. Hitt, Texas A&M University

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Session: 1.3 - Plenary

**Buckley-Teece Plenary: 35 Years Internalisation and the MNE**

**Presented On:** June 26, 2011 - 13:45-15:15

Chair: Christos N. Pitelis, University of Cambridge

**Speakers:**
- David Teece, University of California, Berkley
- Peter J. Buckley, University of Leeds

**Discussants:**
- Jean-Francois Hennart, Tilburg University
- Christos N. Pitelis, University of Cambridge

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Session: 1.4.1 - Special Session

**Intercity and International Transportation: Economics and Policy Options**

**Presented On:** June 26, 2011 - 15:30-17:00

Chair: Tae Hoon Oum, Nanzan University and University of British Columbia

**Theme Keynote Speaker:**
*The New Century of High Speed Rail*
Yoshiyuki Kasai, Chairman, Japan Railway Central

**Speakers:**
- *Competition between Rail and Air in Intercity Transport; a Historical Perspective*
  Katsuhiro Yamaguchi, University of Tokyo

- *Pricing and Regulation of Multiple Airports in a Region*
  Se-il Mun, Kyoto University
Session: 1.4.2 - Special Session

**A Celebration of the Life and Work of Susan P. Douglas (Cosponsored by the AIB Fellows and WAIB)**

**Presented On:** June 26, 2011 - 15:30-16:45

Chair: Janet Y. Murray, University of Missouri - St. Louis  
Co-Chair: Susan F. Gupta, Monmouth University

**Panelists:**
- Samuel Craig, New York University  
- Steve Kobrin, University of Pennsylvania  
- Masaaki Kotabe, Temple University  
- Ramdas Chandra, Nova Southeastern University  
- Rosalie Tung, Simon Fraser University  
- Timothy Michael Devinney, University of Technology, Sydney  
- Johny Johansson, Georgetown University  
- Eleanor Westney, York University  
- Stefanie Lenway, Michigan State University

Session: 1.4.3 - Competitive  
Track: Track: 5 - MNC Management and Organization

**Subsidiary Capabilities**

**Presented On:** June 26, 2011 - 15:30-16:45

Chair: Annique Un, University of South Carolina

**An Empirical Investigation into a Subsidiary Absorptive Capacity Process Model**
- Stephanie Schleimer, University of Queensland  
- Torben Pedersen, Copenhagen Business School

Since its inception, absorptive capacity has been one of the most researched phenomena of the management literature. However, it remains to be surrounded by considerable ambiguity in terms of its actual meaning, the drivers influencing its evolution, and its impact on related outcomes. In this study, we take on some of the major criticisms and recent suggestions from the absorptive capacity literature and empirically test a process model of absorptive capacity. The setting of our empirical study is 213 subsidiaries of multinational enterprises and the focus is on the capacity of these subsidiaries to successfully absorb best practices in marketing strategy from their headquarters. This setting allows us to explore the process model in its entirety, including different drivers of subsidiary absorptive capacity (organizational mechanisms and contextual drivers), the three original dimensions of absorptive capacity (recognition, assimilation, application), and related outcomes (implementation and internalization of the best practice). The study's findings reveal that managers have discretion in promoting absorptive capacity through the application of specific organizational mechanism and that the impact of contextual drivers on subsidiary absorptive capacity is not direct, but mediated by these organizational mechanisms. *(For more information, please contact: Stephanie Schleimer, University of Queensland, Australia: scs.smg@cbs.dk)*
Building Explorative and Exploitative Capabilities in Foreign Subsidiaries: Impact of the Headquarters' Control and Support
JaeEun Lee, Yonsei University
Soonkyoo Choe, Yonsei University

Although numerous previous studies on the development of subsidiary capability exist, preceding researchers defined the capabilities of subsidiaries only in very general and abstract terms, and the definitions of the capability of subsidiaries varied greatly depending on the researcher, leading to confusion. In this study we distinguished the capabilities of the overseas subsidiary into explorative capability and exploitative capability and illuminated the factors that influence these two forms of capabilities according to the perspective of organizational learning theory. This study conducted an empirical analysis of the determinants for explorative capability and exploitative capability among the overseas subsidiaries of listed Korean firms. Data were collected from 409 overseas subsidiaries belonging to 205 listed Korean firms active in 49 countries by means of survey research. After excluding 11 cases of data unsuitable to be included in the analysis, the empirical analysis was conducted using the data from 398 overseas subsidiaries. (For more information, please contact: JaeEun Lee, Yonsei University, Korea, South: sky2u@yonsei.ac.kr)

The Consequence of Subsidiary Entrepreneurial Capability and Its Strategic Contribution: the Mediating Role of Renewal Initiative
Bih-Shiaw Jaw, National Sun Yat-Sen University
Christina Yu-Ping Wang, National Dong Hwa University
Wan-Ching Chen, National Sun Yat-Sen University

Our knowledge about subsidiary initiative has been conducted by several researchers, such as Birkinshaw, Verbeke, and Williams. Those researches propose that subsidiary plays the role of strategic leader through implementing subsidiary initiative and certify it would contribute MNCs' global competitive advantage and knowledge repositories. Those researches conceptualize subsidiary initiative as entrepreneurial undertakings while the entrepreneurial processes which lead to subsidiary renewal initiative have received limited research attention. Building on corporate entrepreneurial literatures, resource-based view, and global leadership theory, this research testified how subsidiary entrepreneurial capability generates subsidiary's financial and knowledge contributions through the critical mediating role of renewal initiative. Without the process of strategic renewal, subsidiary entrepreneurial capability could not provide strategic contributions to parent MNCs. Moreover, subsidiary top managers' global competence plays an activated role on promoting the entrepreneurial and renewal process. (For more information, please contact: Wan-Ching Chen, National Sun Yat-Sen University, Taiwan: d954050004@student.nsysu.edu.tw)

Session: 1.4.4 - Competitive
Track: Track: 4 - Strategy, Alliances, Competitiveness

Multinationality, Diversity and Performance

Presented On: June 26, 2011 - 15:30-16:45
Chair: William Newbury, Florida International University

Multinationality as a Predictor of MNCs’ Intangible Performance or Reputation
Yannick Thams, Florida International University
Marcelo Alvarado-Vargas, Florida International University
William Newbury, Florida International University
This article examines the link between multinationality and an intangible performance signal: firm reputation. Building on the Resource-Based View that recognizes the importance of reputation as a strategic asset essential to firm competitive advantage, we believe that exploring reputation as a key multinationality benefit helps advance the mutinationality-performance literature by highlighting another performance dimension. We contend that multinationality enhances firm reputation due to the positive signals which geographical expansion emits to the general public. However, we suggest that this relationship is moderated by the firm-level strategy of global versus regional diversification and the openness of MNCs’ home nations to globalization. The hypotheses are tested using a sample of 222 firms drawn from the 600 largest multinationals and an internationalization measure adapted to an intangible performance context. The findings indicate that firm internationalization does enhance firm reputation and whether a firm is regional (vs. global) and an MNCs’ home nations' openness to globalization moderate this relationship. The results also suggest that our measurement refinement to address how internationalization may be viewed by the general public has superior explanatory power than more traditional measures based on percentage of foreign sales in terms of predicting intangible performance measures, such as corporate reputation. (For more information, please contact: Yannick Thams, Florida International University, USA: thamsy@fiu.edu)

Resource Configuration, Business Scope and Performance: A Dynamic Capability Perspective
Chia-Wen Hsu, National Chung Cheng University
Sonic Wu, Yuan Ze University
Heng-Yih Liu, Yuan Ze University

The quest for what determines the scope of the firm and its impact on the firm performance is essential in the field of strategic management. However, a large body of the extant literature has focused on the impact of business scope on performance and left the antecedents of business scope largely unexplored. Based on the insight of dynamic capability perspective, the present study suggests a framework encompassing the interplay among resource configuration, business scope and economic performance. Two types of resource configuration efforts, capability exploitation and capability upgrading, are hypothesized to affect a firm's business scope decision along either vertical or horizontal dimensions, which in turn result in differential performance. These hypotheses are empirically tested in the context of electronics contract manufacturers based in Taiwan. By undertaking a three-stage least squares variation of simultaneous equation model, our analytical results show that capability upgrading will lead to vertical specialization while capability exploitation will encourage the horizontal scope spanning. In addition, business scope expansion exerts a positive impact on the focal firm's economic performance. Theoretical and managerial implications based on these results are also discussed. (For more information, please contact: Chia-Wen Hsu, National Chung Cheng University, Taiwan: cwhsu@ccu.edu.tw)

Technological Diversity and Firm Performance: The Role of Organizational Capabilities on Knowledge Assimilation
Ming-Chao Wang, National Cheng Kung University
Cheng-Yu Lee, Southern Taiwan University

We examine how firms' internal and external capabilities moderate the relationship between technological diversity and firm performance in R&D alliance, building on perspectives of knowledge-based view, organizational learning and network theory. We argue that technological diversity simultaneously fuels and hinders firm performance. However, organizational capabilities can provide the advantage for assimilating diverse knowledge from partners. Using a large dataset spanning the period from 1990 to 2006, the relationship between technological diversity and firm performance is enhanced when the firm has great learning speed and occupies the central position in the network. This study points out not only the disadvantage of a high level of technological diversity among alliance firms, but also the advantage of organizational capabilities on assimilating diverse knowledge. (For more information, please contact: Ming-Chao Wang, National Cheng Kung University, Taiwan: r4894113@mail.ncku.edu.tw)
Session: 1.4.5 - Panel

Rethinking the Case Study Approach in International Business Research

Presented On: June 26, 2011 - 15:30-16:45

Chair: Catherine Welch, University of Sydney

Rethinking the Case Study Approach in International Business Research
Yair Aharoni, Tel Aviv University
Mary Yoko Brannen, INSEAD
Fiona Moore, University of London

This panel proposal for the special track on methodology challenges existing assumptions and conventions in conducting case research in international business. Presenters call for greater pluralism in case research and show the potential for exploring different case study practices. (For more information, please contact: Catherine Welch, University of Sydney, Australia: catherine.welch@sydney.edu.au)

Session: 1.4.6 - Competitive
Track: Track: 12 - Teaching IB

Experiential Learning in the IB Classroom

Presented On: June 26, 2011 - 15:30-16:45

Chair: James M. Hagen, Hamline University

Simulations as a Mechanism for Integrating International Concepts into the Business Functional Areas
Denise J Luethge, Northern Kentucky University
Philippe Byosiere, Doshisha University

We examine the intersection of using experiential learning, integrating functional areas and developing global expertise by showing how simulations can be used to discuss a wide variety of global issues from a number of functional areas, using multiple interactive assignments with the Marketplace® simulation as a backdrop. Particular emphasis is given to additional assignments in conjunction with the simulation that let instructors expand upon global issues in a variety of functional areas. (For more information, please contact: Denise J Luethge, Northern Kentucky University, USA: luethged1@nku.edu)

The Art of the Play: Cross-cultural Encounters
Karina R. Jensen, ESCP Europe

Developing a global mindset is essential to managing business across cultures in today's networked world. Cross-cultural awareness strengthens understanding and application of concepts within international management and marketing. Then how do you motivate and engage learners to explore and develop cross-cultural skills needed for today's global business challenges? Instructors need to help students understand and experience learning from a multicultural and multilingual perspective. This challenge demands a more interactive pedagogical approach in order to enhance the cross-cultural learning experience.

This paper demonstrates how to engage and motivate students in developing cross-cultural competencies needed for today's international business challenges. The role-play exercise challenges the learner to simulate and adapt to new cultures in order to achieve a successful outcome from an international business meeting.
has proven effective in enhancing awareness and understanding of cross-cultural differences and issues that can influence business success. In addition, it has been successfully applied to mono-cultural and multi-cultural student groups in courses covering international management, international marketing, and cross-cultural management. The exercise helps instructors optimize in class resources and student participation to create a dynamic and interactive learning experience.  (For more information, please contact: Karina R. Jensen, ESCP Europe, France: karina.jensen@escpeurope.eu)

Determinants of Core Experiential Learning activity for Undergraduate Business Students: A Re-examination of International Exchange Programs

Almaz M.K. Chak, Chinese University of Hong Kong

This study examined whether international exchange programs should continue to be treated as the core experiential learning activity in business study programs in universities in Hong Kong. Proposed determinants included students’ preferences, career orientations and potential learning outcomes of the activity. Several benefits, in addition to the “well understood” foreign language proficiency and cultural awareness, were identified. We found that the self-directed learning skill, crucial for pursuing global careers or lifelong learning, could be cultivated more effectively through these experiential learning activities than traditional classroom teaching approaches. Considering that local internships are much more affordable to most students, the findings warrant attention to decision making of “out-of-classroom” programs in curricula design. (For more information, please contact: Almaz M.K. Chak, Chinese University of Hong Kong, Hong Kong, SAR-PRC: almaz@baf.msmail.cuhk.edu.hk)

Session: 1.4.7 - Panel
Track: Track: 1 - Institutions, Governance, CSR

How Will Climate Change Affect Globalization?

Presented On: June 26, 2011 - 15:30-16:45

Chair: John Raymond Dilyard, St. Francis College

How Will Climate Change Affect Globalization?

John Raymond Dilyard, St. Francis College
Lydia Bals, Copenhagen Business School
Anatoly Zhuplev, Loyola Marymount University
Hinrich Voss, University of Leeds

Whether it is caused totally by human activity, the Earth’s own natural cycles, or a combination of the two, climate change is a fact. Some changes - melting polar ice, thawing of the tundra, increasing average temperature - already are being felt, and others will manifest themselves in the next few decades. Because climate change itself will have a profound effect on where food is grown, what food is grown, and where people live, and because addressing the impact climate change have an effect on the way resources - natural, human, corporate, financial - are accessed and mobilized, it will effect globalization. Businesses, if they want to be sustained, will have to adjust to climate change. This panel will examine two topics within which the relationship between climate change and globalization can be assessed - the sourcing of resources and services when the location of those resources is subject to change and the nature of competition in agriculture-based business, focusing on wine. (For more information, please contact: John Raymond Dilyard, St. Francis College, USA: jdilyard@stfranciscollege.edu)
The Role of Multinational Organizations in Capacity Building for Developing Sustainable Communities

Presented On: June 26, 2011 - 15:30-16:45

Chair: Cristina B. Gibson, University of Western Australia

Managers in multinational organizations play an important role in developing sustainability, defined as meeting present needs without compromising the ability of future generations to meet their needs. Here, we focus on managerial approaches to developing sustainable communities, defined as physical and human infrastructure that supports both current and future economic, environmental and social activity. These are the spaces in which multinational organizations, multiple cultural groups of residents and employees, and government organizations interact to work and live.

We use a multidisciplinary approach across marketing, organizational behavior, psychology and urban planning to better understand specific phenomenon and techniques which contribute to sustainable communities. These range from the macro level, including knowledge flows and networks, to the meso level, including cross-cultural capacity and community engagement, and the psychological level, including pro-activity and identity integration.

We also include both academics and practitioners. Our session addresses how theory and techniques can be modified, integrated and applied to better understand the contributions of firms to sustainable development, as well as how international business communities can help resolve critical global issues to develop a sustainable economy, society, and environment. (For more information, please contact: Cristina B. Gibson, University of Western Australia, Australia: cristina.gibson@uwa.edu.au)

Internationalization and Performance in Developing Country MNCs

Presented On: June 26, 2011 - 15:30-16:45

Chair: Nikhil Celly, University of Hong Kong

This study extends the research on internationalization to a new organizational context – emerging market firms (EMF), and a new external environmental context (global economic crisis). We propose a U-shape relationship between internationalization and firm value for EMFs during global economic crisis to highlight the value of flexibility in such settings. Further, building on recent theoretical development on the heterogeneity of ownership groups, we distinguish between EMFs' relational owners and transactional owners, two distinct
ownership groups prevalent in emerging markets, to investigate their different moderating effects on the relationship between internationalization and EMFs’ firm value during global economic crisis. We find empirical support for our hypotheses using a sample of Chinese firms during the global economic crisis in 2008 and provide the implications for academia, managers, and policy makers. (For more information, please contact: Xufei Ma, Chinese University of Hong Kong, Hong Kong, SAR-PRC: xufei@cuhk.edu.hk)

*Internationalization Locations and Performance Improvement of Chinese MNCs*
Lin Yuan, University of Macau
Nitin Pangarkar, National University of Singapore

In this paper, we aim to answer the following questions. Does the choice of internationalization locations by Chinese firms, specifically the mix of developing and developed country destinations, impact their performance? Are the performance implications different for the immediate term versus the longer term? Drawing from the organizational learning and transactions costs literatures, we argue that the costs and benefits of internationalization are contingent on the destination (or host) country characteristics (specifically, level of development) as well as time elapsed. Specifically, we argue that developing country MNCs entering other developing country MNCs will experience a short term boost in performance that, however, will get eroded over time. Entering developing countries will reduce short term performance but will boost long term performance because of learning effects and institutional advantages. Our analysis of 206 listed Chinese MNCs between 1992 and 2005 supports our key predictions. (For more information, please contact: Lin Yuan, University of Macau, Macao: linyuan@umac.mo)

*International Diversification of Emerging Economy Firms*
Simon Shufeng Xiao, Namseoul University
Chris Changwha Chung, Korea University
Jon Jungbien Moon, Korea University
Jaiho Chung, Korea University
Insik Jeong, Korea University

Prior studies on the relationship between international diversification and firm performance are largely limited to developed-economy firms and have provided mixed evidence. In this paper, we extend this stream of research and seek an explanation of the complex relationship between international diversification and firm performance in an emerging economy context, i.e., China, which has been neglected in prior research. Based on the asset-seeking motivated internationalization view, we argue that the form of the relationship between international diversification and performance is different for emerging-economy firms than it is for developed-economy firms. Using the longitudinal sample data of manufacturing firms in China from 2001-2005, we find a U-shaped curvilinear relationship between international diversification and performance of these firms. We further investigate the moderating effects of institutional contexts on this relationship and find that foreign firms and modernized domestic firms perform better than their conventional types of counterparts in their international diversification. Also, those firms that are tied to low-level government achieve greater profitability from international diversification. The findings provide important theoretical and managerial implications. (For more information, please contact: Insik Jeong, Korea University, Korea, South: ijeong@korea.ac.kr)

*Export Knowledge and Performance of SMEs in the Philippines: The Moderating effects of Relational Capital*
Doren Chadee, University of Southern Queensland
Banjo Roxas, University of Southern Queensland
Terry Wu, University of Ontario Institute of Technology

This paper focuses on the interplay between relational capital and export knowledge and the effects on the performance of firms. We argue that in the context of developing countries, relational capital plays a critical role
in enhancing firm performance. Based on the experience of a sample of 175 SMEs from the Philippines, we test the moderating effects of relational capital on the relationship between export knowledge and firm performance. The results confirm that relational capital has strong moderating effects on the relationship between export knowledge and firm performance. The findings suggest that while export knowledge is an essential element of firm performance, relational capital allows firms to leverage and augment their existing knowledge base and achieve higher performance. The implications of these findings are discussed.

(For more information, please contact: Doren Chadee, University of Southern Queensland, Australia: chadee@usq.edu.au)

**Session:** 1.4.10 - Competitive  
**Track:** Track: 6 - Innovation and Knowledge Mgmt.

**Internationalization of R&D**

**Presented On:** June 26, 2011 - 15:30-16:45

Chair: I-Chieh Hsu, National Changhua University of Education

*Can Firms Extend the Maximum Level of Processing Diversified Knowledge? The Moderating effects of R&D Cooperation and Foreign Direct Investment*

Jan Hendrik Fisch, University of Augsburg  
Katharina Kertels, University of Augsburg

Recent research suggests that the effect of knowledge diversification on the quality of innovative output is positive but limited. This study uses information theory to show that R&D cooperation and foreign direct investment are useful to extend this limit. Regressions on a sample of 21,434 patents of German manufacturing firms support the inverted U-shaped influence of technologically diversified knowledge on the quality of innovative output and suggest that R&D cooperation increases the quality of innovative output from technologically diversified knowledge, while foreign direct investment increases the quality of innovative output from geographically diversified knowledge.  

(For more information, please contact: Katharina Kertels, University of Augsburg, Germany: kertels@wiwi.uni-augsburg.de)

*Absorptive Capacity, R&D Collaborations, and Basic Research Role of Overseas R&D Centers*

Kazuhiro Asakawa, Keio University

This paper identifies the determinants of the basic research role assigned to overseas R&D subsidiaries of multinational firms by analyzing the sample of 99 overseas R&D subsidiaries of Japanese multinational firms. We test the embeddedness and absorptive capacity theories by estimating their relative impact of on charters of overseas R&D centers simultaneously. Our result shows that both absorptive capacity and external and internal embeddedness generally proved to be important for determining the charter of overseas R&D centers. However, our findings extend such overall insights by showing much more specific associations between different dimensions of absorptive capacity (i.e. potential and realized) and the role taken by R&D centers. Our results also offer much refined understanding of the relative impact of external and internal embeddedness on the labs’ engagement in basic research. Very few prior studies, if any, have examined the relative impact of PAC and RAC, of local and global collaborations, of academic and business collaborations, and of interactions with the headquarters and with other intra-firm labs, on subsidiary role selection simultaneously. Our results suggest importance of maintaining a certain level of capability and external academic collaborations at the local R&D centers to engage in basic research abroad.  

(For more information, please contact: Kazuhiro Asakawa, Keio University, Japan: asakawa@kbs.keio.ac.jp)
The Gravity of R&D FDIs
Davide Castellani, University of Perugia
Alfredo Jiménez, University of Burgos
Antonello Zanfei, University of Urbino

The gravity model predicts that international trade and FDI should fade with geographic distance. The negative effect of distance is justified by the existence of transport costs which hamper the international exchange of final and intermediate goods and by higher uncertainty about local markets. We submit that distance plays a remarkably different role in the case of R&D FDI since R&D FDIs mainly involve the international transfer, absorption and use of knowledge. Using data on bilateral investment projects in R&D, manufacturing and other business activities between 58 countries, we find that geographic distance does not hinder R&D FDIs as much as in the case of production and other investment activities. Furthermore, once we control for common institutions and psychic distance, in particular language commonality and religious differences, the negative effect of geographic distance vanishes (For more information, please contact: Davide Castellani, University of Perugia, Italy: davide.castellani@unipg.it)

R&D Expatriates, Local R&D Personnel and the Innovation in Multinational Subsidiaries
Xiaoying Li, University of St Andrews
Jue Wang, Southwestern University of Finance and Economics

This paper investigates the contributions of R&D expatriates from parent firm and local R&D personnel to innovations in multinational subsidiaries in China. Three hypotheses are developed based on a network approach to multinational enterprises in an emerging economy setting and tested on a sample of 317 multinational subsidiaries in China. Our results indicate that while both R&D expatriates and local R&D personnel have positive impact on subsidiary innovation, the role of local R&D personnel is relatively limited. We also find that R&D expatriates play a more significant role in translating R&D investment to innovation in multinational subsidiaries in China. (For more information, please contact: Xiaoying Li, University of St Andrews, United Kingdom: xl21@st-andrews.ac.uk)

Session: 1.4.11 - Competitive
Track: Track: 7 - Emerging Economies

Emerging Multinationals from Emerging Economies

Presented On: June 26, 2011 - 15:30-16:45
Chair: Chang Hoon Oh, Brock University

The Internationalisation of Chinese Mining SOEs and NSOE: Motivations and Risk Attitudes
Monica Ren, Macquarie University
Robert Graham Jack, Macquarie University

In this paper, two exploratory comparative case studies, detailing the internationalisation of a Chinese mining state-owned enterprise (SOE) and non-state-owned enterprise (NSOE), is presented. Increasing outward foreign direct investment (OFDI) from China’s extractive industries, particularly its mining sector, is becoming one of the more dramatic aspects of globalisation in the new millennium. Emerging market OFDI from extractive industries presents an interesting challenge to established internationalisation theory, which largely evolved through research highlighting the manufacturing activities of large multinational corporations (MNEs) from developed economies. We argue that the strategic behavior of both firms can be explained within existing paradigms albeit, with some interesting extensions. A conceptual framework, integrated with five propositions highlighting their motivations, risk attitudes and multinational experience, is tested. Our paper ends with a
Global Mindset, Psychic Distance and the Achievements of Brazilian Multinationals´ Subsidiaries: A Multilevel Analysis

Germano Glufke Reis, FGV/EAESP and USP/FEA
Maria Tereza Fleury, FGV/EAESP

Brazilian multinationals (BrMNs) have enhanced their positions among the world’s largest companies. As they grew up in a protected and closed economic environment, focusing mainly on the large Brazilian market, it has been argued that most of those firms lack a truly global mindset (GM). Furthermore, their internationalization trajectories have tended to prioritize less psychically distant markets (Latin countries, for instance). Therefore, GM and psychic distance seem to play a relevant role in their global expansion, imposing challenges to their achievements abroad. In order to examine the influence of GM and psychic distance on the performance of BrMNs’ subsidiaries, we carried out a survey involving a set of 64 parent companies and 76 subsidiaries. Empirical analysis employed hierarchichal linear modeling, in order to explore interactions between headquarters’ and subsidiaries’ data. Results showed that most BrMNs have medium to high GM levels although their strategic and cross-cultural GM levels may largely differ. Findings also suggested that cross-cultural GM is positively related to overall performance and market share of Brazilian subsidiaries; psychic distance, in turn, is negatively related to overall performance, market share, and sales growth. Finally, it was observed that GM does not moderate the effects of psychic distance on performance. (For more information, please contact: Germano Glufke Reis, FGV/EAESP and USP/FEA, Brazil: germanoglufkereis@yahoo.com.br)

Is Aid a Helping or Grabbing Hand in International Business? Evidence from China in Africa

SuiLin Yap, Harvard University

This paper analyzes how the impact of government aid varies by the type of bilateral economic activity within and across firm boundaries. I propose a framework that integrates findings in the literature by examining both the sunk costs of the economic activity and how aid affects the economic activity’s expected payoff. Using a novel dataset on China’s imports, exports, contracting and FDI activity in Africa, I find aid to be a double-edged sword. It is associated with being a helping hand that catalyzes economic activities, which entail low expected payoffs and low sunk costs (imports and exports), as well as high expected payoffs and high sunk costs (FDI with prior trading partners and contracting in resource-rich nations). Nevertheless it is associated with being a grabbing hand that crowds out economic activity, which involves high expected payoffs and low sunk costs (e.g. trade in politically risky environments in the case of Chinese firms with Africa), as firms may have still conducted these transactions in absence of aid. (For more information, please contact: SuiLin Yap, Harvard University, USA: ysuilin@gmail.com)

Session: 1.4.12 - Competitive
Track: Track: 1 - Institutions, Governance, CSR

MNCs and Institutions

Presented On: June 26, 2011 - 15:30-16:45

Chair: Jesper Edman, Hitotsubashi University

Foreignness as Bane or Boon: Bridging the Stakeholder Evaluation Gap through International Diversification

Donal Crilly, London Business School
Na Ni, Hong Kong Polytechnic University
Multinational corporations (MNCs) face increasing scrutiny from non-transactional stakeholders. Yet, even when MNCs invest in social responsibility initiatives, they might face substantial difficulties to convince local stakeholders of their social performance. In this study, we build and test theory surrounding the evaluation gap that denotes the discrepancy between MNCs’ substantive social performance and external stakeholders’ perceptions. Drawing on the literatures on the liability of foreignness and MNC learning, and combining social ratings and a unique data set of stakeholder evaluations, we argue that foreignness increases the evaluation gap. Specifically, when the degree of foreignness between home and host countries is high, MNCs suffer from poorer evaluations than their substantive performance warrants. However, as MNCs increasingly diversify internationally, they gain experience that equips them to adapt across diverse contexts, mitigate the liabilities associated with foreignness, and hence to receive benign evaluations from local stakeholders. (For more information, please contact: Na Ni, Hong Kong Polytechnic University, Hong Kong, SAR-PRC: msnina@inet.polyu.edu.hk)

The Effect of Foreign Firm Cohorts on Political Risk
Charles E. Stevens, University of Wyoming
Mona Makhija, Ohio State University

We examine the role played by foreign firms’ cohorts in providing salient comparative information that might influence intervention and increase their political risk. We consider whether or not governments’ motivation to intervene in a particular industry is influenced by how the foreign firms in that industry were performing relative to their within-country and across-country cohort groups. In doing so, we argued that the more salient comparison group should vary systematically with the nature of the firms’ activities. Specifically, we argued that within-country cohorts would be the more salient frame of reference when national-level issues (e.g. activities related to employment, balance of trade, and economic growth) hang in the balance, while across-country cohorts would be more relevant when industry-specific issues (e.g. technological competitiveness, human capital formation, and profitability) are being considered. We tested our hypotheses using data from the activities of U.S. multinational subsidiaries in thirteen industries in over fifty countries around the world. Our findings provided broad support for these arguments, which have a number of important implications for the field. (For more information, please contact: Charles E. Stevens, University of Wyoming, USA: csteve10@uwyo.edu)

Copy Loosely: A Contingency Theory of Practice Transfer in the Multinational Corporation
Sunyoung Lee, Oxford University
Donal Crilly, London Business School

We build theory about the conditions that influence success and failure in the transfer of CSR practices from headquarters to overseas subsidiaries. Prior research, focusing on the transfer of internal operating practices, is silent on the transfer of practices that extend beyond the boundaries of the firm to influence the welfare of external stakeholders. Through a case study of an Indian multinational, we use qualitative data collection together with the formal logic of fuzzy set analysis. We argue that it is the combination of practice characteristics and local contexts that influence the success of practice transfer. Specifically, we explore two characteristics of CSR practices that facilitate practice transfer: stakeholder multiplicity and fungibility. The former denotes the degree to which a CSR practice can serve more than one stakeholder, whereas the latter denotes the degree to which a CSR practice can be applied to multiple contexts in different ways. Our analysis suggests that stakeholder multiplicity is a predictor of transfer success to countries where coordination among diverse social actors is easy to achieve. In contrast, in high-context culture locations, where rapid coordination is less easy to achieve, the fungibility of CSR practices is a more important predictor of transfer success. (For more information, please contact: Sunyoung Lee, Oxford University, United Kingdom: sunyoung.lee@sbs.ox.ac.uk)
The paper focuses on the relationship between the risk involved in the foreign direct investment (FDI) program of firms and the ownership structure of the investing company. The corporate governance literature has highlighted that the ownership structure of a company plays a non-negligible role for corporate risk taking in many business policy fields, while research in international strategy has provided evidence for a relationship between the ownership type of a company and internationalization decisions per se. This paper combines the two strands of literature and argues that the relationship between the ownership structure of a firm and its risk-taking behaviour should be rendered evident in the risk involved in a firm's FDI portfolio. For a panel of Japanese listed firms in the electronics industry from 1992-2004, the paper only finds weak evidence for the relevance of owners: When accounting for dynamic relationships between the past and current level of FDI risk, a firm's ownership pattern loses most of its explanatory power. Only owner-managers robustly influence the riskiness of FDI programs raising the risk of the FDI portfolio. Overall, other corporate determinants such as return on assets and sales growth better explain the risk level of a firm's FDI portfolio. (For more information, please contact: Marie-Ann Betschinger, Higher School of Economics, Russia: mbetschinger@hse.ru)

In this paper, we examine whether and how internal capital markets in multinational banking play a role as a channel of contagion of financial shocks across countries. Using bank-level data from 1994 to 2008, covering 360 subsidiaries, of 68 multinational banks, located in 50 emerging and developing countries, we present consistent evidence that the intra-bank internal capital markets contribute to lending contagion from parent banks in the home country to their foreign subsidiaries in host countries. We also find that intra-bank lending contagion is (1) symmetric in transmitting favorable and adverse shocks, (2) strongest among subsidiaries in East and Central Europe, followed by Asia and Latin America, (3) global, rather than regional, contagion, and (4) more conspicuous in recent years than before. We also explore various conditions under which lending contagion via the internal capital market works more fully, including the accessibility to alternative funding sources for loan, subsidiaries' entry modes, capital account openness, and host banking market structure. (For more information, please contact: Bang Nam Jeon, Drexel University, USA: jeonbana@drexel.edu)

Board Characteristics of Israeli Firms and their Decision to List in the U.S.
Anil K. Makhija, Ohio State University
Uri Ben-Zion, Ben-Gurion University
Rosit Rosenboim Levy, Ben-Gurion University
We examine the independence of boards of U.S.-listed Israeli firms to test the corporate governance predictions of the Bonding Hypothesis. According to the Bonding Hypothesis, foreign firms list in the U.S. to “borrow” the more stringent disclosure and governance requirements in the U.S. to improve their corporate governance and reassure potential investors. The Bonding Hypothesis has generally been supported in past tests, but those tests examine the value benefits of listing in the U.S. instead of directly testing for corporate governance effects. In a new, more direct test of the Bonding Hypothesis we examine differences in board independence between US-listed Israeli firms and their counterparts that stayed back at home. Overall, there is some evidence that US-listed Israeli firms appear to have more board independence and to have thus moved closer to their US peers. But where it matters most, Level 3 listings where the firms benefit from the cross-listing by raising more capital, they do not have more independence than other US-listed Israeli firms. Overall, the corporate governance evidence for the Bonding Hypothesis is mixed. (For more information, please contact: Anil K. Makhija, Ohio State University, USA: makhija.1@osu.edu)

Session: 1.4.14 - Interactive
Track: 3 - IB Theory, FDI, and Entry Mode

Empirical Studies on Foreign Direct Investment

Presented On: June 26, 2011 - 15:30-16:45

Chair: Haruo H. Horaguchi, Hosei University

Role of Intangible Assets in Foreign Market Entry Mode Decisions: A Longitudinal Study of American Lodging Firms

Gunae Choi, Rutgers University
Sangcheol Song, Bryant University

With the traditional Resource Based View (RBV) approach to entry mode that looks at the firm's strategies from its resource endowment and deployment (i.e., inside-out view of the firm), which is different from the earlier paradigms (i.e., outside-in view of the firm), this paper investigates intangibles at the firm level and their impact on the choice of foreign market entry mode to understand how to create value overseas. From the Multinomial logistic regression analyses with data collected from the lodging industry (1995 – 2005), the results of this study suggest that as marketing capital increases, entry mode seems to move from acquisition to joint venture to Greenfield to contractual modes. As human capital increases, in the case of employee efficiency, entry mode tends to move from joint venture to acquisition to Greenfield to contractual modes whereas in the case of top managers’ efficiency, entry mode tends to move from joint venture to acquisition to contractual mode to Greenfield, respectively. (For more information, please contact: Gunae Choi, Rutgers University, USA: choigunae@hotmail.com)

The Effects of Outward FDI on Home Country R&D Activities: The Roles of Location and Industry Characteristics

Wen Chung Hsu, National Chi Nan University
Chengqi Wang, University of Nottingham
L. Jeremy Clegg, University of Leeds
I Fan Yen, National Chi Nan University
Yi Ten Shih, National Chi Nan University

This paper has examined the effects of OFDI on R&D in the source country. The results show that the impact of outward FDI by Taiwanese MNEs on R&D in Taiwan is in general neutral. This study concludes that Taiwanese FDI does not significantly upgrade, harm or substitute domestic R&D in Taiwan. This paper has considered the effects of OFDI in China and other countries and finds that the insignificant effect does not vary with the location of investment. Furthermore, this paper has analysed the OFDI effect in high and low technology
opportunity industries separately. The results show that while OFDI in China exerts a negligible impact on R&D in Taiwan in both groups of industries, OFDI in other countries produces a significant impact on R&D in Taiwan in high technology opportunity sectors. The contrasting pattern of findings corroborates the argument that the nature of the investment by multinationals varies between different host countries, leading to different patterns of relationship between OFDI and R&D in the source country. It also illustrates that industry-specific effects have to be considered for a full understanding of the relationship between OFDI and home R&D. Although theories do not provide any clear-cut answers, the empirical analysis in this study pinpoints situations under which OFDI can and cannot stimulate R&D in the source country. (For more information, please contact: Wen Chung Hsu, National Chi Nan University, Taiwan: wchs@ncnu.edu.tw)

Initial Resource Commitment Variations Among International Service Firms in Australia

Abhishek Shukla, Charles Darwin University
J. Douglas Dow, Melbourne Business School

This paper investigates the aspect of market commitment by international service firms into the new host market. Australia was chosen as the host market because it’s a strong service economy. This paper responds to several calls for studies focusing on service firm internationalization and the often neglected market commitment aspect. After splitting service firms into capital intensive and knowledge intensive categories, it is argued that they exhibit different patterns of initial resource commitment. Adopting a case study approach, the results indicate that capital intensive service firms enter a new host market with relatively lower resource commitment than knowledge intensive service firms and hence follow the Uppsala process model more closely. (For more information, please contact: Abhishek Shukla, Charles Darwin University, Australia: abhishek.shukla@cdu.edu.au)

Foreign Ownership and Subsidiary Performance

Fang-Yi Lo, Feng Chia University
Peng-Yu Li, Fu-Jen Catholic University

Multinational Corporations (MNCs) entry strategy can influence both their rates of success and survival, therefore, ownership of foreign direct investment is a critical decision to MNCs. This paper examines the impact that three theories—transaction cost theory, resource-based view, and institutional perspective—have on MNCs’ ownership. Previous research focus on the choices of entry mode, this paper taking further steps on the effect of performance. We sampled 500 US-based listed parent companies in information technologies industry in OSIRIS database, and focus on the subsidiaries level of their 2655 foreign subsidiaries from ORBIS database. Efforts were made to collect the data from multiple sources also to avoid any potential common method biases. Results found out that specific asset, parent companies’ international and industrial experiences and the institutional environment of the host country have effect on the foreign ownership. Subsidiaries ownership that based on theory predicted will perform better than the others who don’t follow theories. (For more information, please contact: Fang-Yi Lo, Feng Chia University, Taiwan: fylo@fcu.edu.tw)

Evaluation of Public Support to Outward FDI: An Exploratory Analysis with an Ordered Probit Model Applied to Portuguese Firms

Miguel Matos Torres, University of Aveiro
Celeste Amorim Varum, University of Aveiro

Internationalisation has become increasingly important for the viability of business organizations. The engagement of domestic companies in international business is regarded as determinant for the competitiveness of developed and developing countries. In the last decade several countries launched public measures to encourage internationalisation through foreign direct investment. Policy makers are increasingly concerned with the role and effectiveness of such policy schemes.
Most research on public support towards internationalisation does not focus on support to FDI but on support to other types of international activities, like exports. In the field of outward foreign direct investment (O-FDI hereafter), the role of formal policy of the capital-exporting country to promote O-FDI have been largely neglected.

The present paper aims at filling this gap, by providing an empirical analysis on the role of public support upon firms’ O-FDI projects. The analysis is conducted on data from 87 Portuguese firms that have foreign direct investment and that have used some type of public support towards internationalisation.

This is (one of) the first attempts to develop an empirical evaluation of the role of public policy for firms’ outward internationalisation exploiting the availability of detailed information collected through questionnaires. To study the issue is challenging also from a methodological perspective, as there is an increasingly perceived need for improving and developing adequate methodologies for public policy evaluation. The results, overall, show a low use of the measures by firms. However, when using public support, firms considered it to have been ‘important-to-essential’ for their outward investment. The econometric results, stemming from an ordered probit model, reveal that the importance of the measures depends mainly on firm internal competencies, being them less important for firms with stronger ownership advantages (larger, older, higher int. experience).

From our results we derive policy implications and conclude that there is a need and ample scope for further research on measuring and assessing the effectiveness of home country policy measures towards O-FDI. (For more information, please contact: Miguel Matos Torres, University of Aveiro, Portugal: miguel.torres@ua.pt)

Session: 1.4.15 - Interactive
Track: Track: 2 - Marketing and Supply Chain

Managing International Business-to-Business Relationships

Presented On: June 26, 2011 - 15:30-16:45

Chair: Saeed Samiee, University of Tulsa

Transactional Factors Influencing Dependence between Firms in the Fresh Produce International Trade: The Case of Exports from Chile to Europe

Jean-Marie Codron, French National Institute of Agronomic Research
Magali Aubert, French National Institute of Agronomic Research
Zouhair Bouhsina, French National Institute of Agronomic Research
Alejandra Engler, University of Talca
Iciar Pavez, French National Institute of Agronomic Research
Pablo Villalobos, University of Talca

Dependence created by asset specificity is given a lot of emphasis in Transaction Cost Theory but is never explicit when empirical tests are performed. By drawing on Resource Dependence Theory empirical literature defining and measuring a structure of interdependence and by using a case study with a well-documented database, our paper aims to fill this gap. The dependence at stake is between Chilean exporters and European importers when transacting fresh produce. It originates in the need for just-in-time coordination and compliance with a compelling demand in a context of high price uncertainty. The database which provides a detailed description of the inter-individual transactions is used to measure asset specificity and frequency and approximate dependence through individual sales/purchases concentration ratios. A model is then used to analyse the causality link. Results show that by differentiating four categories of interdependence, bilateral dependence, unilateral dependence of the exporter or importer and non-dependence, there is significant discriminatory influence of asset specificity and volume. (For more information, please contact: Jean-Marie Codron, French National Institute of Agronomic Research, France: codron@supagro.inra.fr)
Should Organizational Culture Mimic or Differentiate from National Culture? A Cross-Cultural Examination of Marketing & Sales Alignment on Firm Performance

Peter Magnusson, Northern Illinois University
Robert Peterson, Northern Illinois University
Stanford A. Westjohn, University of Toledo
Rick Ridnour, Northern Illinois University

Prior research has primarily held that organizational cultures must be isomorphic with the market's national cultural values. However, emerging research on countercultures suggests that this may not always be optimal. In this study, we examine the interplay between organizational culture and national culture by focusing on the interface between sales and marketing units. Initial research demonstrates that organizations with strong structural linkages between sales and marketing outperform organizations with weak alignment. This study extends this literature to the international context and explores how national cultural values affect the relationship between marketing-sales alignment and firm performance. Using hierarchical linear modeling, we find the relationship between marketing and sales alignment and firm performance is stronger in cultures characterized by strong hierarchy and autonomy values for a sample of 412 firms from 37 countries. Our findings have important implications for managers of multinational enterprises responsible for configuring marketing operations in culturally diverse settings. (For more information, please contact: Peter Magnusson, Northern Illinois University, USA: magnusson@niu.edu)

Understanding the Complexity of Reciprocity: Social and Economic Consequences of Differing Reciprocity Forms in U.S. and Japanese Channel Relationships

Jessica J. Hoppner, George Mason University
David A. Griffith, Michigan State University

Reciprocity is a central element of exchange relationships. However, the extant marketing literature has failed to examine (1) the unique social and economic consequences of the form of reciprocity adopted, and/or (2) whether reciprocity will result in consistent consequences across different national cultures. In this study, the authors present a categorization of reciprocity based upon the dimensions of equivalence and immediacy. It is argued that different combinations of these two dimensions, each of which can be adopted as a managerial approach to channel relationships, have distinct social and economic consequences. A measure for reciprocity is developed and tested with 580 suppliers from the United States and Japan. The findings indicate that long-term homeomorphic and short-term heteromorphic reciprocity were most frequently adopted and consistently result in the most and least favorable social and economic consequences, respectively. Moreover, this study finds that reciprocity is applicable across markets (in terms of measurement and adoption), while also demonstrating some cultural peculiarities (in terms of effects). Managerial implications and future directions are also discussed. (For more information, please contact: Jessica J. Hoppner, George Mason University, USA: jhoppner@gmu.edu)

Relationship Commitment between Exporters and Importers: A Comparative Study of Chinese and Japanese Market

Youngmi Baek, Korea Creative Content Agency

To identify factors affecting the relationship commitment between Korean manufacturing exporters and foreign distributors and its effects on export performance, this study applied the transaction cost perspective, the resource based view, and the relational exchange theory to the international dimension. This study focused on the specific markets which are geographically close to Korean peninsula and have high trade volume. Therefore, Japanese and Chinese markets are selected as the empirical test subjects. In this study, brand power, product quality, price competency and technology capability as resource based factors, transaction specific investment, external uncertainty and internal uncertainty as a transaction cost factors, and also communication, fairness, dependence and shared value as relational exchange factors were used as antecedents of the relationship commitment.
To test the hypothesis, 114 company samples trading with Chinese importers and 76 company samples contracting to Japanese importers are used for the analysis. The empirical findings can be summarized as follows.

In the Chinese market, shared value, fairness and interdependence among the relationship exchange factors, the brand power among the resource based factors, transaction specific investment and external uncertainty among the transaction cost factors are the significant determinants affecting to relationship commitment. The relationship commitment and all resource factors are identified to increase the relationship performance. Only the brand reputation among the resource factors is significant to affect the relationship performance.

On the other hand, in the Japanese market, shared value, fairness and interdependence, technical capability, brand reputation and transaction specific investment are the significant factors to increase the relationship commitment. And the level of relationship commitment and all resource factors is positively related to the relationship performance. However, brand power and technical capability are identified the important factors to improve the relationship performance.

(For more information, please contact: Youngmi Baek, Korea Creative Content Agency, Korea, South: youngmibaek@hotmail.com)

Effects of Dynamic Pricing on the Expected Revenue under Air-Rail Competition
Kimitoshi Sato, Nanzan University
Katsushige Sawaki, Nanzan University

In this paper, we consider a pricing problem of transportation companies selling a single schedule for a competitive route. The current competition between high speed rail and airlines among domestic transports in Japan is growing. Both modes adopt a static pricing policy in which the several prices are determined in advance for different classes and stay unchanged though a selling period. Under such circumstances, we investigate the effect of dynamic pricing that allows price to change as time goes up to the departure time. We develop the static and dynamic models taking into account of the customer-choice behavior, and present several numerical results using Nagoya-Fukuoka route data. (For more information, please contact: Kimitoshi Sato, Nanzan University, Japan: ksato@nanzan-u.ac.jp)

Session: 1.4.16 - Interactive
Track: Track: 11 - SMEs and Entrepreneurship

Antecedents of Entrepreneurship and New Venture Creation

Presented On: June 26, 2011 - 15:30-16:45

Chair: Louis Hebert, HEC Montréal

How Serendipity Explains Entrepreneurial Growth? A Process of Generating and Acting on Serendipity
Wen-Chiung Chou, Kainan University
Yi-Fang Chiang, National Taiwan University
Ming-Huei Hsieh, National Taiwan University
Pu-Dong Weng, National Taiwan University of Science and Technology

This research examines the “how” of entrepreneurial growth from the perspective of serendipity by relating serendipity to entrepreneurial marketing (EM) orientation and decision-making logic. We conduct a case study with a longitudinal qualitative analysis to clarify the transformation of an entrepreneurial firm’s EM orientation and decision-making logics, as a firm grows with an ever-increasing level of management complexities. Our findings suggest that EM elements will not only influence the way entrepreneurs contemplate and make decisions, but also evolve according to past growing experience. The actions or activities taken based on the
Order and Disorder in a Born Global Organization
Lin Yan, University of Greenwich

Goffman's social order has been an influential thesis in organization studies. Constrained by the technology at the time, Goffman explore social order only in face-to-face settings. In this paper, we explore social order in a new organizational form known as Born Global, featuring global dispersion, technology mediation, and the lack of established structure and routines. In a 14-month case study, we documented practices of order, disorder, and individual orders. We extend Goffman's notion of social order to 'social ordering' to accommodate the multiple orders found in the case. We also highlight the important of identification in social ordering practices. We conclude the paper by discussing the relevance of Goffman's social order to new organizational forms, and calling for further studies on organizing Born Globals. (For more information, please contact: Lin Yan, University of Greenwich, United Kingdom: l.yan@gre.ac.uk)

Three Models of International Entrepreneurship - An Eclectic Meta-Theoretical Overview
Morten Rask, Aarhus University
Per Servais, University of Southern Denmark

The aim of this article is to provide a comprehensive review of models used to depict infant firms that operate internationally right from or close to inception, so-called international new ventures (INVs) or born global firms that emerged in the literature in the early 1990s up until today. The purpose with this article was to give a comprehensive overview of models used to describe and explain the establishment and development of international new ventures. Based upon a diverse platform of types of research and types of models we have developed three eclectic meta-models of international entrepreneurship. The eclectic matrix meta-model defines types of international entrepreneurial firms. The eclectic multi-stimuli meta-model explains how the external environment factors and the internal organizational and managerial factors influence the international entrepreneurship strategies. The eclectic stimuli-response meta-model explains the antecedents/drivers of moderators in and performance by international entrepreneurship. Managers in international entrepreneurial firms and students in international business and entrepreneurship can use the models as framework for understanding international entrepreneurship. A call for more research on cross-country comparative aspects together with more focus on products and business opportunities in relation to international entrepreneurship finalize the paper. (For more information, please contact: Morten Rask, Aarhus University, Denmark: mra@asb.dk)

Entrepreneurial Opportunity Recognition: Insights from Entrepreneurship Literature and Implications for International Entrepreneurship Researchers
Anisur Rahman Faroque, University of Canterbury, Christchurch
Yoshi Takahashi Takahashi, Hiroshima University

International entrepreneurship (IE) as a legitimate academic pursuit has emerged at the intersection of entrepreneurship and international business (IB) literatures. However, in reality, the field is more international than entrepreneurial. In fact, researchers in IE have seriously failed to embrace relevant literature from both IB and entrepreneurship. In this paper, we have emphasized on opportunity recognition (OR) which is one of the core but neglected concepts of entrepreneurship in general and of IE in particular. First, from a systematic content analysis we develop an organizing framework consisting of antecedents, correlates, and outcomes of
Branding Entrepreneurs to Attract Angel Investor and Venture Capitalist Funding

Melodena Stephens Balakrishnan, University of Wollongong in Dubai
Ian Michael, Zayed University

Cross-border investments, global recession and economic turbulence has made attracting venture capital (VC) funding difficult, especially for entrepreneurs who are seeking seed or start-up capital. This research focuses on the need for entrepreneurial branding, its impact on attracting VC funding, and theory development by introduction of a model of an entrepreneurial brand. According to us, three key variables make up an entrepreneurial brand: 1) Brand Personality, 2) Halo Brands and 3) Brand Value. The research field-work for the study was done during the Celebration of Entrepreneurship 2010, an event organized and sponsored by Abraaj Capital, the largest private equity firm in Middle East North Africa, South Asia (MENASA). A total of 1500 participants from across the world, and 200 speakers participated. Interviews were conducted with venture capitalist, entrepreneurs, incubators and people brand specialists. The research identified six brand personality factors, three halo brand factors and three brand value factors. Together these factors contributed to the development of brand personality equity, defined as the net worth of the projected capability of the entrepreneur in the marketplace. Research implication for theory development, practitioners and policy development for incubators and educators are discussed. (For more information, please contact: Melodena Stephens Balakrishnan, University of Wollongong in Dubai, United Arab Emirates: melodenabalakrishnan@uowdubai.ac.ae)
How SOEs Succeed in Privatization: Net political Benefits and Learning in Network
Zhaojun Gao, Peking University
Cong Niu, Peking University

Following a population ecology perspective and employing the net political theory, this study examines the privatization of SOEs in China. We find that the determinants of NPB increase the hazard rate of successful privatization. SOEs learn from two perspectives: private firms and other privatizing SOEs within the same population. We consider the market location change as the critical strategic adaption and examine its influence on the privatization. Our findings suggest that the outdegree market location network centrality before privatization, as well as the indergree centrality after privatization, both positively moderate the relationship between learning processes and the hazard rate of SOEs’ successful privatization. (For more information, please contact: Zhaojun Gao, Peking University, China: thinking4ever2009@pku.edu.cn)

Understanding Proactive and Passive Drivers of Firm Bribery Behavior in China
Xiaoyu Zhou, Peking University
Rui Wang, Peking University
Yi Han, Peking University

One of the most important concerns for doing business in emerging markets such as China is the bribery issue. Based on the resource dependence theory and institutional theory, this research propose that the resource conditions (e.g., general and task environmental conditions) as firms’ proactive drivers to bribe; the institutional conditions (e.g., crime and corruption conditions) as firms’ passive drivers to bribe. The authors adopted the World Business Environment Survey data of 2002 to investigate the underlying mechanisms for firm bribery behaviors in China. The study applied the logit regression model to examine the hypotheses. The results suggest that the investment climate and firm’s relationship with government, may determine firms to bribe to compete for better resources. Meanwhile, the crime and corruption conditions also significantly influence firm’s bribery behaviors, suggesting the reason for firms to bribe sometimes is just to follow other firms. This research provides new theoretical insights to interpret the bribery in the emerging markets. Finally, the findings also suggest managerial implications and guidelines for policy making in the emerging market. (For more information, please contact: Xiaoyu Zhou, Peking University, China: xiaoyuzhou@pku.edu.cn)

Institutional Rigidity and Non-Liberal Governance in Japan: The Cases of Mitsubishi Motors and Kanebo
Christopher Williams, University of Western Ontario
Seijiro Takeshita, Mizuho International plc
Soo Hee Lee, Birkbeck, University of London

We examine the nature of institutional rigidity and governance problems leading to under-performance of large corporations in Japan. Through explorative case studies of Mitsubishi Motors and Kanebo we highlight how informal norms deeply embedded in the Japanese business system have prevented the adoption of more liberal Anglo-American forms of governance. The cases are followed over a 10-year period. Despite fundamental differences in formal group membership, the two cases reveal similar underlying problems in terms of: (1) mechanisms for capital investment aimed at rejuvenation and (2) management decision-making and control at the strategic apex. We attribute these problems to informal norms of governance intrinsic to Japan and warn against the retrenching to this style in light of recent criticism of Anglo-American governance. Our contribution is to show how normative institutions rather than formal regulative institutions matter most to rigidity and inflexibility in national business systems that are put under pressure. (For more information, please contact: Christopher Williams, University of Western Ontario, Canada: cwilliams@ivey.uwo.ca)
Foreign Firms’ Responses to Local Institutional Pressures: The Case of Unionization Campaigns in China
Sunghoon Kim, University of New South Wales

Under the rubric of building a harmonious society, the Chinese government has led strong unionization campaigns over the last decade. As a consequence, foreign invested firms are now strongly pressured to recognize enterprise branches of official Chinese trade unions. This study explores how foreign multinational firms respond to institutional pressures of unionization in China. Employing qualitative and quantitative analyses, I examine how institutional and organizational factors influence multinational firms to choose varied reactions to an institutional pressure of union recognition. This study builds on organizational theory literature regarding the relationship between organizations and the environment. This study’s findings add to our understanding of the multinational firms’ reactions to local institutional pressures of corporate social responsibility. (For more information, please contact: Sunghoon Kim, University of New South Wales, Australia: sunghoon.kim@unsw.edu.au)

Using Voluntary International Management Standards for Sustainability to Reduce Information Asymmetries in Corrupt Environments
Ivan Montiel, Loyola Marymount University
Bryan Husted, York University and Tecnologico de Monterrey
Petra Christmann, Rutgers University

Obtaining certification to voluntary management standards allows firms to reduce the transaction costs arising from information asymmetries between firms and their external stakeholders by signaling that they possess unobservable characteristics such as responsible and sustainable conduct that are valued by customers. In this paper we investigate how corruption in the institutional environment affects firms’ decisions to certify to voluntary management system (EMS) standards for sustainability as signals of responsible sustainable conduct. We distinguish two types of corruption to reconcile opposing theoretical effects of corruption on the value of EMS standard certification as a signal. On the one hand, corruption specific to the enforcement of environmental government policies erodes trust in government efforts to regulate firms’ sustainable conduct, which increases the signaling value of voluntary EMS certifications and thus should increase firms’ certification likelihood. On the other hand, widespread corruption in the general environment can erode trust in non-governmental certification systems, which reduces the credibility and hence the signaling value of voluntary EMS certifications and thus should decrease firms’ certification likelihood. Results, based on certification to the ISO 14001 EMS standard by 433 automotive plants in Mexico, confirm these relationships. (For more information, please contact: Ivan Montiel, Loyola Marymount University, USA: ivanmontiel@gmail.com)

Session: 1.4.18 - Interactive
Track: Track: 5 - MNC Management and Organization

Managing Context for MNC

Presented On: June 26, 2011 - 15:30-16:45
Chair: I Han, Feng Chia University

Cultural Effects on the Performance Feedback Model
Douglas Chun, University of Hawaii at Manoa
Mooweon Rhee, University of Hawaii at Manoa

This article attempts to bridge a portion of the gap between literature on culture and the literature on performance feedback theory. Taking a sample of cultural dimensions from the GLOBE studies, we reflect on how the influences of these dimensions might affect a firm’s levels of acceptable risk, aspiration levels, and the
performance feedback process itself. We make several propositions on how specific cultural dimensions could affect the performance feedback model, and suggest that societal culture must be taken into account in research concerning performance feedback behavior. (For more information, please contact: Douglas Chun, University of Hawaii at Manoa, USA: chundoug@hawaii.edu)

**Linking Culture and LP: A Framework for Exploring the Transferability of LP across Borders**
Flora F. T. Chiang, Hong Kong Baptist University
Thomas A. Birtch, University of Cambridge

Lean practices (LP) are widely held to foster high levels of productivity and quality whilst at the same time reducing costs, waste, and non-value-added activities. Yet, little is known about the transferability of these work practices outside their distinctive originating Japanese context. As we illuminate, not all work practices may be applied and achieve the same degree of success across different cultural contexts. Attempts by firms to transplant LP practices unaltered to foreign affiliates and different cultural contexts have been met with resistance. Despite the need, there is little evidence or guidance available to practitioners about the consequences culture may impose on LP implementation. This study therefore proposes, as a first step toward advancing the literature in this important area of operations management and international business, a framework from which to explore the impact of culture on LP implementation. Such a framework is a precursor to testing and formulating new theoretical perspectives and to improvement in the operationalization of LP in practice. The study also suggests important directions for future work. (For more information, please contact: Flora F. T. Chiang, Hong Kong Baptist University, Hong Kong, SAR-PRC: fchiang@hkbu.edu.hk)

**How Structural and Contextual Mechanisms Contribute to Organizational Ambidexterity: from a Knowledge-Based View**
Jie Xiong, EMLYON Business School

Organizations successfully addressing the situation of exploiting existing competencies and exploring new ones are ambidextrous. To examine how firms may reach ambidexterity, majority of literature emphasize either structural or contextual mechanisms in balancing conflicting demands and activities. However, there is little conceptual synthesis of how organizations can use both structural mechanisms (differentiation & integration) and contextual mechanisms (processes of discipline, stretch, trust and support) to reach organizational ambidexterity from a knowledge perspective. I conceptualize knowledge inflows management of a well-known Chinese MNE in telecommunication equipment provider industry, at three levels in facing conflicting demands: top management, middle management and operational level. Combine structural and contextual mechanisms, I examine the approaches and processes of organizational members' involvement at different levels in achieving organizational ambidexterity in terms of pro-profit and pro-growth. (For more information, please contact: Jie Xiong, EMLYON Business School, France: jie@em-lyon.com)

**The Impact of FDI Types on Isomorphic Pressures and Institutional Responsive Strategies of Taiwan MNCs**
HsiaoWen Lin, National ChenChi University

Neoinstitutional theory argues organizations have to comply with external institutional pressures to achieve legitimacy, which is a key factor for organizations to survive. Nevertheless, there are some scholars who hold a different perspective. They argue the neoinstitutional theory may not be proper to apply in the context of MNCs. I try to integrate the two perspectives, and contend that the differences are due to the different FDI types, i.e. up- and down-stream FDI. I use Taiwan MNCs as samples and offer some proposition about the impact of FDI types on isomorphic pressures and institutional responsive strategies of Taiwan MNCs. (For more information, please contact: HsiaoWen Lin, National ChenChi University, Taiwan: 96355506@nccu.edu.tw)
This study advances research on firm innovation by examining a particular innovation type, proprietary innovation, in the context of China’s transition economy. We examine how firm-level social ties (i.e., business ties and political ties) influence proprietary innovation and how learning intent moderates the relationships. Results from an original data set on 270 firms in China indicate a curvilinear, inverted U-shaped relationship between business ties and proprietary innovation. But when the learning intent of firms is considered, this curve shifts in such a way as to show that, for firms with strong learning intent, the rise in proprietary innovation associated with weaker business ties will be faster, and the decline in proprietary innovation associated with higher levels of business ties will also be faster. Our empirical findings also indicate a positive impact of political ties on proprietary innovation, and this relationship is stronger when the firms’ learning intent is stronger. Theoretical and managerial implications are discussed. (For more information, please contact: Carl F. Fey, Nottingham University, China: carl.fey@nottingham.edu.cn)
Session: 1.5.3 - Panel

**WAIB 10th Anniversary Panel: Perspectives from Women at Different Points in their Careers (Sponsored by WAIB, Women in the Academy of International Business)**

**Presented On:** June 26, 2011 - 17:15-18:30

Chair: Joan P Mileski, Texas A&M University at Galveston  
Co-Chair: Malika Richards, Penn State University

**The Pros and Cons of Sustaining a International Career**  
Christina Ahmadjian, Hitotsubashi University

**The Costs and Benefits of Shifting Disciplines**  
Lorraine Eden, Texas A&M University

**The Timing and Method of Change in a Career**  
Gabriele G.S. Suder, SKEMA Business School

**What's Next after Tenure and Promotion to Associate Professor? Sustaining a Career**  
Malika Richards, Penn State University

**Sustaining Two Academic Careers in a Family**  
Joan P Mileski, Texas A&M University at Galveston

**Finishing a PhD and Beyond**  
Pamela Lirio, EDHEC Business School

Session: 1.5.4 - Competitive

**Track: Track: 9 - Cross-cultural Management and HRM**

**Responding to Host Country Institutional Idiosyncrasies**

**Presented On:** June 26, 2011 - 17:15-18:30

Chair: Andre Anugerah Pekerti, University of Queensland

**How Multinationals Respond to the Institutional Idiosyncrasies of Host Countries: The Case of Multinational Enterprises in China**  
Peter Dowling, La Trobe University  
Mingqiong Zhang, La Trobe University  
Cherrie Juhua Zhu, Monash University

Organizational strategic responses to the institutional environment are a central concern for international management researchers. One aspect that has received little attention is the strategies adopted by subsidiaries of multinational enterprises (MNEs) in relation to the institutional characteristics of host countries – particularly in emerging economies. This study addresses this research gap. Based on a survey of 181 enterprises and 669 rural migrant workers in Jiangsu and Shanghai, we examine the HRM strategies of MNE subsidiaries toward structural discrimination against rural migrant workers in the workplace, a special HRM challenge that MNEs face when operating in China, an emerging global economic giant with distinctive management practices that are embedded within its indigenous institutional environments. The study finds that MNE subsidiaries are more likely to accept local HRM practices. In response to the institutional environments of host countries, MNE
subsidiaries tend to share similar behavioral characteristics with local firms and are reluctant to show leadership in initiating institutional change in host countries. (For more information, please contact: Peter Dowling, La Trobe University, Australia: p.dowling@latrobe.edu.au)

**Determinants of Foreign Subsidiary Local Employment Policy: How They Evolve and are Moderated by Local Experience**

Ji-Woong Ock, Yonsei University
Soonkyoo Choe, Yonsei University
JaeEun Lee, Yonsei University

This study analyzes the determinants of foreign subsidiary local employment policy of 583 Korean subsidiaries entered in 29 different countries and how the subsidiary experience in host country affects their local employment policy for manager positions at foreign subsidiaries. The results of empirical analysis present that the intra-firm trade dependency of subsidiaries and headquarter technological capabilities show significantly negative effect, whereas subsidiary size shows significantly positive effect on the localization level of management team. Subsidiary experience in host country negatively moderates the effects of intra-firm trade dependency and subsidiary size on local employment policy of foreign subsidiaries but not with headquarter technological capability. These findings suggest that to explain local employment policy of Korean MNCs, it is necessary to consider both main and interaction effects of predictors. (For more information, please contact: JaeEun Lee, Yonsei University, Korea, South: sky2u@yonsei.ac.kr)

**Cutting Through the Comparative Management Jungle: A Multilevel Analysis of Cultural Variation in Managerial Practices**

André van Hoorn, University of Groningen

In the past comparative management research has been likened to a jungle and the existing literature appears fractionalized and to have drifted from systematically studying the key issue of culture-bound management styles. We empirically analyze cultural differences in practices concerning three managerial domains, Monitoring, Targets management, and People management. Detailed data on management practices come from the World Management Survey (WMS) and cover approximately 5,800 firms from 17 countries. We apply multilevel modeling and find, firstly, that maximum 10% of variation in management practices occurs between countries with the remainder occurring within countries. Importantly, it seems that firms from the same country do not have that much in common. Results further show that national culture (as measured by Hofstede’s cultural dimensions), together with firm-level control variables, explains up to 80% of the between-country variation. Power Distance and Uncertainty Avoidance are associated with differences in the extent and sophistication of Monitoring and Targets management, whilst Individualism significantly explains variation in People management. Our main contribution is to provide systematic and comprehensive evidence on cultural differences in management. The paper may serve as a stepping-stone for many, more detailed studies of the impact of culture on managerial practices. (For more information, please contact: André van Hoorn, University of Groningen, Netherlands: a.a.j.van.hoorn@rug.nl)

**Session: 1.5.5 - Competitive**

**Quantitative Methods: Construct Validity and Modeling Issues in IB Research**

Presented On: June 26, 2011 - 17:15-18:30

Chair: Brian R. Chabowski, University of Tulsa
A Direct Comparison Approach for Testing Measurement Invariance
Gordon Wai-hung Cheung, Chinese University of Hong Kong
Rebecca Suk-yin Lau, Open University of Hong Kong

Measurement equivalence/invariance (ME/I) is a condition that must be met before meaningful comparisons of survey results across cultures can be made. As an alternative to the Likelihood Ratio Test and the delta-CFI rule of thumb, this paper demonstrates the Mplus procedures to produce bias-corrected (BC) bootstrap confidence intervals for testing metric invariance in the cross-cultural context. These procedures are then extended to constructing BC bootstrap confidence intervals for testing scalar invariance and equivalence of latent means. The Mplus procedures can be easily extended to testing other forms of ME/I. (For more information, please contact: Gordon Wai-hung Cheung, Chinese University of Hong Kong, Hong Kong, SAR-PRC: gordonc@cuhk.edu.hk)

An Examination of the Use of Partial Least Squares Path Modeling and Generalized Structured Component Analysis in International Business Research
Joshua Devin Shackman, Trident University

Structural equation modeling (SEM) is by far the best known and most widely used path modeling technique in the international business literature. This paper examines the use of two lesser known path modeling techniques called partial least squares (PLS) and a newly developed technique called generalized structured component analysis (GeSCA). We examine the use of PLS in the international business literature, and the potential of GeSCA for international business research. We find mixed support for some of the commonly cited reasons for using PLS over SEM in the international business literature, but do find support for the use of PLS when sample sizes are not large enough for the use of SEM. We also find strong potential for the use of GeSCA when sample sizes are small and the sample comes from multiple countries or cultures. (For more information, please contact: Joshua Devin Shackman, Trident University, USA: jshackman@tuiu.edu)

FDI Spillover Effects in Incomplete Datasets
Alex Eapen, University of Sydney

Empirical studies on FDI spillovers usually regress the productivity of domestic firms on some measure of the presence of foreign firms in the economy. A positive regression coefficient for the presence of foreign firms indicates positive FDI spillovers and vice-versa. In computing foreign presence, however, most studies are forced to use incomplete data which omits information on at least some firms in the economy. Yet, given that foreign presence is usually calculated as a ratio of foreign to total activity in the economy, missing data on even some firms in the economy could result in incorrect measures of foreign presence and incorrect estimates of the effect of foreign firms on domestic firm productivity. In this paper, I examine whether estimated spillover effects are sensitive to missing data. In other words, I test whether the coefficient of foreign presence (ß-hat) is still unbiased when estimated using an incomplete dataset. Using monte-carlo simulations, I show that estimated spillover effects are unbiased when data is missing at random. But in the case of non-random missing data, i.e., when the data selectively misses foreign firms with high or low levels of foreign ownership, the estimated spillover effect is biased. (For more information, please contact: Alex Eapen, University of Sydney, Australia: alex.eapen@sydney.edu.au)
Internationalizing the Business Curriculum: How IB Can Lead the Way

Presented On: June 26, 2011 - 17:15-18:30

Chair: Martyn Lawrence, Emerald Publishing

Internationalizing the Business School Student Body: A Holistic Approach

Jeffrey Alan Krug, Loyola University New Orleans
William B. Locander, Loyola University New Orleans
Len J. Trevino, Loyola University New Orleans

The “internationalization” efforts of most business schools have focused on curricula and study abroad programs. Many business schools offer undergraduate programs with a major and/or minor in international business. In addition, many business schools offer study abroad programs. While international business curricula and study abroad programs are a critical part of the internationalization process, they focus significant faculty and staff resources and time on a small number of students. This leaves a majority of the student body untouched by internationalization efforts. New efforts might attempt to touch the entire student body in ways that help all students develop a global mind-set. Such a program has the potential for strengthening a business school’s internationalization efforts that extend far beyond what other academic institutions have attempted to date. This paper proposes a new, holistic approach to internationalizing the entire business school student body. (For more information, please contact: Jeffrey Alan Krug, Loyola University New Orleans, USA: jakrug@loyno.edu)

What Do You Mean I Can’t Charge Interest?: New Applications of IB in the Business Classroom

James M. Hagen, Hamline University
David M. Berg, Hamline University

Recent waves of immigration have introduced issues that were once specific to the study of international business into the learning needs of students who have no conscious interest in cross-border business. For the sake of students, immigrant and non-immigrant alike, educators need increasingly to recognize that the lessons we offer on crossing international borders have great relevance for students who will be navigating the many institutional sub-contexts that are now woven into the business culture of even domestic business. With expertise and experience in dealing with differing institutional environments at the international level, IB faculty are uniquely prepared to lead the integration of this view into the broader business curriculum. In addition, by recognizing the increasing presence of institutional sub-contexts in domestic business environments and the need to integrate international-type issues into domestic business education, international business instructors can appeal to a wider audience than before and assure their continuing relevance to students who do not identify themselves as international business students, but who recognize the need to understand the cultural and regulatory differences around them. We intend our presentation to have value for instructors of both undergraduate and graduate courses, both in the US and elsewhere. (For more information, please contact: James M. Hagen, Hamline University, USA: jhagen05@hamline.edu)

Contextual Assessment of Student Global Competencies: Considering the Impact of Student Choice and Program Options

Iris Berdrow, Bentley University
Allan Bird, Northeastern University
The imperative for business schools to graduate globally competent students is evident. Understanding how to structure international education opportunities such that students leave higher education with an appropriate level of global competencies, and understanding how to assess global competence as a learning outcome, is a challenge for most business schools. This paper offers a holistic approach to assessment and presents the experience of Bentley University in applying this approach using the Global Competencies Inventory (GCI) instrument. (For more information, please contact: Iris Berdrow, Bentley University, USA: iberdrow@bentley.edu)

Session: 1.5.7 - Competitive
Track: Track: 1 - Institutions, Governance, CSR

**CSRs and Performance**

**Presented On:** June 26, 2011 - 17:15-18:30

Chair: William Q. Judge, Old Dominion University

**Reconceptualizing Civil Regulation: Advancing the Sustainability Agenda in Asia**
Roberto Martin Galang, Ateneo de Manila University
Itziar Castello, Copenhagen Business School

This article re-conceptualizes the notion of civil regulation, through an analysis of 775 projects by firms located in 21 Asian countries, wherein we map the state of civil regulation initiatives in the region. We challenge two established assumptions in the Corporate Social Responsibility literature. First, contrary to what is commonly argued, we claim that strong states in Asia promote civil regulation in what we call the “paradox of the weak state”. Second, we not only argue that civil regulation is mainly enforced by multinational enterprises willing to promote international social and environmental standards; but also that local, small and medium companies play a key role in the development of Asian civil regulation. We call this second finding the “CSR importation trap”. Our findings are supported by evidence on the limitations in the interchangeable properties of business and governments. Finally, we argue that, in Asia, governments act as a structuration mechanism which challenges the current understanding of CSR. (For more information, please contact: Roberto Martin Galang, Ateneo de Manila University, Philippines: rgalang@ateneo.edu)

**Corporate Social Responsibility and National Competitive Advantage**
Ioanna Boulouta, University of Cambridge
Christos N. Pitelis, University of Cambridge

The link between Corporate Social Responsibility (CSR) and competitive advantage has been examined mainly at the business level. The purpose of this paper is to improve theoretical understanding and provide empirical evidence on the link between CSR and competitiveness at the national level. We explore conceptually whether and how CSR can impact on the competitiveness of nations and test this hypothesis empirically. Our evidence suggests that CSR can make a significant contribution to national competitiveness. We also find that countries with a low innovative culture can benefit more from CSR-based differentiation strategies. (For more information, please contact: Ioanna Boulouta, University of Cambridge, United Kingdom: ib235@cam.ac.uk)

**Institutional Pressures of Home Country as a Moderator of the Relationship between MNC Corporate Competitiveness and Corporate Social Performance (CSP)**
Byung Hee Lee, Hanyang University
Jing Liu, Hanyang University
Hyung Rok Yim, Hanyang University
This study makes an attempt to empirically clarify the relationship between corporate competitiveness and corporate social performance (CSP) and examine the impacts of institutional pressures of home country on this relationship. The results have shown that there is not a constant corporate competitiveness and CSP relationship across different institutional environments. This relationship is moderated by institutional pressures of home country in such a way that as institutional pressures of home country increase from low to high, the corporate competitiveness and CSP relationship changes from inverted U-shaped into positive linear. This study lends itself to filling the void in the empirical research of the corporate competitiveness and CSP link. Also, it contributes to the empirical research of CSR from the institutional perspective. (For more information, please contact: Byung Hee Lee, Hanyang University, Korea, South: blee@hanyang.ac.kr)

How Corporate Social Responsibility (SCR) Initiatives Combat Counterfeit Consumption: A Social Identity Perspective
Candy K. Y. Ho, Hong Kong Baptist University
Felix T. Tang, Hang Seng Management College

Counterfeit consumption is an urgent, crucial issue for brand owners doing business in developing countries. This paper provides an account of how consumers evaluate brand owners, counterfeiters, and CSR program from a social identity perspective. It explains why and how CSR program can combat counterfeit consumption. In an experiment, we demonstrate that foreign brands are more susceptible than local brands to counterfeit attack. However, running a CSR program that benefits the local people can make foreign brands as strong as the local brands to fight against the counterfeit. We reason that foreign brands running CSR programs with local beneficiaries facilitate local consumers to “recategorize” the brands from “non-local members” to “local members”, thereby increasing the perceived benefits associated with purchasing the genuine 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: Candy K. Y. Ho, Hong Kong Baptist University, Hong Kong, SAR-PRC: candyho@hkbu.edu.hk)

Session: 1.5.8 - Competitive
Track: Track: 9 - Cross-cultural Management and HRM

Cross Cultural Theory and Measurement

Presented On: June 26, 2011 - 17:15-18:30

Chair: Sidney Gray, University of Sydney

Time Orientation in Hofstede and Globe: Long Term Orientation versus Future Orientation
Sunil Venaik, University of Queensland
Yunxia Zhu, University of Queensland
Paul Brewer, University of Queensland

The Hofstede and GLOBE national culture studies embody a time oriented dimension: Long Term Orientation (LTO) and Future Orientation (FO) respectively. Whilst the two dimensions and their scores are often treated as equivalent in cross cultural studies, there are important differences between them. This ambiguity as to equivalence and differences is leading to confusion as to the correct application of the dimension scores. We critically deconstruct and analyse the two dimensions and identify their similarities and differences. Based on our analysis, we suggest that Hofstede’s LTO should be relabelled as Past-tradition versus Future-saving orientation, in place of Short-term versus Long-term orientation. Similarly, GLOBE FO should be relabelled as Present versus Future-planning orientation instead of simply Future Orientation. This will provide researchers with guidance on the appropriate use of each dimension in future research into related variables. (For more information, please contact: Sunil Venaik, University of Queensland, Australia: s.venaik@business.uq.edu.au)
Global Employment Experiences and Careers: A Review and Future Research Agenda
Margaret Shaffer, University of Wisconsin-Milwaukee
Yu-Ping Chen, University of Wisconsin-Milwaukee
Maria Kraimer, University of Iowa
Mark Bolino, University of Oklahoma

Over the past 20 years, researchers have identified and investigated a number of global employment experiences, including traditional (expatriates) and nontraditional corporate global employees (flexpatriates, short-term assignees, and international business travelers) and self-initiated expatriates. In this review, we develop a taxonomy of global employment experiences and summarize and synthesize this growing body of literature. Our review focuses on the empirical research that has investigated why individuals choose global employment experiences, the challenges associated with the different types of experiences, and career consequences of the various types of global work. Based on our integrated review of this literature and our taxonomy, we outline an agenda for future research on global employment experiences. (For more information, please contact: Yu-Ping Chen, University of Wisconsin-Milwaukee, USA: yuping@uwm.edu)

Expatriate Staffing and Subsidiary Performance: An Empirical Examination of Global and Local Mediating Mechanisms
Saba Colakoglu, Berry College
Yuan Jiang, Indiana University-Purdue University Fort Wayne

This study examines the relationship between expatriate staffing levels and subsidiary performance among the U.S. subsidiaries of foreign companies headquartered in Europe and Japan. Expatriate staffing is hypothesized to be indirectly related to subsidiary performance - through its differential impact on four globally and locally desired outcomes. Drawing from the MNC strategy literature, it is argued that expatriate staffing will be positively related to a subsidiary's level of shared vision with and knowledge transfer from its parent company, but negatively related to its ability to become locally responsive to and its level of local adaptation to its host market. Based on liability of foreignness theory, these four intermediate mechanisms in turn, are proposed to be positively related to subsidiary performance. Results support some of the hypotheses and offer several new insights to the expatriate staffing literature. (For more information, please contact: Saba Colakoglu, Berry College, USA: scolakoglu@berry.edu)

Nations, Within-Nation Regions and Multiple-Nation Regions: Management Implications of the Boundaries that we have Built for Ourselves
Mark F. Peterson, Florida Atlantic University/Maastricht University
Mikael Soendergaard, Aarhus University

International management researchers continue to struggle with whether to make nations, within-nation regions or multiple-nation groups central to the way they analyze culture. We begin by providing a historical perspective on the complex relationship between cultural boundaries and political boundaries. We propose that the level of scholarly debate about cultural boundaries in international management can be raised by carefully considering the way in which functional, institutional and critical event rationales are used to support the cultural significance of these alternative groupings. Explanations for the substantial, yet limited, cultural significance of nation states are drawn from literatures that have been under utilized in international management research. Forces giving rise to cultural groupings that transcend nations and forces appearing as regional differences within nations are then considered. We conclude by suggesting ways forward to simultaneously study the implications of multiple geographical boundaries around cultural groups rather than to embrace or abandon any one kind of boundary by overly overly simplifying cultural forces. (For more information, please contact: Mark F. Peterson, Florida Atlantic University/Maastricht University, USA: mpeterso@fau.edu)
**Session: 1.5.9 - Competitive**
**Track: Track: 9 - Cross-cultural Management and HRM**

### Human Resource Strategy

**Presented On:** June 26, 2011 - 17:15-18:30

Chair: Rosalie Tung, Simon Fraser University

*The Strategic Role of the HR Department in the Internationalization Process - Insights from a Japanese MNE*

Miriam Michiko Wilhelm, University of Groningen

A central stream of research in International Business Organization is the issue of practice transfer within multinational enterprises (MNE). Previous research has mainly argued in terms of institutional fit to explain differences in transfer outcomes. As an alternative explanation, this paper seeks to shed light on the hitherto underexplored topic of the role of the human resource (HR) department for practice transfer within the MNE. The main line of reasoning is that the HR department's role is growing with the rising internationalization of the firm and the need to ensure consistency of human resource management (HRM) practices among the various business units of the MNE. A powerful HR department can play a central role in standard setting and practice implementation, and thus, help to create a coherent global HRM system. Applying a practice-oriented perspective on power, the role of the central HR department is explored in an in-depth case study of a major Japanese MNE in the automobile industry. By focusing on the issues of intraorganizational power, this paper contributes to the practice standardization and transfer discussion in International Business. *(For more information, please contact: Miriam Michiko Wilhelm, University of Groningen, Netherlands: m.m.wilhelm@rug.nl)*

### Business Strategy, HRM Systems, and Firm Performance: A Comparative Study of Taiwan and China

Po-Chien Chang, Macau University of Science and Technology

Shyh-Jer Chen, National Sun Yat-Sen University

There are two primary purposes in this study. One is to examine the difference in HRM practices implemented in Taiwan and China and the other is aimed to find whether a better fit between company's business strategy and human resource management (HRM) systems would strengthen firm performance. The results, based on 98 companies from Taiwan and 79 companies from China, show partially support for the difference in some kind of HRM practices, such as recruitment, selection, training, performance appraisal, compensation, and incentives and rewards and also reveal that a good fit between HRM systems and the business strategy of the firm will have a significant positive and direct impact on firm performance. Limitations of the study and direction for future research are also considered. *(For more information, please contact: Po-Chien Chang, Macau University of Science and Technology, Macao: cbc7385@ms77.hinet.net)*

### Performance-based and Socially Supportive Cultures as Moderators of the Human Resource Strategy-voluntary Turnover Strategy: Reexamining the GLOBE Cultural Dimensions

Pei-Chuan Wu, National University of Singapore

Shyh-Jer Chen, National Sun Yat-Sen University

Johngseok Bae, Korea University

Bing Bai, University of Redlands

Joon Yeol Lew, University of Illinois

Woonki Hong, University of Illinois

John J. Lawler, University of Illinois
There is extensive research on the efficacy of high performance work systems (HPWSs) in the US, and some research focusing on this issue in one or a few countries outside the US. Yet there is really no research addressing this issue in the context of a relatively large number of countries. This study examines the impact of HPWSs on voluntary turnover in subsidiaries of American-based multinational companies in fourteen geographically, economically, and culturally diverse countries. In addition, we explore the role national culture plays in moderating the relationship between HPWS utilization and voluntary turnover. Although studies focused on the causal mechanisms underlying HPWS efficacy have been conducted on various issues, the impact of national culture on the HR system level in multiple countries has not been investigated previously. We assess the impact of national culture using data from the GLOBE study. In doing so, we also apply arguments taken from the work of Stephan and Uhlander, who collapsed the GLOBE cultural practices scales into two higher-order factors: performance-based culture and socially supportive culture. Our findings demonstrate HPWSs have a generally strong negative impact on voluntary turnover. In addition, both of the cultural dimensions moderated this relationship in expected ways (For more information, please contact: Shyh-Jer Chen, National Sun Yat-Sen University, Taiwan: schen@mail.nsysu.edu.tw)

**HR Strategy and Practices in Chinese Multinational Companies: A Case Study**

Jingqi Zhu, Cardiff University

Xiaojun Wei, Institute of Asia Pacific Studies, Grant MacEwan University

This paper interrogates and assesses a range of theoretical perspectives that have been used to account for the dynamics involving in the HRM transfer process both on the macro and micro level. This research further addresses the need of linking macro with micro aspects of analysis in order to provide a rounded picture of the evolving process in transferring HRM practices. Drawing upon a detailed case study on one Chinese MNC, this paper shows that construction of HRM practices in subsidiaries is a relational process of interaction that exists between individual entities and social structures. A framework integrated factors of system, society, dominance, corporate strategy and inter-firm relationship is given. (For more information, please contact: Xiaojun Wei, Institute of Asia Pacific Studies, Grant MacEwan University, Canada: weix@macewan.ca)

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**Session: 1.5.10 - Competitive**

**Track: 10 - Economics, Finance and Accounting**

**The Organization of the Multinational Firm**

**Presented On:** June 26, 2011 - 17:15-18:30

Chair: Ari Van Assche, HEC Montréal

*How Regional Integration Impact the relationship between home regional focus and firm efficiency*

Ellie R. Banalieva, Northeastern University

Ruihua Jiang, Oakland University

Michael D. Santoro, Lehigh University

The transaction costs economics (TCE) perspective on regionalization suggests that multinational enterprises (MNEs) should experience economies of regionalization and hence, greater technical efficiency from a high home region focus (HRF). We extend this TCE perspective by proposing that whether a regional (i.e., higher HRF) or global (i.e., lower HRF) strategy leads to greater firm efficiency depends on the degree of regional integration (i.e., economic and policy coordination) of the MNEs’ home regions. Our empirical tests on a sample of 610 manufacturing Triad MNEs during 2000-2006 provided overall support for our conceptual framework. We find that economies of regionalization arise only when firms align their HRF strategy with the degree of regional economic integration, but diseconomies of regionalization are possible if there is misalignment between the two. (For more information, please contact: Ruihua Jiang, Oakland University, USA: jiang@oakland.edu)
**Why Do Developing-Country Multinationals Find Fortune at the Bottom of the Pyramid?**

Ari Van Assche, HEC Montréal
Alyson Ma, University of San Diego

This paper estimates a gravity model on bilateral FDI flows to evaluate the impact of both institutional distance and economic distance on bilateral FDI. We find that FDI from OECD countries is negatively affected by both institutional and economic distance, thus confirming the role of both market-based and non-market-based advantages on advanced-country multinational firms’ internationalization patterns. However, FDI from non-OECD is only negatively affected by economic distance, thus suggesting that developing-country multinational firms’ internationalization is guided more by market-based advantages than by non-market-based advantages.

(For more information, please contact: Ari Van Assche, HEC Montréal, Canada: ari.van-assche@hec.ca)

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**Trade Protection, Vertical Linkages and Firm Strategy**

Catherine L. Magelssen, Rutgers University
Susan E. Feinberg, Rutgers University
Matthew G. Smith, Rutgers University

This research examines the impact of upstream antidumping (AD) duties on downstream firms in India. Over the last twenty years, there has been a rapid increase in developing countries in the use of AD to protect domestic firms from import competition. Our analysis finds that AD protection has ripple effects far beyond the narrow goal of protecting a single industry that has been hurt by trade.

Using unique firm-level panel data on Indian firms, antidumping cases, bankruptcies and M&A activities, we find clear evidence of the harmful effects of upstream trade protection on downstream firms. First, we find that the profitability of downstream firms declines dramatically after upstream AD duties are levied. Second, we find evidence of “cascading” trade protection, as the imposition of upstream AD duties leads downstream firms to petition for trade protection themselves. Downstream firms are also significantly more likely to file for bankruptcy and undertake backward vertical M&A. We conclude that upstream trade protection is unambiguously injurious to both productive and unproductive downstream firms. In the context of developing economies, such protection can impede the ability of domestic firms to achieve world-class productivity levels.

(For more information, please contact: Catherine L. Magelssen, Rutgers University, USA: catiem@pegasus.rutgers.edu)

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**Session: 1.5.11 - Competitive**  
**Track: Track: 11 - SMEs and Entrepreneurship**

**Network Resources in Venture Internationalization**

**Presented On:** June 26, 2011 - 17:15-18:30

Chair: Wade Danis, University of Victoria

Collaborate at Home to Win Abroad: How does Access to Local Network Resources Influence Export Behavior?

Dirk Michael Boehe, Insper Institute of Education and Research

In view of the notorious difficulties faced by SMEs in entering international markets by exporting, this study investigates the relationship between access to local network resources and export behavior. Drawing on a combination of the resource-based view and elements from social network theory and using a sample of small and medium sized furniture manufacturers based in South Brazil, we find evidence for the hypothesis that access to local network resources, facilitated by a firm’s membership in an industry association, strongly predicts the propensity to export, in spite of a possible trade-off relationship between local and international
engagement. Likewise, we find that a firm’s local collaborative intensity is positively related to its export intensity and that both relations are moderated by the firm’s distance from the local network’s center. Thus, this study contributes to the literature that addresses the question of how local collaboration may facilitate overcoming export barriers. (For more information, please contact: Dirk Michael Boehe, Insper Institute of Education and Research, Brazil: dirkmb@insper.edu.br)

Global Entrepreneurship: The Significance of Local Cluster Networks in New Firm Formation
Majella Giblin, National University of Ireland Galway

Given that high-tech firms are often globally-oriented from inception this paper explores the role and significance of local networks and industrial clusters in this type of new firm formation. An analysis of the medical technology cluster in Galway, West of Ireland, shows that even though many indigenous firms are established to serve an international market, the entrepreneurs use the local cluster, which is driven by the presence of world-leading MNCs (multinational corporations), to facilitate them in accessing international networks. More specifically, the international reputation of Galway as a medical device hub due the presence of the foreign-owned MNCs facilitates entrepreneurs in establishing international trading connections. Moreover, local networks in the form of mentorship between serial and more inexperienced entrepreneurs were found to be particularly important for building the credibility of start-up firms and their global networks. Overall, the paper concludes that clusters matter for new firm formation, even in the case of globally-oriented entrepreneurship. (For more information, please contact: Majella Giblin, National University of Ireland Galway, Ireland: majella.giblin@nuigalway.ie)

The Impact of Entrepreneurial Behaviour, Network Structural Properties and Network Actor Attributes on SMEs’ Commitment to Offshore Expansion
John Yen-Kuang Chen, University of Queensland
John Steen, University of Queensland
Tim Kastelle, University of Queensland

The 1970s saw one of the earliest studies of network theory in business internationalisation literature when researchers in the International Market Purchasing (IMP) Group suggested the tendency of businesses to rely on connections and ties to exploit overseas opportunities. Following on from the IMP discovery was a strong flourish of exploratory and conceptual studies offering further arguments that industry networks quicken the pace and commitment of business internationalisation. Network theory has also been used to explain the born-global phenomenon and to build critics against the stage model of internationalisation.

Despite widespread application of network theory in internationalisation studies, there has not yet been any work to find the exact network structure and actor attributes affecting the expansion of small and medium-sized enterprises (SMEs) abroad. By drawing on theories and methods from the social network literature – the pioneers of network research – this study is poised to be the first in international business (IB) to carry out statistical network analysis. In choosing to investigate Taiwan’s textile knitting industry, the study shifts attention away from studying high-technology industries in developed countries, to broaden our knowledge on how SMEs operating in traditional industries in a developing country have utilised industry networks to execute internationalisation. (For more information, please contact: John Yen-Kuang Chen, University of Queensland, Australia: j.chen@business.uq.edu.au)

Building International Entrepreneurial Virtual Networks in Cyberspace
Sylvie K. Chetty, Massey University and Uppsala University
Thor Sigfusson, University of Iceland

This paper examines the mechanisms by which high tech entrepreneurs in international entrepreneurial firms use new web social media to develop their network of relationships. Our main contribution is that we have
identified that entrepreneurs actively use these new social networking tools in their international ventures. These new tools enhance management of large number of relationships, particularly weak ties, which have similar characteristics to strong ties as they seem to protect entrepreneurs from opportunism. In particular, entrepreneurs with the largest networks of weak ties, perceive weak ties as portfolios. Our findings also show that the web has greatly increased bridging opportunities. Entrepreneurs with the largest networks show the greatest opportunities for bridging and they use the web to demonstrate their network strength and to identify opportunities to connect people. Our methodological contribution is that we use a combination of participant observation and interviews to identify how network relationships are shaped. (For more information, please contact: Sylvie K. Chetty, Massey University and Uppsala University, New Zealand: s.chetty@massey.ac.nz)

Session: 1.5.12 - Competitive
Track: Track: 4 - Strategy, Alliances, Competitiveness

International Joint Ventures - Characteristics and Performance

Presented On: June 26, 2011 - 17:15-18:30

Chair: Tariq H. Malik, Dongbei University of Finance & Economics

Re-Examining International Joint Ventures: Market Failure, Reciprocity, and the Choice of Greenfield vs. Acquisitive Entry

Shih-Fen S. Chen, University of Western Ontario

Corresponding to the choice of greenfield investments or acquisitions to enter foreign countries, multinationals can access complementary local assets through two markets, i.e., by procuring the target assets per se from indigenous firms (the asset market) or acquiring the local businesses in which such assets are embedded (the equity market). In this study, we propose that co-ownership, set up through either split equity of greenfield ventures or partial acquisitions of existing entities, can create a reciprocity effect to address the failure of these two markets. Specifically, greenfield joint ventures are formed to alleviate the imperfection of the asset market, while acquisitive joint ventures are formed to assuage the inefficiency of the equity market. Empirical results based on a sample of Japanese investments in the US reveal that the nature of target local assets dictates the market interface used by multinationals to transact with indigenous firms, which then determines the type of joint ventures that should be formed to correct for the failure of the focal market. Our re-examination of international joint ventures offers a new paradigm for future studies to analyze foreign entry mode choices. (For more information, please contact: Shih-Fen S. Chen, University of Western Ontario, Canada: sfchen@ivey.uwo.ca)

Selecting a Trustworthy IJV Partner: The Role of Partner Selection and Host Country Rule of Law

Jean-Paul Roy, Queen's University

This study provides new insight into how partner selection criteria and host country rule of law affect the likelihood that a foreign entrant will partner with a trustworthy firm when establishing an international joint venture (IJV). Distinguishing between two components of partner trustworthiness – benevolence and competence – the results of the study, based on survey and archival data collected on 144 IJVs across six Asian countries, revealed that the likelihood of selecting a benevolent firm is a function of different partner selection criteria than the likelihood of selecting a competent firm. The results also demonstrated that host country rule of law had both an interactive effect on the relationship between partner selection criteria and partner trustworthiness, and a directly positive effect on a foreign entrant?s likelihood of selecting a trustworthy firm. The implications of these results for the establishment and management of IJVs are discussed. (For more information, please contact: Jean-Paul Roy, Queen's University, Canada: jroy@business.queensu.ca)
The Effects of Trust and Trust Expectations on Satisfaction in International Joint Ventures
Gokhan Ertug, Singapore Management University
Ben Bensaou, INSEAD
Ilya Cuypers, Singapore Management University

This paper studies the effects of trust and trust expectations on satisfaction in international joint ventures. Consistent with previous literature on trust, we argue that a focal joint venture partner’s trust in the other party will have a positive effect on the focal partner’s satisfaction. However, we also study the effects of the focal partner’s trust expectations in the other party and argue that, controlling for the actual level of trust, these expectations will have a negative effect on the focal partner’s satisfaction. Our empirical support comes from data on 118 international joint ventures operating in Asia. (For more information, please contact: Gokhan Ertug, Singapore Management University, Singapore: gokhanertug@smu.edu.sg)

Session: 1.5.13 - Competitive
Track: 7 - Emerging Economies

Managing Ties and Networks in China

Presented On: June 26, 2011 - 17:15-18:30

Chair: Shujun Zhang, Sun Yat-sen University

Managerial Networks, Organizational Innovation, and Firm Performance in a Transition Economy
Weilei (Stone) Shi, Baruch College
Haibin Yang, City University of Hong Kong

How do managerial networks affect firm performance in a transition economy? Departing from prior research in this area, this study differentiates two types of managerial networks (business versus institutional network) in China and investigates how these two different networks may distinctively affect firm innovation (exploration versus exploitation) and further drive firm performance. Specifically, we argue that a firm’s business network is more related to exploration innovation, while its institutional network is more related to exploitation innovation. Further, firm innovation mediates the relationship between managerial networks and firm performance. Survey data in China from two industries (semiconductor and pharmaceuticals) have largely supported our thesis in this study. (For more information, please contact: Weilei (Stone) Shi, Baruch College, USA: weilei.shi@baruch.cuny.edu)

Leveraging Managerial Ties to Enhance Firm Performance: Assessing the Mediating Role of Relational Capabilities
Shujun Zhang, Sun Yat-sen University
Xiaohua Su, Jinan University

This paper examines the impact of relational capabilities in mediating the relationship between the ties between a firm’s managers and its key constituencies, and a firm’s performance. Using survey data collected on a sample of Chinese companies, it is shown that the relationship between the number of ties controlled by a firm and a firm’s performance is mediated by a firm’s relational capabilities. This research has important implications for both network theory, as it is applied to organization, and resource-based theory, and especially emerging research on relational capabilities. (For more information, please contact: Shujun Zhang, Sun Yat-sen University, China: mnszsj@mail.sysu.edu.cn)
How Does the Composition of Political Ties Affect Firm Value? Evidence from an Emerging Market Event Study
Pei Sun, Fudan University
Haoping Xu, Fudan University

This paper examines how a portfolio of network ties that a business firm maintains to political actors and/or institutions impact upon firm value in emerging economies. Drawing on relevant theories and literatures in relation to corporate political strategy, we develop hypotheses regarding the valuation effects of political networks composed of a variety of personal and institutional ties to the state in emerging economies. Empirically, we document stock market responses to an unanticipated arrest of Shanghai's top leader by the Chinese central government in September 2006. The event study shows a negative effect on firm value of both board ties and moderate/non-controlling ownership ties to the municipal government upon the event, while the association between strong/controlling ownership ties and firm value was statistically insignificant. Further, a positive interaction effect on firm value was present between board ties and non-controlling ownership ties, implying that firms combining both personal-level connections and moderate ownership stakes experienced less reduction in market value upon the event. These empirical findings shed light on the strategic values for different configurations of business-government ties during liberalization and institutional transition. (For more information, please contact: Pei Sun, Fudan University, China: sunpei@fudan.edu.cn)

Managerial Political Connections and Government Subsidy in China: Evidence from Chinese Listed Firms
Jianfeng Wu, University of International Business and Economics
Zelong Zhang, University of International Business and Economics
Menita Liu, Peking University
Dan Peng, Beijing Jiaotong University

Purpose – The purpose of this study is to adopt a contingency perspective to examine the impact of managerial political connections on access to a specific external resource – government subsidy – in China.
Design/methodology/approach – This study proposes that the role of managerial political connections can be manifested only when affiliated government officials feel safe about their own career development. Accordingly, a focal firm has to signal its capability of efficient resource utilization to government officials through managerial reputation and/or past performance. We test the contingency hypothesis by using archival data collected from 212 Chinese firms that went public between 2002 and 2004.
Findings – This study finds that only when managerial reputation was high, and/or when a firm’s past performance was superior, would managerial political connections play a significant and positive impact on obtaining government subsidy.
Originality/value – This study contributes to the existing literature in two ways. First, it enlarges the research scope of political connections by examining their impact on government subsidy instead of on financial performance. Second, and more importantly, it posits that the role of political connections is contingent on other contextual factors such as managerial reputation and past firm performance. (For more information, please contact: Jianfeng Wu, University of International Business and Economics, China: strategywu@gmail.com)
Prior literature on business groups has mainly focused on the internal resource sharing among affiliated firms and assumed the same sharing pattern across groups. In this study, I use China as the empirical setting to examine resource sharing between the group’s parent company and affiliates, in addition to that among affiliates. Results confirmed the performance gains for group affiliates from the human and social capital possessed by the group CEO on one hand, and tangible and intangible resources possessed by other group affiliates on the other hand. Furthermore, the strength of resource sharing varies across groups of different levels of state ownership. State ownership acts as a double-edged sword by simultaneously discounting the value of group CEO’s human capital and strengthening the synergy among affiliates in sharing intangible resources. (For more information, please contact: Zheng Yan, National University of Singapore, Singapore: zhengyan@nus.edu.sg)

Overcoming the Institutional Deficiency in Emerging Economies: Impact of Stock Market Development and Business Groups on M&A Deal Completion
Hyejun Kim, Seoul National University
Jaeyong Song, Seoul National University

This paper examines the effect of the stock market development and business group affiliations on the completion and abandonment of the M&A deals in emerging economies where the institutional context for sourcing information and capital is underdeveloped in emerging economies. Considering that the primary reasons for abandonment of the M&A deals were unexpected information and financial adversity, we suggest that the lower degree of institutional deficiency in the capital market would result in a higher probability of deal completion. We also suggest that business groups that created internal markets to overcome such institutional voids would increase the probability of deal completion. For empirical investigations, we examine M&A deals in nine emerging economies. We find that the market development in emerging economies increases the chances of the M&A deal completion. We also find that the affiliated firm with the business group as an acquirer exhibits significantly higher chances of deal completion. (For more information, please contact: Jaeyong Song, Seoul National University, Korea, South: jsong@snu.ac.kr)

Stability vs. Change: A Whole Network Perspective to Network Dynamics
Shu-Ping Li, National University of Singapore
Ishtiaq Pasha Mahmood, National University of Singapore
Sai Krishna Yayavaram, National University of Singapore

This paper investigates the stability of interorganizational networks from a whole network perspective. We propose that inter-firm interdependencies are a key determinant of network stability. While contingencies enhancing existing interdependencies stabilize linkages among network members, those generating new interdependencies or attenuating existing interdependencies will lead to tie formation and dissolution respectively. Examining the evolution of within-group buyer-supplier ties of top 100 Taiwanese business groups from 1981 to 1998, we find that unrelated diversification of business groups increases both tie formation and dissolution in intra-group networks. Further, network centralization facilitates tie dissolution rather than tie creation in intra-group networks. Finally, family ownership of business groups attenuates the impact of network centralization by strengthening existing interdependencies between group members. Our research contributes to both the whole network literature and business group research. (For more information, please contact: Shu-Ping Li, National University of Singapore, Singapore: shupingli@nus.edu.sg)

International Expansion and Product Diversification of Emerging Market Business Groups
Vikas Kumar, University of Sydney
Ajai S. Gaur, Rutgers University
Chinmay Pattnaik, University of Sydney
We analyze the relationship between product diversification and the international expansion of emerging market business groups. This is an important international business issue, given the dominance of business groups as an organizational form in emerging markets and the recent international expansion of many emerging market firms. Using a multi-theoretic approach, we posit that high product diversification will have an adverse effect on the international expansion of business groups, and that international orientation and group resources will positively moderate this relationship. We test our arguments on a longitudinal sample of 3,777 group-year observations, containing the foreign direct investment (FDI) data of 482 business groups from 2001–2008. Our findings largely confirm the hypothesized relationships. (For more information, please contact: Vikas Kumar, University of Sydney, Australia: vikas.kumar@sydney.edu.au)

Session: 1.5.15 - Interactive
Track: Track: 2 - Marketing and Supply Chain

Managing Global Supply Chains

Presented On: June 26, 2011 - 17:15-18:30

Chair: David A. Griffith, Michigan State University

International Supply Chain Strategies in an Uncertain World: A Bullwhip Perspective

Marcelo Alvarado-Vargas, Florida International University
Keith Kelley, Florida International University

Using a phenomenon known as the Bullwhip Effect, the authors explore a variety of different reasons why additional uncertainty in the marketplace can create severe disruptions in the global supply chain. The authors then propose and discuss a number of potential strategies that may help mitigate disruptions before they become terminal problems. Terminal problems include such as stock-outs that lead to customer loss and order instability that leads to supplier capitulation. Monte Carlo simulation is used to generate the conditions of uncertainty and qualitative analysis of various scenarios that may emerge to challenge global supply-chain fitness is provided. The authors consider scenarios applicable to the manufacturing and retail sectors specifically because of the storability (inventory) property of the goods. The product architecture influencing the firm-supplier relationship intensity is also considered as well as distance between firm and supplier. During uncertain times, if the supplier is the weakest link in the total supply chain, the firm must undertake crucial strategic decisions which will secure its supply chain fitness. (For more information, please contact: Marcelo Alvarado-Vargas, Florida International University, USA: malva043@fiu.edu)

Developing a Framework to Link Global Outsourcing with Entrepreneurship: A Supplier Perspective

Yen-Chih Huang, Asia University
Rong Ma, University of Missouri-Kansas City

Drawing from social capital theory and organizational learning theory, we propose a model in which high quality global outsourcing relationship leads to entrepreneurship. Different from previous studies, we focus on how global outsourcing networks can increase market and technical knowledge of supplier firms, which in turn leads to opportunity identification. Based on the fact whether firms achieve a balance between opportunity identification and exploitation, increased opportunity identification can lead to different outcomes. Supplier firms without a balance between the two elements may create a higher rate of spinouts since employees with enhanced knowledge are encouraged to exploit identified opportunities through founding their own firms. For provider firms that are able to maintain a balance between the two elements, employees are more likely to pursue their entrepreneurial drive within the incumbent provider firms. (For more information, please contact: Yen-Chih Huang, Asia University, Taiwan: jessme@mail2000.com.tw)
Knowledge Management and the Partnership in Green Supply Chain Practice
Jun-Zhi Chiu, I-Shou University and Kao Fong College of Digital Contents
Chao-Chen Hsieh, Kao Fong College of Digital Contents

The purpose of this study is to explore the relationship between knowledge management activities and green supply chains. The key point of this relationship is that how the knowledge can create the more effective green supply chains management. This paper was applied the qualitative research approach as the methodology. The results find that the green supply chains' organizations must pay attention on the connection of the all chain's companies in order to apply the knowledge management and share technology/ knowledge which enable all the members to learn effectively and to increase the green supply chain performance more effectively. (For more information, please contact: Jun-Zhi Chiu, I-Shou University and Kao Fong College of Digital Contents, Taiwan: jun-zhi65@hotmail.com)

The Portfolio of Governance Mechanisms in the Buyer-Supplier Relationship -Types of Trust Matter
Ying-Hua Teng, National Taiwan University

In the manufacturer-supplier context, contracts, trust and a free flow of information are all necessary for successful outcome. Each mechanism has its limits and transaction parties have to combine them in a portfolio way. This study propose that different type of trust will interact with contractual safeguard and information sharing in a different way. Depending on the type of trust they have in their counter parties, firms may choose different governance mechanisms to complement the function of trust, which in turn enhances the outcome of transactions. The hypotheses are tested on a sample of 76 manufacturer-supplier relationship in fastener industry in Taiwan. (For more information, please contact: Ying-Hua Teng, National Taiwan University, Taiwan: d92724003@ntu.edu.tw)

Crisis in the Supply Chain: Lessons from a Toyota Dealer's Response
C. Gopinath, Suffolk University
Cristian Chelariu, Suffolk University
Nai Nan Ko, Ko Automotive Group

In the supply chain, dealers are often in a situation of dependence, following the rules of the manufacturer. The recent Toyota auto recall is a crisis situation that the manufacturer chose to address mostly on the public relations side and failed to manage in a timely manner the situation of the dealers. We use insights from transaction cost analysis and resource dependence theory to explain the dependent position of the dealer in relation to the manufacturer. Using the case of one dealer, we show that taking initiative in a situation that lacks clear leadership can lead to positive results for the dealer, the client and ultimately the manufacturer. (For more information, please contact: C. Gopinath, Suffolk University, USA: cgopinath@suffolk.edu)

A Network Perspective of Global Sourcing
Steven Carnovale, Rutgers University
Sengun Yeniyurt, Rutgers University

The focus of this paper is the development of a network theory based framework of global sourcing. We review the extant literature and formulate specific theoretic hypotheses regarding the implications of this framework for a firm's global sourcing strategy. The roles of network theory constructs such as network centrality, transitivity, structural holes, and structural embededness are explored. Specific theoretic hypotheses based on these constructs are developed with respect to the effect of the network structure on the likelihood of a new sourcing relationship being established. (For more information, please contact: Steven Carnovale, Rutgers University, USA: scarnova@pegasus.rutgers.edu)
Exploration/exploitation and Knowledge Sourcing

Presented On: June 26, 2011 - 17:15-18:30

Chair: Maureen Benson-Rea, University of Auckland

Exploration, Exploitation and National Culture

John W. Medcof, McMaster University
Chun-Hsiao Wang, McMaster University

This paper demonstrates the feasibility of research on the degree to which organizational and national culture supports the exploratory, exploitative or ambidextrous missions of organizations. It links an important area of research in international business to the powerful conceptual set of exploration and exploitation, an under-researched topic. A scale of cultural propensity for exploration and exploitation was developed and meaningful distinctions between countries found. Further empirical work using richer definitions of culture and more recent data could reveal interesting historical trends and provide managers with useful tools for maintaining organizational cultures which support exploratory, exploitative and ambidextrous organizational missions. (For more information, please contact: Chun-Hsiao Wang, McMaster University, Canada: wangc28@mcmaster.ca)

Global Sourcing Strategy, Offshoring Exploratory and Exploitative Innovation, and Firm Performance

Silvia Massini, University of Manchester
Nidthida Perm-Ajchariyawong, Duke University
Arie Lewin, Duke University

In this study we examine the role of strategy in directing strategic choice behavior and firm performance in the context of global sourcing of innovation. Building on the behavioral theory of the firm (1963) and attention-based view (Ocasio, 1997), our central argument is that strategy acts as a guideline in a decision-making process to direct management attention to a more selective and strategic set of issues and assist organizations in prioritizing these issues. We empirically examine the effect of firms’ adoption of global sourcing strategy on their strategic choices regarding an offshoring of exploratory and exploitative activities as well as its effect on firm performance. The results reveal that firms’ adoption of a global sourcing strategy has a significant positive effect on their innovation performance. Moreover, the analysis shows an interesting, counter-intuitive finding suggesting that an offshoring of an entire process of both exploratory and exploitative innovation activities do not have an impact on firm’s innovation performance. (For more information, please contact: Silvia Massini, University of Manchester, United Kingdom: silvia.massini@mbs.ac.uk)

MNC Subunit Knowledge Sourcing and CC Activities - A Dynamic View of Subunit Evolution

Xiaoyu Pu, Rutgers University

The overseas operations of MNCs can be either competence exploiting (CE) - exploiting the competence base of the parent group - or competence creating (CC) - creating new competencies that were not already present in other parts of the relevant corporate group. This paper suggests a framework to examine the extent to which MNC subunits take up each of these types of activities by treating it as a continuous variable, and looks at how in turn the composition of CC and CE activities in a location influences the knowledge creating role and status of a subunit within its international group. I develop a dynamic model which proposes that the extent to which a subunit is likely to take up CC activities is influenced by the intensity and spread of that subunit’s connectedness of their processes of knowledge accumulation with various sources - whether in other parts of the focal MNC group or external to the firm. The focus of attention is placed on the heterogeneity of firm-specific evolutionary
Exploring Patent Sourcing Strategies in the Pharmaceutical Industry
Ming Chao Huang, National Cheng Kung University

Due to the nature of R&D intensity and multidisciplinary in the pharmaceutical industry, it is difficult to develop new drugs by a single firm. The incumbents look for external technological resources through several means to maintain the pipeline of products, e.g., merger and acquisition (M&A), strategic alliance, or licensing. By exploring drug patents listed in the USFDA Orange Book, we can realize the patent portfolio and the patent sourcing strategies of pharmaceutical firms. Patent bibliometric analysis is used in this current study, and 2,033 drug patents are identified. Patent productivity and impact are presented at the assignee level and applicant level, respectively, and the applicant’s patent portfolio is further discussed. Our findings indicate that the new drug applicant's patent portfolio is helpful in revealing the technological capability and patent sourcing strategy of the pharmaceutical incumbents and sheds light on patent research in the pharmaceutical industry. (For more information, please contact: Ming Chao Huang, National Cheng Kung University, Taiwan: adrianmchuang@gmail.com)

A Modification Model for Knowledge Transfer in Higher Education: Structure Equation Model Analysis
Chinho Lin, National Cheng Kung University
Hoang-Ha Tran, Vietnam University of Commerce
Teresa L. Ju, Lunghwa University of Science and Technology

Knowledge transfer is the primary key to effective teaching and learning in higher education. It contributes to guide and improve students' professional development. In the knowledge era, the raising of higher education and higher education institutions commitment has led researchers to examine issues of knowledge management. However, little literature can be found focusing on knowledge transfer in higher education from a knowledge management viewpoint. Extending prior knowledge transfer research, we empirically examine antecedents to knowledge transfer from teacher to student by surveying Taiwan and Thailand undergraduate students in an introduction to computer concepts course. The results highlight several specific factors affecting knowledge transfer which confirmed with the previous research, moreover with the typical SEM analysis, author proposed a modification model contributing to better understanding of how to effectively transfer knowledge and improve students’ learning, thereby improving future prospects. (For more information, please contact: Hoang-Ha Tran, Vietnam University of Commerce, Vietnam: hoangha.tran@gmail.com)

Session: 1.5.17 - Interactive
Track: 10 - Economics, Finance and Accounting

Economic Perspectives on Markets and Institutions

Presented On: June 26, 2011 - 17:15-18:30

Chair: Marc Bremer, Nanzan University

Explaining International Variations in Pension Plan Wealth Redistribution: Important Roles of Gender, Culture, and Inequality
Raj Aggarwal, University of Akron
John W. Goodell, University of Akron
We assess the roles of gender development, cultural dimensions, and inequality in determining national pension system progressivity for the OECD countries. This paper documents that international differences in pension progressivity are positively related to the economic and societal role of women and a more feminine cultural environment, the extent of Catholicism, as well as overall political voice and accountability; and are negatively related to masculinity, uncertainty avoidance, individualism, social trust, employment rights, average pension levels, and economic inequality. These robust results provide important insights for the feasibility of various pension system reforms and for MNC and pension plan managers. (For more information, please contact: John W. Goodell, University of Akron, USA: johngoo@uakron.edu)

National Culture and the Choice between Bank and Bond Financing
Ron Christian Antonczyk, RWTH Aachen University
Wolfgang Breuer, RWTH Aachen University
Astrid Juliane Salzmann, RWTH Aachen University

We examine how cultural preferences impact the financing decision of firms. In particular, we hypothesize that firms in countries with a higher degree of long-term orientation tend to prefer bank finance, whereas firms in countries with a higher degree of short-term orientation tend to prefer bond finance. Based on a thorough theoretical investigation and an extensive empirical analysis using a large, worldwide dataset, we find strong support for our hypothesis on the role of culture in financial intermediation. The results are robust to controlling for other determinants of the choice of debt financing as well as alternative measures of culture. (For more information, please contact: Astrid Juliane Salzmann, RWTH Aachen University, Germany: astrid.salzmann@bvw.rwth-aachen.de)

Chinese SWFs: Meeting the Dragon
Philippe Gugler, University of Fribourg
Michael Kaspar Keller, University of Fribourg
Xavier Tinguely, University of Fribourg

Since the beginning of the 2000s Chinese outward FDI has been attracting considerable attention. Due to fast increasing foreign exchange reserves, sovereign wealth funds (SWFs) are set to become important players in global FDI. Do Chinese SWF investments reflect pure financial considerations or strategic and geopolitical objectives? Few studies have focused on Chinese SWF investments, since researchers still face a lack of data. We present an original database covering publicly reported investments by Chinese SWFs over the period January 2007 to August 2010. We analyze Chinese SWFs’ investments in terms of targeted regions and sectors in order to bring to light their investment strategies. We then compare the revealed investment strategies with the objectives defined by the Chinese government’s OFDI policy, in order to assess the possible involvement of the government in the SWFs’ decisions. The analysis suggests that it is difficult to classify the SWFs either as pure financial or strategic investors. On the one hand, Chinese government significantly influences SWFs’ decisions. But at the same time, Chinese SWFs make pure financial investments. This ambiguity raises some concerns, especially for recipient countries, and provides an explanation for worldwide attempts to establish a legal and regulatory framework for SWFs. (For more information, please contact: Philippe Gugler, University of Fribourg, Switzerland: philippe.gugler@unifr.ch)

Performance of Domestic and Cross-Border Acquisitions: Empirical Evidence from Russian Acquirers
Olivier Bertrand, St. Petersburg State University
Marie-Ann Betschinger, Higher School of Economics

This paper investigates the impact of acquisitions initiated by Russian firms on their operating performance on the Russian market. We know very little on M&A value generation for emerging market firms. However, M&As
can have a major impact not only on the competencies, organization, and performance of acquirers, but also on the competitiveness of countries by reshuffling assets across and within industries and corporate control. In this paper, we distinguish domestic and international acquisitions and discuss their distinctive effects. International acquisitions could have stronger feedback effects on the home country. In general, acquisitions can be associated with synergy gains, internalization advantages, and higher market power, but also new integration and organizational costs, leading to an ambiguous impact on the performance of acquirers. Based on a sample of more than 600 acquirers we show that both domestic and international acquisitions tend to reduce the performance of acquirers compared to non-acquiring firms. Examining how different deal, firm and industry level characteristics moderate the destroying value effects of acquisitions, our results suggest that Russian acquirers suffer from the inability to leverage value due to low M&A and international experience as well as weak absorptive capacity especially when making international acquisitions. (For more information, please contact: Olivier Bertrand, St. Petersburg State University, Russia: olivier.bertrand@gsom.pu.ru)

New Play, but Old Actors. Tortuous Evolution of Company Ownership in Emerging Markets of Central and Eastern Europe

Miglena Naydenova-Bacheva, WU Vienna
Michal Lemanski, WU Vienna

The main purpose of this paper is to analyze ownership structure of companies in emerging markets of post-Communist Europe. We collected data on 1800 companies in six countries in Central and Eastern Europe, grouped in pairs according to represent their status in the European integration process: Russia and Ukraine (least integrated), Bulgaria and Romania (emerging integration), Czech Republic and Poland (advanced integration). Preliminary results show that in spite of widely acclaimed effects of economical reforms and progressing European economic integration, ownership structure of companies in Central and Eastern Europe changes very slowly, and state ownership is still dominant. We attempt to explain these facts and try to provide a broader view of the current economic and political developments in this region, discussing problems which are still not widely known o the IB community, especially in the Western world. In addition we report on challenges to obtaining reliable data on FDI in the context of emerging markets. (For more information, please contact: Michal Lemanski, WU Vienna, Austria: michal.lemanski@wu.ac.at)

Session: 1.5.18 - Interactive
Track: Strategy, Alliances, Competitiveness

Asian Alliance Networks
John Reynolds Patton, Florida Institute of Technology

The changing contours of the economic and trade architecture, particularly the proliferation of trade agreements in the Asia-Pacific region, has created Asian alliance networks designed to accommodate the shifting balance of power. United States (US) influence is subdued by preoccupation in other parts of the world and both China and India intend to fill the vacuum. Japan, a long-time regional power, now must embrace this confluence of powers in its neighborhood and forge its own alliances. The bandwagon of such Asian alliance networks leaves a trail of overlap and complexity. The plentoras of agreements - all having benefits and costs - are discussed as the multilateral architecture falls in place. The paper considers four different propositions for some potential future alliance arrangements and concludes that a concert of power should be arranged by designing a region-wide, comprehensive agreement. To illustrate the feasibility of the major players working
Lost in Translation? How Language Barriers Influence Cross-Border Alliance Formation
Amol M. Joshi, University of Hawaii at Manoa
Nandini Lahiri, University of North Carolina at Chapel Hill

Prior studies examine the ability of firms to build competitive advantage through strategic alliances formed to access and exploit resources that are valuable, rare, and inimitable. We extend this research by investigating how language barriers between prospective partners influence the likelihood of cross-border alliance formation. We incorporate language distance as a measure of the linguistic differences or communications barrier between language pairs. Using the resource-based view (RBV) of the firm and sociolinguistics, we develop a framework which explains the moderating effect of language distance on predictor variables associated with the likelihood of alliance formation. We hypothesize that while the number of stock exchange listings, the amount of knowledge assets, and the degree of technological specialization of a prospective partner all positively influence alliance formation, the impact is greatest when the language distance between focal firms is large, rather than small. Analyzing data on alliance activity involving semiconductor design firms during 1988-2001, we find support for these hypotheses. Our empirical results suggest that because language barriers increase the possibilities for knowledge to be “lost in translation,” cross-border partners separated by a large language distance are most likely to form alliances only when the value, rarity and inimitability of resources are high. (For more information, please contact: Amol M. Joshi, University of Hawaii at Manoa, USA: amol@hawaii.edu)

Do They Trust Each Other? Factors Influencing the Stability of Symbiotic Alliances among International Firms in China
Ji Li, Hong Kong Baptist University
Jun Huang, Southwest University
Guiyao Tang, Hong Kong Baptist University
Chris Chu, Stockholm School of Economics
Zhenyao Cai, Hong Kong Baptist University

We argue that it makes a great difference whether partners in a strategic alliance trust each other. Focusing on small-large symbiotic alliances among local as well as foreign firms in China, we test this argument with data from multiple sources. To better understand the effect of the trust difference among the partners, we also tested the effects of other factors that may influence the stability of the alliance. Our data show that the difference in trust (i.e., trust difference) among the partner firms has a significant and negative effect on the stability of the alliance, and this difference also moderates the relationship between the trust itself and the stability. Finally, several other factors, such as resource complementarity, sensitive to the need of the customer, and personal relationship of the top managers also have significant and positive effects on the stability of the alliances. (For more information, please contact: Jun Huang, Southwest University, China: john0227@hotmail.com)

Are Home-Country Networks Valuable in International Strategic Alliances? Evidence from Italian Firms
Diego Campagnolo, University of Padova
Arnaldo Camuffo, Bocconi University
Giuseppe Soda, Bocconi University

In this paper we explore the relationship between firm’s home-country network embeddedness and its international expansion through the use of strategic alliances. We propose that the overall variety of home-country networks is a source of relational capabilities, but we question their transferability to foreign domains when forming international alliances. Using a sample of 366 Italian firms we empirically test the effect of a
variety of home-country networks on the formation of international relational capabilities. Interestingly, results demonstrate that the home-country network of subcontractors and the home-country network of R&D partners promote the formation of relational capabilities of universal applicability, whereas the home-country network of industrial customers promotes the formation of relational capabilities that are location-specific, with less or no value outside their original context. Consequently, while the former types of home-networks foster the development of international relational capabilities, the latter hinders their development. Overall, our findings are consistent with a) the argument that the overall variety of firm’s inter-organizational relationships is a source of relational capabilities; b) the idea that home-country network experience differs in its degree of transferability to foreign domains and that there is an asymmetric distribution of the learning effect in customer-supplier relationships. (For more information, please contact: Diego Campagnolo, University of Padova, Italy: diego.campagnolo@unipd.it)

**Backsourcing: Beneficial Strategic Change or Strategy Failure?**  
Pooja Thakur, Virginia Tech

Backsourcing of activities is a new phenomenon which has received scant attention by the academic literature. It can be defined as the bringing back of previously outsourced activities in-house and this can be a result of expired or terminated outsourcing contracts. In this paper, I look at why firms backsource their activities while distinguishing between factors that are driven by strategic change and those caused by strategy failure. Backsourcing driven by beneficial strategic change can be due to changes in strategic focus of the firm, organizational restructuring, use of outsourcing as an entry strategy and unfavorable host country conditions. On the other hand, backsourcing driven by strategy failure occurs when the firm faces conflict with the external vendor, internal conflict with foreign affiliates, loss of organizational competence, inability to coordinate multiple outsourcing contracts and maintaining its corporate image. This paper contributes to the literature by examining the reversal in outsourcing trend. (For more information, please contact: Pooja Thakur, Virginia Tech, USA: pthakur@vt.edu)

**From Partner Fit to Trust Dynamics: Cross-Country Joint Ventures of Taiwanese Construction Firms**  
Huei-Wen Pao, Takming University of Science and Technology  
Hsueh-Liang Wu, National Taiwan University  
Cheng-Yu Lee, Southern Taiwan University

The success of international joint ventures depends largely on the extent to which partner firms work seamlessly with each other. However, the prior literature focuses more on governance decision than on partner selection, not mentioning the process through which different types of partner fit trigger the dynamics of trust generation and then lead to the alliance performance. Based on six case studies of the international joint ventures involving Taiwanese construction firms, this study departs from identifying two distinct types of partner fit, namely, strategic and behavioral fit, to exploring the generative dynamics of interparty trust which is enabled by the distributive fairness and the partner similarity. We also found that interparty trust contributes to the alliance performance by reducing the impact of behavioral and environmental uncertainty. (For more information, please contact: Cheng-Yu Lee, Southern Taiwan University, Taiwan: cylee@mail.stut.edu.tw)
ABSTRACTS FOR MONDAY, JUNE 27, 2011

Session: 2.1.1 - Special Session

Asian Business School Deans Forum

Presented On: June 27, 2011 - 09:20-10:35

Chair: George Yip, Erasmus University

Speakers:
- T.J. Wong, Chinese University of Hong Kong
- Christina Ahmadjian, Hitotsubashi University
- Jin Kyu Lee, Korea University
- Sin Hoon Hum, National University of Singapore
- Carl F. Fey, Nottingham University

Session: 2.1.2 - Competitive
Track: Track: 2 - Marketing and Supply Chain

Internationalization Process of Firms

Presented On: June 27, 2011 - 09:20-10:35

Chair: Gary Knight, Florida State University

Imports in the Process of Internationalization
- Robert Grosse, George Mason University
- Alejandro Fonseca, EGADE Business School

Imports are seldom viewed as an integral part of the firm’s internationalization process. Yet competitiveness in the 21st century demands that firms seek out ways to lower their costs, gain access to products and services not available domestically, and generally to take advantage of import opportunities just as they explore domestic supply opportunities. Imports thus fit into the process of supply chain management, as well as the process of internationalization for firms today. This paper explores how imports fit into the strategies of a sample of 138 US-based companies.

Key Results: Imports are a central feature of the internationalization of US firms. Manufacturing firms use importing more intensively than service firms, and they use imports more in producing exports. High-tech firms are involved earlier in importing, and are more involved in using imports to produce exports than low-tech firms. Younger firms are more focused on lowering costs; older firms use imports more intensively. Importing and exporting occur at approximately the same stage of development of the firm. An overall model of imports in the global supply chain is presented and tested. (For more information, please contact: Robert Grosse, George Mason University, USA: robert.grosse@thunderbird.edu)

Exploring the Nature of Commitment in Firm Internationalization
- Angela da Rocha, Pontifical Catholic University of Rio de Janeiro
- Renato Cotta de Mello, Coppead/Federal University of Rio de Janeiro
- Henrique Pacheco, Pontifical Catholic University of Rio de Janeiro
- Isabel Farias, Pontifical Catholic University of Rio de Janeiro
Commitment appears in the international business literature as one of the drivers of firm internationalization. But although the construct has been extensively used in empirical studies, not much effort has been dedicated to investigate its nature. This study aimed therefore at investigating the nature of the international commitment construct in firm internationalization. The study used both a deductive and an inductive approach; the literature was reviewed and three case studies were developed, based on primary and secondary sources. We identified in the literature three different types of international commitment: market commitment, relationship/network commitment, and commitment to internationalization. We also established that more than one type of commitment can appear in a firm’s internationalization process. Also, several variables were identified as antecedents, manifestations, or consequences of commitment. Some of them already appeared in the literature, but others, to other knowledge, are a contribution of this study. Finally, we present a tentative conceptual model of the international commitment construct. (For more information, please contact: Angela da Rocha, Pontifical Catholic University of Rio de Janeiro, Brazil: amc.darocha@gmail.com)

Does Marketing Capability Enhance Performance of Emerging Market Firms? A Multiple Country Study
Jie Wu, University of Macau

Previous studies have shown that marketing capability can enhance firm performance for developed market firms. However, this benefit may not necessarily hold for emerging market firms because of their relative inferior marketing capability and under-developed institutional environment. In this study, we investigate when marketing capability can help the firm achieve superior performance. We argue that a positive effect of marketing capability of emerging marketing firms on superior performance is more likely to occur in emerging marketing firms with a higher percentage of foreign ownership or when competitive intensity in external environment is high. However, this positive relationship is less likely to exist in emerging marketing firms with old age or when legal system in the home country evolves to a high level. (For more information, please contact: Jie Wu, University of Macau, Macao: jiewu@umac.mo)

Session: 2.1.3 - Panel
Track: Track: 9 - Cross-cultural Management and HRM


Presented On: June 27, 2011 - 09:20-10:35

Chair: Peter Ping Li, Copenhagen Business School
Co-Chair: Arie Lewin, Duke University

The Greatest Encounter in the Era of Globalization: Why and How Should West Meet East?
Peter Ping Li, Copenhagen Business School
Arie Lewin, Duke University
Mary Ann von Glinow, Florida International University
Michael A. Witt, INSEAD
Silvia Massini, University of Manchester
Donghao Li, Wakayama University

In this presentation panel, we bring together a team of well-established scholars with diverse research backgrounds and perspectives to engage in an open discussion about the central theme why and how the West should meet the East as two equals in the era of globalization. This presentation panel has the potential to shed light on the most essential research question today. The presentation panel will adopt a combined approach with formal presentation and informal interaction. In particular, we intend to be as provocative as necessary. We also position our panel as interdisciplinary as possible so as to appeal to the wider AIB audience. We believe
that our panel is relevant given the location of this conference by focusing on two intertwined questions: why, and how, should the West meet the East as the greatest encounter in the era of globalization. (For more information, please contact: Peter Ping Li, Copenhagen Business School, Denmark: pli.int@cbs.dk)

Session: 2.1.4 - Competitive
Track: Track: 5 - MNC Management and Organization

Macro Issues on MNC

Presented On: June 27, 2011 - 09:20-10:35

Chair: John Daniels, University of Miami

The Role of Institutional Investors in State Multinationals: A Multi-Country Study
Xiaoming He, Beijing Jiaotong University
Lorraine Eden, Texas A&M University
Michael A. Hitt, Texas A&M University

How do institutional investors affect the strategies and performance of state owned multinationals (SMNEs)? Does shared ownership with institutional investors improve the corporate governance of SMNEs? In this paper, using insights from agency theory and institutional theory, we explain how and why institutional ownership moderates the relationship between state ownership and international diversification (ID) and that between ID and firm performance for SMNEs, and how moderation varies across economies. Using panel data for 225 SMNEs from 40 countries over 2000-2007, we find that institutional ownership strengthened the support from the state and weakened the negative impact of state ownership, and thus positively moderates the state ownership-ID and on ID - performance relationships for SMNEs, and that the moderation effect is stronger in developed than in emerging economies. Our results suggest that institutional investors do positively contribute to the corporate governance of SMNEs; however, the influence varies across country institutional environments. (For more information, please contact: Xiaoming He, Beijing Jiaotong University, China: feifei.xiaoming@gmail.com)

The Impact of Stakeholder Power on Corporate Reputation: A Cross-country Corporate Governance Perspective
Abrahim Soleimani, Florida International University
William Schneper, Florida International University
William Newburry, Florida International University

We examine how societal differences in the allocation of power amongst three stakeholder groups influence the reputational assessments of firms across countries. Corporate reputation has roots in national beliefs about the role of the business corporation in society, which are constructed in accordance with the interests and beliefs of powerful stakeholders. Building on a stakeholder-power approach to corporate governance, we investigate whether societal-level power of shareholders, creditors, and workers interacts with particular firm performance measures to influence reputation assessments of the general public. Using a sample of 746 of the largest companies in the world from 32 countries, our results show positive impacts of stock market returns, financial stability, and corporate social performance on corporate reputations. In addition, results demonstrate that in societies where shareholders have more power, the influence of stock market returns becomes even more positive. Unexpectedly, when creditors have greater power, the influence of financial stability on reputation assessment becomes weaker. (For more information, please contact: Abrahim Soleimani, Florida International University, USA: absoleimani@gmail.com)
The Australian subsidiary of Dutch MNE Philips faced risk of a government takeover as enemy property in 1939 and 1942, following secret service surveillance of the company. It was excluded from government contracts for war-related communications equipment when forced to reduce civilian production in 1942. These threats to its assets required the firm to develop an adaptive corporate strategy. A new CEO implemented a strategy to minimise political risk and take advantage of opportunities that war production offered. The case demonstrates that an MNE pursues interactive and dynamic strategic responses when faced with political imperatives in a host country. (For more information, please contact: Pierre van der Eng, Australian National University, Australia: pierre.vandereng@anu.edu.au)

Session: 2.1.5 - Competitive
Track: Track: 3 - IB Theory, FDI, and Entry Mode

Distance Effects in International Business

Presented On: June 27, 2011 - 09:20-10:35
Chair: Oded Shenkar, Ohio State University

But How Does Distance Affect FDI? And Why Does it Matter?
Lilach Nachum, Baruch College

I seek to reconcile the theoretical ambiguity and conflicting empirical findings regarding the impact of geographic distance on the attraction of countries for FDI. I relax common assumptions that underlie the theorization of these relationships regarding the direct and causal effect of distance on FDI, and identify factors that mediate and moderate them. Longitudinal analyses of FDI flows to 163 countries during four decades show that distance affects FDI only non-linearly and mostly indirectly, via its impact on a number of country characteristics. Political, informational, cultural and human connectivity to other countries turns the impact of distance insignificant. These findings shift the attention from geographic distance as a determinant of FDI to endogenous country characteristics that are subject to government policies, and require adequate strategic responses by MNEs. (For more information, please contact: Lilach Nachum, Baruch College, USA: lilach_nachum@baruch.cuny.edu)

National Cultural Distance and US Multinational Activity: The Moderating Effect of Intra-Country Cultural Diversity
Sjoerd Beugelsdijk, University of Groningen
Arjen Slangen, University of Amsterdam

Many international business studies have argued that the national cultural distance to a country has a negative effect on the amount of foreign direct investment (FDI) and multinational enterprise (MNE) activity in that country. This argument is based on the assumption that host countries are culturally homogeneous. This study relaxes that assumption by examining how cultural diversity within host countries moderates the relationship between national cultural distance and inward MNE activity. Drawing on the literatures on the liability of foreignness and MNE legitimacy, we hypothesize that intra-country cultural diversity (ICD) weakens the negative effect of cultural distance on MNE activity. We find strong and robust support for this hypothesis using a novel ICD measure in sample of aggregate US MNE activity in 41 countries over the 1983-2004 period. Since all countries are characterized by at least some ICD, our findings suggest that previous studies ignoring such diversity have overstated the detrimental effect of cultural distance on MNE activity. Cultural distance hurts but less so in heterogeneous host cultures. (For more information, please contact: Sjoerd Beugelsdijk, University of Groningen, Netherlands: s.beugelsdijk@rug.nl)
Home-Host Country Distance and Offshore Vertical Boundary Decisions
Julien Gooris, Université libre de Bruxelles
Carine Peeters, Solvay Brussels School of Economics and Management

The globalization of service sourcing gives rise to a reconfiguration of the value chain not only along a geographic dimension but also in terms governance models. Building on transaction costs and Uppsala internationalization theories, this paper explores the role of home-host country distance on the governance model (captive versus outsourcing). Supported by the empirical analysis of 1081 projects from the Offshoring Research Network, findings suggest the cultural distance and time zone difference combined to the interaction need in services encourage captive offshoring, while the geographic distance has lost relevance. However, firms are more inclined to outsource in institutionally weak countries. (For more information, please contact: Julien Gooris, Université libre de Bruxelles, Belgium: jgooris@ulb.ac.be)

Session: 2.1.6 - Panel
Track: Track: 12 - Teaching IB

The Scholarship of Teaching and Learning: Comparison Across Countries and Cultures

Presented On: June 27, 2011 - 09:20-10:35

Chair: Cynthia Victoria Fukami, University of Denver

The Scholarship of Teaching and Learning: Comparison Across Countries and Cultures
Cynthia Victoria Fukami, University of Denver
Mari Kondo, Doshisha University
Maria Elena Baltazar Herrera, Asian Institute of Management
Francisco Roman, Asian Institute of Management
Tsungting Chung, National Yunlin University of Science and Technology

Rather than presenting specific curricular issues, or pedagogical devices, we will discuss the role and status of teaching compared to other faculty roles in higher education. Our purpose is to understand what institutions, professional societies, and professors are doing to promote effective teaching and learning around the world. On the other hand, we also aim to understand the barriers that exist for effective learning. Appreciation of differences in teaching policy and practice is especially important within a cross-cultural context for the teaching of International Business Management. (For more information, please contact: Cynthia Victoria Fukami, University of Denver, USA: cfukami@du.edu)

Session: 2.1.7 - Competitive
Track: Track: 10 - Economics, Finance and Accounting

Diffusion of Standards, Networks and People

Presented On: June 27, 2011 - 09:20-10:35

Chair: Naoya Takezawa, Nanzan University
On Designing Compensation Schemes in the International Firm: The Role of Macroeconomic Fluctuations in CEO Compensation

Lars Oxelheim, Lund Institute of Economic Research
Hsin-Hui Chiu, Chapman University
Clas Wihlborg, Chapman University
Jianhua Zhang, University of Gothenburg

Macroeconomic fluctuations can be considered one source of good or bad luck for corporate performance but the effect on performance depends on the corporation’s ability to respond to macroeconomic events as well. Depending on the ability of management to adjust operations incentive effects of performance-based compensation schemes for management may be weakened or biased by macroeconomic influences on remuneration. We analyze the impact of macroeconomic, industry and firm-specific factors on the compensation of US CEOs using data from 1993 through 2007. We find that changes in compensation are explained to a substantial extent by macroeconomic factors; less so by unanticipated factors alone. Total compensation of US CEOs is measured both including options awarded and options exercised. The latter measure is less sensitive to macroeconomic fluctuations than the former and the variation in the unanticipated macroeconomic component of compensation including options exercised appears to be smaller. Distinguishing between favorable and unfavorable macroeconomic developments, we ask whether remuneration is more responsive to favorable than to unfavorable developments in performance and macroeconomic variables. (For more information, please contact: Lars Oxelheim, Lund Institute of Economic Research, Sweden: lars.oxelheim@fek.lu.se)

Immigrant Specificity and the Relationship between Trade and Immigration: Theory and Evidence

Harry Bowen, Queens University of Charlotte
Jennifer Pédussel-Wu, Berlin School of Economics

Studies routinely document that the nature of immigrant employment is largely specific: it often concentrates in non-traded goods sectors and many immigrants often have low inter-sectoral mobility. We consider these observed characteristics of immigrant employment for the question of how immigration affects a nation’s pattern of production and trade. We model an economy producing three goods; one is non-traded. Domestic labor and capital are domestically mobile but internationally immobile. Any new wave of immigration is assumed to comprise some workers who become specific to the non-traded goods sector. The model indicates that the output and trade effects of immigration depend importantly on the sectoral pattern of employment by existing and new immigrants. Empirical investigation of the model’s prediction for the relationship between immigration and trade flows in a panel dataset of OECD countries supports the prediction that trade and immigration are complements. The implications of the model and empirical findings for immigration policy are then discussed. (For more information, please contact: Harry Bowen, Queens University of Charlotte, USA: bowenh@queens.edu)

The Role of Trade Costs in Global Production Networks: Evidence from China’s Processing Trade Regime

Ari Van Assche, HEC Montréal
Alyson Ma, University of San Diego

In this paper, we use data from China’s processing trade regime to analyze the role of trade costs on trade within global production networks (GPNs). Under this regime, firms are granted duty exemptions on imported inputs as long as they are used solely for export purposes. As a result, the data provide information on trade between three sequential nodes of a global supply chain: the location of input production, the location of processing (in China) and the location of further consumption. This makes it possible to examine the role of both trade costs related to the import of inputs (upstream trade costs) and trade costs related to the export of final goods (downstream trade costs) on intra-GPN trade. The paper first sets up a three-country general equilibrium model with asymmetric trade costs to develop testable hypotheses related to the impact of upstream and downstream trade costs on intra-GPN trade. The empirical analysis provides empirical support for the model’s predictions. (For more information, please contact: Ari Van Assche, HEC Montréal, Canada: ari.van-assche@hec.ca)
Session: 2.1.8 - Competitive  
Track: Track: 3 - IB Theory, FDI, and Entry Mode

**Bringing Managers Back into International Strategic Management**

**Presented On:** June 27, 2011 - 09:20-10:35

Chair: Claudia Schoonhoven, University of California, Irvine

*Twice as Smart? The Role of CEO Biculturalism in International Acquisition Decisions*
Dorota Piaskowska, University College Dublin
Grzegorz Trojanowski, University of Exeter

This study investigated how CEO characteristics such as their biculturalism (defined as having internalized more than one cultural schema) and international experience influence their uncertainty perceptions and consequently the ownership stakes in foreign acquisitions their firms opt for. We built on research into the role of uncertainty and experience in international business, upper echelons theory, and literature on biculturalism. We argued that managers may view the uncertainty stemming from host country risk and cultural differences differentially depending on their personal prior international exposure. Empirical tests on a sample of 1025 international acquisitions completed by UK firms over the period of 1999-2008 showed that biculturalism positively moderated the negative impact of cultural differences on acquisition ownership stakes taken. Results corresponding to CEO international experience were inconclusive. Since ours is one of the pioneering empirical investigations of the impact of biculturalism on strategic decisions, we also identify some avenues for future research. *(For more information, please contact: Dorota Piaskowska, University College Dublin, Ireland: dorota.piaskowska@ucd.ie)*

**Bringing Managers Decision Models into FDI Research**
Timothy Michael Devinney, University of Technology, Sydney

This paper presents a structure within which to think about incorporating managerial decision models and manager's decisions into management research in general and foreign direct investment research more specifically. The thinking builds on Aharoni's initial research in The Foreign Investment Decision Process (1966) while incorporating his most recent call to action around the behavioral models of managers in “Behavioral Elements in Foreign Direct Investment” (2010). *(For more information, please contact: Timothy Michael Devinney, University of Technology, Sydney, Australia: timothy.devinney@uts.edu.au)*

**The Effects of Pride on Strategic Decision-Making: a China-US Cross-Cultural Experimental Study**
Weichu Xu, Framingham State University
Anil Nair, Old Dominion University
Mahesh Gopinath, Old Dominion University
William Q. Judge, Old Dominion University

This paper examines how pride experienced by managers influence their choice about risk, comprehensiveness and speed in strategic decision-making. This study also investigates how culture moderates the relationship between emotions and different aspects of strategic decision-making process. This study's hypotheses were tested using a 2 x 2 experimental design with pride (low and high) and two cultures (US and China). A survey with scenario construction was used to elicit pride. Next, PANAS-X scale was used to check the effectiveness of emotion manipulation. Finally, respondents were asked to make a strategic decision about international market entry.
The results show that higher levels of pride lead to higher levels of risk and speed in strategic decision. In addition, the empirical results support the interaction effects of emotion and culture on strategic decision-making. Managers from high individualistic culture make higher risky and quicker strategic decision at high levels of pride while managers from high collectivistic culture will make same risky and same speed strategic decision at either low or high levels of pride.

The findings not only provide evidence that emotions play an important role in managers’ strategic decision-making process but also illustrate that culture interacts with emotions to influence this process.

(For more information, please contact: Weichu Xu, Framingham State University, USA: websterxu@hotmail.com)

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**Session: 2.1.9 - Panel**  
**Track: Track: 8 - Developing Country MNCs**

**Chinese Multinational Companies: Governance, Capabilities and Institutional Environments**

**Presented On:** June 27, 2011 - 09:20-10:35

Chair: Xiaohui Liu, Loughborough University  
Co-Chair: Igor Filatotchev, Economics University of Vienna, Austria and City University London

**Chinese Multinational Companies: Governance, Capabilities and Institutional Environments**

Xiaohui Liu, Loughborough University  
Changqi Wu, Peking University  
Jiangyong Lu, Peking University  
Amon Chizema, Loughborough University

This proposed panel focuses on Chinese Multinational Companies (MNCs) and examines how the country of origin in which Chinese MNCs are embedded creates competitive advantages and disadvantages for their international expansion. The panel particularly investigates the relationship between domestic diversification, institutional environments, corporate governance, international networks and Chinese MNCs in comparison with those from other emerging markets such as India. The panel discussion will help to enhance our understanding of new MNCs from emerging economies in general and from China in particular by building links between the special features of these new MNCs and the context of emerging economies. It also seeks novel explanations for China’s outward FDI.  
(For more information, please contact: Xiaohui Liu, Loughborough University, United Kingdom: x.liu2@lboro.ac.uk)

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**Session: 2.1.10 - Competitive**  
**Track: Track: 6 - Innovation and Knowledge Mgmt.**

**International Exploration and Exploitation**

**Presented On:** June 27, 2011 - 09:20-10:35

Chair: Jaeyong Song, Seoul National University
**Explorative versus Exploitative Alliances: Impacts on Product and Process Innovation and Firm Performance**

Vincent Leung, Hong Kong Polytechnic University  
Flora Gu, Hong Kong Polytechnic University

An explorative alliance is a non-equity-based interfirm alliance that focuses on searching for new knowledge, whereas an exploitative alliance is a non-equity-based interfirm alliance that focuses on refining and extending existing knowledge. Building on previous research on organizational learning, this study attempts to delineate the nature of the two types of alliance, examine how they differentially influence product and process innovation, and to assess their contingent performance outcomes under different environmental conditions. Using a sample of 220 Chinese firms in the glass industry, we found that explorative alliances have a stronger impact on both product and process innovation than exploitative alliances; product and process innovation are positively related to both market and efficiency performance; and environmental turbulence enhances the impact of product and process innovation. Our findings will help firms to choose between explorative and exploitative alliances based on their objectives and resources and the environment in which they operate. *(For more information, please contact: Vincent Leung, Hong Kong Polytechnic University, Hong Kong, SAR-PRC: jq.l@vertexcscf.com)*

**Situational Efficacy of Ambidextrous Learning: Evidence from Industrial Firms in Four Countries**

Cheng-Yu Lee, Southern Taiwan University  
Hsueh-Liang Wu, National Taiwan University  
Huei-Wen Pao, Takming University of Science and Technology

While the single-loop learning has been gradually recognized by its hindrance to the competitive advantage, this study advances the knowledge in organizational learning by empirically inquiring into the situational efficacy of ambidextrous learning. With a sample of 1,740 firm-year observations in manufacturing industries across four industrialized nations (United States, United Kingdom, Germany, & Japan) during the period 1999-2003, this study extends beyond the performance implications of ambidextrous learning to examine its boundary conditions, using environmental dynamism and firm size as contextual factors. The stylized empirical facts show that the threat of environmental dynamism makes ambidextrous learning a precondition for ambidexterity and its consequent performance; larger firms also benefit more from the structural divisibility of resources. The proposed configurational model sheds new light on the relative weight of two moderators and lends support to the notion that larger firms are better able to mitigate the negative impact of environmental stability on the performance effect of ambidextrous learning. *(For more information, please contact: Cheng-Yu Lee, Southern Taiwan University, Taiwan: cylee@mail.sut.edu.tw)*

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**Session: 2.1.11 - Competitive**  
**Track: Track: 9 - Cross-cultural Management and HRM**

**Expatriate Adjustment**

**Presented On:** June 27, 2011 - 09:20-10:35

Chair: Mahmood A. Zaidi, University of Minnesota
Cultural Distance and Expatriate Adjustment Revisited  
Meredith Downes, Illinois State University  
Masoud Hemmasi, Illinois State University

The purpose of this paper was to explore the relationship between cultural distance and expatriate outcomes,  
particularly cross-cultural adjustment, considering several assignment origins and several assignment  
destinations. Additionally, we consider the cultural distance between the expatriate’s nationality and the  
destination of the assignment. We address four hypotheses regarding this relationship and concur with the  
Cultural Distance Paradox that greater differences in individualism between home and host cultures has a  
positive effect on work adjustment. We are also able to support the Asymmetry Hypothesis that travel from  
individualistic countries (either based on expatriate nationality or company’s parent location) to more collectivist  
societies results in better work adjustment than does travel in the opposite direction. Expatriate adjustment to  
the general environment, however, was not significantly impacted by any of our cultural distance measures.  
(For more information, please contact: Meredith Downes, Illinois State University, USA: mdowne@ilstu.edu)

The Antecedents and Consequences of Stress for Expatriate Assignments: A Multi-level Approach  
Li-Yueh Lee, Kun Shan University

In recent years, evidences have indicated that it is more difficult to motivate expatriate candidates to take  
international assignments due to heavy stress. Although the issues of expatriate stress have been studied  
extensively in the past decade, very few studies have integrated the antecedents and the consequences of  
stress among expatriates. For example, while cultural intelligence(CQ) and emotional intelligence(EQ) have  
played a prominent role on expatriates’ cross-cultural adjustment and stress, other variables at organizational  
level (such as work contexts and expatriate training) and country level (such as cultural differences) have rarely  
been integrated into the issues of expatriate stress. In addition, most of previous studies have neglected the  
moderating variables (such as organizational supports and expatriate tolerance for ambiguity) as the catalyst for  
expatriate stress, adjustment and performance. Therefore, the major purpose of this study is to develop a  
comprehensive research model that integrates antecedents, moderators, and consequences of expatriate stress  
and adjustment. Since previous studies tend to adopt a piecemeal approach that a comprehensive concept of  
expatriate stress and adjustment is still not well established. It is expected that the results of this study can  
provide important references on promoting expatriate motivation. (For more information, please contact: Li-  
Yueh Lee, Kun Shan University, Taiwan: wuleliyu@gmail.com)

An Episodic Framework of Cross-Cultural Adjustment Processes  
Carl P. Maertz, Saint Louis University  
Riki Takeuchi, Hong Kong University of Science & Technology

No cross-cultural theory to date synthesizes and integrates the motives and related processes of cross-cultural  
adjustment (i.e., stress reduction, identity management, learning, and outcome acquisition). We accomplish this  
by focusing on relationships within discrete expatriate-host interaction episodes, suggesting new research  
directions and propositions as well as new leverage points for practitioner intervention. (For more information,  
please contact: Carl P. Maertz, Saint Louis University, USA: spiral3@charter.net)

Self-Initiated, Female, and Young Expatriates: How Are the New Generations of Expatriates Coping?  
Olivier Wurtz, HEC Paris

Understanding the emerging types of expatriates is crucial for company effectiveness, human resources policies,  
employee retention, performance, and overall job satisfaction. The application of coping framework (Lazarus &  
Folkman, 1984) provides valuable insights concerning how self-initiated, female, and young expatriates react,  
behave, and think. Empirical evidence from 559 expatriates indicates that self-initiated and female expatriates
are prone to express their emotions and utilize social support. Additionally, women are more likely to display acceptance and positive reappraisal. Younger expatriates are employing less problem-focused responses, and consuming more alcohol and/or drugs. (For more information, please contact: Olivier Wurtz, HEC Paris, France: olivier.wurtz@mailhec.net)

**Session: 2.1.12 - Competitive**  
**Track: Track: 1 - Institutions, Governance, CSR**

**Ownership and Governance Structure**

**Presented On:** June 27, 2011 - 09:20-10:35

**Chair:** Jonathan Brookfield, Tufts University

*Competition and Complementarity in Corporate Governance: The Effects of Labor Institutions on Blockholder Effectiveness in 23 European Countries*  
Marc Van Essen, Utrecht University  
Hans Van Oosterhout, Erasmus University  
Pursey P.M.A.R. Heugens, Erasmus University

We provide an analysis of the costs and benefits of blockholding in Europe, where it is a dominant yet discretionary corporate governance strategy for shareholders of publicly listed firms. We find that the effectiveness of blockholding is affected by the specific labor institutions that distinguish European countries from the rest of the world, and that these institutional effects involve both competition and complementarity between blockholders and collective employee interests. We also find that relational blockholders are better able to deal with these institutional effects than arm’s-length blockholders. Empirically, we use a variety of advanced meta-analytic methods on a total sample of 748,569 firm-year observations, derived from 162 studies covering 23 European countries. (For more information, please contact: Hans Van Oosterhout, Erasmus University, Netherlands: joosterhout@rsm.nl)

*Disentangling the Impact of Control-Enhancing Mechanisms on Firm Performance: An Empirical Investigation across Five European Countries*  
Alessandro Zattoni, Bocconi University  
Torben Pedersen, Copenhagen Business School

Governance scholars and investors traditionally advocate against the use of control enhancing mechanisms, i.e. mechanisms aimed at separating voting and cash flow rights. These mechanisms may, in fact, determine a deviation from the proportionality principle and may encourage large and controlling shareholders to expropriate minority shareholders. The aim of this article is to contribute to the current debate investigating the implications of these control-enhancing mechanisms on firm performance. To reach this purpose, we collected ownership data on the (100) largest listed companies per capitalization in five European countries (i.e. France, Germany, Italy, Spain, and the UK). Then we tested the consequences of control-enhancing mechanisms for firm performance using 2SLS regression models. Our results show that (i) mechanisms that lock-in control do have a direct and negative impact on firm performance, and (ii) the negative impact on firm performance of mechanisms aimed at enhancing control by leveraging voting power is mediated by the divergence in voting and cash flow rights. (For more information, please contact: Alessandro Zattoni, Bocconi University, Italy: alessandro.zattoni@uni-bocconi.it)
State Ownership’s Effects on Corporate Governance in Emerging Economies: Corporate Governance in State-owned Enterprises across the Three Levels of Government Owners in China

Douglas B Fuller, King’s College London
Da Teng, Coventry University

This study investigates the impact of the different levels of government (local, provincial and central government) as state owners on elements of corporate governance, with particular reference to state owned enterprises in China. Based on a sample of listed state owned companies in China, the results demonstrate significant differences in corporate governance structures, including size of board of director, manager share ownership and manager salary indeed vary among state owned organizations. The paper offers an explanation based on the political motivations of state cadres at different levels of government and the different resources present at each level of government. (For more information, please contact: Douglas B Fuller, King’s College London, United Kingdom: douglas.b.fuller@gmail.com)

Session: 2.1.13 - Competitive
Track: Track: 2 - Marketing and Supply Chain

Managing International Channels

Presented On: June 27, 2011 - 09:20-10:35

Chair: Justin Paul, Nagoya University of Commerce & Indian Institute of Foreign Trade

Antecedents and Outcomes of Strategic Guanxi Orientation in Channel Management: A Grounded Theory Study on Foreign and Domestic Firms in China

Janet Y. Murray, University of Missouri - St. Louis
Frank Q. Fu, University of Missouri - St. Louis
Masaaki Kotabe, Temple University

Our study focuses on the role of guanxi in channel management in China from the perspective of both foreign and Chinese firms. Based on our case studies using in-depth interviews with both suppliers and retailers, we propose a new construct, strategic guanxi orientation, and develop a theoretical framework to examine its antecedent and outcomes. The propositions highlight the critical role of institutional environmental uncertainties and the moderating effect of institutional distance in shaping a firm’s strategic guanxi orientation, and the performance and behavioral outcomes of such a strategic decision. (For more information, please contact: Frank Q. Fu, University of Missouri - St. Louis, USA: fuf@umsl.edu)

International Channel Evolution: From the Perspective of the Distributors

Joseph Shyh-Yeu Tzou, National Taiwan University

The distributors are always regarded as one of the marketing tools of manufacturers. Attention is rarely paid to the distributors themselves. There is a necessity to conduct the study based on the distributors’ perspective in operating their own businesses, which was lacking in previous studies. This study is based on the perspective of the distribution channel. It examines the internationalization process of distributors and discusses the factors that influence the distributors’ continuous evolution in different stages. It attempts to get an overview of the channel evolution and give a complete picture of the channel performance puzzle. (For more information, please contact: Joseph Shyh-Yeu Tzou, National Taiwan University, Taiwan: joesychou@yahoo.com.tw)
Do Stages of a Relationship Alter the Influence of Chinese Retail Buyer-Seller Relationship
Brenda J Sternquist, Michigan State University
Zhengyi Chen, Case Western Reserve University

In a buyer-seller relationship, one party's opportunistic behavior increases the other party's cost and destroys the relationship. Therefore, opportunism has significant consequences to the firm, however, opportunism is not entirely explained and not completely understood (Hawkins, Wittmann & Beyerlein, 2008). This paper investigates supplier's opportunism at buyer-seller relationship initiation stage and maintenance stage in the context of China food retailing industry. We found that opportunism has a stronger negative relationship with benevolence trust, credibility trust and social satisfaction at the relationship initiation stage than those at the maintenance stage. Opportunism has a direct negative impact on long-term orientation at the relationship maintenance stage, but not at the initiation stage. (For more information, please contact: Brenda J Sternquist, Michigan State University, USA: sternqui@msu.edu)

Value drivers of importers' perceptions on exporters' unethical behavior: Effects on relationship quality and performance
Leonidas C. Leonidou, University of Cyprus
Dafnis Coudounaris, Lulea University of Technology
Constantinos N. Leonidou, University of Leeds
Magnus Hultman, University of Leeds

With the growing globalization of the world economy, relationships between importers and their foreign suppliers are becoming closer. However, the international business environment provides a fertile ground for the growth of unethical behavior. This article sheds light on the drivers of the unethical marketing behavior of foreign suppliers, as these are seen from the perspective of their import buyers, and how this in turn affects the quality of their working relationship and the performance that results from it. Based on a sample of 189 importers located in Cyprus, the study revealed that cultural, corporate, and personal values negatively affect unethical marketing practices, which, in turn, negatively influence relationship quality (as this is expressed in terms of cooperation, communication, trust, and commitment). This will subsequently have harmful effects on the performance of the working relationship. The findings of the study have important implications for import managers in terms of properly selecting and handling relationships with their foreign suppliers. (For more information, please contact: Constantinos N. Leonidou, University of Leeds, United Kingdom: c.leonidou@leeds.ac.uk)

Session: 2.1.14 - Interactive
Track: Track: 7 - Emerging Economies

Social Capital and Connections in Emerging Economies

Presented On: June 27, 2011 - 09:20-10:35

Chair: Bennet Zelner, Duke University

Managerial Ties and Performance of Foreign Firms: An Analysis of Japanese Firms in China
Naoki Ando, Hosei University
Daniel Z. Ding, City University of Hong Kong

This study explores the contingent effects of managerial ties with local firms and government officials on the performance of foreign firms in a transition economy. Using survey data collected from Japanese firms’ subsidiaries in China, this study examines firm-, industry-, and host country-level moderators of the relationship between managerial ties and foreign firm performance. The survey data reveal that managerial ties with both
local firms and government officials are positively associated with performance. Three significant firm-level moderators are highlighted in the analysis. Specifically, host country experience weakens the positive relationship between managerial ties with local firms and performance. As the export orientation of the foreign subsidiaries intensifies, the positive impact of managerial ties with local firms on performance weakens, whereas the positive impact of managerial ties with government officials on performance strengthens. In addition, local knowledge of foreign firms strengthens the positive relationship between managerial ties and performance. The analysis does not indicate any significant industry- or host country-level moderators. (For more information, please contact: Naoki Ando, Hosei University, Japan: nando@hosei.ac.jp)

Social Capital and Knowledge Transfer in Transitional Economy IJVs: Moderating Effects of Procedural Justice, Transformative Capability and Learning Orientation

Ran Chen, Hong Kong Baptist University
Wei-Ping Wu, Hong Kong Baptist University
Tracy Junfeng Zhang, Hong Kong Baptist University

This paper examines how social capital and knowledge transfer as well as three moderators namely procedural justice, transformative capacity and learning orientation influence IJVs' performance in a transitional economy. A conceptual framework is developed by integrating social capital theory, knowledge-based view and dynamic capability theory. This study concurs that social resources between the IJV and its parents facilitate knowledge transfer between them which in turn enhance the IJV's performance. Furthermore, this study proposes that the abovementioned relationships are context-specific in the high-velocity environments. More specifically, the impact of social resources on knowledge transfer is contingent on whether the parties perceive fairness in the strategic decision marking processes and procedures, while the performance outcome of knowledge transfer depends on the IJV's characteristics (learning orientation) and capabilities (transformative capacity). (For more information, please contact: Ran Chen, Hong Kong Baptist University, Hong Kong, SAR-PRC: 10466169@hkbu.edu.hk)

Do Managers' Political Resources Value: From a Dynamic Resource Based View

Yi Sun, Peking University
Seong-jin Choi, Peking University
Zhaojun Gao, Peking University

Political resources are essential to firms. By incorporating evolutionary theory into resource based view, this paper explains how firm manage their political resources over time. Firms obtain political resources of organizational level through managers' personal connections, and in the dynamic environment, such resources evolve in the life cycles. It is demonstrated that the political connected managers are competitive candidates for the incumbent managers in the firm. However, when the managers' political resource is fully exploited or needs renewing, the politically connected managers are likely to be dismissed and substituted by those with new political resources. By using data from China and Korea, we compare the contextual roles of political resource in affecting CEO dismissal. Our results support most of the hypotheses and, in particular, extend the empirical implications for a comparison study in markets of different development levels. (For more information, please contact: Yi Sun, Peking University, China: sunyi@gsm.pku.edu.cn)

The Moderating Role of Social Capital in Innovation: Evidence from China

Yuanyuan Zhou, University of Illinois at Springfield
Sheng Wang, University of Nevada, Las Vegas
We examined how internal social capital and external network ties influence innovation performance. Specifically, we investigated the moderating role of internal social capital, government ties, and ties to other companies in innovation. Data were collected from 174 private manufacturing companies in Zhejiang province, China. The findings showed that both internal social capital and ties with other companies strengthened the positive relationship between R&D intensity and innovation performance. Ties with government did not show a significant effect. The implications of these findings are discussed and directions for future research are offered. (For more information, please contact: Sheng Wang, University of Nevada, Las Vegas, USA: sheng.wang@unlv.edu)

Nonmarket Capital and Acquisitions in Emerging Economies
Lingqing Zhang, Chinese University of Hong Kong
Daphne Yiu, Chinese University of Hong Kong
Hang Yue Ngo, Chinese University of Hong Kong

Based on institutional characteristics of emerging economies, this paper examines how nonmarket capital, a critical intangible asset, determines acquirer’s firm performance in this context. Nonmarket capital, defined as network-based capital that increases firm’s institutional relatedness in emerging economies, can help firms to enhance legitimacy, access to market information and resources, and reduce uncertainty. Drawing from signaling theory and resource-based view, we posit that symbolic nonmarket capital helps signal a firm’s underlying attributes and reduce market uncertainties, while substantial nonmarket capital generates value via substantial function execution. Accordingly, acquiring firms should capitalize on their nonmarket capital in such a way that the symbolic and substantial functions of such capital can be effectively redeployed in the target firms. Using China as the empirical context, findings from a sample of 568 firm-year observations of listed firms during 2003-2006 show that: (1) symbolic, instead of substantial, political capital interacts with state-owned targets and is positively related to firm performance; (2) symbolic, rather than substantial, social capital is positively related to product-related targets and such strategy will lead to superior firm performance. (For more information, please contact: Lingqing Zhang, Chinese University of Hong Kong, Hong Kong, SAR-PRC: lingqing@baf.msmail.cuhk.edu.hk)

Session: 2.1.15 - Interactive
Track: 3 - IB Theory, FDI, and Entry Mode

Host Country Institutions and Foreign Investor Strategies

Presented On: June 27, 2011 - 09:20-10:35

Chair: Klaus Meyer, University of Bath

Sub-National Regional Institutions and Foreign Affiliate Performance
Grace T. Zhang, University of Hong Kong
Christine M. Chan, University of Hong Kong

This study examines the impacts of sub-national regional economic, political and social institutions on the foreign affiliate performance. Drawing on data of 229,160 foreign affiliates in 28 sub-national regions in China, our results show a significant positive curvilinear relationship between sub-national regional economic institution and foreign affiliate performance and negative curvilinear relationship between sub-national regional political institution and that performance. We do not find a significant relationship between sub-national regional social institution and foreign affiliate performance. (For more information, please contact: Christine M. Chan, University of Hong Kong, Hong Kong, SAR-PRC: mkchan@business.hku.hk)
Do Institutions Matter in Entry Mode Study? A Resource-based Approach of European Firms
Yingdan Cai, University of Groningen

While there is a vast amount of research on firms’ entry mode choice, little attention has been paid to identify the joint effects of different theories. The main objective of this paper is to empirically examine European firms’ entry strategies from the perspectives of both institutional theory and resource-based view. We formulate a number of hypotheses that describe how firm-specific resources and institutional distance affect multinational enterprises’ decisions on whether they will enter into partnerships and test these hypotheses through a unique dataset of European firms. Based on a secondary data collected from AMADEUS Database, we find that although resource-based variables alone can explain entry mode choices, by adding the moderating influence of institutional governance distance to the resource-based perspective, we can better explain entry mode decisions of European MNEs. (For more information, please contact: Yingdan Cai, University of Groningen, Netherlands: y.cai@student.rug.nl)

Regional Foreign Direct Investment Potential of the States within the US
Yener Kandogan, University of Michigan, Flint

Local governments within a country compete against each other in trying to attract foreign direct investment (FDI). While there are various studies explaining the factors behind a country's potential to attract foreign direct investment, within-country location choice of multinationals has not been adequately studied. After a brief review of this literature on location decisions of multinationals, this study attempts to fill this gap by identifying the factors that lead to variations in the attractiveness of regions within a country and convert these to a FDI potential index for the states within the US. The analysis is carried out not only to explain the amount of capital investment by multinationals to a specific region but also the level of employment resulting from the FDI, which seems to be the main reason for local legislatures' efforts to attract such investments in the US. The index hence provides a guideline for the success of states' promotional economic development efforts. (For more information, please contact: Yener Kandogan, University of Michigan, Flint, USA: yener@umflint.edu)

Location Advantage and Sources of Superior Performance of Firms with Foreign Direct Investment in China
Chuan-Hung Wang, National Taiwan University
Lu-Jui Chen, Ming Chuan University
Chien-Nan Chen, National Dong Hwa University

A long-standing debate has focused on the extent to which different components shape firm performance. However, intra-country difference in international investment context has been largely excluded from this inquiry. In foreign direct investment (FDI), in addition to the industry and firm effects, the location effects may also matter in determining FDI firm’s profitability. This study adopted a multilevel approach to examine the relative importance of location, firm, and industry effects on FDI firm’s performance, by considering three characteristics of FDI: entry timing, firm size, and international operation experiences. By using the hierarchical linear modeling (HLM) to decompose FDI firm’s profitability, this study finds that firm effects are the most important predictor, accounting for approximately half of the variance of FDI firm’s performance. Location effects also account for a substantial portion of profit variance, while industry effects are relatively small. These findings indicate that the firm and the location play important roles in FDI firm’s performance. Our results also suggest that location effects tend to be greater in late entrants, small firms, and single-business firms. (For more information, please contact: Chuan-Hung Wang, National Taiwan University, Taiwan: d94741002@ntu.edu.tw)
The Influence of Psychic Distance on Cross-Border Investment Decisions - A Host Country Perception Assessment

Marc Fetscherin, Rollins College / Harvard University
Hinrich Voss, University of Leeds
Philippe Gugler, University of Fribourg

Distance has been used in the international business literature to assess foreign market selection, entry mode choice, and success in foreign operations. It has been conceptualized in multiple ways using a variety of theoretical angles but mostly around psychic distance. The operationalizations of psychic distance struggle in coping with its multiple-levels and dimensions. Although psychic distance refer to subjectivity, current proxies used are based on objective secondary data such as economic development or cultural distance. We advance this body of research by using a novel measurement of ‘perceived psychic distance’ based on individuals’ perceptions of a country measured along six dimensions. Based on a sample of 50 countries, we test the explanatory power using multiple regression analyses. We find that the variance explained increases significantly when our novel measurements are applied compared to the model which uses customarily proxies for foreign direct investments (FDI) choices. (For more information, please contact: Marc Fetscherin, Rollins College / Harvard University, USA: mfetscherin@rollins.edu)

Targeting Strategy of Inward Foreign Direct Investment in Emerging Economies: A Host Country Perspective based on Korean Cases

Soo Hee Lee, Birkbeck, University of London
Jin Sup Jung, Chungbuk National University

This study develops a conceptual model for “targeting strategies” for selecting optimal industries and companies and attracting inward foreign direct investment (FDI) for host country's economic development. As specific targeting methods catered for specific industries rather than general ones are more likely to attract FDI, this study suggested improved targeting models centered on the components/materials, green and biotechnology industries in the context of emerging economies such as Korea. The results of case studies showed that in the components/materials industry and green industry, less-competitive areas within a competitive industry should be targeted as an inward FDI strategy. In the biotechnology industry, this paper revealed how Invest KOREA, the Korean national investment promotion agency (IPA), implemented different targeting strategies according to different types of investment. This study can benefit national policy makers in emerging economies in understanding FDI promotion strategies for their national economic development. (For more information, please contact: Soo Hee Lee, Birkbeck, University of London, United Kingdom: s.lee@bbk.ac.uk)

Session: 2.1.16 - Interactive
Track: Track: 6 - Innovation and Knowledge Mgmt.

International R&D - Internal, and External, and Beyond

Presented On: June 27, 2011 - 09:20-10:35

Chair: Kazuhiro Asakawa, Keio University

Inter-organizational Collaborations in Small, Open Economies - The Role of the MNC in R&D Resource Sharing

Iiris Hilvo, Aalto University
Joanna Scott-Kennel, University of Waikato

In this paper we investigate inter-organizational collaborations in Finland, particularly between multinational companies (MNCs) and their locally based business partners. Finland, a small open economy (SMOPEC) offers an advanced and innovative environment to examine how MNCs utilize inter-organizational collaborations and
how their resource sharing activities differ from purely domestic companies. Furthermore, we examine what types of resources are shared between companies, and whether this is influenced by MNC country of origin, or if sharing is more likely via different types of linkages. Drawing on the responses of 85 of Finland’s largest companies, the paper provides evidence that especially technical, R&D and innovation-related resources are shared between MNCs and their partners within the small open economy context. More importantly, it confirms the importance of national flagship companies or those companies that are Finnish by origin but international in scope. The research also finds that MNCs are more likely to contribute technical, R&D and innovation-related resources to customers rather than suppliers, highlighting the importance of forward linkages. (For more information, please contact: Iiris Hilvo, Aalto University, Finland: iiris.hilvo@aalto.fi)

Global Innovation and R&D for Knowledge Creation: The Case of P&G, Unilever and Kao
Chie Iguchi, Rikkyo University
Takabumi Hayashi, Kokushikan University
Atsuho Nakayama, Tokyo Metropolitan University

Many multinational enterprises (MNEs) have launched new products in overseas market places while conducting their R&D activities mainly at home. However, in these past 10 to 20 years, as a result of the geographical dispersion of scientific and technological knowledge creation, and in the emerging market, these companies now conduct their R&D activities, in collaboration with other institutions at home and abroad. Traditional knowledge creation theories, however, including strategic management theories, have hardly highlighted the impact of cross-border collaborative R&D activities on knowledge creation processes and the dynamic interconnectedness between R&D facilities from the perspective of the source of global competitiveness and dynamic capabilities. This study has analyzed the case of Kao, P&G., and Unilever to examine how far these MNEs leverage overseas human R&D resources that can be regarded as knowledge creation processes. The authors examined three companies’ papers published in the US, UK, and Netherlands. As a result of the analysis, the authors find that there is an increasingly dynamic knowledge creation mechanism as one of the global open innovation systems. This mechanism was promoted by the cross-border and inter-institutional collaborative R&D activities by these MNEs. These tendencies would enhance the theoretical importance of the management of the new knowledge creation process as the main resource of dynamic capabilities of MNEs. (For more information, please contact: Chie Iguchi, Rikkyo University, Japan: iguchi@rikkyo.ac.jp)

Philippe Gugler, University of Fribourg
Michael Kaspar Keller, University of Fribourg
Xavier Tinguely, University of Fribourg

As knowledge is increasingly become the main source of competitive advantages, MNEs from innovation-driven economies aim to constantly enhance their technological assets by sourcing knowledge from the most specialized knowledge hubs. The management of the global R&D strategy is therefore become a key issue in MNEs’ competitiveness. However, the relationship that MNEs maintain with clusters in the frame of their global knowledge enhancing process has still been partially overlooked. This paper focuses on this gap and examines the role of clusters in the global R&D strategy of MNEs and the importance of cross-cluster relationships in their knowledge enhancing process. On the basis of an original database, we tested our hypotheses by analyzing the origin of pharmaceutical patents demanded at the European Patent Office by applicants established in the Basel pharmaceutical cluster in Switzerland. We found striking evidences of the internationalization of R&D activities of firms established in the Basel pharmaceutical cluster. We also discovered that the overwhelming majority of inventors of pharmaceutical patents demanded by applicants established in the Basel pharmaceutical cluster were located in other foreign pharmaceutical clusters and that firms established in the Basel pharmaceutical
cluster were multi-locating their R&D operations in several pharmaceutical clusters around the world. (For more information, please contact: Philippe Gugler, University of Fribourg, Switzerland: philippe.gugler@unifr.ch)

Innovation Offshoring and Inventor Substitution
Roger Smeets, CPB Netherlands Bureau for Economic Policy Analysis
Laura Abramovsky, Institute for Fiscal Studies

In this paper, we study the impact of innovation offshoring in a sample of large (Western) European multinationals (MNEs) on their inventor employment decisions at home and abroad. In particular, we consider the extent to which inventors employed in different countries are substitutes or complements to each other. We account for both the extensive and intensive margin of substitution (complementarity). Our results show that home and foreign inventors are substitutes along both margins, but only following changes in home-country wages. We also find evidence for inventor substitution between foreign inventors in Europe and the US, but only along the extensive margin. Finally, there is some evidence of extensive margin inventor complementarity between Western and Central-Southern European inventors. (For more information, please contact: Roger Smeets, CPB Netherlands Bureau for Economic Policy Analysis, Netherlands: r.smeets@cpb.nl)

Knowledge Processing in Product Design and Development: From VOC to VOD in the Construction Industry
Hung-Ku Chen, National Cheng Kung University
Chen-Wei Yang, Fooyin University

Knowledge management in project-based firms, which are typical in industries like construction, is a particular challenge. There may be difficulties in project-to-project (current project to next project in a construction firm) knowledge transference, as well as project-to-business transference (between construction, sales agents and architects). We aim at providing some insights into the knowledge interaction activities between these entities. (For more information, please contact: Hung-Ku Chen, National Cheng Kung University, Taiwan: phil@hopax.com.tw)

The Role of National Innovations Systems in the Firm Innovativeness-Performance Relationship
Ahmet H. Kirca, Michigan State University
Gaia Rubera, Michigan State University

The authors examine the role of national innovation systems in the firm innovativeness-performance relationship across a large number of countries using meta-analytic techniques. The findings of this meta-analysis provide valuable insights regarding the role of national innovation systems in providing the framework within which firms operate to create and use knowledge for economic purposes. Specifically, the findings support that firm innovativeness is an intangible knowledge asset that can be exploited more effectively and efficiently in a system of innovation which supports the accumulation and diffusion of knowledge between the scientific and industrial communities. Moreover, the study also highlights the importance of informal institutions (i.e., national differences in cultural values and norms) as a differentiating layer that comprises the national innovation systems as a socially embedded system. (For more information, please contact: Ahmet H. Kirca, Michigan State University, USA: kirca@msu.edu)
**Autonomy Delegation to Foreign Subsidiaries by Emerging Market Multinationals: Convergent Insights from Information Processing and Springboard Perspectives**

Yadong Luo, University of Miami
Stephanie C. Lu, University of Miami
Xiongwen Lu, Fudan University
Jinyun Sun, Fudan University

As they continue to expand globally, autonomy design for foreign subsidiaries becomes essential to many emerging market multinationals (EM MNEs). By integrating information processing and springboard logic, we develop a model that assesses what determine these firms’ foreign subsidiary autonomy and what fortify or moderate this relationship. We emphasize that offshore autonomy is a firm’s strategic intent that entails both defensive and offensive motives. Defensively, they are compelled to increase offshore autonomy to leapfrog or avoid their weak ability to manage sophisticated foreign activities. Offensively, they delegate autonomy congruent with subsidiary information processing requirement. Our survey of 149 market-seeking EM MNEs shows that three dimensions of subsidiary information processing requirement (differentiation orientation, established network, and interdependence among subsidiaries) and two indicators of parent weakness in managing cross-border business (coordination capability and overseas investment stage) collectively determine the degree of subsidiary autonomy delegation. The results also confirmed the moderating effects of cultural distance and M&A entry mode. **(For more information, please contact: Yadong Luo, University of Miami, USA: yadong@miami.edu)**

**Parent Subsidiary Relationship of EM MNCs: The Chinese Experience**

Huaichuan Rui, University of London

This paper intends to fill the gap on researching parent subsidiary relationship of multinational corporations (MNCs) by applying the current literature to MNCs from emerging markets (EM MNCs). By deploying a qualitative approach and using data collected from a dozen fieldtrips during 2005 and 2010 in various countries, this paper demonstrates that EM MNCs are making considerable efforts to improve their parent subsidiary relationships, which has profound impact on their overseas success. It indicates that extant theory on parent subsidiary relations could be largely extended to EM MNCs, but some amendments are essential, including the mutual resource support between parent and subsidiaries and the more hierarchic organisational structure of EM MNCs. The paper’s originality and value lies in the fact that this is the first attempt to examine parent subsidiary links based on cases of EM MNCs. This is also the first attempt to examine Chinese MECs in an organisational and managerial perspective. **(For more information, please contact: Huaichuan Rui, University of London, United Kingdom: huaichuan.rui@rhul.ac.uk)**

**Relocation Choices of Emerging Market MNEs**

Saul Klein, University of Victoria
Albert Wocke, GIBS
James Hughes, GIBS
As MNEs from emerging markets grow into maturity they face significant challenges surrounding their identities and home country bases and, as a result, we seem them making different choices. National Champions retain their corporate headquarters and identity in their emerging market homes while Corporate Emigrants relocate their head-offices abroad. Targets of M&A may move to the acquirer’s home or stay where they were born. Through an examination of South African-born firms that are cross-listed on both the Johannesburg Securities Exchange and one other exchange we identify the differences between these evolutionary paths and discuss the drivers and constraints on relocation decisions. (For more information, please contact: Saul Klein, University of Victoria, Canada: sklein@uvic.ca)

Ambidexterity in the Implementation of a Dual Model Strategy: A Case Study of Lenovo Group, Co.
Tiemin Wang, Peking University
Jie Zou, Peking University
Peng Li, Lenovo Group Co., China
Yajun Wu, Peking University

In this paper, we present a longitudinal case study of a large developing country MNC, Lenovo Group Co., which exhibits ambidexterity in the implementation of a dual model strategy that targets at serving the relational commercial customers as well as the transactional individual and small business customers. We find that the dual model strategy causes inconsistency within Lenovo, which is reflected in a series of value chain activities, including human resource management, IT system, research & development, marketing, production & distribution and customer service. However, the inconsistency has been effectively managed when Lenovo reorganizes its value chain activities with effective task partitioning and differential incentive schemes for the key employees. We show that the reorganization is a staged dynamic process, with the major changes of different stages triggered by the activities that brought most resistance to the implementation of the dual model. By taking a dynamic research approach and analyzing ambidexterity at the activity level, we propose that the activity-based analysis can alleviate the tension related to the question of whether ambidexterity manifests itself at the individual or organizational level - a central issue that need to be addressed in the advancement of our research on ambidexterity. (For more information, please contact: Jie Zou, Peking University, China: zoujie@pku.edu.cn)

Cross-border Stakeholder Engagement of Chinese Multinational Enterprises: An Exploratory Study
Peter Hofman, University of Nottingham
Lei Li, Nottingham University
Yanxue Sun, Nottingham University
Sunny Li Sun, University of Missouri

Chinese multinational enterprises (MNEs) have adopted aggressive internationalization strategies in recent years. Despite the noted success, they have encountered serious challenges in the developed countries. A key reason is that they have overlooked the importance of engaging salient local stakeholders who appear to be not critical or friendly in China. This study examines the current gap of stakeholder engagement in China as opposed to the developed world. Through two exploratory case studies, we highlighted the main problems of stakeholder engagement of Chinese MNEs in Australia and the United States. We developed a conceptual framework to facilitate cross-border stakeholder engagement and pointed out some valuable implications for both academics and practitioners. (For more information, please contact: Peter Hofman, University of Nottingham, China: peter.hofman@nottingham.edu.cn)

How do Brazilian Multinationals Manage Organizational Competences to Compete Internationally?
Afonso Carlos Corrêa Fleury, University of São Paulo
Felipe Borini, ESPM
The internationalization of firms from emerging countries has raised debates about its logic, its scope and even as to its sustainability over time. To explain the roots of those firms' competitiveness, the approach of organizational competences as foundation and driver of the internationalization process was chosen. Most studies on EMECs elaborate on their internationalization processes by looking from the standpoint of the headquarters; very rarely the setting and the role of subsidiaries is brought into the discussion. Notwithstanding, it is well known that to increase their competitiveness and do the catch-up with leading multinationals, EMECs need to make the best use of their subsidiaries. The aim of this paper is to study the process of transfer of competences from headquarters to subsidiaries and from subsidiaries to headquarters, as well as the initiative of the subsidiaries to do so, under a longitudinal perspective. The data came from two surveys, conducted in 2006 and 2010, involving Brazilian multinationals. Even if that might considered a short span of time, it was found changes in terms of transference of competence and initiatives of the subsidiaries. The most important outcome is that the relationships between headquarters and subsidiaries improved substantially, their roles being redefined and synergy being sought. (For more information, please contact: Afonso Carlos Corrêa Fleury, University of São Paulo, Brazil: acfleury@usp.br)

A Strategic Leadership Perspective on the Internationalization of Emerging Market Multinationals
Yannick Thams, Florida International University
Keith Kelley, Florida International University
Sumit K. Kundu, Florida International University

Considering the increasing presence of EM MNCs in the global economy and the aggressive internationalization strategies pursued by these new global actors, this paper takes a multidisciplinary approach to address the influence of top managers on EM MNCs’ global expansion. Building on upper echelon theory, we formulate propositions revolving around the positive influence of the heterogeneity of top management teams on the internationalization pace of EM MNCs. We also propose that executives’ core-self-evaluation as well as their managerial discretion moderate the positive impact of TMT heterogeneity on EM MNs internationalization pace. We believe that given the preponderant role played by managers in the internationalization of these nascent firms, understanding how their characteristics might impact the international strategies employed EM MNCs remains essential. (For more information, please contact: Yannick Thams, Florida International University, USA: thamsy@fiu.edu)

The Effects of Managerial Capabilities on Internationalization: Firm-Level Evidence from Indian Manufacturers
Martijn Adriaan Boermans, HU University of Applied Sciences
Hein Roelfsema, Utrecht University

We are interested in the drivers of internationalization of firms in emerging markets. Using a resource-based view of the firm, for 200 Indian firms we analyze how core competencies of the firm and managerial capabilities are associated with internationalization. The research presents three key results. First, managerial experience in an international setting is an important driver of exporting. However, managerial experience is less important for deeper commitment modes such as foreign direct investments. Second, internationalization knowledge and networks are a good predictor for deeper internationalization commitments, but do not explain low commitment modes such as exporting. Also, our results indicate that managerial knowledge is a necessary complement for innovative capacity to result in expansion abroad. Third, greater perceived core competences are connected to exporting and not FDI, while the opposite holds for innovative and entrepreneurial capabilities. From a managerial perspective, our paper highlights that firms in emerging markets must focus on certain managerial resources - in addition to innovation and the creation of firm specific assets – to strengthen the internationalization process. (For more information, please contact: Martijn Adriaan Boermans, HU University of Applied Sciences, Netherlands: martijn.boermans@hu.nl)
International Joint Ventures: Past Trends and Contemporary Challenges

Presented On: June 27, 2011 - 09:20-10:35

Chair: Anoop Madhok, York University

Influence of Behavioral Attributes on Tacit Knowledge Acquisition and its Effect on the Performance of International Joint Ventures: The Case of Korea

Chansoo Park, University of British Columbia
Chol Lee, Sogang University

This paper examines how behavioral attributes between two partners in an international joint venture (IJV) affect tacit knowledge transfer. Based on data from a survey of IJV managers in Korean firms, we use a structural equation modeling to test hypotheses. Our results show that conflict resolution and cooperation significantly affect the transfer of tacit knowledge while trust and commitment do not influence tacit knowledge transfer. We also find that tacit knowledge acquisition influences IJV performance positively and that firm size moderates the relationship between tacit knowledge acquisition and performance in IJVs in Korea. (For more information, please contact: Chansoo Park, University of British Columbia, Canada: chansoo.park@ubc.ca)

Technological Catch Up in Emerging Economies: Applying the Flying Geese Framework in Korea

Pradeep Kanta Ray, University of New South Wales
Sangeeta Ray, University of Sydney
Masahiro Ida, Hannan University

The ‘Flying Geese’ phenomenon proposes that industrial development in Asian latecomers transpires through the catching up process due to shifting of manufacturing industries from developed to developing nations. The influential critiques of the paradigm suggest that industrialization in the follower countries is actually a regionalised export oriented system, based on a hierarchical division of labour under Japanese capital. The object of this paper is therefore to make a more nuanced examination as to the evidence of the FG paradigm at work in two countries, Japan and Korea. The questions we ask is “have technological catchup transpired in Korea in the flying geese trajectory”? We propose and test a number of alternative propositions in this regard. Our findings reveal that the flying geese model is not fully borne out by the data. While there is evidence that Korea has gained strong technological capabilities using borrowed technology, contradictions are evident in terms of trade imbalance and differences in industrial organisation. (For more information, please contact: Pradeep Kanta Ray, University of New South Wales, Australia: pray@unsw.edu.au)

The Origin of Organizational Capability in Emergent Market: Learning through International OEM Contracts

Min-Ping Kang, National Taiwan Normal University

This study explains how OEM (Original Equipment Manufacturer) suppliers can benefit from cooperating with prominent international brand buyers, including reputation spillover and knowledge spillover effect. We use 123 Taiwanese OEM suppliers as the empirical setting and find joint action is a non-market governance to facilitate knowledge flow in vertical procurement relationship. Although it may not necessarily have direct effect on reputation enhancement, OEM suppliers could learn from foreign brand buyers and further build their capability. Only through capability upgrading, the OEM suppliers could have better market position and thus gain more businesses in the future. (For more information, please contact: Min-Ping Kang, National Taiwan Normal University, Taiwan: mpkang@ntnu.edu.tw)
Multi-party International Joint Ventures: Multiple Waves of Structural Change, Performance, and Survival

Chris Changwha Chung, Korea University
Paul W. Beamish, University of Western Ontario

Three or more partners form multi-party international joint ventures (IJVs) in order to pool more heterogeneous resources, yet the greater number of partners also represents a greater degree of complexity. Research on multi-party IJVs has been limited to a static context and little attention has been paid to analyzing dynamic post-formation change processes. This study investigates the evolving influences of multi-party IJV complexity on performance in a dynamic context where the multi-party IJV goes through multiple waves of change in the ownership structure. Fixated on a static context, some studies found support for a negative impact of multi-party complexity on performance, while others did not. Analyzing 2,652 multi-party IJVs over a period of 17 years, this study attempts to find a threshold beyond which the negative impact of multi-party complexity on performance becomes salient. Results indicate that second structural change is a threshold beyond which the relationship between multi-party complexity and performance become significant and negative. (For more information, please contact: Chris Changwha Chung, Korea University, Korea, South: changc@korea.ac.kr)

Does IMMC and Mutual Forbearance Decrease Interfirm rivalry? The Contingency Perspective of Moderate Effect

Yu-Ching Chiao, National Chung Hsing University
Hung-Wei Chang, National Chung Hsing University
Shu-Mei Hsu, National Chung Hsing University

In regards to multipoint competition and "mutual forbearance hypothesis" are always important issue in researches of industrial organization economic school and strategic management domain; however, so far most empirical studies only investigate the relationship between multipoint competition and mutual forbearance of domestic enterprises. Therefore, this research aims on taking multinational enterprises (MNEs) as sample to examine multipoint competition in international context, further delineates whether it will incur mutual forbearance between MNEs and decrease interfirm rivalry. On the other hand, we also apply two conditions of mutual forbearance, market importance and internal associatibility, to investigate the contingency perspective of mutual forbearance. By doing this, we amplify on literatures of multipoint competition. The data of this research are surveyed from top 20 firms of global liner shipping industry by collecting data of these firms from 2007 to 2009 in quarterly time frame.

The empirical finding shows: (1) focal firm has higher IMMC with competitors will incur lesser competitor's action; (2) when focal firm faces higher local competitive density, it will weaken the negative relationship between IMMC and number of competitor's actions; (3) if a international market has much importance for a MNE, it will strengthen the negative relationship between IMMC and number of competitor's actions. (For more information, please contact: Shu-Mei Hsu, National Chung Hsing University, Taiwan: amy13659@gmail.com)

Why Did Toyota Stay in NUMMI For So Long?
Jean-Francois Hennart, Tilburg University
Shinichi Ishii, Osaka City University

We analyze the case of Toyota's affiliating strategy after launching New United Motors Manufacturing Inc. (NUMMI). NUMMI was a joint venture by which its Japanese parent firm, Toyota, intended to learn from General Motors. NUMMI lasted for over 25 years.

There are at least two theories about international joint ventures. The Trojan Horse Hypothesis (THH) focuses on competitive learning by partners. THH argues that each joint venture partner builds its capabilities by internalizing the knowledge contributed by the other partner. THH sees the partnership behavior of the foreign partners as short-term-oriented because as soon as their learning is complete, they are expected to dissolve the joint venture and set up wholly owned subsidiaries using the knowledge obtained from their local joint venture partner.
In previous studies, we found that Japanese firms in fact do not follow the joint venture strategy predicted by THH but that they tend to have relatively long-term partnerships. Using the case of NUMMI, this study will explore why Japanese partners who come into joint ventures with the intention of acquiring local knowledge from their American partners actually continue joint ventures for relatively long periods.

(For more information, please contact: Jean-Francois Hennart, Tilburg University, Netherlands: j.f.hennart@uvt.nl)

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**Session: 2.2 - Plenary**

**Culture and Sustainability**

**Presented On:** June 27, 2011 - 11:15-12:45

Chair: Masataka Ota, Waseda University

*Business goals for a sustainable world economy: Beyond greed, growth and quarterly results*
  
  Geert Hofstede, University of Maastricht

*Culture and Sustainability in the Context of the Global War for Human Talent*
  
  Rosalie Tung, Simon Fraser University

*The Case for Cultural Divergence*
  
  Oded Shenkar, Ohio State University

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**Session: 2.3.1 - Special Session**

**Executive Panel on BOP: A Japanese perspective**

**Presented On:** June 27, 2011 - 13:45-15:15

Chair: Masahiro Okada, Keio University

*Initiatives by the Japanese Government to Support 'Inclusive Business'*
  
  Satoru Koyama, Director, Trade Finance and Economic Cooperation Division, METI

*Solar lantern - A Shining Ray of Hope to Save Lives*
  
  Hiroyuki Kakuchi, Sanyo (Panasonic)

*Nutrition Improvement Project in Ghana: a Trial to Establish 'Social Business'*
  
  Yasuhiko Toride, Ajinomoto

*Growing our Business in Africa*
  
  Ryosuke Nishijima, Yamaha Motor

*Small and Medium-sized Enterprises Play a Key Role in Growing Inclusive Businesses*
  
  Kanetoshi Oda, Nippon Poly-Glu
Session: 2.3.2 - Panel  
Track: Track: 7 - Emerging Economies

State-of-the-Art Session: Globalization of Chinese Business: Emerging Patterns, Trends and Research Agenda


Chair: Xiaohua Yang, University of San Francisco

Globalization of Chinese Business: Emerging Patterns, Trends and Research Agenda

Xiaohua Yang, University of San Francisco  
Marjorie Lyles, Indiana University  
Ilan Alon, Rollins College  
Peter J. Buckley, University of Leeds

The aim of this proposed panel is two-fold: 1) to analyze the contextual dynamics in which globalization of Chinese firms takes place and to ascertain the extent to which the conventional IB theories are applicable in understanding these made-in-China MNEs; 2) to explore and develop a new research agenda to further scholarship in this new field of inquiry.

Specifically, the panelists will address the following main issues: 1) Internal and external drivers for globalization of Chinese firms, impact of institutions; 2) impact of the current financial crisis, 3) the distinct characteristics of Chinese MNEs which set them apart from their predecessors from the Western countries and the implications for future research on Chinese OFDI, and 4) research gaps for future studies and implications for augmenting existing theories and new theory building in the area of FDI.

The panel will be designed as a dialogue between panelists and the audience to allow maximum interaction among all participants. The format of the panel will be a short presentation from each panelist followed by an interview by co-moderators incorporating questions from the audience. The panelists include the following distinguished scholars: Ilan Alon, Peter Buckley, Marjorie Lyles, Mike Peng, and Xiaohua Yang. (For more information, please contact: Xiaohua Yang, University of San Francisco, USA: xyang14@usfca.edu)

Session: 2.3.3 - Competitive

Track: Track: 11 - SMEs and Entrepreneurship

Export Markets and Intermediaries


Chair: Saeed Samiee, University of Tulsa

Export Destination Choice by Manufacturing Firms: An Empirical Investigation

Fatima Zahra Barrane, Laval University  
Egide Karuranga, Laval University  
Diane Poulin, Laval University

Although export diversification is an indicator of business performance, there are almost few researches regarding the destination market choice. This study concentrates on 1022 manufacturing firms in the province of Quebec in Canada. The impact of a set of variables on the probability of export diversification is determined by binary regression analysis. Our main theoretical contribution is to study the impact of these determinants on the probability of export diversification in the same model and in a multisectoral approach. Our main practical contribution is to improve managers’ understanding of the factors that determine access to new markets in

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Manfred Fuchs, University of Graz
Mariella Koestner, University of Graz

This study identifies determinants that affect success of Austrian SMEs in export ventures. It contributes to an enhanced understanding of how firm-specific and environmental factors affect international marketing strategy adaptation and how export venture success is related to these constructs in psychically distant and psychically close countries.

The study was conducted using a sample of 800 small and medium-sized Austrian manufacturing companies with an export quota of at least 10%. We used a multi-industry sample to increase observed variance and reinforce the generalizability of the findings. Data were collected using a structured questionnaire.

The findings of the exploratory factor analysis reveal that common-method bias does not seem to pose a significant problem for our data. Data were analysed using PLS (Smart PLS). We find strong support that export market-specific experience has a positive direct effect on export success and that this effect is independent of psychical distance, thus supporting the general importance of foreign market experience. Our results further demonstrate that the degree of product adaptation to the idiosyncrasies of the export market negatively influences the sales growth in psychically distant countries. Hence, product adaptation in psychically close countries sacrifices profitability in SMEs. However, firms operating in psychically close countries and rely on product adaptation show a positive effect on overall success in the export venture. Distribution adaptation is found to be positively related to the sales growth, profitability, and goal achievement of an export venture in a psychically close country. (For more information, please contact: Manfred Fuchs, University of Graz, Austria: manfred.fuchs@uni-graz.at)

Understanding Export Producer-Intermediary Relationships: A Game Theory Approach

Asda Chintakananda, Nanyang Technological University
Anne S. York, Creighton University

This paper uses an inductive research approach to develop a multi-game model of export producer and intermediary relationships. Using transaction cost and agency theory as our starting point, we conducted in-depth interviews with both partner firms of export producer and intermediary dyads. Our findings suggest that game theory may more accurately describe the forms of export relationships that exist, as well as better explain the behavior and incentives of the respective partners, than the more traditional transaction cost and agency approaches. The paper develops a set of testable propositions about the factors that influence the type of export dyads formed and the factors that determine export partnership success. (For more information, please contact: Asda Chintakananda, Nanyang Technological University, Singapore: asda@ntu.edu.sg)

Impact of Electronic-Channels on the Role of Export Intermediaries in SMEs’ Internationalization: An Exploratory Study with Evidence from China

Yee Kwan Tang, University of Nottingham
Jing Chen, Zhejiang Wanli University

Smaller manufacturers and export intermediaries often depend on one another to survive and develop business in the global marketplace (Chintakananda et al., 2009). Exporting is a major foreign market entry mode of many SMEs and export intermediaries are important middlemen connecting them to foreign markets. However, exporter-intermediary relationships appear to be undergoing changes under the emergence of electronic

channels (Houghton and Winkhofer, 2004; Klein and Teubner, 2000). Responding to the call to enrich knowledge concerning the role of intermediaries in the internationalization of SMEs (Leonidou et al. 2010), this research explore influence of export intermediaries in the export development process of smaller manufacturers with a particular focus placed on changes brought by e-channels. In-depth personal interviews of small manufacturers and export intermediaries in China were conducted to derive findings and insights into the topic from a dual perspective. Practical implications to upgrade and enhance intermediary functions are also generated. (For more information, please contact: Yee Kwan Tang, University of Nottingham, China: yee.kwan.tang@nottingham.edu.cn)

**Session: 2.3.4 - Competitive**
**Track: Track: 11 - SMEs and Entrepreneurship**

**Entrepreneurs and Entrepreneurship in Cross-National Business**

**Presented On:** June 27, 2011 - 13:45-15:15

**Chair:** John Daniels, University of Miami

**Toward Understanding Behavioural Drivers of International Opportunity Identification by Entrepreneurs**

OLga Muzychenko, University of Adelaide

This study empirically investigates behaviours instrumental to successful international opportunity identification (IOI) by individual entrepreneurs and ascertains how entrepreneurs form positive perceptions of the feasibility and desirability of IOI activity from the individual perspective. Theory planned behaviour and social cognitive theory form theoretical framework for this research based on seven case studies of Australian entrepreneurs who were successful in expanding their firms internationally. The findings indicate that entrepreneurial attitude orientation, cosmopolitanism and passion for cross-cultural encounters drive positive perceptions of the desirability of IOI, while self-efficacy in opportunity identification and self-efficacy in cross-cultural relationships shape the feasibility perceptions of IOI by entrepreneurs. This study advances our understanding of how the entrepreneur and his/her individual considerations influence the process of internationalisation of a firm. (For more information, please contact: OLga Muzychenko, University of Adelaide, Australia: olga.muzychenko@adelaide.edu.au)

"Imagined' Advantages, Entrepreneurship and International Business"

Christos N. Pitelis, University of Cambridge
Geoffrey G. Jones, Harvard Business School

Despite decades of effort, the entrepreneur and entrepreneurial management remains marginal in mainstream theories of International Business. This paper seeks to contribute towards the greater recognition of the importance of entrepreneurship by confronting one of the more elusive characteristics of entrepreneurship, which have hindered its incorporation into IB theories. It explores how entrepreneurs and entrepreneurial managers imagine pictures of reality to identify opportunities, and embark upon a process of creation, co-creation, and development of organisations, in order to realize their imagined realities. In so doing, they create and co-create cross-border markets, institutions, and production systems that help shape the world to their image. This process is examined employing historical case studies, which show that the emergence of the multinational enterprise (MNE) and globalisation can be attributed in part to imaginative entrepreneurs, motivated by appropriability of returns on their perceived, or imagined, advantages, actions, and action potential, who act upon their images to co-create reality. (For more information, please contact: Christos N. Pitelis, University of Cambridge, United Kingdom: c.pitelis@jbs.cam.ac.uk)
Entrepreneurial Social Status and Business Growth: The Interdependent Relationship between Society and Entrepreneurs across Bulgaria, Hong Kong, and Mainland China  
Mihaela N. Dimitrova, University of Wisconsin-Milwaukee  
Victor P. Lau, Hang Seng Management College  
Margaret Shaffer, University of Wisconsin-Milwaukee  
Tzvetan Davidkov, Sofia University "St. Kliment Ohridski"  
Desislava I. Yordanova, Sofia University "St. Kliment Ohridski"

Applying social exchange theory, we develop and test a universal model of interdependence between society and entrepreneurs, where the favorable societal view of entrepreneurship (entrepreneurial social status) is positively related to entrepreneurs’ career attitudes, which have an influence on business growth. In addition, we develop and test a culture contingent model of the interdependent relationship between society and entrepreneurs among Bulgarian (n=117), Hongkongese (n=158), and mainland Chinese (n=200) entrepreneurs. Results support our universal model but they also point to the importance of culture in terms of the degree to which entrepreneurs are willing to fulfill their part of the social exchange relationship and reciprocate resources back to society. (For more information, please contact: Mihaela N. Dimitrova, University of Wisconsin-Milwaukee, USA: mihaela@uwm.edu)

Session: 2.3.5 - Special Session

Looking at Japan from Down Under... and Up Over (ANZIBA Special Session)


Chair: Peter Dowling, La Trobe University  
Discussant: Hideki Yoshihara, Nanzan University

The Japan-India Comprehensive Economic Partnership Agreement: Implications for Bilateral Trade and Investment  
Hussain Rammal, University of South Australia  
Elizabeth L. Rose, Aalto University

Sachiko Yamao, University of Melbourne

A Space-Time Theory of the Firm: A Study of Millennium Companies and Diversified MNCs  
Kiyohiko Ito, University of Hawaii  
Eleanor Westney, York University

Session: 2.3.6 - Panel  
Track: Track: 12 - Teaching IB

Teaching about Liability of Foreignness: Promoting Understanding of Challenges Facing Foreign Firms


Chair: John Mezias, University of Miami
Teaching about Liability of Foreignness: Promoting Understanding of Challenges Facing Foreign Firms

John Mezias, University of Miami
Mary Yoko Brannen, INSEAD
Jonathan P. Doh, Villanova University
Christian Geisler Asmussen, Copenhagen Business School

A well-established theoretical construction within International Business is the liability of foreignness (“LOF”). Foreign firms incur additional costs due in large part to lack of knowledge of business and cultural differences in each host market. LOF is a problem for individuals and firms. Despite evidence of its existence, many still venture into new markets without sufficient understanding of the implications of LOF. The purpose of this panel is to present suggestions concerning more effective methods of teaching LOF and incorporating LOF analysis into curricula. Panel members will present ideas for enhancing lesson plans and using class materials such as cases and experiential exercises to improve understanding of LOF. The panel will consider the need for different approaches to teaching LOF based on student populations -- undergraduate, MBA and executive education. In addition, the panel will evaluate existing teaching materials, explore ways to adapt materials and develop new LOF-related teaching materials. Thus, this panel proposal is pertinent to the Special Track on Teaching International Business of the 2011 Annual Meeting of AIB. (For more information, please contact: Mikelle A. Calhoun, Georgia Southern University, USA: prof.calhoun@gmail.com)

Session: 2.3.7 - Competitive
Track: Track: 6 - Innovation and Knowledge Mgmt.

Learning Within and Across Organizations


Chair: Claudia Schoonhoven, University of California, Irvine

The Complementarity of Knowledge Stocks and Flows within and Across Value-Chain Functions

Tina Claudia Ambos, Johannes Kepler University
Phillip Christopher Nell, Copenhagen Business School
Torben Pedersen, Copenhagen Business School

While previous research has focused on either knowledge assets (stocks) or knowledge flows, our study is among the first to integrate both these perspectives to reveal the effect of a subunit’s knowledge stocks and the incoming knowledge flows have on value creation. We study the extent to which knowledge stocks and flows are complementary within and across value-chain functions. Based on a comprehensive sample of 324 knowledge flows occurring within 162 MNC units we find that these units profit strongly from knowledge inflows when they possess respective knowledge stocks in the same function. Complementarity effects also occur when downstream knowledge is transferred backwards to upstream functions, but not vice versa. We discuss our findings in light of the knowledge-based theory of the firm. (For more information, please contact: Tina Claudia Ambos, Johannes Kepler University, Austria: tina.ambos@jku.at)

The Impact of Disseminative Capacities of Foreign Partners on Tacit and Explicit Knowledge Transfers and Innovation in International Joint Ventures

Chansoo Park, University of British Columbia
Ilan Vertinsky, University of British Columbia

Arguably, knowledge sender’s disseminative capacity plays an equally important role in the knowledge transfer process as the knowledge receiver’s absorptive capacity, yet there is very little research on it. In this paper we develop a theoretical framework that articulates the dimensions of disseminative capacity of organizations and
predicts the impacts of different types of disseminative capacity and intent to share knowledge of foreign parents on the transfer of tacit and explicit knowledge to their IJVs. We tested the framework with survey data collected from 200 Korean IJVs estimating a structural equation model using 18.0 version of AMOS. We found that the foreign parents' intent to share knowledge with their IJVs plays an important role in mobilizing their knowledge articulation and codification capacities and leads to the development and application of effective communication approaches. Foreign parents' intent also strengthens linkages between them and the IJVs resulting in stronger interactions. We found also that articulation and codification capacities are related positively to the transfer of explicit knowledge, while effective communication is significant in the transfer of tacit knowledge but not of explicit knowledge. Tacit knowledge transfer supports the transfer of explicit knowledge which in turn leads to innovation. (For more information, please contact: Chansoo Park, University of British Columbia, Canada: chansoo.park@ubc.ca)

A Knowledge-based View of Corporate Social Responsibility in Multinational Corporations
Leighton Robert Patrick Wilks, University of Calgary
Julie I.A. Rowney, University of Calgary

Corporate social responsibility (CSR) within multinational corporations (MNCs) is an under researched area of study, with most research resulting from a view of CSR that is primarily external to the firm. The knowledge-based view of the firm is suggested as a novel and useful lens through which to view and interpret CSR as a phenomenon that is internal to the MNC. The implications of a knowledge-based view of CSR are explored through collaborative alliances between MNCs and non-governmental organizations (NGOs). (For more information, please contact: Leighton Robert Patrick Wilks, University of Calgary, Canada: lrwilks@ucalgary.ca)

Session: 2.3.8 - Competitive
Track: Track: 3 - IB Theory, FDI, and Entry Mode

Empirical Studies in FDI

Chair: Sunil Venaik, University of Queensland

Integrating the Performance Effects of Internationalization from a Viewpoint of Information Costs - Evidence from Heterogeneous Empirical Settings
Jan Hendrik Fisch, University of Augsburg
Katharina Kertels, University of Augsburg
Michael-Joerg Oesterle, University of Mainz

Findings on the internationalization-performance relationship are still fragmentary and contradictory. This paper develops an information-cost model that captures internationalization by three dimensions: geographical spread, cultural diversity, and proportion of international operations. On a panel of the 80 largest German manufacturing firms and sub-panels of 3398 German firms representing all economic sectors and company sizes, we test the effects of these dimensions of internationalization on both market-based and accounting-based measures of performance. As predicted by the information-cost model, the results always reveal an S-shaped influence of the spread, a U-shaped influence of the diversity, and a linear positive influence of the proportion of international operations, whereas the progressions of these curves vary considerably. They suggest that capital markets underestimate the performance effects of internationalization and that the internationalization-performance relationship is more accentuated for firms in industries with dissimilar country markets and for small firms. (For more information, please contact: Katharina Kertels, University of Augsburg, Germany: kertels@wiwi.uni-augsburg.de)
International Knowledge Transfer and the Development of Domestic Firms in the Polish Automotive Sector
Simona Gentile-Lüdecke, University of Bremen
Axèle Giroud, University of Manchester

This paper focuses on the impact of vertical knowledge transfer from foreign affiliates of Transnational Corporations (TNCs) to indigenous Polish suppliers. Using firm-level data collected through a survey among foreign affiliates and locally-owned suppliers in the Polish automotive sector, we find that foreign firms contribute to the knowledge base of local firms and that the knowledge that local suppliers receive enable them to enhance their performance. In order to create new knowledge suppliers’ R&D intensity reveals to be a critical factor. Inter-firm relationships play a relevant role in the process of knowledge transfer and acquisition. (For more information, please contact: Simona Gentile-Lüdecke, University of Bremen, Germany: simona.gentile@web.de)

Learning or Competition? Knowledge Spillover from Domestic Firms to Foreign Firms in a Transition Economy
Cuili Qian, City University of Hong Kong
Haibin Yang, City University of Hong Kong
Yi Tang, Hong Kong Polytechnic University

Prior research in foreign direct investment (FDI) spillover has investigated how domestic firms may benefit from foreign presence. However, how do foreign firms benefit from this process has rarely been examined. In this study we investigate the learning and competition effects of domestic firms on foreign firms in a transition economy – China. Specifically, we argue that ownership types of domestic firms affect foreign firm productivity differently in the Chinese context. We propose that state-owned firms, due to government protection and inefficiency, are more likely to have a negative spillover (competition) effect on foreign firm productivity. In contrast, legal-person firms, due to their experience in juggling between market and institutions, are more likely to have a positive spillover (learning) effect on foreign firm productivity. Further, the above relationships are moderated by critical factors at multiple levels such as foreign firm-, industry-, and regional-level contingencies. Empirical analyses of an unbalanced panel data of 117, 457 firm-year observations from 2001 to 2007 in China largely supported our predictions. (For more information, please contact: Cuili Qian, City University of Hong Kong, Hong Kong, SAR-PRC: cuili.qian@cityu.edu.hk)

Firms' Heterogeneity and FDI Spillovers: Subsidiary Mandates, Vertical Linkages and Relative Absorptive Capacity
Yoo Jung Ha, University of Manchester
Axèle Giroud, University of Manchester

Using the business network model of the MNE and the knowledge-based view of the firm, this paper investigates firm-level factors of FDI spillovers. We examine R&D spillovers arising from R&D by MNE subsidiaries which are involved in different levels of competence-creating activities in the MNE innovation network. R&D spillovers are divided into horizontal, forward and backward spillovers and relative absorptive capacity of a local firm is considered as the mediating factor. Our empirical results show that the competence-creating (CC) subsidiary of the MNE generates stronger positive forward R&D spillovers on the local assembler than the competence-exploiting (CE) subsidiary and significant negative horizontal R&D spillovers on the local competitor. Thus, the difference between CC subsidiary and CE subsidiary lies in the magnitude of spillovers as well as the direction of the effect on local firms. We also find that backward R&D spillovers from both CC and CE subsidiaries are manifested only when the local firm possesses strong relative absorptive capacity. (For more information, please contact: Yoo Jung Ha, University of Manchester, United Kingdom: yoojung.ha@postgrad.mbs.ac.uk)
Societal Influence on Micro Behavior


Chair: Mary Ann von Glinow, Florida International University

The Impact of Strategic Leadership on Organizational Behavior and Outcomes: The Conditioning Role of Societal Context

Rene Olie, Erasmus University
Zeki Simsek, University of Connecticut
Ad Van Iterson, Maastricht University

To date there has been little attention in Strategic Leadership research for the role of societal context. In this paper, we develop the argument that the extent to which CEO characteristics vs. TMT characteristics provide better predictions of firm behavior and outcomes is centrally shaped by the societal context in which strategic leaders are embedded. We develop a set of exemplary propositions to substantiate this thesis and then trace its implications for theory and testing on strategic leadership. (For more information, please contact: Rene Olie, Erasmus University, Netherlands: rolie@rsm.nl)

The Effect of Paternalism and Delegation of Authority on Job Satisfaction and Organizational Commitment in Chile and the U.S.

Leonardo Liberman, Universidad de los Andes
Ekin Pellegrini, University of Missouri - St Louis

Although use of paternalistic management is widespread in the non-Western context, it only recently received attention from Western scholars. In this study, we compare the effect of paternalistic management styles and delegation practices on job satisfaction and organizational commitment across two culturally diverse organizational contexts. We also examine the effects of these management practices on job satisfaction and organizational commitment in both contexts. Results suggested that delegation of authority was more common in the U.S. as compared with Chile whereas paternalism was higher in Chile as compared with the U.S. Further, delegation and paternalism were positively related to job satisfaction and organizational commitment in both countries. Unexpectedly, delegation had a stronger effect on job satisfaction and organizational commitment than paternalism in the Chilean sample, whereas the opposite was found in the U.S. sample. We discuss both theoretical and practical implications of these findings. (For more information, please contact: Leonardo Liberman, Universidad de los Andes, Chile: leonardo.liberman@gmail.com)

High-Performance Work Systems and Organizational Performance in Emerging Economies: Evidence from MNEs in Turkey

Mehmet Demirbag, University of Sheffield
David Collings, National University of Ireland, Galway
Ekrem Tatoglu, Bahcesehir University
Kamel Mellahi, University of Warwick

This study examines the association between the high-performance work systems (HPWS) by subsidiaries of multinational enterprises (MNEs) in Turkey and subsidiary level organizational performance. The study is based on a survey of 148 subsidiaries in Turkey. The results show that HPWS have a significant positive impact on employee motivation. However, their impact on employee skills and education, and firm financial performance are far less clear. Our findings point to the continued requirement to localize HPWS to account for local cultural
The Effect of Task Significance in the Work Environment: The Moderating Role of Job Complexity and Outcome Severity

Yitzhak Fried, Syracuse University
Gregory Allen Laurence, University of Michigan, Flint
Steffen Raub, Ecole Hoteliere Lausanne

In the present study we have attempted to close the gap on questions concerning the weak relationships between task significance and work outcomes in field studies. We hypothesized that (a) task significance will be more beneficially related to job satisfaction and indicators of job performance when job complexity (summation of skill variety, task identity, autonomy, and feedback from the job, supervisors, and peers) is high, and severity of outcomes ("necessary evils") is low, and (b) task significance will be less beneficially related to job satisfaction and indicators of job performance when job complexity is high, and severity of outcomes ("necessary evils") is high. Overall the results supported our three-way interaction hypotheses. Theoretical and practical implications are discussed. (For more information, please contact: Gregory Allen Laurence, University of Michigan, Flint, USA: glaurenc@umflint.edu)

Session: 2.3.10 - Competitive
Track: 6 - Innovation and Knowledge Mgmt.

Innovation Within and Without


Chair: Ruihua Jiang, Oakland University

How Do Multinational Corporations Appropriable Value from Open Innovation?
Christopher Williams, University of Western Ontario
Sarah Straub, University of Amsterdam
Jaap Vossen, University of Amsterdam

We adopt a multiple-theory approach to understand the mechanisms by which Multinational Corporations (MNCs) appropriate value using open innovation. Despite the proliferation of open innovation in practice, the theoretical foundations for how this is utilized by large, international firms for competitive advantage remain under-researched. We draw on the Resource Based View, Transaction Cost Economics and Game Theory to develop alternative perspectives on value appropriation in this context. We also propose an additional view based on Strategic Purpose. Using a questionnaire survey of 82 corporate managers responsible for open innovation in MNCs in Europe and North America, complemented by insights from 31 interviews, we find each of the three mainstream theories sheds partial light on value appropriation. The model based on Strategic Purpose provides the best fit. We conclude that an integrative theoretical platform that has strategic direction and guidance at its core is needed to understand how MNCs achieve success with open innovation strategy. (For more information, please contact: Christopher Williams, University of Western Ontario, Canada: cwilliams@ivey.uwo.ca)

Corporate Diversification and the Performance of Patent Grants Announcements
Shao-Chi Chang, National Cheng Kung University
Li-Ju Chen, Chang Jung Christian University
This study investigates the influence of corporate diversification on the value creation of patent grants announcements. We find that focused firms experience significantly greater market reactions to patent announcements than diversified firms. In addition, we find that diversification into related industries has little effect on the wealth gains of granted patents, but diversification into unrelated industries significantly damages the economic impacts of patents. Those findings are robust to different definitions of industry relatedness, and remain unchanged even after controlling other determinants. Furthermore, we also find that focused firms exhibit significantly better operating performance after patent grants announcements than diversified firms. There is a significantly positive relation between post-announcement operating performance changes and the degree of diversification. Our evidence suggests that in general the organizational structure of diversification has a negative influence on the performance of innovation, and this influence is even worse for unrelated diversification. (For more information, please contact: Li-Yu Chen, Fo Guang University, Taiwan: lychen@mail.fgu.edu.tw)

Network Evolution - Is It Social Capital or Do They Just Want to Play the Same Game?
Anke Piepenbrink, Rutgers University

While the focus in the literature on formation of ties in inter-organizational networks is on partner selection and the partner dyad, this study examines network evolution under a process of activity selection, collaborations on innovations within a global standard developing organization. It studies the influence of firms technical resources, innovation attributes as leadership by technology users and match between the firms resources and required capabilities for the innovation development on the probability to collaborate on an innovation. Furthermore, the study finds evidence that the firm's structural embeddedness in the collaboration network appears as a mediator of the firm-innovation match in the tie formation.

I choose the development of cellular telecommunication within the Third Generation Partnership Project (3GPP) from 2000 to 2010 with more than 450 innovations, 220 organizations from about 30 countries as empirical context. (For more information, please contact: Anke Piepenbrink, Rutgers University, USA: anke@pegasus.rutgers.edu)

Session: 2.3.11 - Competitive
Track: Track: 7 - Emerging Economies
Managing Human Resources in China, Hong Kong, and Taiwan


Chair: Timothy D Keeley, Kyushu Sangyo University

Representational Predicaments at Work: Their Relationship with Job Satisfaction and with How Employees Perceive the Level of Individualized Consideration by Superiors
Robin Stanley Snell, Lingnan University
Yi Zhang, Lingnan University
Almaz M.K. Chak, Chinese University of Hong Kong

Employees experience representational predicaments if there is perceptual congruence between themselves and their superior regarding salient aspects of the work, and if this is unfavourable to the employee. In a survey of 330 Hong Kong Chinese employees, supplemented by 8 qualitative interviews, we found that two types of representational predicament, i.e., being neglected and negative spotlighting, adversely impacted overall job satisfaction, and were associated with employee perceptions that their superiors' had low levels of individualized consideration. Qualitative case examples illuminated the underlying processes through which representational predicaments could arise and persist. The study identifies some practical implications for leadership training and
Labor Unrest and the Prospect of Independent Labor Unions in Chinese Automobile Industry: An Institutional Approach

Linghui Tang, College of New Jersey
Brian Fitzsimons, College of New Jersey

Recent labor unrest in Chinese automobile industry has increased the debate on the prospect of forming an independent trade union in China. Using the comparative capitalism model, this paper studies the institutional difference between Chinese and U.S. automobile industry in political environment, regulative framework, geographic dispersion, and foreign participation. We conclude that the traditional single-purpose trade unions as employee advocacy have become dated in today's globalization era. A cooperative and multi-purpose labor union is important for the sustainable growth of automobile industry. (For more information, please contact: Linghui Tang, College of New Jersey, USA: tang@tcnj.edu)

An Investigation of the Relationship between Gender Composition and Organizational Performance in an East Asian Context - The Role of Task Complexity

I-Chieh Hsu, National Changhua University of Education

An important research issue concerns the effects of gender diversity on organizational performance. This study investigates this issue in the context of differing job levels in manufacturing companies in Taiwan as an illustrative case of East Asian countries. We found that female representation in the job level of managers, professionals and administrative personnel showed an inverted U-shaped relationship with organizational performance, and the optimal proportion of women is generally higher than 50%. However, the effect of gender diversity on organizational performance tends to be negative among production workers. Our findings offer implications in theory, policy making and future research. (For more information, please contact: I-Chieh Hsu, National Changhua University of Education, Taiwan: fbhsu@cc.ncue.edu.tw)

Session: 2.3.12 - Competitive
Track: Institutions, Governance, CSR

How Do Cultural Values Influence the Relationship between Employee Perceptions of Corporate Social Responsibility Practices and their Organizational Commitment?

Alexander H. Newman, University of Nottingham
Peter Hofman, University of Nottingham

This study examines whether individually-held cultural values moderate the relationship between employee perceptions of corporate social responsibility practices and organizational commitment. Hierarchical regression analysis was utilized to analyze survey data on 280 employees from five export-oriented manufacturing firms in China. Employee perceptions of corporate social responsibility practices were found to relate positively to their organizational commitment, especially normative commitment. In addition, the collectivism and masculinity orientations of employees were found to moderate this relationship. These findings provide an insight into how corporate social responsibility practices may be utilized to motivate culturally diverse groups of employees.
Can the Weak Stakeholders Influence Multinational Firms' Corporate Social Responsibility Strategies?
Rashedur Chowdhury, University of Cambridge

In this article we link stakeholder theory and the deliberative approach to Corporate Social Responsibility (CSR) in an evolutionary model in order to explain how weak stakeholders influence multinational corporations’ (MNCs) CSR strategies. Our model is based on a case study examining the debate on access to low-cost HIV/AIDS drugs in South Africa between 1987 and 2001. Our findings illustrate how weak stakeholders gain saliency over time through unique and temporary alliances (a “strategic essentialist approach”), become “dynamic subalterns”, and mobilize symbolic and strategic resources to influence firms’ CSR strategy. Our findings suggest that the failure to recognize and respond to “dynamic subalterns” can lead MNCs to legitimacy and reputational damage. Further, we find that the deliberative approach to CSR is not functional unless stakeholders become salient or “dynamic subalterns”. (For more information, please contact: Rashedur Chowdhury, University of Cambridge, United Kingdom: rc484@cam.ac.uk)

Networks of Influence: Implementing Politically Sustainable Multinational Stakeholder Strategies
Lite Nartey, University of Pennsylvania

In a bid to gain stakeholder support for their operations, firms operating in politically uncertain environments often inappropriately apply a rational financial approach to a sociopolitical problem. I present an alternative sociopolitical approach to gaining stakeholder support. Drawing from network theory I outline three mechanisms of change in the relations between stakeholders and foreign firms. First, “who” (i.e., stakeholder) the firm initially associates with and the substance of this association, impacts subsequent firm-stakeholder relations. Second, ties to stakeholders that maximize the volume, diversity and richness of information afforded the firm improves firm-stakeholder relations. Third, the interrelationships among stakeholders that facilitate friendship and influence dynamics improve firm-stakeholder relations. I test these hypotheses using a novel database of 38,000 stakeholder relations manually coded from 20,000 articles covering 16 foreign gold mining companies operating 21 mining projects in 16 largely emerging countries. I find support for the impact of characteristics of the stakeholder with whom the firm is tied, the firm's access to voluminous information, as well as friendship and influence relations on firm stakeholder relations. (For more information, please contact: Lite Nartey, University of Pennsylvania, USA: lnartey@wharton.upenn.edu)

Giving across Borders: Philanthropy or Business as Usual?
Abigail S. Hornstein, Wesleyan University
Minyuan Zhao, University of Michigan

A large literature has examined the motivation as well as performance implication of charitable giving by corporations, but has produced mixed results. One reason for the inconsistent empirical findings is that, when measured at the firm level, both the motivating factors and charitable giving can be driven by unobserved firm characteristics. Institutional differences across countries provide us with a unique opportunity to tease out the motivations behind the charitable giving. In particular, we examine whether overseas charitable giving by U.S. firms is affected by (1) the local institutional environment, and (2) the firm's local business interest, given firm characteristics. We find that a multinational enterprise (MNE) is more likely to give to a host country if the country has a relatively high income level but is plagued by an ineffective government, suggesting that charitable giving is used to help MNEs navigate the opaque foreign markets rather than helping the poor. Furthermore, the likelihood of cross-border giving is higher in a major market than in a manufacturing base, and charitable giving serves as a substitute for corporate outreach in the host countries. Our results are
consistent with the view that firms are doing good for the purpose of doing well. *(For more information, please contact: Minyuan Zhao, University of Michigan, USA: myzhao@umich.edu)*

**Session: 2.3.13 - Competitive**  
**Track: Track: 8 - Developing Country MNCs**

**Acquisitions and Upgrading by Developing Country MNCs**

**Presented On:** June 27, 2011 - 13:45-15:15

Chair: Aloysius Newenham-Kahindi, University of Saskatchewan

**Differential Impact of Experience on Institutionally and Culturally Distant Markets: Foreign Acquisitions by Emerging Multinationals**  
Sathyajit Gubbi, University of Groningen

Our research is motivated by the theoretical possibility that national markets vary along several distinct dimensions; each one of which invokes unique competencies in firms engaged in cross-border activities. We propose that while acquisition experience helps to enter culturally distant markets it discourages entry to institutionally distant markets. Also, as compared to the experience acquired from direct activities, experience acquired externally from diversified networks such as business group membership has a wider applicability to cater to differences in national markets. In other words, experience derived from group affiliation enables entry to both culturally and institutionally distant markets. Our contentions find support in the international acquisitions made by Indian multinationals in the recent times. *(For more information, please contact: Sathyajit Gubbi, University of Groningen, Netherlands: s.r.gubbi@rug.nl)*

**Milking the Rich Cow Dry?: Cross-border M&As by Developing Country Multinational Companies**  
Wenjie Chen, George Washington University  
Alvaro Cuervo-Cazurra, University of South Carolina

We analyze the impact of the country of origin of the firm on its cross-border M&A performance. Developing country multinational companies (DMNCs) have gained notoriety in recent times because of their bold acquisitions in advanced economies. However, it is unknown how these acquisitions fare in comparison to acquisitions by advance economy multinational companies (AMNCs), thus limiting our ability to extend theory. We build on the resource-based view to propose that the country of origin of the firm induces it to develop particular resources at home that later affect its performance abroad. Specifically, we argue that DMNCs that buy target firms in advanced economies achieve higher performance, because they obtain sophisticated capabilities that help them upgrade their home operations. Consequently, we argue that target firms acquired by DMNCs in advanced economies have lower performance, because DMNCs extract capabilities and transfer them to their home country, while in other acquisitions target firms instead receive capabilities from the acquirer. *(For more information, please contact: Alvaro Cuervo-Cazurra, University of South Carolina, USA: acuervo@moore.sc.edu)*

**Do Cross-Border M&As Create Value? Evidence from Overseas Acquisitions by Chinese Firms**  
Jiatao Li, Hong Kong University of Science & Technology  
Peixin Li, Tsinghua University  
Baolian Wang, Hong Kong University of Science & Technology

The number of multinational corporations (MNCs) from emerging economies is rising. As late-comers, could they conquer cultural problems and catch up through cross-border M&As? In this study, utilizing a sample of
cross-border M&As conducted by Chinese listed companies, we find that on average cross-border M&As create value for shareholders of acquiring MNCs and that cultural distance negatively affects value creation. We also find that firms with more resources (e.g. large firms) are less affected by cultural distance, while financial advisors and acquisition experiences do not seem to help. Our study contributes to the understanding of the effectiveness of internationalization of late-coming MNCs from emerging economies and the importance of dealing with culture differences in this process. *(For more information, please contact: Jiatao Li, Hong Kong University of Science & Technology, Hong Kong, SAR-PRC: mnjtli@ust.hk)*

**Session: 2.3.14 - Interactive**  
**Track: 7 - Emerging Economies**

**Corporate Governance in Brazil, China, and Sri Lanka**

**Presented On:** June 27, 2011 - 13:45-15:15

Chair: Dirk Michael Boehe, Insper Institute of Education and Research

**Motivating Factors for Firm’s Adoption of Best Practices of Corporate Governance: A Comparison over the Perceptions of Managers and Market Analysts in Brazil**

Vera Maria Rodrigues Ponte, Federal University of Ceará  
Marcelle Colares Oliveira, University of Fortaleza/Federal University of Ceará  
Lindenberg Araújo Aragão, University of Fortaleza  
Oderlene Vieira de Oliveira, University of Fortaleza  
Augusto Marcos Carvalho de Sena, University of Fortaleza/Federal University of Ceará  
Marcia Martins Mendes De Luca, Federal University of Ceará

The objective of the study is to determine what factors, in the perception of investor relations managers (IRMs), are the most important to Brazilian companies in adopting best practices of corporate governance (BPCG), and to compare the perceptions of these insiders (IRMs) with those of the outsiders capital market analysts (CMAs), with respect to 25 factors identified by Aragão et al. (2009) in an investigation on adoption of corporate governance practices by Brazilian companies. Questionnaires were applied to IRMs in a sample of Brazilian companies participating in the “New Market” and “Differentiated Level 1 and 2” segments of the BM&FBovespa stock market. The top five most relevant motivating factors in the perception of the IRMs were: appreciation of company shares; improvement of institutional image; reduction of capital costs; stronger disclosure and ties with the capital market; and perpetuation of the company; a result with discrepancies as compared to the perceptions of the outsider market analysts. We conclude that IRMs score higher average importance, when compared to that coming from the CMAs, to the relevant factors prompting Brazilian companies to adopting BPCG. *(For more information, please contact: Marcelle Colares Oliveira, University of Fortaleza/Federal University of Ceará, Brazil: marcellecolares@unifor.br)*

**Gain Competitive Advantage through Building up Superior Business Models**

Guiping Lin, Peking University  
Wei Wei, Peking University

In recent years scholars have shown increasing interest in the study of business model and particularly how firms can utilize it as a strategic tool to achieve competitive advantage. Nevertheless, there have been inconsistent interpretations of business model in prior literature, and more importantly few studies have explored empirical examination of the effect of business model. In this paper we attempt to review and integrate recent streams of research on business model, and to develop a preliminary test on public firms in China. Specifically we focused on China’s Growth Enterprise Market, which was newly opened in 2010 and has soon drawn the attention of hundreds of firms and investment funds. Our results showed that there is a
significant connection between firms' business models and their performance difference. *(For more information, please contact: Guiping Lin, Peking University, China: lumguaipen@126.com)*

**The Contingent Effect of Group Affiliation: A Principal-principal Perspective**

Xing Chen, Chinese University of Hong Kong

Previous studies based on agency theory regard business groups as an antecedent of a typical agency problem in emerging economies and often argue that group affiliation has negative impact on firm performance. However, the role of business groups in influencing agency problems is not clear and group affiliation's impact on performance is ambiguous. This research finds out that it is important to take ownership structures into consideration when studying the impact of group affiliation, because ownership type and ownership concentration determine the presence of different kinds of agency problems, which contributes to the contingent effect of group affiliation's on performance. *(For more information, please contact: Xing Chen, Chinese University of Hong Kong, Hong Kong, SAR-PRC: chenxing@baf.msmail.cuhk.edu.hk)*

**The Existence, Quality, Focus of Vision and Mission and their Antecedents: Evidence from Chinese Top 500 Enterprises**

Xin Qin, Peking University
Liyun Mao, Peking University

We selected Chinese top 500 as our sample, and used content analysis to code corporate vision and mission statements. Descriptive analysis showed that 272 enterprises had vision, and 261 enterprises had mission statement. According to element and stakeholder criterion, the quality of Chinese corporate mission statement was relatively low. Our empirical part analyzed the antecedents of the existence, quality, and focus of vision and mission statement. Meanwhile, we first put forward the concept consistency of vision and mission and three corresponding measurements. Consistency of vision and mission was defined as the degree to which vision and mission statement was consistent with each other. Our empirical results revealed that when consistency of vision and mission statement was high, the effects of area on existence of competition orientation and competition score of vision or mission statement would be stronger. *(For more information, please contact: Xin Qin, Peking University, China: qinsin@hotmail.com)*

**The Effects of Market Competition, Market Scope and Rule-of-Law on Bribery: Evidence from Transition Economies**

Greg Hundley, Purdue University
George Shinkle, University of New South Wales
Elizabeth Maitland, University of New South Wales

Transition economies provide a natural laboratory for studying the impact of institutional change and market competition on the incidence of corruption. In this paper, we study 26 Central European transition economies to identify factors affecting the incidence of bribery on businesses. Contrary to the general belief that more competitive markets reduce the potential for bribery, the results show that bribe payments are greater for small firms and for firms for whom product demand is more sensitive to prices. This suggests that the institutional deficiencies of transition economies render firms with less market power susceptible to extortion-like bribery strategies. National institutional frameworks affect bribery, with firms in those countries with institutions more supportive of rule of law paying less in bribes. Additionally, the effects of firms’ product market focus are moderated by rule-of-law. Bribe payments by firms serving national markets are more greatly attenuated, when rule-of-law of law is stronger. Overall, the results pose a strong note of caution to unfettered faith in policies promoting market competition. *(For more information, please contact: George Shinkle, University of New South Wales, Australia: g.shinkle@unsw.edu.au)*
**Session: 2.3.15 - Interactive**  
**Track: Track: 3 - IB Theory, FDI, and Entry Mode**

**Processes of Internationalization and Foreign Entry**

**Presented On:** June 27, 2011 - 13:45-15:15

Chair: André Sammartino, University of Melbourne

*Mode Combinations and International Operations: Theoretical Issues and an Empirical Investigation*

Gabriel R. G. Benito, BI Norwegian Business School  
Bent Petersen, Copenhagen Business School  
Lawrence S. Welch, Melbourne Business School

An enduring characteristic of extant literature on foreign operation modes is its discrete choice approach, where companies are assumed to choose one among a small number of distinctive alternatives. In this paper we use detailed information about the operations of six Norwegian companies in three key markets (China, UK and USA) as the basis for an exploration of the extent to which, and how and why, companies combine clearly different foreign operation modes. We examine their use of foreign operation mode combinations within given value activities as well as within given countries. The study reveals that companies tend to combine modes of operation; thereby producing unique foreign operation mode “packages” for given activities and/or countries, and that the packages are liable to be modified over time – providing a potentially important optional path for international expansion. Our data show considerable variation across cases; ranging from extensive use of mode combinations to a singular focus on a specific mode of operation. The study contributes to a refinement of our understanding of the path of internationalisation, and throws up a number of awkward theoretical questions about the process. *(For more information, please contact: Gabriel R. G. Benito, BI Norwegian Business School, Norway: gabriel.r.g.benito@bi.no)*

*Market Entry Strategy of Knowledge Intensive Service Firms: The Case of Australian Transnational Universities*

Mark John Tayar, Macquarie University  
Robert Graham Jack, Macquarie University

As examples of knowledge-intensive services, Australian universities have pursued non-equity entry modes to deliver courses transnationally. Through a case study investigation of four Australian universities, this study evaluates the perceptions and entry decisions of university managers. From the market selection, entry mode and higher education literature, a conceptual model, embedded with 4 propositions, is presented. The model sees market selection and entry mode as inter-dependent decisions which are influenced by manager and university motives, risk-averity, and host government constraints in a gradual process of internationalisation. Among our key findings are that profitability is not a driver for university internationalisation and, due to a culture of risk-averity, universities prefer zero-equity modes unless risk can be minimised or accommodated through suitable hedging strategies. *(For more information, please contact: Robert Graham Jack, Macquarie University, Australia: rob.jack@mq.edu.au)*

*International Network Extension Processes - SME Entry Nodes and Network Positioning in the Process towards a Network Insidership Position*

Mikael Hilmersson, Linnaeus University  
Hans Jansson, Linnaeus University

In this article the authors develop knowledge on how SMEs reduces their liability of network outsidership in the process of establishing a network insider position in foreign business networks. From a detailed longitudinal
case study of four SMEs from mature market entering emerging country markets and four SMEs from emerging
country markets entering mature markets, the authors develop propositions based on an intra-group followed
by an inter-group analysis. The article contributes to internationalization process theory and advances
knowledge on the relationship between international experience and international network extensions, network
entry nodes, i.e. how the firm plugs in to the network and the entry process through which the firm establishes
an insider position in the foreign business network. It is concluded that, in the entry process, the firm passes
through three network types where different network positions are taken: the exposure network, the formation
network and the sustenance network. (For more information, please contact: Mikael Hilmersson, Linnaeus
University, Sweden: mikael.hilmersson@lnu.se)

Learning with Crises for a Sustainable Growth: Lessons from Internationalization Processes in Extreme Unstable
Markets
Francisco Figueira de Lemos, Uppsala University
Amjad Hadjikhani, Uppsala University

This paper prescribes a managerial decision model to deal with crisis phenomenon. An analytical exercise on the
Uppsala model's risk formula is made in order to explicit the decisions framework of nine Swedish firms during
extreme crisis situations, as occurred on the 1978 Revolution War in Iran. The longitudinal analysis made to
commitment and knowledge degrees show that if environment changes are perceived as negative, firms tend to
decrease their tangible assets and to invest in more intangible assets. On the opposite, when environment
changes are perceived as positive, firms follow an incremental path of assets increasing, preferably the tangible
ones. Of interest to note for is the firms' lack of reaction and search for learning processes when facing radical
changes. (For more information, please contact: Francisco Figueira de Lemos, Uppsala University, Sweden:
francisco.lemos@fek.uu.se)

Ownership-Level and Value Creation in FDI: An Incomplete Contracts Theory Perspective
Jisun Yu, Concordia University
Seung-Hyun Lee, University of Texas at Dallas
Kunsoo Han, McGill University

Drawing on the theory of incomplete contracts, we argue that an MNC's decision of ownership-level in foreign
direct investment (FDI) can be explained by whose non-contractible investments (e.g., time, effort, and
commitment) between an MNC and its local partner are more important, insofar as ownership can provide an
incentive to make higher levels of non-contractible investments, resulting in higher levels of value creation. We
further argue that the relative importance of non-contractible investments for each party can be determined by
the criticality of the location- versus home country industry-specific knowledge for the successful operation of a
given subsidiary. We test a set of hypotheses based on this argument by using a sample of 372 firms in
Malaysia. Most of the hypotheses are supported, which suggests that the theory of incomplete contracts can be
a helpful theoretical lens to examine the level of ownership in foreign direct investments. (For more information,
please contact: Jisun Yu, Concordia University, Canada: jisunyu@jmsb.concordia.ca)

Feasibility Study and Foreign Direct Investment: A Real Options Approach for Strategic Intelligence
Haruo H. Horaguchi, Hosei University

Feasibility Study (FS) is considered as a real option for foreign direct investment. Questionnaire survey on how
Japanese multinational enterprises (MNEs) perform FS was conducted to Chinese subsidiaries of Japanese
enterprises. Questionnaire was constructed so that the theory of real option is assessed from the viewpoint of
organizational uncertainty and learning process in a foreign market. Statistical analysis in this study reveals that
it is FS project manager's communication practices which determines the duration of FS. Appropriate
documentations in the process of Feasibility Studies are required by Japanese headquarters, banks and other
related companies as well as Chinese governments. According to statistical analysis, tacit knowledge on business practices becomes statistically significant to explain high performance. The questionnaire survey also revealed that the duration of FS lasts from six months to one year by Japanese MNEs. This duration is significantly shorter than licensing and/or joint venture operation, which are recognized as real options. (For more information, please contact: Haruo H. Horaguchi, Hosei University, Japan: horaguch@hosei.ac.jp)

'Middle-Status Conformity and International Geographic Diversification in Professional Service Firms’
Kristan Skylar Powell, University of Michigan, Flint

This study seeks to contribute to FDI research by considering the under-studied relationship between a firm’s status position and the propensity to maintain greater numbers of foreign offices. More specifically, this analysis uses hand-collected longitudinal data in the empirical context of large US law firms to test the middle-status conformity conjecture as it relates to the degree of international geographic diversification of professional service firms. The results suggest that there is an inverted U-shaped relationship, where middle-status firms are more likely than high- or low-status firms to maintain greater numbers of foreign offices. In addition, this inverted U-shape appears to be further enhanced when firms are from highly competitive home markets. In addition to offering one of the first applications of the middle-status conformity conjecture as it relates to international geographic diversification, this study is also unique in that it considers the association between a firm’s home location within a country and patterns in international diversification. (For more information, please contact: Kristan Skylar Powell, University of Michigan, Flint, USA: skylarp@hotmail.com)

Towards New Understanding of Degree of Internationalization in Indian Context
Ajay Kumar Singal, Indian Institute of Management Lucknow
Arun Kumar Jain, Indian Institute of Management Lucknow

Internationalization is a multi-dimension process governed by firm specific factors, business group affiliations and industry factors. Based on sample of top 49 non-financial and non-government owned Indian firms, our findings show that domestic market power as defined by firm assets to average industry assets ratio along with price to book ratio, firm size and firm age are significant drivers of DOI in the case of Indian firms. Paper empirically tests eight different measures of DOI first as single item measure and then as composite indices. Contrary to common view the degree of internationalization (DOI) is best explained by single item based indices. The study further concludes that DOI measures change according to the context and period and attaining critical size & scale are important determinants of internationalization. (For more information, please contact: Ajay Kumar Singal, Indian Institute of Management Lucknow, India: ajay.singal@iiml.ac.in)

Session: 2.3.16 - Interactive
Track: Track: 11 - SMEs and Entrepreneurship

National and Cultural Determinants of Entrepreneurship


Chair: Hong Zhu, The Chinese University of Hong Kong

Institutions and International Entrepreneurship
Luis Alfonso Dau, Northeastern University

In this study, I reanalyze the confirmatory factor analysis (CFA) first studied by Busenitz, Gomez, & Spencer (2000). As in the original study, I develop a 3-factor model for the Country Institutional Profile (CIP) for entrepreneurship. This measure is designed to assess the institutional makeup of a given country and its
population in terms of three domains: regulatory (state policies and legal frameworks), cognitive (shared social knowledge), and normative (common value systems). More specifically, the measure focuses on how each of these relates to entrepreneurship. In addition, I test several competing models with different factor structures based on institutional theory. I conclude that the three-factor model presented in the original study provides the best fit for the data. However, I also caution that it only affords a modest fit and does not provide invariance across the countries tested. In its current state the instrument may not prove directly useful for future research. (For more information, please contact: Luis Alfonso Dau, Northeastern University, USA: luisdau@neu.edu)

Relationship of Western and Traditional Cultural Capitals to Entrepreneurial Success
Michael E Valdez, Seton Hall University

This research develops and empirically tests a theoretical model to understand the variables that combine to create entrepreneurial success in a dual-society. Specifically examined was the resource of cultural capital. In addition to the traditional outcome variable of business (financial) success, outcome variables also assessed how entrepreneurs’ businesses contributed to their non-financial personal success. The present study collected data from a dual society, or a society that had different economic, political, and cultural systems transposed upon each other as a result of colonialism or geographical isolation. Findings supported the contributing roles of cultural capital. (For more information, please contact: Michael E Valdez, Seton Hall University, USA: valdezmi@shu.edu)

Impact of Institutional Coordination on National Entrepreneurship: A Conceptual Framework
Kim Clark, University of Texas at San Antonio
Gordian Rättich, University of Erlangen-Nuernberg
Evi Hartmann, University of Erlangen-Nuernberg

Although the importance of entrepreneurship as an engine that drives innovation and promotes economic development is recognized, there is a limited understanding of why entrepreneurship varies across different countries and which national factors promote or constrain entrepreneurship. Our main focus in this paper is to understand how the institutional context of a country affects the rate of its entrepreneurship. Drawing upon comparative political economy, entrepreneurship, institutional theory, and network approach, we propose a counterintuitive approach to cross-country institutional environments to elucidate how political and economic institutions coordinated through strategic non-market relations negatively affect the level of early stage of entrepreneurship. In order to provide some evidence to support our assertion, we conduct a preliminary empirical examination of this association using the Global Entrepreneurship Monitor (GEM) data and institutional coordination index. Furthermore, we examine underlying reasons why institutional arrangement by non-market coordination is negatively related to early stages of entrepreneurship by examining the impacts of different institutional domains on the entrepreneurial processes of conception, gestation, infancy, and adolescence of venture creation. (For more information, please contact: Kim Clark, University of Texas at San Antonio, USA: kim.clark@utsa.edu)

The Effects of Resources and Competence on Growth of Women-Owned Businesses: A Study of Two Countries
Chun Guo, Sacred Heart University
Crystal Jiang, Bryant University
Sam Beldona, Bryant University

Previous research suggests that unique differences exist between men and women entrepreneurs and that women entrepreneurs demonstrate a lower propensity towards growth. However, little is known about factors that contribute to the growth of women-owned businesses. An exploratory case study of women entrepreneurs in the United States revealed that women entrepreneurs developed and utilized their intangible resources to build legitimacy and credibility, which ultimately led to firm growth. Specifically, human- and social capital were
developed first and formed the basis of reputational capital. Further, social competence leveraged the effects of intangible resources on firm growth. Using Hofstede’s cultural dimensions we present a few hypotheses with regard to the expected differences between U.S and Indian samples. (For more information, please contact: Chun Guo, Sacred Heart University, USA: chun-guog@sacredheart.edu)

Motivation and Perception of Women Entrepreneurs in India- An Emerging Economy
Anu Pandey, University of Delhi
A. Venkat Raman, University of Delhi
Vijay Kumar Kaul, University of Delhi

India is a developing economy and Nineties has been the decade of economic liberalization and globalization and post-2000 this process has only increased. Women especially in India are seeking independence by earning their own bread. Today they are choosing their own means of livelihood according to their aptitudes and abilities. With this changed scenario it becomes imperative to study women entrepreneurs in their present form. Delhi being the capital of India it has always been in the forefront of any change, be it political, social or economic. Obviously no city in India reflects this trend better than the city of Delhi. Hence the focus of this study is primarily to study the motivation and perception of women entrepreneurs in the city of Delhi and its adjoining areas. (For more information, please contact: Anu Pandey, University of Delhi, India: anupandey@hotmail.com)

Session: 2.3.17 - Interactive
Track: Track: 9 - Cross-cultural Management and HRM

Global Leadership and Creativity


Chair: Mahmood A. Zaidi, University of Minnesota

From International Experience to Inclusive Leadership: The Intervening Roles of Global Identity and Cultural Mindfulness
Chi-Ying Cheng, Singapore Management University
Shira Mor, Columbia University
Michael W. Morris, Columbia University
Aaron Wallen, Columbia University

This research untangles the equivocal relationship between international work experience and inclusive leadership practices by investigating the mediating effects of global identity and cultural mindfulness. With a sample of 141 MBAs representing managers from 35 countries, we proposed and found that developing an inclusive leadership style from international experiences hinges on adopting a global identity and habits of cultural mindfulness. Our study provides implications to both research and practice of international management and global leadership. (For more information, please contact: Chi-Ying Cheng, Singapore Management University, Singapore: cycheng@smu.edu.sg)

Shanzhai or Innovate? An Examination of Creativity and Innovation in the East and West
Victor Huang, University College Dublin
Frank Roche, University College Dublin
Xia Han, University College Dublin
China’s latest five-year plan promises to shift the economy from its dependence on exports toward domestic consumption as an engine of growth. The key to achieving this will be for the nation to enhance the ability of its economy to innovate. Many externally to China may believe that the country is a society lacking innovation or will “shanzhai” (copy) anything. Some observers think that Western style innovation cannot be developed in China. Almost all of what we know about individual differences and influences on creativity has come from studies of Western populations. Addressing cultural differences in creativity and innovation will not only be important theoretically and empirically, but is going to be extremely important for applications in the world of management research and practice. This paper examines China’s long and rich history of innovation, while contrasting different styles of creativity in East vs. West. (For more information, please contact: Victor Huang, University College Dublin, Ireland: zengyu.huang@ucd.ie)

Cross-cultural Conflict Management: An Experimental Study on Western and Chinese Values
Yifeng Chen, Lingnan University
Mike Chen-ho Chao, City University of New York
Dean Tjosvold, Lingnan University
Y. Henry Xie, College of Charleston
Zuobin Ye, Hong Kong Education Development Research Center

Western managers who are able to combine the Western value of free expression, compared to the Chinese value of hierarchy, and the Chinese value of collectivism, compared to the Western value of individualism, were hypothesized to facilitate conflict management with their Chinese employees. Results of an experiment with 80 participants in the United States indicate that collectivistic values strengthened relationships. However, the analysis unexpectedly yielded a number of interaction effects. These results suggest that free expression when combined with individualistic values frustrate relationships and open-minded discussion. In contrast to the theorizing on how hierarchy values stifle disagreements, results suggest that they can promote open discussion and effective conflict management. Findings challenge traditional theorizing that collectivistic and hierarchy values lead to conflict avoidance and support recent arguments that strong relationships promote the productive discussion of opposing views and conflict management. (For more information, please contact: Yifeng Chen, Lingnan University, Hong Kong, SAR-PRC: yifeng@ln.edu.hk)

Shirley Liang, National Taiwan University

The conceptualization of cultural intelligence (CQ) has tried to equip individuals with intercultural interacting skills and explain intercultural effectiveness in cross-cultural interactions. We assert a comprehensive theory linking individual difference to outcomes of intercultural interactions. We define intercultural effectiveness (IE), its boundary condition (BC), and present a concise individual difference construct (IDC) which results in effective intercultural interactions. Finally, we discuss research and measurement implications. (For more information, please contact: Shirley Liang, National Taiwan University, Taiwan: shuyu1112@yahoo.com.tw)

Bicultural Entrepreneurs and Radical Innovative Opportunities
Zengyu Huang, Zayed University

Previous studies developed the argument that individuals who live at the juncture between two cultures and can lay a claim to belonging to both cultures, either by mixed racial heritage or born in one culture and raised in a second, should be considered biculturals. Many efforts had been made over the past with an attempt in understanding such individuals’ behaviours and identity consequences, little is known on the positive role of multicultural experiences - the advantage of being a bicultural individual. Combining two previously separate bodies of knowledge—as may occur in a bicultural individual—has long been theorized to have positive effects on the creative process. Today, increasing organisations whether educational or business aimed at cultivating
multicultural competence assume that multicultural experience fosters creativity. Despite abundant anecdotal evidence that creativity is associated with living in foreign countries, there is currently little empirical evidence for this relationship in business implications. This paper aim to add to this literature by examining how bicultural entrepreneurs achieved radical innovation in comparison with indigenous entrepreneurs in China. (For more information, please contact: Zengyu Huang, Zayed University, United Arab Emirates: zengyuhuang@gmail.com)

Session: 2.4.1 - Panel

Conducting High Quality Interdisciplinary Research in International Business: Conceptual and Methodological Considerations (Part 1)

Presented On: June 27, 2011 - 15:30-16:45

Chair: Joseph Cheng, University of Illinois at Urbana-Champaign
Discussant: John Cantwell, Rutgers University

International Business Research: The Interdisciplinary Challenge
Oded Shenkar, Ohio State University

Interdisciplinary Qualitative Research in IB
Yves Doz, INSEAD

Theoretical Relevance and Methodological Rigor in Interdisciplinary IB Research: Multilevel, Contingency and Secondary Data influences
Michael A. Hitt, Texas A&M University

Preparing Grant Proposals for Interdisciplinary IB Research
Marjorie Lyles, Indiana University

The Importance of Differences: Modeling Heterogeneity Preemptively
Timothy Michael Devinney, University of Technology, Sydney

Session: 2.4.2 - Panel
Track: Track: 1 - Institutions, Governance, CSR

State-of-the-Art Session: Comparative Corporate Governance: Convergence and Diversity of Governance Practices

Presented On: June 27, 2011 - 15:30-16:45

Chair: Michael A. Witt, INSEAD
Co-Chair: Toru Yoshikawa, Singapore Management University

The (Un)Changing Landscape of Corporate Ownership in East Asia
Richard Carney, Nanyang Technological University

The Spirits of East Asian Capitalism: Hong Kong and South Korean Senior Executive Perceptions of Why Firms Exist
Michael A. Witt, INSEAD
Tournaments at the Top: An Analysis of Pay Dispersion within German Top Management Teams
Anja Tuschke, Munich School of Management

Symbol or Substance? Board Reforms in the Japanese Electronics Industry
Christina Ahmadjian, Hitotsubashi University
Toru Yoshikawa, Singapore Management University

Session: 2.4.3 - Panel

Women in Business: Challenges and Opportunities in Japan (Sponsored by WAIIB, Women in the Academy of International Business)

Presented On: June 27, 2011 - 15:30-16:45

Chair: Janet Y. Murray, University of Missouri - St. Louis
Co-Chair: Yuko Kimura, Daiichi Sankyo Co., Ltd.

Creating a Broader Arena for Women in Current Japanese Organizations - Case of Daiichi Sankyo: Approach and Effort by Current Japan-based Multinational Organization
Fumie Yamaguchi, Daiichi Sankyo Co., Ltd.

We Establish Every Corporate Brand
Ruriko Hoshika, Ruriko Planning, Inc.

In Japan, where Female Entrepreneurs are Rare, There are Countless Opportunities for Women
Rika Saeki, Usystem Co. Ltd.

Challenges and Opportunities for Female Entrepreneurs in Japan - Case study of establishing eLife
Maki Sugiyama, eLife Inc.

Session: 2.4.4 - Competitive
Track: Track: 11 - SMEs and Entrepreneurship

Research in International Entrepreneurship

Presented On: June 27, 2011 - 15:30-16:45

Chair: Sylvie K. Chetty, Massey University and Uppsala University

International Entrepreneurship in Emerging Economies: A Critical Review
Wade Danis, University of Victoria
Andreea Kiss, University of Groningen
S. Tamer Cavusgil, Georgia State University

International entrepreneurship (IE) research in emerging economies is reviewed and critically examined. Fifty-one articles are identified and analyzed focusing on the research context, theoretical approaches, methods, and findings. Results indicate that IE research in emerging economies is a vibrant and rapidly growing area, although its presence in premier journals is limited. To increase the quality, impact and relevance of future IE research in emerging economies we argue for stronger theoretical grounding and development, better contextual positioning, and greater methodological rigor and sophistication. We suggest a set of timely
Intentions behind New Ventures’ International Expansion from Emerging to Developed Economies: Moderating Role of Technological Intensity
Yasuhiro Yamakawa, Babson College

What drives new ventures to internationalize from emerging to developed economies? This study endeavors to fill in the gap at the intersection of the literature between international entrepreneurship and strategy in emerging economies. Building on the resource and capability literature, we theorize that new ventures’ international expansion from emerging to developed economies is driven by their early (aggressive) intent and proactive motives for enhancing legitimacy, organizational learning, and capability building. A series of hypotheses are tested and supported using cross-country samples of new ventures from China, India, Mexico, and South Africa. (For more information, please contact: Yasuhiro Yamakawa, Babson College, USA: yyamakawa@babson.edu)

Human Capital and SME Internationalization: Empirical Evidence from Belgium
Jonas Onkelinx, Vlerick Leuven Gent Management School
Tatiana Manolova, Bentley University
Linda Edelman, Bentley University

While the choice to internationalize is significant for all firms, it is an especially important strategic decision for small and medium-sized enterprises (SMEs). In contrast to much of the work on SME internationalization which focuses on the role of the entrepreneur or manager, the premise of this study is that in SMEs, the investment in the human capital of the entire organization pays off when it is carefully aligned with the chosen internationalization strategy of the SMEs. We go on to hypothesize that the level of human capital will vary with internationalization strategy and will be especially important for companies that follow a strategy of accelerated, or sprinkler internationalization. In addition, we suggest a threshold point after which, additional firm endowments of human capital become less productive. We test our ideas using a unique dataset of all manufacturing SMEs in Belgium which internationalized between 1998 and 2005. Findings indicate a significant association between human capital and the company’s degree of internationalization when companies choose a strategy of accelerated internationalization. At the same time there is a curvilinear (inverted U) relationship between additional human capital endowments and the degree of internationalization of the SME. Theoretical and practitioner implications are discussed (For more information, please contact: Linda Edelman, Bentley University, USA: ledelman@bentley.edu)
The internationalization process model rests on the assumption that experiential knowledge development in international business relationships and business networks leads to an increase in performance. However, no study has shown how this accumulated experiential knowledge from networks is used during internationalization, and the effects it has on the performance of international business relationships. This paper adds that piece of knowledge by finding that business network routines are a repository for experiential network knowledge. We find that business network routines increases international business relationship performance, using both structural equation modeling and linear regression of a sample of 305 small and medium sized firm’s international business relationships. We also find that business network routines are a resource that can be further utilized provided that the firm has knowledge of the international business relationship and commits resources to it. The implications of our results extend beyond internationalization, since researchers have argued that routines are central for the understanding of networks, business and relationships. (For more information, please contact: Angelika Lindstrand, Stockholm School of Economics, Sweden: angelika.lindstrand@hhs.se)

Internationalization Process of Brazilian Companies: A Framework Proposition
Erica Piros Kovacs, Federal University of Pernambuco - UFPE
Walter Fernando Araujo Moraes, Federal University of Pernambuco - UFPE
Brigitte Renata B. Oliveira, Federal University of Pernambuco - UFPE

This paper aims the construction of a framework that reflects how the internationalization process of Brazilian companies takes place. It has as pillars the key concepts of the main internationalization theories. The key concepts encompass the influences of location, management choices, tangible and intangible resources, learning, and external agents. We collected the data at the companies both located in the northeastern part of Brazil. The results indicate that no dominant model, by itself, is capable of explaining the internationalization process and that the key concepts present distinct manifestations during the internationalization path of the company. (For more information, please contact: Brigitte Renata B. Oliveira, Federal University of Pernambuco - UFPE, Brazil: renataboliveira@gmail.com)

Experiential Driver of Foreign Direct Investment: A Managerial Cognition Perspective
Lin Cui, Australian National University
Yi Li, Australian National University
Zijie Li, University of International Business and Economics

This study investigates experiential driver of foreign direct investment (FDI) from a managerial cognition perspective. Through the theoretical lens of managerial knowledge structure, we argue that international experiences with organizational and personal origins both contribute to the content and structure of firm decision makers’ knowledge structures and consequently influence FDI decision outcomes. Based on a sample of 164 Chinese electronic manufacturing firms over an eight-year period (2001 – 2008), we found that organizational and personal international experiences had simultaneous positive effects on the FDI propensity of a firm, and these experiences weakened the effect of each other. (For more information, please contact: Lin Cui, Australian National University, Australia: lin.cui@anu.edu.au)

Caution or Causation: How Earlier Entrant Failures Influence New Entry Decisions
Jing Yu Yang, University of Sydney
Jane Lu, National University of Singapore

This study examines how early entrant failures in a host market affect a focal firm’s own decisions on entry and scale of investment in the market. In general, firms respond to earlier entrant failures by reducing their rates and scale of investments in the host market. However, the intensity of such response is affected by how a firm causally attributes the failures. Drawing on the attribution theory, we differentiate internal causes and external
causes to which failures are attributed. Failed FDIs with heterogeneous attributes are likely attributable to internal firm-specific causes, and hence would weaken the firm’s tendency to react to the failures. In contrast, failed FDIs with heterogeneous investors tend to be attributed to external environmental causes, which would strengthen a firm’s tendency to reduce its entry rate and scale in the country. Our analysis of 925 Japanese firms’ entries into China from 1979 to 2000 largely supported these arguments. (For more information, please contact: Jing Yu Yang, University of Sydney, Australia: gracy.yang@sydney.edu.au)

Session: 2.4.6 - Panel  
Track: 12 - Teaching IB  

**Developing Global Leadership Competence: Lessons Learned**

**Presented On:** June 27, 2011 - 15:30-16:45

Chair: Allan Bird, Northeastern University  
Co-Chair: Norihito Furuya, IGB Network Co., Ltd.

A continuing challenge in international management education is that of developing global leadership competence. Every large-scale survey of global business organizations since 1995 has identified a deficit of global leadership capability as the leading concern. Similarly, recent surveys of business schools have identified increasing global leadership competence or skills as a key challenge. The goals of this PDW are to: 1) explore the question “what are the key competencies required of global leaders?” and 2) examine varied programmatic and pedagogical approaches to the identification and development of global leadership competencies. We will accomplish these objectives by drawing upon the experience and expertise of researchers and educators who have found success in identifying and developing global leadership competence. The first presentation will lay out a framework of competencies and model of global leader competency development. Subsequent presentations will focus on how global leader competencies are identified and developed in specific settings. (For more information, please contact: Allan Bird, Northeastern University, USA: a.bird@neu.edu)

Session: 2.4.7 - Competitive  
Track: 7 - Emerging Economies  

**Market Entry Strategies in Emerging Economies**

**Presented On:** June 27, 2011 - 15:30-16:45

Chair: Haibin Yang, City University of Hong Kong

The Role of Psychic Distance in the Location of Direct Investments in the European Union  
Alfredo Jiménez, University of Burgos  
Juan José Durán, Autonomous University of Madrid  
Juan Manuel de la Fuente, University of Burgos
The countries of Eastern Europe represent an important and attractive economic area for foreign direct investment. Nonetheless, despite the determinants of these investments having converged with other European countries, the existence of a differentiated East-West structure still persists (Disdier and Mayer, 2004; Durán et al. 2008). The existence of this structure is examined in this study from the novel perspective of psychic distance stimuli, which reveals that it is not as apparent as one might think. Moreover, the results provide evidence on the fundamental role played by different dimensions of psychic distance as obstacles to these investments, especially the distance in levels of industrial development and in language between the home country and the host country. On the contrary, distance in education is positively associated with investments, reflecting an efficiency-seeking approach on the part of MNEs. (For more information, please contact: Alfredo Jiménez, University of Burgos, Spain: ajimenez@ubu.es)

The Effect of Specificity of Experiential Knowledge on the Degree of Perceived Uncertainty in the Emerging Market Entry Process
Mikael Hilmersson, Linnaeus University

This study takes a behavioural approach to the internationalization of firms. It does so by contributing to the discussion on the importance of experiential knowledge in the emerging market entry process. Three types of experience based knowledge of different specificity are delineated and hypothesised as uncertainty reducing as firms enter emerging markets. Four hypotheses are developed and tested on a sample of 203 Swedish SMEs with experience of entries in the emerging markets of China, Russia, Poland and the Baltic States. The results of the structural equation model, in SmartPLS, reveals that societal knowledge and business network knowledge have an uncertainty reducing effect in the emerging market entry process. Internationalization knowledge on the other hand has no significant uncertainty reducing effect. As a consequence, the analysis supports the argument that the more specific the experiential knowledge is, the greater the uncertainty reducing effect in the emerging market entry process. (For more information, please contact: Mikael Hilmersson, Linnaeus University, Sweden: mikael.hilmersson@lnu.se)

Corporate Social Responsibility in Emerging Markets: Evidence from Spanish MNCs in Latin America
Belen Lopez Vazquez, ESIC Business & Marketing School
Gaston Fornes, University of Bristol (UK) and ESIC Business and Marketing School (Spain)

This paper analyses CSR initiatives in emerging markets from developed-countries-based multinational companies (MNCs) vis-à-vis what is known as Instrumental Theories of CSR. The analysis is based on case studies with data collected through eight in-depth interviews with senior managers of the companies representing 85% of the Spanish foreign investments in Latin America. The results show that CSR initiatives from these companies seem to be guided by Instrumental Theories as they use these initiatives as a strategic tool to achieve economic objectives, expect a positive relation between them and their financial performance, and use them to strengthen their reputation. The findings tend to indicate that Instrumental Theories of CSR seem to apply for Western MNCs operating in emerging markets. (For more information, please contact: Gaston Fornes, University of Bristol (UK) and ESIC Business and Marketing School (Spain), United Kingdom: g.fornes@bristol.ac.uk)

Export Experience and Performance: Uncovering the U-curve Hypothesis
Dirk Michael Boehe, Inesper Institute of Education and Research
Mario Henrique Ogasavara, University of Fortaleza (UNIFOR)
Luciano Barin-Cruz, HEC Montréal

International business (IB) literature has suggested positive, negative, neutral and most recently U-shaped format for the relationship between export experience and performance. Motivated by these contradictory results, our study draws on a combination of the structural inertia hypothesis from the population ecology...
literature and on the liability of foreignness concept to explain why the relationship between export experience and export performance follows a U-shape. Using a sample of 203 Brazil-based exporters, we find support for the U-shaped hypothesis. We also find evidence for the hypothesis that exporters’ international marketing strategy and its underlying resources and capabilities moderate this U-shape relationship. Thus, our inquiry makes three contributions to IB literature: first, it systematizes previous studies on export experience in a generic framework based on a combination of organization and IB theory. Secondly, our study suggests that the U-shape is contingent on the resource and exporters’ capability bundles and can therefore be partly influenced by managerial discretion. Thirdly, it confirms incipient evidence on the U-shape in a distinct, emerging economy context. (For more information, please contact: Dirk Michael Boehe, Insper Institute of Education and Research, Brazil: dirkmb@insper.edu.br)

Session: 2.4.8 - Competitive
Track: Track: 9 - Cross-cultural Management and HRM

Global Mindsets, Hybrid Managers and N-Culturals

Presented On: June 27, 2011 - 15:30-16:45

Chair: Sunil Venaik, University of Queensland

Global Mindset: The Construct and Measurement
- Mansour Javidan, Thunderbird School of Global Management
- Rachel Clapp-Smith, Purdue University, Calumet
- Mary Teagarden, Thunderbird School of Global Management
- David Bowen, Thunderbird School of Global Management

We undertook a multi-phased, multi-approach study to define and operationalize global mindset and to establish construct validity. Qualitative data uncovered the multidimensionality of global mindset and found that the construct comprises 9 dimensions which may be theoretically categorized into three overarching factors: Intellectual Capital, Social Capital and Psychological Capital. An assessment was developed to operationalize the global mindset construct and the instrument was factor analyzed and validated. Finally, correlates of global mindset were tested including age, gender, organization level, organization size and education. Future directions and limitations are discussed. (For more information, please contact: Rachel Clapp-Smith, Purdue University, Calumet, USA: roclapp@global.t-bird.edu)

Nature or Nurture: Cultural Intelligence in International Business Leaders
- Ming Li, ESC Rennes School of Business

Cultural Intelligence is believed to be an important cross-cultural competence for international business leaders. To understand the nature versus nurture characteristics of this important competence, the present study examines both personality and various international experiences simultaneously for their impact on cultural intelligence. It also extends the constructs of international experience by focusing on two aspects – the types and the degree of international experience. Analyses of data collected from 379 international executives and business students in China and Ireland indicates that the influence of the degree of international experience succeeds personality. In addition, a significant increase in the degree of international experience leads to a slight enhancement in cultural intelligence overall. International experience also mediates the relationship between personality and cultural intelligence. (For more information, please contact: Ming Li, ESC Rennes School of Business, France: lily-ming.li@esc-rennes.fr)
Hybrid Managers Creating Cross-Cultural Synergy - a systematic interview survey from Japan.
Rolf Dieter Schlunze, Ritsumeikan University/Humboldt University

This study investigates the foreign executive manager's potential of creating cultural synergy. The hypothesis states that only managers with a clear strategic intent and strong acculturation are likely to create synergy. The approach developed distinguishes types of executive managers by evaluating their work and living style. The study led to interviews of 41% of the study population, 58 individuals. The analysis shows significant differences in the working and living styles of Expatriate managers and Hybrid managers. It appears that the Hybrid managers enjoy more advanced acculturation and therefore they possess a higher potential of creating cultural synergy. Executive acculturation regarding first and second tier locations shows significant correlation with their creation of synergies. Closely connected to the synergy creation are relocation and concentration of globally linked business operations. Finally, implications for IHRM are provided. (For more information, please contact: Rolf Dieter Schlunze, Ritsumeikan University/Humboldt University, Japan: drrds309@ba.ritsumei.ac.jp)

N-Culturals: Functional Individuals with Multicultural Identities
Andre Anugerah Pekerti, University of Queensland

N-Culturals: Functional individuals with multicultural identities
Abstract
This conceptual paper addresses the question, “Do Multicultural-Individuals exist? If so, how do they function in work environments?” Multicultural-Individuals (N-culturals) are neither just bi-cultural nor third-culture individuals. They are functional individuals who successfully function by maintaining more than two cultural identities and frameworks. It is proposed that N-culturals are already operating with either an integrated-adoption or integrated-contact acculturation mode, thus at least bi-cultural individuals. However, N-culturals also operate with additional frameworks. These multiple identities and frameworks could be based on identification, internalization, commitment and the identities’ salience in relation to perceived situations.
An individual-level metacognitive working model is proposed based on the bi-dimensional perspective of acculturation, identity and internalization of cultures. It proposes that individuals are capable being multicultural, with different cultural identities varying in strength. The utility of the model is illustrated in situations where one’s heritage and other cultures are activated simultaneously. The implications of the proposed working model are discussed with regard to organizational behaviors in multicultural settings. (For more information, please contact: Andre Anugerah Pekerti, University of Queensland, Australia: a.pekerti@business.uq.edu.au)

Session: 2.4.9 - Competitive
Track: Track: 9 - Cross-cultural Management and HRM

Board and Top Management Team Dynamics

Presented On: June 27, 2011 - 15:30-16:45

Chair: Isobe Takehiko, Keio University

The Dark Side of Corporate Board Diversity: The Costs of Linguistic Internationalization in of Nordic Firms
Rebecca Piekkari, Aalto University
Lars Oxelheim, Lund Institute of Economic Research
Trond Randøy, University of Agder

In non-English speaking countries the decision to recruit a foreign board member often requires a change in the working language of the board. In this paper we consider language as a dimension of board diversity and argue that linguistic costs are underplayed in that strand of literature. We draw on internationalization theories,
A Role Theory Explanation of Expatriate Management Dual Commitment Interactions on Host Country National Top Management Team Outcomes
Riki Takeuchi, Hong Kong University of Science & Technology
Jeffrey P. Shay, Washington and Lee University

As an initial step toward Toh and DeNisi's (2003) call to include host country nationals as an important constituent, we utilize role theory as the underlying theoretical framework for examining the relationships between expatriate general manager and host country national top management team members. In particular, we examine the interaction effects of parent company and foreign subsidiary commitments (dual commitment foci) on expatriate general managers’ reputation as effective managers and host country national top management teams’ organizational (i.e., foreign subsidiary) commitment. Using survey data from nine multinational hotel companies, 153 expatriate general managers, and 324 host country national subordinates, the results of the study provided support for the interactive effects of expatriates’ dual commitment foci. Implications for research and management are discussed. (For more information, please contact: Riki Takeuchi, Hong Kong University of Science & Technology, Hong Kong, SAR-PRC: mnrikit@ust.hk)

TMT Personality Compositions and Firm Performance: The Role of Psychological Empowerment and Decision Quality
Nayel Mousa Rababah, National Cheng Kung University
Hao-Chieh Lin, National Cheng Kung University

Basing hypotheses on upper echelons perspective and strategic decision literature, this study investigates the mechanisms by which top management team (TMT) personality compositions can create a high performance for a firm. Using survey data from more than 700 executives in 210 TMTs/firms in a Middle Eastern country, empirical findings showed that TMT collective conscientiousness, extraversion, agreeableness and openness personality traits can enhance, directly and indirectly, decision quality, while TMT neuroticism personality produces an opposite effect. Moreover, psychological empowerment and decision quality plays a partially mediating role. As such, this study provides a critical first step toward a deeper understanding of implicit determinants of TMT cognitive bases on firm performance, as well as advancing upper echelons perspective through the context of psychological strength, and strategic decision making. (For more information, please contact: Nayel Mousa Rababah, National Cheng Kung University, Taiwan: naelmr@yahoo.com)

Multinationality And Performance: The Mediating Role Of Top Management Team National Diversity
Dean A. Hennessy, Tilburg University
Youtha Cuypers, University of Hong Kong

Despite the abundant research on multinationality and performance there is little consensus on this relationship. This paper is a response to both the lack of managerial influence, and to the lack of attention to mediating variables in prior multinationality-performance research. Upper echelons theory states that the demographic diversity management, corporate governance and research on language in international management to explore the direct and indirect linguistic costs of the change in the working language. Based on secondary and primary data collected through case studies in nine companies from the Nordic countries, we identify linguistic costs that may act as barriers to the internationalization of the board. We find that the switch to English as the new working language impoverished the discussion in board meetings. Some board members reported limited ability to contribute to the board work, and others witnessed social exclusion and inability to network sufficiently. Overall, language considerations seemed to reduce the potential pool of board members. We propose a model labeled ‘linguistic ladder’ to capture the step-wise changes associated with the new working language of the board. (For more information, please contact: Rebecca Piekkari, Aalto University, Finland: rebecca.piekkari@aalto.fi)
characteristics of top managers influence a firm’s strategic direction, and therefore outcomes such as firm performance. Thus, we argue that the national diversity within top management teams provides useful knowledge that improves the performance of multinational companies. Also, if the multinationality of companies is one of the causes of increasing national diversity within top management teams, then diversity should mediate the multinationality-performance relationship. We examine these relationships in a sample of the largest Western-European multinationals. The findings show a positive relationship between multinationality and performance. We also find evidence for a mediating effect of top management team’s national diversity within the multinationality-performance relationship. (For more information, please contact: Dean A. Hennessy, Tilburg University, Netherlands: hennessy@uvt.nl)

Session: 2.4.10 - Competitive
Track: Track: 6 - Innovation and Knowledge Mgmt.

**Learning and Knowledge Generation in Asia**

**Presented On:** June 27, 2011 - 15:30-16:45

**Chair:** Chie Iguchi, Rikkyo University

**Absorptive Capacity and Knowledge Sharing in Multinational Enterprises: Two Case Studies of Japanese Firms**

Florian Kohlbacher, German Institute for Japanese Studies (DIJ) Tokyo
Toshikazu Takahashi, Rikkyo University

The capability of multinational corporations to efficiently use their managerial knowledge in different locations around the world has been widely recognized as a determinant of competitive advantage. This paper reexamines and expands on the concept of absorptive capacity as a determining factor of the success of knowledge sharing within multinational companies. Cases from two Japanese multinationals (Yasukawa Electric and Kitagawa Iron Works) are presented to demonstrate the importance of our expanded concept of absorptive capacity as a determining factor of the success of knowledge sharing within multinational company both at the subsidiary level and also at the headquarter level. (For more information, please contact: Florian Kohlbacher, German Institute for Japanese Studies (DIJ) Tokyo, Japan: kohlbacher@dijtokyo.org)


Kenneth G. Huang, Singapore Management University

As firms and organizations increasingly operate and conduct R&D in emerging economies, “transnational patenting” - patenting of the same invention across more than one country - is becoming the cornerstone of their intellectual property strategy. Drawing on works from signaling theory and intellectual property strategy, I examine the dynamics and impact of transnational patenting on technological knowledge formation across distinct intellectual property right (IPR) institutions. Using a novel dataset of 4226 China-US patent dyads covering 1104 firms and organizations, I find patent grant to technological invention under a weak IPR institution such as China significantly increases (by up to 108%) follow-on knowledge formation and adoption under a strong IPR institution such as U.S. The increase is most salient for inventions covered by broader patents, for patents awarded in the life sciences and to firms located in clusters with higher de facto institutional quality such as the Chinese municipalities of Beijing, Shanghai, Tianjin or Chongqing. These findings highlight how policy aiming to improve IPR institutional qualities in an emerging economy can have an influential effect on a developed economy. This study also sheds light on how transnational patenting strategy employed by innovating firms in one market can shape knowledge formation in another. (For more information, please contact: Kenneth G. Huang, Singapore Management University, Singapore: kennethhuang@smu.edu.sg)
Search Strategies, Foreignness, and Innovative Performance: Evidence from Domestic and Foreign Firms in China  
Changhui Zhou, Peking University  
Cheng Zhang, Peking University

This paper investigates both separate and joint effects of internal and external search strategies on firms' innovative performance. Based on a statistical analysis of the high-technology firms residing in the Zhongguancun Science Park in China, results show that internal and external search intensities are both positively related to innovative performance, and that their interaction is negatively related to innovative performance. Moreover, the positive effect of external search intensity on innovative performance becomes weaker for foreign firms than domestic firms. It is also found that innovative performance is negatively affected by internal search diversity but positively affected by external search diversity, suggesting that the internal search needs to be focused while a broad external search is fruitful. We discuss our findings in terms of both theoretical contributions and practical implications. (For more information, please contact: Changhui Zhou, Peking University, China: changhui.zhou@gmail.com)

Local Knowledge Acquisition of Foreign Subsidiaries: An Empirical Study of MNCs in Asia  
Jacky Hong, University of Macau  
Thang V. Nguyen, National Economics University

This paper examines the relationships between learning mechanisms, formative organizational context, local knowledge acquisition in MNCs subsidiaries in China and Vietnam. We hypothesized that learning mechanisms are positively related to knowledge acquisition, which in turn affects subsidiary performance in a positive way, and these relationships are moderated by formative organizational context. The results suggest that training & mentoring and formative organizational context has positive association with knowledge acquisition. However, three interaction terms between learning mechanisms (experimentation, socialization, training & mentoring) with formative organizational context are significantly related to knowledge acquisition. This indicates that the effectiveness of a learning mechanism is contingent on the strength of formative organizational context. We also found a positive and significant association between knowledge acquisition and subsidiary performance. (For more information, please contact: Jacky Hong, University of Macau, Macao: fbaflh@umac.mo)

Session: 2.4.11 - Competitive  
Track: Track: 7 - Emerging Economies

Managing Supply Chains in Asia

Presented On: June 27, 2011 - 15:30-16:45

Chair: Alexander H. Newman, University of Nottingham

The Development of Trust from Business Ecosystem (BE) Perspective: Cases from the Current Chinese Animation Industry  
Zheng Liu, University of Cambridge  
Ke Rong, University of Cambridge

This paper aims to unveil the development process of trust in business ecosystem. As business grows from individual company operation towards collaboration cross functions with diversity of products, there is a requirement for companies to co-develop with environment. This business ecosystem phenomenon is observed not only in mature industry, but also in emerging sector. The current Chinese industry provides a typical case. Key roles as initiator, adopter, and specialist are identified. In-depth case studies are carried out into the
relationship within business ecosystem. Activities related to inter-firm trust are highlighted following the stages of trust formation, development and continuation. A proposed model of the evolution of trust along with business ecosystem is generated from data analysis. Further research areas are also addressed at the end of the paper.

(For more information, please contact: Zheng Liu, University of Cambridge, United Kingdom: ypoonsliu@yahoo.com)

A Comparative Analysis of South Asian Apparel Firms in Global Value Chains
Maureen Benson-Rea, University of Auckland
Amira Khattak, University of Auckland
Christina Stringer, University of Auckland
Nigel Haworth, University of Auckland

This paper gives a comparative analysis of firms in global apparel chains, with particular reference to the case of South Asia. This empirical paper provides evidence to support the conceptualisation and theorisation of the interaction of the governance and institutional dimensions of global value chain (GVC) analysis. The global apparel industry is conceptualized as an organizational field where the experiences of firms are tied to both the dynamics of global apparel chains and the institutional structure in which the chains are embedded. Data from two countries, Bangladesh and Sri Lanka, suggest that buyers possess considerable power to drive global apparel chains and that their role is pivotal in the structuring of the chains. However, power shifts over time among the key actors in the chain and our findings suggest that institutions have a major role in changing relationships in global apparel chains. A number of international trade regulations enabled apparel firms to participate in global apparel chains under the quota system, but we argue that differences in domestic institutional contexts should be considered in GVC analysis as those institutions have a profound effect on inter-firm relationships in global apparel chains and ultimately their value added activities. (For more information, please contact: Maureen Benson-Rea, University of Auckland, New Zealand: m.benson-rea@auckland.ac.nz)

Unveiling the Effects of Supply Chain Relationships and Cultural Distance on Suppliers’ Learning of Marketing Capabilities in Transition Economies
Ada Hiu Kan Wong, Lingnan University
Paul Ellis, Hong Kong Polytechnic University

Marketing capabilities have been reported to have positive effects on business performance in the marketing literature. During the transformation process, managers face pressure to adapt to competition and to improve their marketing capabilities – the ability to meet customer needs more effectively than rivals. Consequently, an important question to be asked is: what factors affect a transition economy manager to learn marketing capabilities?

The focus of analysis in this study is defined in terms of supply-relationships linking indigenous Chinese suppliers with multinational buyers domiciled within China. The premise of this study is that exchange relationships with multinational buyers can serve as conduits for the transfer of marketing capabilities. Survey findings from 200 indigenous suppliers reveal that the marketing capabilities of suppliers are enhanced by the quality of their relationships with multinational buyers. The effect of relationship quality, additionally, is moderated by the cultural distance separating suppliers from their multinational buyers. This study contributes to the marketing, international business and organizational learning literatures by improving our understanding on suppliers’ learning of marketing capabilities within transition economies. It provides arguably the first test of the link between relationship quality and marketing capabilities in the context of exchange relationships between suppliers and multinational buyers. (For more information, please contact: Ada Hiu Kan Wong, Lingnan University, Hong Kong, SAR-PRC: adawong@ln.edu.hk)
**Family Ownership and Internationalization Processes: The Moderating Role of Managerial Discretion**  
Wen-Ting Lin, National Chung Cheng University

This paper examines the effects of the family ownership with respect to the processes of firm internationalization. Using longitudinal data (2000-2008) from 656 publicly listed firms in Taiwan, we find that firms opted for a (1) rapid pace, (2) a narrow scope, and (3) an irregular rhythm of internationalization when they were high level of the family ownership. We also observe that R&D investment intensity (indicated that gives owners managerial discretion and power to make decisions) positively moderates the relationship between family ownership and processes of firm internationalization (internationalization pace, internationalization scope, and internationalization rhythm). These findings highlight that the ownership structure and managerial discretion have the significant influences on a firm’s internationalization processes. This research contributes to the literature linking corporate governance and corporate strategy in terms of firm internationalization. The implications of these findings for future research are discussed. (For more information, please contact: Wen-Ting Lin, National Chung Cheng University, Taiwan: wentinglin@ccu.edu.tw)

**Family Strikes Back: Family Control of the Board during Corporate Governance Reform in Taiwan**  
Young-Choon Kim, National University of Singapore  
Edward Zajac, Northwestern University

We examine how family ownership affects board composition in the context of regulatory reform to improve corporate governance. We find a positive influence of family ownership on the increase of family presence at the board, but this effect is contingent upon the firm’s situated context. This positive effect is stronger with longer duration of firm's listing in local stock market and with stronger family orientation of the operating industry; yet the effect becomes weaker as the industry is covered by more foreign security analysts. Furthermore, we find that this positive effect is prominent in business group-affiliated firms especially when the group is longer listed in local stock market without going for global capital market. Our findings suggest that corporate governance change should be understood in its larger context where the corporate governance is situated. The strong association between family ownership and the board control exists when the firm is embedded in local logic of governance, but weakens when the group is exposed to global logic of governance. (For more information, please contact: Young-Choon Kim, National University of Singapore, Singapore: bizky@nus.edu.sg)

**The Impact of International Diversification on CEO Turnover**  
Yu-Kai Wang, Florida International University  
Kun Yang, Florida International University

This study investigates the impact of international diversification on Chief Executive Officer (CEO) turnover. Based on information-processing and job-matching theories, this study argues that multinational enterprises (MNEs) with greater international diversification will lead to a higher likelihood of CEO turnover, since executive job demands in these MNEs are more challenging, which may be beyond CEOs’ abilities. Additionally, taking a contingency perspective, this study proposes that MNE performance is a signal to confirm the match/mismatch between CEOs and their MNEs, and product diversification is another source of executive job demands. Thus, they are two moderating factors in the relationship between international diversification and the likelihood of CEO turnover.
CEO turnover. Using a balanced panel dataset from 91 U.S. manufacturing MNEs with 546 observations from 2004 to 2009, the empirical results of this study support the above arguments. (For more information, please contact: Yu-Kai Wang, Florida International University, USA: ywang012@fiu.edu)

Session: 2.4.13 - Competitive  
Track: Track: 10 - Economics, Finance and Accounting  
Culture and Finance  
Presented On: June 27, 2011 - 15:30-16:45  
Chair: Robert Grosse, George Mason University

National Culture and Corporate R&D Investment  
Chuck Kwok, University of South Carolina  
Gang Xiao, University of South Carolina  
Liang Shao, Hong Kong Baptist University  
Omrane Guedhami, University of South Carolina  
Ran Zhang, Peking University

In this study, we link the literature on culture and the literature on R&D and show that culture plays an important role in determining firm innovations. R&D projects are risky and require creativity and entrepreneurship. Culture influences people's creativity, confidence, entrepreneurship and willingness to take risk, all of which shape people's incentive to innovate. Using a panel of 60,901 firm-year observations from 44 countries over the period of 1993-2008, we find that individualism and mastery are significantly and positively related to R&D. We also find that uncertainty avoidance and power distance show negative effects on corporate R&D investment. The results are not driven by sample bias and are robust to alternative model specifications. (For more information, please contact: Chuck Kwok, University of South Carolina, USA: ckwok@moore.sc.edu)

Languages’ Power in Trade and Foreign Direct Investment  
W. Travis Selmier, II, Indiana University

While cultures’ impacts on international trade and foreign direct investment (FDI) have been much discussed, languages’ impact has been underappreciated in the international business literature. This paper addresses this paucity by integrating literature from international economics, political economy, international business and linguistics to examine the transaction costs of languages under three different measures of language closeness, Same Language, Direct Communication, and Language Distance. While we recognize that language is both a tool in international economic transactions and a vehicle to transmit cultural values, our results point out that this tool is employed differently in international trade and in FDI. Communication costs, for both FDI and international trade, show a hierarchy, with English the most inexpensive among major trade languages, but we find that communication costs are much more important in FDI than in international trade. We empirically test these ideas in gravity equation models. (For more information, please contact: W. Travis Selmier, II, Indiana University, USA: wselmier@indiana.edu)

Collectivism and Corruption in Bank Lending  
Chuck Kwok, University of South Carolina  
Xiaolan Zheng, University of South Carolina  
Sadok Ghoul, University of Alberta  
Omrane Guedhami, University of South Carolina
Building on Beck, Demirguc-Kunt, and Levine (2006), in this paper we examine how national culture—collectivism in particular—influences corruption in bank lending. We hypothesize that firms in high collectivist countries are more vulnerable to lending corruption. Our underlying argument is that collectivist societies increase borrowers and loan officers’ incentives to engage in bribes, increase the effectiveness of bribes, reduce the chance of detection, and impose less severe punishment on loan officers if caught. Using the collectivism measure of Hofstede (2001) and a unique World Bank data set (WBES) covering 3,835 firms across 38 countries we find strong evidence that firms domiciled in collectivist countries perceive corruption in bank lending as a large obstacle to their operation and growth than do firms in individualist countries. This result is robust to various sensitivity tests. We also find that the aggravating effect of collectivism on bank corruption is more pronounced in small and medium firms, and privately owned firms. Finally, we find that the positive link between collectivism and lending corruption tends to be reduced by a higher fraction of foreign banks in the banking system and sound legal institutions, while it appears to be exacerbated by a higher fraction of government-owned banks. These findings have important policy implications for policymakers and regulators working on financial and economic development. (For more information, please contact: Chuck Kwok, University of South Carolina, USA: ckwok@moore.sc.edu)

Session: 2.4.14 - Interactive
Track: Track: 10 - Economics, Finance and Accounting

International Trade and Factor Mobility

Presented On: June 27, 2011 - 15:30-16:45

Chair: Bernard M. Wolf, York University

Worldwide International Trade and Economic Development with an Emphasis on Australia
Tim Kastelle, University of Queensland
Peter W. Liesch, University of Queensland

In this paper, we investigate the contribution international trade makes to growth in small population developed economies, with an emphasis on Australia, using complex network analysis. We also investigate the opportunities available so these economies to improve their position within the international trade network through membership of a trade integration bloc, and we discuss the role that firm-level actions play in the generation of the macro-level patterns of trade and development. Complementary case study data from Australian firms regarding their process of integration with the international trade network are drawn upon to elaborate these actions. The findings indicate that economic growth is primarily driven by the formation of new international trade connections. However, such connections are difficult for small firms to make, which poses potential problems for countries whose economies are dominated by small firms. (For more information, please contact: Peter W. Liesch, University of Queensland, Australia: p.liesch@uq.edu.au)

Exporting, FDI and Technology Upgrading
Sandra Patricia Lancheros, Nottingham University
Sourafel Girma, University of Nottingham

An emerging body of research is seeking to understand better the sources of firm heterogeneity and its relationship with the choice of international production organisation. This paper contributes to this literature by providing a systematic empirical analysis of the impact of various production organisation strategies on the rate of technology adoption, a key driver of firm heterogeneity, using firm-level data from India. The analysis accounts for unobserved firm heterogeneity and the endogeneity of the choice of production organisation, and shows the existence of heterogeneous effects of the choice of internal production organisation on the dynamics of technology investment, highlighting the importance of taking the interaction between FDI and trade into
account. The theoretical prediction that more productive firms have a higher rate of technology adoption enjoys robust and almost universal support, but we did not find that exporting firms always invest more in technology than non-exporting ones. Outward FDI firms from India with no or low export intensity are not found to be investing more on technology at home than otherwise equivalent firms, consistent with the notion of technology-seeking FDI. By contrast, we uncover evidence that export-oriented outward FDI has positive ramifications for technology investment. Interestingly we find no discernible evidence that inward FDI firms are engaged in higher rate of technology upgrading all else constant. (For more information, please contact: Sandra Patricia Lancheros, Nottingham University, United Kingdom: sandra.lancheros@nottingham.ac.uk)

**Experience and Confidence in an Internet-based Asset Market Experiment**

Marina Fiedler, University of Passau

The experience effect in asset markets is an effect that was thought to be settled. As subjects gained experience with the interface and each other, they typically exhibit fewer instances of mispricing and at lower magnitudes. But questions regarding trading experience are not easy to address in the lab with the typical subject pool since the kind of experience one can typically generate in the lab is experience with the experimental environment itself - not with external environments. However, in virtual worlds asset markets are highly evolved, providing a subject pool with skilled and experienced traders that can be accessed via the Internet. This study compares experimental asset markets with participants recruited from virtual world trading groups to experimental markets with participants recruited from the virtual world at large. The findings indicate that asset markets with virtual world participants recruited from trading groups are more prone to exhibit bubbles than markets with virtual world participants recruited at-large. Within condition, experienced traders are less likely to follow fundamentals and more likely to engage in strategies that result in loss of earnings. Confidence is found to be related to higher earnings and fundamental value trading strategies. (For more information, please contact: Marina Fiedler, University of Passau, Germany: marina.fiedler@uni-passau.de)

**The Export Competitiveness of Global Industries in Major Asian Economies**

Marc Fetscherin, Rollins College / Harvard University

Ilan Alon, Rollins College

James Johnson, Rollins College

Purpose: The purpose of this paper is to research and analyze the widespread theory that emerging economies continue to rely on exports for venturing into foreign markets.

Design/methodology/approach: This paper develops and presents a multi-dimensional framework for measuring and analyzing global industry export competitiveness conceptualized with three key variables: (a) industry specialization, measured by the revealed comparative advantage, (b) industry export growth rate and (c) relative industry size. We apply the framework to a dataset of the ten major Asian economies that include 97 industries over a five-year period (2001-2005).

Findings: The results indicate that a pattern of export competitiveness may exist as industries globalize in Asia, but that the majority of industries in Asia are not yet globally competitive in terms of exports performance.

Originality/value: Our results challenge the assumption that the 21st Century will necessarily be dominated by Asian exports as predicted by the popular literature. (For more information, please contact: Marc Fetscherin, Rollins College / Harvard University, USA: mfetscherin@rollins.edu)

**Production Shifting of MNEs to Exchange Rate Changes: Evidence from Japanese Multinational Firms**

Nobuaki Yamashita, La Trobe University

This paper examines how MNEs shift their productions in response to changes in exchange rates, using an unusually detailed and high quality Japanese multinational panel dataset combining information of parent firms and their overseas subsidiaries in the period of 1994-2002. We construct firm-specific effective exchange rates,
rather than industry-wide exchange rates. We found high responsiveness of intra-firm exports from parent firms to their overseas subsidiaries to changes in exchange rates and market growth of host countries. However, such responses are not perversive. Furthermore, it is found that production shifting between parent firms and their subsidiaries operating in East Asian countries and U.S. is clearly evident, while shift of production to those in the Euro area is unfound. (For more information, please contact: Nobuaki Yamashita, La Trobe University, Australia: n.yamashita@latrobe.edu.au)

Session: 2.4.15 - Interactive
Track: Track: 3 - IB Theory, FDI, and Entry Mode

FDI Flows and FDI Spillovers

Presented On: June 27, 2011 - 15:30-16:45

Chair: Sarianna Lundan, University of Bremen

Financial Crises and Bilateral Foreign Direct Investment Flows
Ashraf Abdelaal Mahmoud, University of Rome Tor vergata

Despite impressive studies on financial crises consequences and foreign capital flows, by large the research done has examined these economic phenomenons separately without addressing their nexus. This paper aims at bridging this gap by examining the impact of financial crises on bilateral foreign direct investment (BFDI). Financial turmoil reshapes the perception and magnitude of BFDI flows in both host and home countries; host countries governments sees in FDI a mean for overcoming the sluggish economic situation and hence become eager to stimulate FDI inflows, while for the same reasons home countries governments and investors become more cautious about their decisions to invest abroad. This paper addresses in particular the impact of financial crises on FDI in both host and home countries. To that end the paper uses a panel data covering the period 1985-2008 on home countries, as presented by the six largest FDI outflow, and 42 host countries. Empirical analysis applies the system GMM estimator to a gravity model of BFDI flows. The key findings are first, financial crises exerts a negative impact on BFDI Second, the magnitude of the negative shock of financial crises on FDI differs by the type and origins causing the financial crises. (For more information, please contact: Ashraf Abdelaal Mahmoud, University of Rome Tor vergata, Italy: abd.el.aal@economia.uniroma2.it)

Impacts of Host Country Risks on Sequential FDI Location Decisions
Ching I Chen, National Chi Nan University
Ting-Ling Lin, National Taipei University
Pei-Lun Huang, National Chi Nan University

Foreign direct investment (FDI) has been a critical strategy for multinational enterprises (MNEs) to face the pressure from international competition. However, due to the difference between the home-country and host-country business environments, MNEs' key successful strategies in the home country might fail in the host country. Most of past literature about FDI location decisions focuses on location advantages rather than location environments, such as business risks, also seldom discusses the dynamic impacts of host country risks on FDI location decisions with MNEs' growing experience of internationalization. In this study, we attempt to find how the order of FDI cases in various countries is affected by the average states of and the dynamic changes in host country risks, such as political, economic, and financial risks provided by ICRG database, by using rank ordered logit model (ROLM). (For more information, please contact: Ching I Chen, National Chi Nan University, Taiwan: chingichen@ncnu.edu.tw)
Location Choice of Foreign Direct Investment: A Location-Specific Flexibility Approach  
Shengsheng Huang, Rutgers University

In the research investigating the host location-specific determinants of the location choice of foreign direct investments (FDIs), most studies implicitly assume that the host country characteristics are constant over time. This assumption is questionable when put in the context of fast changing host environment especially those developing economies to which the FDIs are rushing. Literature on operating flexibility has shown that with uncertainty the MNCs may obtain flexibility in future to avoid possible loss by creating options or choices at the initial point of investment. This study develops the arguments regarding location flexibility proposed by Buckley and Casson (1998). I hypothesized that balanced locational endowment (i.e., high flexibility) could attract more FDIs. Moreover, the attractiveness of flexibility also varies with entry mode, size of investment, and the managerial perception toward future uncertainty. The hypotheses were tested and supported in the context of FDI’s regional choice in China. The findings also have important implications in explaining the location pattern of FDI across countries in recent years. (For more information, please contact: Shengsheng Huang, Rutgers University, USA: charlyhuang@hotmail.com)

National Absorptive Capacity and FDI Spillovers  
He Wang, University of South Carolina

Host countries may benefit from technology spillovers from Foreign Direct Investment (FDI), yet these spillovers vary with host countries’ absorptive capacity. By analyzing potential spillover channels, this paper suggests components of national absorptive capacity and develops hypotheses. I use panel data of 56 countries from 1995 to 2009 to test these hypotheses. The results suggest that there exists a curvilinear relationship between national absorptive capacity and FDI spillovers. (For more information, please contact: He Wang, University of South Carolina, USA: he.wang@grad.moore.sc.edu)

International Knowledge Creation, Access, and Transfer

Presented On: June 27, 2011 - 15:30-16:45

Chair: Terry Mughan, Anglia Ruskin University

User Perceptive of Knowledge Sharing Practice within Virtual Community
Chinho Lin, National Cheng Kung University
Kyaw Phyo Linn, National Cheng Kung University
Jengchung Victor Chen, National Cheng Kung University

Knowledge became the most important subject in the 21st century. The knowledge resources are essential for the success of an organization and its competitive advantage. Furthermore the latest information technology becomes the most useful tools for managing knowledge within organization. Therefore knowledge sharing in virtual community is the crucial part of organization knowledge management. However in knowledge sharing process, social capital plays the most important role. This study reveal how social capital influence to the knowledge sharing behavior in the virtual community and how other factors influences and effects between the relationships. (For more information, please contact: Kyaw Phyo Linn, National Cheng Kung University, Taiwan: me@mykpl.com)
Knowledge Creation through Intellectual Capital
Jun-You Lin, National Open University
Chih-Hsing Liu, National Taiwan University

The purpose of this study is to examine the roles of the two important components of intellectual capital, including social relationships and the critical network position in knowledge creation. Two regression models were used to test the hypotheses in a sample of 77 knowledge creation samples. The findings of this study contribute to the theoretical development of a conceptual model for explaining the interrelationships among the aspects of intellectual capital and knowledge creation performance. The empirical evidence of the Sobel test, in line with Baron and Kenny’s procedure, supports the process-oriented view and indicates that the network position would mediate the effects of social relationships on knowledge creation performance. (For more information, please contact: Jun-You Lin, National Open University, Taiwan: jylin@mail.nou.edu.tw)

Building Knowledge Through Internationalization
Luis Alfonso Dau, Northeastern University

Building on Knowledge-Based Theory, this theoretical paper develops a model that describes (1) the sources of experiential knowledge in the internationalization process and (2) the factors that are necessary for knowledge to be of full benefit to a multinational enterprise across borders: international knowledge exposure, international absorptive capacity, transferability (within units), transferability (across international units), and usefulness across borders. It also contributes to KBT by focusing on the effects of learning on firm performance, which is an important topic that is still not fully developed in the literature. As such, the paper extends KBT and uses internationalization as the laboratory for extending the theory. (For more information, please contact: Luis Alfonso Dau, Northeastern University, USA: luisdau@neu.edu)

The Learning effects of Relationship Learning in E-Outsourcing: Compare whether Embeddedness in Third-Party Networks
Yi-Dan Huang, National Taiwan University

Relationship learning is a governance mechanism for network relationship. This study explores the process of relationship learning in the emerging market and the cause for generation of social capital can be clearly explained through the strong ties and weak ties of social network. Moreover, this study includes unions that have a third-party role to explore the influence of relationship learning embedded in union networks on relationship learning effects. In general, since different firms have different operational backgrounds, they would have different information processing processes, which would cause e-system to be customized systems. However, if e-outsourcing is promoted by unions, then the firm’s relationship learning network would be embedded in union networks, so that relationship learning becomes affected by union structure and ultimately cause the construction of e-system to approach standardized systems. This study used 120 sample firms that promote e-outsourcing for research and analysis. In conclusion, in general relationship learning processes for e-outsourcing, the construction of e-system of firms are generally customized models. After union intervention, it would cause the construction of firm e-system to become a standardized model. (For more information, please contact: Yi-Dan Huang, National Taiwan University, Taiwan: d95724003@ntu.edu.tw)
International Strategy in Developing Country MNCs

Presented On: June 27, 2011 - 15:30-16:45

Chair: Karl Sauvant, Columbia University

New Kids on the Block: A Contingency Model of the FDI Decision by Developing Country MNCs
Tolulope Bewaji, St. Xavier University
Tess (Yunxuan) Han, Temple University

This study aims to extend the knowledge on developing country multinational corporations (DMNCs) by examining firm-specific social capital as antecedents to their FDI decisions. A review of prior research led to the development of a conceptual model that illustrates some unique forms of social capital (including government initiative toward certain strategic industry, prior state ownership, linkages to government agencies, business group association and manager's social contact) and their positive impact on DMNCs decisions to engage in FDI, which are further moderated by distinct motivations of FDI by DMNCs (including operation rationalization or cost reduction, market-seeking and strategic assets acquisition). This study points to the behavioral predictors of FDI engagement that are less relevant for developed country MNCs context. In addition, the fact that both motivation and firm competencies vary from one enterprise to another suggests that, instead of being a homogenous group, DMNCs are very likely to pursue different internationalization paths. (For more information, please contact: Tolulope Bewaji, St. Xavier University, USA: bewaji@sxu.edu)

Differentiating Foreign Ownership Choice by Host Locations
Chiung-Hui Tseng, National Cheng Kung University

In the past decade, multinational enterprises (MNEs) home-based in developing countries have emerged to play a significant role on the international business stage occupied conventionally by developed-country MNEs. Although a surge of research on these firms recently has improved our understanding of their overseas investment behaviors, not enough is known about whether they decide ownership strategy for foreign subsidiaries in the same pattern as developed-country counterparts. Since they usually do not enjoy absolute firm-specific advantages over local rivals as developed-country MNEs do in most foreign locales, this paper argues that they will adjust their ownership choice across host locations for best utilization of their firm-specific strengths. Also, different host venues offer distinct conditions and chances for MNEs to achieve resource exploitation and exploration. To attain the goals, again, it is argued that developing-economy MNEs ought to differentiate their ownership strategy of foreign affiliates invested in developed versus developing nations. Taken together, in addressing developing-country MNEs’ overseas investment behaviors, this conceptual paper threads through three essential queries and analyzes their inter-relationships, namely why invest abroad, where to invest, and how to invest there. The conceptualization has provided insightful implications to both researchers and managers. (For more information, please contact: Chiung-Hui Tseng, National Cheng Kung University, Taiwan: ctseng@mail.ncku.edu.tw)

How do the Nature of Capabilities affect the Direction of Growth at Times of Gradual Institutional Changes?
Danchi Tan, National ChengChi University
Klaus Meyer, University of Bath

While institutional development in general reduces the benefits of unrelated diversification, a gradual process of institutional changes such as deregulation can provide at least temporary opportunities for further diversification. This study examines how business groups in an emerging economy respond to gradual
institutional changes with regard to their growth strategy. Drawn on the institutional perspective and the dynamic capability view, we propose that group-level capabilities play an important role in determining how business groups grow during the times of gradual institutional change. Empirical evidence based on Taiwanese business groups in the post-liberalization period between 1996 and 2000 indicates that business groups whose capabilities are embedded in old institutions are more likely to pursue rent-driven diversification during the economic liberalization process. In contrast, business groups who had invested in market-based competencies are more likely to pursue domestic growth in core business or international expansion. (For more information, please contact: Klaus Meyer, University of Bath, United Kingdom: k.meyer@bath.ac.uk)

The Moderating Role of Host Country Political Instability on Chinese Outward Direct Investment
Chang Hoon Oh, Brock University
Marshall Jiang, Brock University
Ying Fang, Communication University of China

By applying a two-stage selection model to China’s outward foreign direct investments, this paper provides new evidence that challenges recent studies arguing that Chinese multinational corporations (MNCs) are attracted by political instability. Chinese MNCs are acting no differently from their global counterparts in avoiding politically unstable markets. This result parallels the main stream theories such as internalization theory and the real options perspective in predicting foreign direct investment behaviors: Chinese MNCs are attracted by host countries’ supporting factors such as the advancement of infrastructure, technology availability, and supplier quality; however, the attractiveness of these supporting factors is weakened by the political instability of the host market. (For more information, please contact: Chang Hoon Oh, Brock University, Canada: coh@brocku.ca)

Exploitation versus Exploration in Location Choices by Developing Country Multinationals
Lin Yuan, University of Macau

In this paper, I draw mainly from organizational learning theory, and model the trade-offs between exploitation and exploration in location choice. I use a unique and comprehensive panel dataset including 661 new market entries (FDI location choices) by 207 listed Chinese MNCs between 1992 and 2005. My analyses provide strong support for the hypothesized relationships. Specifically I find that firms are affected by exploitation considerations (i.e., they leverage their own prior experience) as well as exploration considerations (i.e., leveraging of rivals’ experiences) in choosing FDI location. However, the positive effect of exploration considerations on firm’s location choice is much weaker than the exploitation considerations. I also find that exploitation and exploration considerations are substitutable to each other in location choice. My analyses also reveal that the exploitation as well as exploration effects are stronger in more uncertain country environments—countries that are less open and characterized by lower stability. (For more information, please contact: Lin Yuan, University of Macau, Macao: linyuan@umac.mo)

Session: 2.4.18 - Interactive
Track: 9 - Cross-cultural Management and HRM

Expatriate Life Cycle Dynamics

Presented On: June 27, 2011 - 15:30-16:45

Chair: David C. Thomas, Simon Fraser University

A Conceptual Framework of Expatriate Failure through the Lens of the Psychological Contract
Hasuli Kumarika Perera, Monash University, Sunway
Elaine Yin Teng Chew, Monash University, Sunway
In the field of international human resource management, studies have seldom examined the role of the expatriate-organization relationship as an important factor in influencing expatriate failure. The expatriate's psychological contract is an important construct to examine the employment relationship, and there is a paucity of literature in this area. The purpose of this study is to fill the research gap by examining the expatriate's perception of psychological contract breach and its relationship with expatriate failure. In this study, expatriate failure encompasses the negative organizational behaviors of premature and dysfunctional turnover and under-performance. The model proposed in this study first indicates psychological contract violation as the proximal emotional or affective reaction to psychological contract breach. This negative affective reaction will affect expatriates’ attitudes of affective commitment, contentment, and career orientation. In turn, these attitudes will predict expatriate behaviors of task and contextual performance, turnover intention, and career self-management behavior. Theoretically, the study contributes to research by utilizing psychological contract theory to explain expatriate failure, whilst practitioners could also adopt the framework presented in this paper to predict and prevent expatriate failure. 

(For more information, please contact: Hasuli Kumarika Perera, Monash University, Sunway, Malaysia: lhper1@student.monash.edu.au)

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**Theorizing Expatriate-Host Country National Interactions: An Intergroup Contact Perspective**

Chun-Hsiao Wang, McMaster University

Addressing the overlooked fact that a large degree of expatriate success depends on the support and assistance from host country nationals (HCNs) through interactions, this study adopts an intergroup contact framework to examine the expatriate-HCN interactions. This study presents a model that delineates where the expatriate-HCN intergroup contact takes place in the context of expatriation, when the intergroup contact will lead to the HCN's positive attitudes toward the expatriate, how and more importantly, why such attitudes changed, and what are the outcomes, in terms of the HCN's behaviors to the expatriate which are critical to the success of expatriate assignment. I conclude by discussing implications for organizations and suggestions for future research. 

(For more information, please contact: Chun-Hsiao Wang, McMaster University, Canada: wangc28@mcmaster.ca)

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**The Trajectory of Overseas Adjustment Over Time: An Exploratory Analysis**

Heidi Wechtler, Sorbonne Business School
Olivier Wurtz, HEC Paris

This study examines the trajectory of overseas adjustment over time. An extensive literature review showed that previous research actually studied highly diverse elements: they focused on different measures of time (dependant variables), different measures of adjustment (dependant variables), were seldom conducted among expatriates (but often among students), and concluded on curves having different shapes with different stages of different durations. Based on a sample of 442 expatriates, we conducted an exploratory empirical examination that provides hints that the shape of the curve and even its existence depends on the independent and dependant variables studied. Consequently, this research suggests that there is no such thing as a general common trajectory of overseas adjustment over time, and calls for the study of the different curves and their boundary conditions. 

(For more information, please contact: Heidi Wechtler, Sorbonne Business School, France: heidi_wechtler@yahoo.fr)

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**Social Capital Benefits upon Repatriation: A Longitudinal Study of International Assignees**

B. Sebastian Reiche, IESE Business School

This study integrates social resources theory and social exchange theory arguments to examine the benefits that international assignees’ host-unit social capital entails upon their repatriation. Specifically, I hypothesize that assignees’ host-unit social capital, operationalized as their number of work group contacts and their average trust in network at the host unit, positively relates to two specific benefits upon repatriation: continued
access to host-unit knowledge, and ability to transfer host-unit knowledge to colleagues in assignees’ subsequent positions. Assignees’ perceived repatriation and career support is expected to moderate these relationships. The hypotheses are tested drawing on a longitudinal sample of 85 inpatriate assignees in ten German multinationals. I contribute to the literatures on international assignments, social capital, and MNC knowledge flows by explaining how and under which conditions assignees’ host-unit social capital entails benefits upon repatriation. (For more information, please contact: B. Sebastian Reiche, IESE Business School, Spain: sreiche@iese.edu)

The Adjustment-Performance Paradox Revisited
David C. Thomas, Simon Fraser University

Studies of expatriate managers have typically assumed a direct positive relationship between adjustment of individuals to the foreign environment and their performance on the assignment. However, a careful review of the literature reveals an equivocal relationship as well as anomalous findings that appear too frequently to be casually dismissed. Findings that individuals who have the most difficulty adjusting sometimes perform better causes a theoretical tension in the literature. In this paper, I use this paradox to build theory with regard to expatriate performance. (For more information, please contact: David C. Thomas, Simon Fraser University, Canada: dcthomas@sfu.ca)

Managing Human Resources in Advanced Economies from the Perspective of Emerging Countries: The Case of Chinese FDI in the Global Sources Sector
Cherrie Jiuhua Zhu, Monash University
Helen DeCieri, Monash University
Peter Dowling, La Trobe University
George Chen, Australian National University
Mingqiong Zhang, La Trobe University

Despite a growing awareness of China’s outward foreign direct investment (FDI), relatively little research has been conducted to understand its characteristics or implications for host countries. By investigating human resource management practices in the resources sector of Australia and China., this research will provide important theoretical insights for human resource management and its relationship to firm performance. Further, the project will guide Chinese MNEs to manage a local workforce as well as develop a pool of competent expatriates who can implement their firm’s globalisation strategies. This study will result in both practical and theoretical advances in our understanding of Chinese outward FDI. The outcomes of this study will provide important theoretical and operational insights into Chinese foreign direct investment for stakeholders such as government, community, employees and their representatives. (For more information, please contact: Cherrie Jiuhua Zhu, Monash University, Australia: cherrie.zhu@buseco.monash.edu.au)

Interunit and Interpersonal Social Networks in MNCs: A Literature Review and Future Directions
Robert Kaše, University of Ljubljana
Sachiko Yamao, University of Melbourne

This paper presents a literature review of extant studies that examined interunit and interpersonal social networks within multinational corporations (MNCs). We first suggest that the studies on interunit networks and those of interpersonal networks hardly cross over each other although they interrelated. Most interunit or macro-level studies focus on the network content (e.g., network strength, share values, reciprocity, trust); research purely based on social network theory (i.e., network structure) is scarce in this stream. In the interpersonal or micro-level studies, social network theory is mainly utilized in investigating the ego network of expatriates and how it contributes to their local adjustment. Yet, we suggest that expatriates’ ego network should further be examined in relation to interunit ties of the MNC given that the extant expatriate management...
literature identifies expatriates' interunit linkage role. In other words, research that links both the macro- and micro-levels utilizing social network theory is required. The paper concludes with some future research directions. (For more information, please contact: Sachiko Yamao, University of Melbourne, Australia: syamao@unimelb.edu.au)

Session: 2.5.1 - Panel

**Conducting High Quality Interdisciplinary Research in International Business: Conceptual and Methodological Considerations (Part 2)**

**Presented On:** June 27, 2011 - 17:15-18:30

Chair: Joseph Cheng, University of Illinois at Urbana-Champaign

*International Business Research: The Interdisciplinary Challenge*

Oded Shenkar, Ohio State University

*Interdisciplinary Qualitative Research in IB*

Yves Doz, INSEAD

*Theoretical Relevance and Methodological Rigor in Interdisciplinary IB Research: Multilevel, Contingency and Secondary Data influences*

Michael A. Hitt, Texas A&M University

*Preparing Grant Proposals for Interdisciplinary IB Research*

Marjorie Lyles, Indiana University

*The Importance of Differences: Modeling Heterogeneity Preemptively*

Timothy Michael Devinney, University of Technology, Sydney

Session: 2.5.2 - Special Session

**AIB Fellows Panel - Foundations of the Field: Japan in IB**

**Presented On:** June 27, 2011 - 17:15-18:30

Chair: Eleanor Westney, York University

*Panelists:*

Paul W. Beamish, University of Western Ontario
Johny Johansson, Georgetown University
Masaaki Kotabe, Temple University
Eleanor Westney, York University

*Honored Discussant:*

Noritake Kobayashi, Keio University
Contextual Influence on Corporate Responsibility

Presented On: June 27, 2011 - 17:15-18:30

Chair: Chung-Leung Luk, City University of Hong Kong

Influence of Societal Contexts and Individual Values on Attitudes towards Corporate Responsibilities Across 40 Societies

Carolyn P. Egri, Simon Fraser University
David A. Ralston, University of Oklahoma
Yongqing Fang, University of Canberra
Charlotte Karam, American University of Beirut
Fidel León Darder, University of Valencia
Narasimhan Srinivasan, University of Connecticut
Florian Wangenheim, Universitaet Dortmund
David M Brock, Ben-Gurion University
Olivier Furrer, Radboud University Nijmegen
Irina Naoumova, University of Hartford
Mario Molteni, Catholic University of Milan
Kamel Mellahi, University of Warwick
Ian Palmer, Royal Melbourne Institute of Technology
Erna Szabo, Johannes Kepler University
Tania Casado, University of Sao Paulo
Ping Ping Fu, Chinese University of Hong Kong
Ana Maria Rossi, Clinica de Stress E Biofeedback
Yongjuan Li, Chinese Academy of Science
Jamie Ruiz Gutierrez, Universidad de los Andes
Marina Dabic, University of Zagreb
Ruth Alas, Estonia Business School
Maria Kangasniemi, University of Kuopio
(et al.)

This multi-level study investigated the influences of business ideology, socio-cultural and individual-level values on the triple-bottom-line (social/environmental/economic) of corporate responsibility attitudes of 9,970 managers and professionals in 40 societies. Self-transcendence individual values provided significant predictive value for all three, while business ideology and socio-cultural factors provide some (albeit inconsistent) predictive support for the entire triple-bottom-line. We discuss which societal-level influences are important and draw implications for the cross-national diffusion of corporate responsibilities. (For more information, please contact: David A. Ralston, University of Oklahoma, USA: dralston@ou.edu)

The Effect of CSR on Employee Motivation: A Cross-National Study

Chung Hee Kim, Nottingham University
Scullion Hugh, National University of Ireland, Galway

This paper examines the importance of employee-centered Corporate Social Responsibility (CSR) considerations in exploring CSR’s effect on employee motivation. It is our contention that beyond CSR’s link to external factors (e.g., PR, philanthropy and NGOs) predominantly discussed in theory and practice of contemporary business, we should also consider employee-centered CSR in searching for CSR identity in international business. By employing motivational factors drawing upon McClelland’s (1961) idea of three motives of individuals - the
needs for achievement, affiliation and power – this paper highlights CSR’s impact on employee motivation. Further, an in-depth qualitative research method approach including 53 extensive interviews in the UK and Korea is used to unfold the differences of this phenomenon between different institutional settings. The results suggest that although businesses seldom initiate CSR mainly with the aim of facilitating staff motivation, when businesses evaluate the results, the issue of individual motivation emerges as one of the main rationales for engaging in CSR. More importantly, our empirical analysis reveals the importance of complex cultural, institutional and political factors which influences the link between CSR and motivation across nations. (For more information, please contact: Chung Hee Kim, Nottingham University, Malaysia: chunghee.kim@nottingham.edu.my)

Ethics and CSR in India and France: Perceptions in the Context of Downsizing

C Lakshman, BEM Management School
Aarti Ramaswami, ESSEC Business School

Despite the increasing downsizing in India and France, few studies have examined its causes and consequences. We examine ethics and corporate citizenship perceptions in these two countries, surrounding downsizing, specifically focusing on the responsibility of business leaders in such contexts. A 2 (attribution) x 2 (procedural justice) x 2 (distributive justice) x 2 (role), between-subjects experiment was conducted, to study the impact of attributions and justice on ethics and corporate citizenship perceptions of downsizing. Sixteen scenarios were distributed to MBA student subjects in India (n=152) and in France (n=125). Results support theoretical hypotheses. Attributions for company poor performance strongly impacts subjects' ethics and citizenship perceptions, after controlling for justice variables, in both countries. These relationships are not moderated by power distance. Subtle country differences in the role of attributions and organizational justice are discussed, along with implications, limitations, and future research. (For more information, please contact: C Lakshman, BEM Management School, France: c.lakshman@bem.edu)

Session: 2.5.4 - Panel
Track: Track: 11 - SMEs and Entrepreneurship

Meeting the Financing Needs of SMEs: New Rules, New Models, New Theories?

Presented On: June 27, 2011 - 17:15-18:30

Chair: John Raymond Dilyard, St. Francis College

Meeting the Financing Needs of SMEs: New Rules, New Models, New Theories?
John Raymond Dilyard, St. Francis College
Prashant Salwan, Indian Institute of Management Indore
Melodena Stephens Balakrishnan, University of Wollongong in Dubai
Alexander H. Newman, University of Nottingham
Tatiana Manolova, Bentley University
Sam Beldona, Bryant University

This panel will discuss how small and medium enterprises (SMEs), particularly those that are able to participate in the global economy, attempt to find the financing they need. Emphasis will be placed on SMEs from developing and emerging economies, as those are the ones most vulnerable to limited financing options (although one result of the financial crisis has been reduced SME financing in developed economies as well). Many SMEs find themselves, either from the beginning or as a result of growth, too big to be of interest to microfinancing and too small (or too new or too covetous of their independence) to attract venture capital. While many of the more promising SMEs may be lucky to get support from not for profits specializing in supporting entrepreneurs, such as Endeavor, Ashoka and The Acumen Fund to name a few, most are lost in
what has become known as ‘the missing middle’. While practical solutions to this problem will be the panel’s primary focus, the relationship between practice and theory with respect to financing SMEs will undoubtedly emerge. (For more information, please contact: John Raymond Dilyard, St. Francis College, USA: jdlilyard@stfranciscollege.edu)

**Session: 2.5.5 - Competitive**  
**Track: 3 - IB Theory, FDI, and Entry Mode**

**Distance in IB - New Theoretical Perspectives**

**Presented On:** June 27, 2011 - 17:15-18:30

Chair: Vas Taras, University of North Carolina at Greensboro

*Cultural Overlap and MNE Location Decisions*

Robbert Maseland, University of Groningen

This paper develops a new conceptualization of cultural differences, called cultural overlap. It argues that firms minimizing cultural differences select culturally similar partners from within a variety of settings, not culturally close settings harboring a variety of partners. Hence, rather than distance to a cultural means, what matters to firms is what segment of the population in a country has the same values as the firm. We construct an overlap measure on basis of a set of values from the WVS. We show that it has significant effects on MNE location decisions, while upon inclusion of this variable, cultural distance has no significant effects. We conclude that cultural overlap is a theoretically and empirically more relevant conceptualization of cultural differences than cultural distance. (For more information, please contact: Robbert Maseland, University of Groningen, Netherlands: r.k.j.maseland@rug.nl)

*Disentangling the Different Concepts of Distance: A Lexicographic Exploration of the Past 20 Years of the Journal of International Business Studies*

Laetitia Em, Ecole Hoteliere de Lausanne

This empirical study aims at a better understanding of the various types of distance (cognitive, cultural, geographic, institutional, psychic) present in International Business literature. As the lexicographic and content analysis reveals, some are often mixed up and therefore not adequately operationalized. Based on the last 20 years of publications of the Journal of International Business Studies, this paper indicates for each type of distance how they are defined, operationalized, what they are applied to, and how they are related to the other types of distance. (For more information, please contact: Laetitia Em, Ecole Hoteliere de Lausanne, France: emlaet@gmail.com)

*Home-Host Country Relatedness: A Multi-Level Reconceptualization and Examination in the Context of International Investment Decisions*

Sokol Celo, Florida International University  
Aya Chacar, Florida International University  
William Newburry, Florida International University

We define country relatedness as the degree to which countries are efficiently combined within the investment portfolios of firms. We then hypothesize that country relatedness is asymmetric, labeling the concept proposed home-host country relatedness (HHCR). We next theorize and empirically demonstrate that HHCR will vary with the motivation for investments along at least two key dimensions: the nature of foreign investments and the connectedness of potential host countries to the rest of the world. Our tests exploit information within foreign
investments of over 20,000 public firms, while also developing a home-host country relatedness index for up to 24,300 home-host pairs. (For more information, please contact: Sokol Celo, Florida International University, USA: scelo001@fiu.edu)

International Cultural Ambidexterity as a New ‘Distance’ Concept - Framework Development and Research Perspectives
Christiane Prange, EMLYON Business School
Olga Bruyaka, Virginia Tech

Recently, researchers re-stated the necessity of overcoming the drawbacks of the cultural distance concept and stressed the importance of moving forward research on international cultural diversity. Following this call, we introduce the concept of international cultural ambidexterity (ICA) referring to firms’ simultaneous or time-paced involvement in exploration (culturally distant internationalization) and exploitation (culturally close internationalization). The cultural ambidexterity lens explicitly accounts for dynamic aspects of internationalization including simultaneous or sequential exploration and exploitation as well as the process of creation and management of a firm’s portfolio of foreign locations. In this study, we present an ICA conceptual model and suggest a new way to empirically measure ICA. Based on this model we formulate testable propositions about the ICA and firm performance relationship, and organizational and environmental contingencies susceptible to moderate this relationship. The implications of the ICA concept for extant theories of foreign market entry as well as for further theory development in international business are discussed. (For more information, please contact: Christiane Prange, EMLYON Business School, France: prange@em-lyon.com)

Session: 2.5.6 - Competitive
Track: Track: 5 - MNC Management and Organization

Key Management Issues on MNC

Presented On: June 27, 2011 - 17:15-18:30

Chair: Kiyohiko Ito, University of Hawaii

Asymmetric Responses to Exchange Rates, Intra-firm Production shifts and Performance of Multinational Corporations
Sangcheol Song, Bryant University
Seung-Hyun Lee, University of Texas at Dallas

This study examines how effectively multinational corporations respond to changing external environment and thus enhance their performance by intra-firm shifts of production under the influence of foreign exchange rate changes in their host countries. Using a database of Korean multinational corporations, we find that MNCs with a broader scope of operations are more involved in intra-firm production shifts under positive exchange changes than under negative changes. We also find that controlling ownership stakes in the subsidiary network are helpful for those shifts. Finally, we find that firm performance is enhanced by the actual shift of productions. (For more information, please contact: Sangcheol Song, Bryant University, USA: ssong@bryant.edu)

The Hidden Costs of Offshoring: The Impact of Complexity, Design Orientation and Experience
Marcus Møller Larsen, Copenhagen Business School
Stephan Manning, University of Massachusetts Boston
Torben Pedersen, Copenhagen Business School
This study seeks to explain hidden costs of offshoring, i.e. unexpected costs resulting from the relocation of business tasks and activities outside the home country. We develop a model that highlights the role of complexity, design orientation and experience in explaining hidden costs of offshoring. Specifically, we propose that hidden costs can be explained by the combination of increasing structural, operational and social complexity of offshoring activities. In addition, we suggest that firm orientation towards organizational design as part of an offshoring strategy and offshoring experience moderate the relationship between complexity and hidden costs negatively i.e. reduces the cost generating impact of complexity. We develop three hypotheses and test them on comprehensive data from the Offshoring Research Network (ORN). In general, we find support for our hypotheses. A key result of our study is to suggest how hidden costs of offshoring can be mitigated through an explicit orientation towards improving organizational processes and structures as well as experience with offshoring. (For more information, please contact: Marcus Møller Larsen, Copenhagen Business School, Denmark: mml.sm@cbs.dk)

The Impact of Cultural Stereotypes on Institutional Trust in Cross-Border Business Activities: A Case Study of a Finland-Based MNC in Russia
Alexei Koveshnikov, Hanken School of Economics

The aim of this paper is to examine the impact of cultural stereotypes on creation, maintenance and loss of institutional trust in the setting of cross-border operations. To do that a case of a Finnish MNC operating in Russia is examined. The analysis underlines the crucial role that cultural stereotypes play in influencing the level of institutional trust experienced by organizational actors. First, it illustrates that the views of organizational actors from different parts of the MNC on institutional trust are conditioned and determined by cultural and institutional contexts. Second, it shows that institutional trust in cross-border organizations, such as MNCs, is not only closely interlinked with organizational identification of actors with the company, but is also based on actors' national identification constructed through their narratives. Third, it demonstrates how pre-existing cultural stereotypes can undermine institutional trust from the inception of the relationship and how they can continuously damage trust development and maintenance processes resulting in a loss of trust. Finally, the analysis shows that - even though developing strong organizational identity among organizational actors is used in MNCs to alleviate trust problems - in some cases it does not suffice to overcome the influence of cultural stereotypes. (For more information, please contact: Alexei Koveshnikov, Hanken School of Economics, Finland: alexei.koveshnikov@hanken.fi)

Implementation of Lean Manufacturing through Management Control Systems: A Comparison of Japan, Korea and China
Shirley J Daniel, University of Hawaii at Manoa
Carmencita Cheung, City University of Hong Kong
Nate Staheli, University of Hawaii at Manoa
Dongyoung Lee, University of Utah
Wolf D. Reitsperger, University of Hawaii at Manoa

This research examines relationships between lean manufacturing strategies and the management control systems (MCS) used to implement them. We focus on strategies for JIT inventory management and manufacturing flexibility and the use of control systems providing specific goal-setting, feedback, and reward systems to achieve these strategies. The study compares data gathered from manufacturing firms in Japan, China and Korea. Our analysis reveals that for Japanese managers there is a significant linkage between managers' attitude about lean manufacturing strategy and the goal information they receive. Japanese managers who receive more frequent lean manufacturing goals also perceive that rewards, such as their promotion prospects, are tied to the achievement of such goals. This implies that Japanese quality management strategies are reflected in the MCS of Japanese companies. Similar linkages were found for Korean managers, while no such linkages between strategy and MCS were found for Chinese managers. Chinese managers do link goals and feedback, and rewards, indicating that while they do not see the connection with strategy, Chinese
managers do perceive that the achievement of specified targets will influence their promotion prospects. Our findings indicate that Korean and Japanese management accounting systems appear to be designed to align the employee toward corporate objectives through information provision and rewards. (For more information, please contact: Shirley J Daniel, University of Hawaii at Manoa, USA: sdaniel@hawaii.edu)

**Session: 2.5.7 - Competitive**
**Track: 3 - IB Theory, FDI, and Entry Mode**

**Regional Integration and Regional Strategies**

**Presented On:** June 27, 2011 - 17:15-18:30

Chair: Alan M. Rugman, University of Reading

*Regional Economic Integration: From Theory to Measurement*
Meredith Downes, Illinois State University
Mark Hoelscher, Illinois State University

Regional economic integration has taken on greater importance with the globalization of markets and businesses. However, integration as a construct has not been operationalized in a comprehensive sense in the literature, thereby hampering research on its impact. We have therefore developed a measurement index, justified by the extant literature and based on our meta-analysis of over 600 entries on Europa (the official website of the European Union) which can be used in determining the value that integration adds to business as well as to macro-economic performance. (For more information, please contact: Meredith Downes, Illinois State University, USA: mdowne@ilstu.edu)

*The Dynamic Behaviour of Regional and Global Multinationals*
Chang Hoon Oh, Brock University
Alan M. Rugman, University of Reading

We assemble longitudinal data for the ten years between 1999 and 2008 to analyze the nature and extent of regional versus global activity across the world’s 500 largest firms. We find that about 85% of these firms are home region oriented and that under 4% are global. There is no trend towards globalization; instead, the regional nature of multinational business activity is predominant. We analyze seven types of internationalization pattern using data on the geographic sales and assets of the 500 large firms over time. Finally, we identify three generic paths of internationalization across major industrial sectors. (For more information, please contact: Chang Hoon Oh, Brock University, Canada: coh@brocku.ca)

*Home Regionalisation: Trends and Performance Implications*
Peter Huynh, University of Melbourne
Tom Osegowitsch, University of Melbourne
André Sammartino, University of Melbourne

Recent research has argued that many multinational companies focus their energies in their respective home regions. In an extension of home-regionalisation arguments it is also suggested that enduring differences between the world’s major regions will result in enduring home regionalisation. Most recently it has been argued that a home regional focus will yield superior performance relative to more footloose global FDI. Examining a sample of large automotive suppliers, this study explores: (1) the dynamics of the home regionalisation phenomenon, and; (2) the relationship between home regionalisation and firm performance. Longitudinal analysis reveals a significant decreasing trend in home regionalisation in a sample of the world’s leading
automotive suppliers. Further analysis of these companies finds no relationship between home regionalisation and firm performance. Taken together, these results indicate that home regionalisation is an evolving (and perhaps declining) phenomenon and that its performance benefits are dubious. (For more information, please contact: Tom Osegowitsch, University of Melbourne, Australia: ot@unimelb.edu.au)

Session: 2.5.8 - Competitive
Track: 8 - Developing Country MNCs

**Home Country Conditions and Developing Country MNCs**

**Presented On:** June 27, 2011 - 17:15-18:30

Chair: Aloysius Newenham-Kahindi, University of Saskatchewan

*Country of Origin and Firm Specialization in Resource Development: The Case of Emerging Country Multinational Companies*

Alvaro Cuervo-Cazurra, University of South Carolina
Klaus Meyer, University of Bath
Ravi Ramamurti, Northeastern University

We analyze how the country in which a company emerges affects its internationalization. We propose that firms from countries with higher levels of institutional voids create more varied sets of resources, leading to lower levels of internationalization and different patterns of foreign expansion. These arguments extend the resource-based theory to incorporate the environment as a determinant of its resource bundle, arguing that companies from the same country have similarities in their resource bundle. We illustrate the arguments by analyzing the internationalization of emerging country multinational companies. (For more information, please contact: Alvaro Cuervo-Cazurra, University of South Carolina, USA: acuervo@moore.sc.edu)

*International Institutional Entrepreneurship in a Nascent Field*

Marleen Dieleman, National University of Singapore
Michael Carney, Concordia University

Using an in-depth case study of a large Indonesian property group, we investigate how firms from emerging markets become institutional entrepreneurs in their home market and subsequently leverage their unique institutional strategies in other emerging markets. We unpack processes of “international institutional entrepreneurship”, and argue that south-south institutional diffusion of business models in which entrepreneurs display important levels of agency by shaping local markets and institutions is an important yet understudied phenomenon in the IB literature. (For more information, please contact: Marleen Dieleman, National University of Singapore, Singapore: marleen@nus.edu.sg)

*The Legitimacy-Oriented Springboard Strategies in Emerging market MNEs' Internationalization*

Yuehua Xu, Chinese University of Hong Kong
Daphne Yiu, Chinese University of Hong Kong

Due to the laggard images of their home countries, MNEs from emerging markets suffer from the competitive disadvantage of "Liability of Emergingness" when they compete with their counterparts from developed countries. However, from the perspective of legitimacy spillover, this article argues that, the outward FDI into advanced markets can help emerging market MNEs get rid of the liability of emergingness. Besides, based on the springboard view by Luo and Tung (2007), this article establishes a model of the legitimacy-oriented springboard strategies adopted by EMNEs (i.e., emerging-market multinational enterprises), i.e.,
internationalizing into a developed market in order to improve their legitimacy and performance at home or even to expand to other countries. The authors further propose that, there are four different types of legitimacy-oriented springboard strategies, which can be used by EMNEs depending on their market focus and industrial technology intensity. Limitations of this article and future research directions are also discussed. (For more information, please contact: Yuehua Xu, Chinese University of Hong Kong, Hong Kong, SAR-PRC: yuehua@baf.msmail.cuhk.edu.hk)

Leaders, Challengers and Institutional Voids
Dong Wook Huh, Texas A&M University
Li Dai, Texas A&M University
Lorraine Eden, Texas A&M University

This paper develops a theoretical framework to explain the outward foreign direct investment (FDI) decisions of emerging market firms as a function of the firms’ different competitive and value-chain positions. We argue that institutional voids in emerging economies distort horizontal competitive rivalry and vertical buyer-supplier relationships in an industry, causing power imbalances between leaders and challengers. These power imbalances affect not only the outward FDI strategies of the leaders and challengers, but also their first-tier suppliers. Implications are discussed and a research agenda suggested. (For more information, please contact: Dong Wook Huh, Texas A&M University, USA: dhuh@mays.tamu.edu)

Session: 2.5.9 - Competitive
Track: Track: 9 - Cross-cultural Management and HRM

Emerging Labor Markets

Presented On: June 27, 2011 - 17:15-18:30

Chair: Peter Dowling, La Trobe University

Global Innovation: Tapping Emerging Global Talent Pools
Andreas P.J. Schotter, Thunderbird School of Global Management
Mary Teagarden, Thunderbird School of Global Management

The globalization of innovation is undergoing a tectonic shift driven by forces including the outsourcing and offshoring of research and development; a major shift to the East of these activities; the emergence of networked innovation sites with major hubs in the East; and competition from emerging market multinationals. Innovation networks present significant organizational and human-resource based challenges. We use a comparative case study design to explore the characteristics and effects of high tech talent management in China and India. We specifically investigate talent pool strategies; employee value proposition preferences; and knowledge work designs. (For more information, please contact: Andreas P.J. Schotter, Thunderbird School of Global Management, USA: andreas.schotter@thunderbird.edu)

Reverse Diffusion of HRM Practices from Emerging Market Subsidiaries. Do Western MNCs Learn from their Operations in Central and Eastern Europe?
Michal Lemanski, WU Vienna
Günter Stahl, WU Vienna / INSEAD

This study contributes to the growing body of research on reverse diffusion of human resource management practices in multinational corporations, with the objective to examine in depth the process of reverse diffusion from emerging market subsidiaries. We employed a large scale exploratory research design, and in data
collection approached over 600 organizational units (headquarters and subsidiaries) of 230 Western European companies operating in Central and Eastern Europe. We conducted 166 interviews, whenever possible with multiple respondents per company in an effort to limit single respondent bias. Data for this paper consists of illustrative cases selected on a basis of their ability to advance our understanding of the phenomenon of reverse diffusion of human resource management practices in multinational corporations. Findings extend international human resource management literature by unraveling phenomena associated with reverse diffusion that explain the process of reverse diffusion, but have not been covered by previous works, so opening avenues for advancing research on this important topic. (For more information, please contact: Michal Lemanski, WU Vienna, Austria: michal.lemanski@wu.ac.at)

Cross-Cultural Labor Relations in the Context of Socioeconomic Changes: The West, the East, and the Emerging Labor Market
Nini Yang, San Francisco State University

The study takes a comparative approach to identify and address some current trends in unionization and cross-cultural variation in collective bargaining, with special attention to socioeconomic changes and their impacts on union density rates in different economic sectors, societal norms about organized labor, and emerging shifts in collective bargaining coverage and grassroots tactics. Key issues examined include cultural values, different concepts and ideologies about the labor movement, and unions’ responses to economic globalization, privatization, and market liberalization, which tend to undermine their bargaining power and recruitment. International labor statistics indicate that trade unions have been declining in most industrial societies, largely due to the economic shift from manufacturing- to traditionally non-unionized service sectors, coupled with the relocation of numerous blue-collar jobs to overseas operations. In contrast, globalization and rapid industrialization have led to the growth of trade unions in some emerging markets, particularly expanding into the private and foreign-owned sectors. Unions’ adaptation in fast growing economies such as China presents an unprecedented opportunity to establish collective bargaining as an effective tool of labor market governance and for organizational justice. Implications for future research are discussed and suggestions for effective conflict resolution provided. (For more information, please contact: Nini Yang, San Francisco State University, USA: nyang@sfsu.edu)

Session: 2.5.10 - Competitive
Track: 6 - Innovation and Knowledge Mgmt.

Exploration and Innovation Performance

Presented On: June 27, 2011 - 17:15-18:30

Chair: Christian Geisler Asmussen, Copenhagen Business School

Foreign and Domestic Technology Outsourcing, Learning, and Firm Performance
Annique Un, University of South Carolina

I analyze the impact of technology outsourcing on firm learning and performance. Despite the growth in technology outsourcing, there is confusion in the literature regarding its benefits. I argue that the benefits depend on the location of the technologies being outsourced. Whereas domestic technology outsourcing does little to improve learning and performance, because the more similar technologies to the technologies of the firm limits learning, in contrast, foreign technology outsourcing has a higher positive impact on learning and performance because the more different technologies to those of the firm forces it to learn to access and use diverse knowledge. (For more information, please contact: Annique Un, University of South Carolina, USA: annique_un@moore.sc.edu)
The Innovative Performance of MNCs: The Effects of Technologically Diversified and Geographically Dispersed Knowledge
John Cantwell, Rutgers University
Feng Zhang, St. Mary's University

This study investigates how the accession and integration of geographically dispersed and technologically diversified knowledge affect the innovative performance at corporate-level, and focuses on the knowledge accumulation pattern of the world's largest firms in the Electrical Equipment (EE) industry. We found that firms’ ability of integrating technologically diversified knowledge always positively affect their innovative performance, and that the positive effects of accessing geographically dispersed knowledge sources on their innovative performance may be replaced by negative effects as geographical distance between knowledge sources and recipients grows. Yet firms may overcome the negative effects of geographical distance as such by employing the complementary relationship between their ability of accessing geographically dispersed knowledge in geographically distant locations and their ability of integrating technologically diversified knowledge. This finding contributes to a better understanding of the advantages of multinationality in a firm’s knowledge accumulation. We further found that the knowledge accumulation at parent-level and at overseas subsidiary-level might differently contribute to the innovative performance of MNCs. The results of this study also shed some light on firm heterogeneity in the structures of international knowledge accumulation within the same industry, and have important implications on the knowledge management strategies of MNCs. (For more information, please contact: John Cantwell, Rutgers University, USA: cantwell@business.rutgers.edu)

The Co-evolution of Internationalization and Technological Knowledge
Christian Geisler Asmussen, Copenhagen Business School
Niron Hashai, Hebrew University
Andrew Delios, National University of Singapore

This paper develops a formal model that captures the dynamic and mutual interdependency in the technological and international expansion of multinational enterprises (MNEs), thus offering a novel evolutionary theory of the MNE. The model, which is verified empirically, suggests a positive but diminishing effect of technological knowledge on internationalization and vice versa. This relationship leads to equilibrium in the technological knowledge-internationalization space that dictates the patterns of technological and international evolution of MNEs. The model offers an integrative approach for explaining different views in extant literature regarding the technological and international expansion of firms. (For more information, please contact: Niron Hashai, Hebrew University, Israel: nironh@huji.ac.il)

Session: 2.5.11 - Competitive
Track: Track: 7 - Emerging Economies

Acquisitions and Emerging Economies

Presented On: June 27, 2011 - 17:15-18:30

Chair: Maureen Benson-Rea, University of Auckland

The Influence of Technology Characteristics on the Choice of Full versus Partial Acquisition in Emerging Markets
B. Elango, Illinois State University
Somnath Lahiri, Illinois State University
Sumit K. Kundu, Florida International University
This study examines the influence of technology characteristics on the choice of full versus partial acquisitions. Analysis of a sample of 2869 cross-border acquisitions undertaken over a 11-year time period (1998-2008) in four emerging economies (Brazil, Russia, India, and China) indicate that in instances of a technology upgrade, firms resort to partial acquisition, but choose full acquisition in the case of a technology downgrade. Findings also suggest that cultural and institutional distance between home and host countries influence the choice of acquisition-type, albeit differently. In addition, cultural distance moderates the relationship between technology downgrade and full acquisition. In instances where firms acquire targets in countries with high cultural and institutional distance, they resort to full acquisitions irrespective of the technology characteristics. (For more information, please contact: Somnath Lahiri, Illinois State University, USA: slahiri@ilstu.edu)

*The Role of Culture, Industry Relatedness and Industry Sector on the Choice of Acquisition in Emerging Economies*

Somnath Lahiri, Illinois State University  
B. Elango, Illinois State University  
Sumit K. Kundu, Florida International University

In this paper we examine how cultural difference between home and host country, relatedness between acquirer and target industry, and industry sector (services versus manufacturing) impact cross-border acquisition choice in two prominent emerging economies, India and China. Analysis of a sample of 1561 acquisitions undertaken over a 11-year time period (1998-2008) indicate that while high uncertainty avoidance difference and transactions in the services sector increase the likelihood of partial acquisitions, industry relatedness enhances the possibility of full acquisitions. Results provide evidence for the moderating role of uncertainty avoidance on industry relatedness, industry sector, country of origin and acquisition choice. (For more information, please contact: Somnath Lahiri, Illinois State University, USA: slahiri@ilstu.edu)

*Determinants of Cross-Border Acquisitions: A Resource-based View of Indian MNEs*

Surender Munjal, University of Leeds  
Peter J. Buckley, University of Leeds  
Nicolas Forsans, University of Leeds

This study investigates the determinants of cross border acquisitions (CBAs) by emerging multinational enterprises (EMNEs) from the ‘Resource-based view’ (RBV) of the firm. Academics have questioned whether EMNES possess the necessary ownership advantages that enable firms to venture in foreign locales. In this paper we investigate the relationship between overseas investments through CBAs and both property-based and knowledge-based resources. Both foreign and indigenous resources are examined. Using a sample of 412 Indian firms and 649 foreign acquisitions during the period of 2000-2007 we find a positive correlation between resource endowment and overseas investments. This study not only adds to the empirical evidences of antecedents of cross-border acquisitions but also enhances our understanding of EMNEs and also provides avenues of further research in EMNEs’ enclave. (For more information, please contact: Surender Munjal, University of Leeds, United Kingdom: smu@lubs.leeds.ac.uk)

*Session: 2.5.12 - Competitive  
Track: 1 - Institutions, Governance, CSR*

*I nstitutional Environment and Firm Strategy*

**Presented On:** June 27, 2011 - 17:15-18:30

Chair: Rimi Zakaria, Florida International University
The National Antecedents of Corporate Entrepreneurship: An Empirical Study of Fortune’s Global 500 Firms
William Q. Judge, Old Dominion University
Yuping Liu-Thompkins, Old Dominion University
J. Lee Brown, Old Dominion University

In this empirical study of the 500 largest firms in the global economy, we attempted to determine what the national antecedents of corporate entrepreneurship are. After controlling for CEO characteristics, firm size, and industry characteristics, we explored the relationship between six national-level predictors of entrepreneurial ventures by these firms in an emerging online virtual community using hierarchical linear modeling. Overall, four of our six hypotheses were supported by our data. Our evidence suggests that the national institutional context, especially with respect to national culture and human capital, has a significant impact on the entrepreneurial activities of the world’s largest firms. (For more information, please contact: William Q. Judge, Old Dominion University, USA: wjjudge@odu.edu)

Local Embeddedness and Collaborative Mode: The Post-WTO Shift in the Taiwanese Rice Industry
I Han, Feng Chia University
Cheng-min Chuang, National Taiwan University

This paper studies how the rice farmers choose the collaborative modes with the rice processors in Taiwan to cope with the increasing global competition in the post-WTO regime, and examines the determinants and performance implications associated with such a strategic choice. In addition to the transaction cost determinants documented in literature, local embeddedness has been identified in this paper as another series of environmental factors influencing the choice of collaborative modes in the rice industry. We first investigate the sources and contents of local embeddedness and then propose a research framework combining both the economic environmental factors and local embeddedness factors to explain why and how the choice of mode is made. Refutable hypotheses are further developed and tested on 420 samples of rice farmers from major rice-producing regions in Taiwan. Empirical findings generally validate the importance of local embeddedness as major determinants which can be incorporated with transaction cost variables into a more comprehensive model to explain the rationale of mode choice, and the mode choice based upon such a comprehensive model will lead to a better performance than otherwise. (For more information, please contact: I Han, Feng Chia University, Taiwan: yvohan@ms3.hinet.net)

Corruption and Firm Strategy: A Multilevel Analysis of Theory and Evidence
Michael A. Sartor, University of Western Ontario

While scholars have expended considerable effort investigating the effect of corruption on foreign direct investment flows, economic growth and poverty, less is known about the relationship between perceived corruption and firm strategy. We introduce three constructs - corruptive distance, bribery prevalence and corruptive permissiveness and posit a series of competing hypotheses based upon institutional theory and transaction cost economics (TCE) with respect to three interrelated firm-level strategic decisions - ownership structure, equity level and domestic partnering. Employing hierarchical linear modeling, we tested our hypotheses against a sample of 5,018 subsidiary investments in 23 countries. Consistent with the tenets of TCE, we found that an increase in corruptive distance adversely impacted the equity level and it precipitated an increased preference for engaging in joint ventures. Further, an increase in bribery prevalence was found to be negatively related to the equity level, positively related to the number of domestic partners participating in a foreign investment, and it predicted an increased preference for joint ownership. Finally, consistent with the precepts of institutional theory, an increase in corruptive permissiveness was found to increase the likelihood that an MNE would operate its investment via a wholly-owned subsidiary. (For more information, please contact: Michael A. Sartor, University of Western Ontario, Canada: msartor.phd@ivey.ca)
Do the Intercourse and Interaction Matter? - A Dynamic Approach of Viewing the effect of Institutional Distance on Cross-border M&A Activities

Kun Yang, Florida International University
Wei He, Florida International University
Jinlin Zhao, Florida International University

Previous research on the impact of institutional distance on cross-border M&A has looked at each individual part of the institutional distance separately. This paper views the two parts (formal and informal institutional distance) simultaneously and tests their interaction. It further critiques that institutional distance is statically measured and suggests the dynamic intercourse between countries be considered when evaluating ID’s effect on M&A activities. Applying institutional theory and TCE theory, the paper finds a trade-off effect of informal institutional distance on the overall institutional distance, and the empirical evidence that intercourse between country dyads in dyads moderates the relationships between institutional distance and cross-border M&A activities. (For more information, please contact: Kun Yang, Florida International University, USA: kyang001@fiu.edu)

Session: 2.5.13 - Competitive
Track: Track: 2 - Marketing and Supply Chain

Managing the Global Supplier

Presented On: June 27, 2011 - 17:15-18:30

Chair: Susan M Mudambi, Temple University

Governance Models in Global Supply Networks: The Neo-Feudal Organization
Alessandro Perri, University of South Carolina

I study the governance of global value chains and propose the existence of neo-feudal governance structure in outsourced manufacturing networks that differs from traditional forms. This governance structure is characterized by the rent-seeking, market closing activities of large sourcing firms leading to their virtual monopolistic control on both supply and demand in the value chain. Lead sourcing firms use superior information technology to achieve virtual control of their supplier network, without ownership. I discuss the implications for both the lead firms and firms that subcontract to them, illustrating the arguments with the case of Hong Kong based sourcing giant Li & Fung. (For more information, please contact: Alessandro Perri, University of South Carolina, USA: alessandro.perri@grad.moore.sc.edu)

How Do Mechanisms of Global Account Coordination Impact Supplier Performance? An Integrative Study of Boundary Conditions

Linda Hui Shi, University of Victoria
Tao (Tony) Gao, Northeastern University

While many multinational suppliers have instituted global account management (GAM) programs to coordinate selling activities to better serve and retain their key global customers, evidence of the effectiveness of GAM coordination efforts is elusive. Viewing GAM coordination as an organizational design issue in managing vertical procurement relationships, we draw on organizational design, global marketing strategy, and relationship marketing theories to study how performance effects of GAM coordination mechanisms vary with a host of strategic, relational, and environmental conditions.
We specifically study how inter-organizational coordination (IOC) and inter-country (or intra-organizational) coordination (ICC) impact GAM performance at both the account and organizational levels. The conceptual model is tested using data collected from a cross-national sample of more than 200 global account managers. We find that while the two GAM coordination mechanisms have positive effects on both levels of supplier performance, they do not perform uniformly well under various boundary conditions. In other words, the performance of a GAM coordination mechanism depends on its fit with the context of its application. We discuss the research and managerial implications of the study. (For more information, please contact: Tao (Tony) Gao, Northeastern University, USA: t.gao@neu.edu)

Antecedents and Outcomes of Supplier Innovativeness in International Customer-Supplier Relationships
Rudolf Sinkovics, University of Manchester
Ruey-Jer Bryan Jean, National ChengChi University
Daekwan Kim, Florida State University

The increasing competitive pressures and speed of R&D and product innovation have many multinational enterprise (MNE) customers to outsource their core activities to suppliers. Despite organizational challenges due to cultural and physical separation from their partners, these are now charged with supplier-driven innovation. This study looks at key drivers to supplier innovativeness, examines the role of national culture in shaping supplier innovativeness and examines the impact of this dimension on relationship performance in international customer-supplier relationships. Our findings from a large-scale survey of Taiwanese electronics suppliers provide evidence for the contribution of antecedents such as customer orientation, customer's control and technological uncertainty to the enhancement of supplier innovativeness. Innovativeness contributes to increased customer dependence and improves relationship performance. The role of differences in masculinity is also tested in this study, and while there is no statistically significant effect on supplier innovativeness, we find that a performance and achievement-oriented culture may be detrimental to relationship development in international exchange relationships. (For more information, please contact: Rudolf Sinkovics, University of Manchester, United Kingdom: rudolf.sinkovics@manchester.ac.uk)

Joint Action Revisited in International OEM Relationships: An Offshore Supplier’s Perspective
Hui-Mei Wang, Fu Jen Catholic University

Most of current work on joint action between buyers and suppliers tends to be buyer-centered and concentrate on the collaborative activities of channel members. Instead of deeming joint action as governance structure, this study suggests the role of joint action as a learning platform and examines its determinants from the perspectives of offshore OEM suppliers. It adopts a combined lens of economic and relational rationale to explain why the joint action exists, given the buyers’ concerns over possible competence erosion problem. An analysis based on 110 international OEM relations reveals that a particular joint task is a function of specific assets invested as well as the relational capital cultivated in the relationships. Specifically, geographic proximity to OEM buyers remains important in forming joint logistic arrangement in today’s global supply chain; whereas relational capital is critical to realize a joint cost reduction project between OEM partners. Based on these findings, this study discusses several theoretical and managerial implications. (For more information, please contact: Hui-Mei Wang, Fu Jen Catholic University, Taiwan: 052418@mail.fju.edu.tw)
**Managing Subsidiaries and Headquarters**

**Presented On:** June 27, 2011 - 17:15-18:30

Chair: Ulf Andersson, Copenhagen Business School

*Patterns of Sustainability Values among Subsidiaries*

Morten Rask, Aarhus University
Jakob Lauring, Aarhus University

The increasing trend of globalization and environmental challenges make the understanding of sustainability issues in international business a growing challenge throughout the world. This study illustrates the challenge of an organization as it becomes larger and more diverse to keep the core values alive. We focused on a multinational with more than 30 years experience with sustainability issues. It is one of the world’s top manufacturers of renewable energy equipment. We found an extreme diversity in understanding sustainability. This exploratory study is based on a very broad sample within one company and it created new empirical insights enhancing the understanding of the sustainability theme in international business by creating a framework for describing patterns of sustainability understandings among international business units. This framework is useable by management to describe, explore and trigger new ways of thinking and to facilitate corporate culture change through coordination and configuration of the system of values and beliefs regarding sustainability among employees in the company. *(For more information, please contact: Morten Rask, Aarhus University, Denmark: mra@asb.dk)*

*Determinants of Headquarters’ Control over Overseas R&D Subsidiaries: Evaluating the Effect of Knowledge and Legitimacy*

Kazuhiro Asakawa, Keio University
Tomomine Aoki, Kowa Company Ltd.

We investigate the extent to which the headquarters’ perceived knowledge about overseas labs influences the level of control over the labs, in the context of international R&D management. We confirm that the headquarters’ knowledge about the local lab would lower the level of control over the local lab. But surprisingly legitimacy granted to the labs does not necessarily lead to the reduced headquarters’ control over the labs. Nor does legitimacy of the labs influence the effect of headquarters’ knowledge about the labs on the level of control. While the headquarters’ knowledge about the local labs tends to grant legitimacy to the labs, the effect of legitimacy of the labs seems rather minimal. Such findings imply that the headquarters rests more assured to grant local autonomy by having updated knowledge about the labs’ current situation than by the established positive image of the labs which is often based on their prior achievement. *(For more information, please contact: Kazuhiro Asakawa, Keio University, Japan: asakawa@kbs.keio.ac.jp)*

*Identity Change, Learning, and the Evolution of Multinational Subsidiaries*

Christopher John Voisey, Vlerick Leuven Gent Management School
Mary Yoko Brannen, INSEAD

This study investigates the role that organizational identity plays in the evolution of multinational subsidiaries. We adopted a two-phase research design, using a comparative ethnography to inform a set of case studies across the full domain of foreign subsidiaries of a Japanese-headquartered multinational corporation. Our findings suggest that the availability and acceptance by a subsidiary’s members of a desired future image and identity for their organization, and the recognition of this by headquarters, guides a subsidiary’s charter and
development. Headquarters' theorization of this change process represents a learning crucible that shapes successive stages of internationalization, including choice of location and charter for subsidiaries. (For more information, please contact: Christopher John Voisey, Vlerick Leuven Gent Management School, Belgium: cvoisey@alum.mit.edu)

Institutional Capital and Subsidiary Evolution in the Multinational Enterprise
Ian Woozley, University of Leeds

This paper outlines a qualitative, case study methodology for investigating the entrepreneurial processes through which managers of subsidiaries in multinational enterprises (MNEs) leverage host country institutions as a source of competitive advantage. It is argued that managers of MNE subsidiaries mobilise 'institutional capital' (Oliver, 1997) as a supporting environmental resource toward the building of subsidiary-specific advantages (Rugman and Verbeke, 2001). This is done as a means of competing in internal and external competitive environments and steering subsidiary evolution (Birkinshaw and Hood, 1998; Birkinshaw et al, 2005). The project will analyse the leveraging of institutional capital through entrepreneurial processes in Japanese MNEs, comparing subsidiaries in the UK environment with those in a developing country. (For more information, please contact: Ian Woozley, University of Leeds, United Kingdom: ml07imw@leeds.ac.uk)

Gaining Memories: How Peripherals Influence over Headquarters’ Decisions
Ruey-Lin Hsiao, National ChengChi University
Sue-Hwa Ou, National ChengChi University
Chia-Yu Yen, National ChengChi University

This study examines an offshore R&D (Research and Development) centre’ strategizing practices for gaining survival through influencing its headquarters’ decisions. Our research analyzes how the subsidiary, as a low-power actor, promotes ideas to, and leverages resources with, high-power actors. This emergent process results in the multinational corporation's transformation in the research and development of semiconductor technologies. Our findings describe the dynamics of power shift through tracing paths of influence, practices of gaining influence and shifting identities under the influence. This research offers implications to the literature on strategy-as-practice, power and influence in offshore innovation and multinational corporations. (For more information, please contact: Ruey-Lin Hsiao, National ChengChi University, Taiwan: rueylin@nccu.edu.tw)

MNC Subsidiary Innovation & The Dual Context
Johanna M Fahy, National University of Ireland, Galway
Paul A Ryan, National University of Ireland, Galway

The multinational company (MNC) as a globally distributed innovative network in which R&D activities, innovation and technological advancement are increasingly undertaken by foreign subsidiaries, is a now popular view. MNC subsidiaries are said to be positioned in two networks; the global, internal MNC network, and the local, external network of its foreign host location. Giving explicit recognition to each of the subsidiary's network partners, and combining this with subsidiary levels of autonomy and R&D (oft-cited precursors to innovation) has allowed the researcher to delineate the differential innovative ability of subsidiaries and their subsequent embeddedness in the locale.

The study makes a number of contributions. Firstly, it finds that the extent of subsidiary innovation depends on the levels of R&D within the subsidiary's scope. It also provides a good explanation as to why only a limited number of network partners actually influence subsidiary innovation. The study's main theoretical contribution is the development of a new model of subsidiary innovation, illustrating the importance of subsidiary 'combinative capability' in integrating various sources and capabilities for greater innovation. (For more information, please contact: Johanna M Fahy, National University of Ireland, Galway, Ireland: johanna.fahy@nuigalway.ie)
**Session: 2.5.15 - Interactive**  
**Track: Track: 12 - Teaching IB**

**Improving the IB Learning Experience**

**Presented On:** June 27, 2011 - 17:15-18:30

Chair: Elizabeth L. Rose, Aalto University

*From the Big Screen to the Classroom: Using Documentaries to Teach International Business*  
Sonia Ghumman, University of Hawaii at Manoa

As we progress forward in the 21st century, learning styles have changed. No longer are traditional means of teaching in the classroom such as lectures enough to keep students motivated or to even assure that learning is taking place. To teach effectively to the modern classroom, business educators must be prepared to embrace pedagogies that are more appropriate for the current mindset. Fortunately, there are a diverse number of pedagogies (i.e. case studies, simulations) to choose from that are suited for the modern classroom. A rather popular pedagogical trend is the use of multimedia in teaching. Given the increasing availability of computers, internet, and audio/visual equipment in classroom settings, it is no surprise that many educators are beginning to use mediums that embrace technology as tools for delivering IB content. This paper highlights one particular form of multimedia, documentaries, to familiarize educators of the potential value of using this application in the classroom. Documentaries can be a valuable resource for teaching to the current mindset and help students learn more effectively by drawing on various learning styles. Additionally, documentaries can be used to help students understand complex theories and concepts that they are likely to encounter in IB. (*For more information, please contact: Sonia Ghumman, University of Hawaii at Manoa, USA: ghumman@hawaii.edu*)

*Global Business Literacy in the Classroom: Developing and Applying an Assessment Framework*  
Jorge Alexis Arevalo, William Paterson University  
Elizabeth McCrea, Seton Hall University  
Jason Z Yin, Seton Hall University

This study develops and applies a framework to evaluate undergraduate Global Business Literacy (GBL) learning outcomes, which is defined here as the ability to adapt and function in the global business context and to be knowledgeable about its core issues and trends. As a first step in a multi-stage research process, we used qualitative student data and extant literature to develop a 58-item survey. Exploratory factor analysis of pre-test survey data from 167 seniors revealed five explanatory factors that we labeled self-efficacy (SE), willingness to learn (WT), relationship development (RD), technical competence (TC), and self-awareness (SA). Next, we used the framework to complete a post-test study of the effectiveness of a classroom-based Global Business Colloquium at improving students' perceived GBL. A paired-samples t-test revealed mean increases/decreases in scores from Time 1 to Time 2 on four factors: SE, WT, RD and TC, but no significant difference in SA. We discuss future research directions and recommend potential pedagogical augmentation. (*For more information, please contact: Jorge Alexis Arevalo, William Paterson University, USA: arevaloj1@wpunj.edu*)

*Bringing the Real World to the Class Room using Audio Visual Cases*  
Ruminitha Wickramasekera, Queensland University of Technology

Real world focused learning and teaching has become a core value at many tertiary institutions. However implementing experiential learning in large classes can be challenging. This paper discusses the successful
introduction of ‘constructively aligned’ custom made audio-visual cases to a large introductory international business class.

This teaching intervention had several advantages, including: making the learning and teaching interesting for both the students and instructors; emphasizing learning over teaching; engaging students as active participants in the learning process; making learning student-centered; and overcoming the limitations in using traditional written cases by having first-hand reporting of case information. (For more information, please contact: Rumintha Wickramasekera, Queensland University of Technology, Australia: r.wickrama@qut.edu.au)

The Trade Barrier Game: An Experiential Approach to Understanding Political Behavior in Trade Negotiations
Carol Reade, San Jose State University
Mark McKenna, San Jose State University

The Trade Barrier Game is an experiential learning simulation for the IB classroom. The simulation is based on a multiparty, iterated, prisoner’s dilemma game, and has been adapted for IB classroom teaching. This pedagogical tool helps to make clear abstract concepts of political behavior in the world of trade negotiations. It enlivens the topic of the politics of trade. Students experience the behavioral and political dynamics of trade negotiations, and better understand how these dynamics can lead to a trade war. They come to see the benefits and challenges of cooperation within a competitive environment. Finally, the game is structured to show how cooperation between countries to reduce trade barriers, leading to freer trade, can generally produce gains for individual countries and the global economy. The simulation is suitable for undergraduate students in small and large class sizes, and can be played in a one-hour class session. (For more information, please contact: Carol Reade, San Jose State University, USA: carol.reade@sjsu.edu)

International Study Tours: Engaging Students in the International Experience
Philippe Byosiere, Doshisha University
Denise J Luethge, Northern Kentucky University

This paper briefly touches upon some of the more common activities used in a foreign study tour, emphasizing ways in which these activities can be modified to increase student involvement. However, most of the focus of this paper will be on activities which heavily involve students in the international environment, both with site visits and independent projects. We also summarize what instructors can do before, during and after the trip to help students maximize their learning experience. Finally, the paper discusses a host of new ideas to engage students in experiential activities to use before, during and after the tour to bolster learning and creative thinking. (For more information, please contact: Denise J Luethge, Northern Kentucky University, USA: luethged1@nk.edu)

Poland Química A Brazilian SME international (ad)venture
André Gustavo Dias Machado, Ibmec Business School
Luiz Alberto Campos Filho, Ibmec Business School
Lourdes Casanova, INSEAD

This Case shows the dilemma of a Brazilian SME’s CEO from an Oil and Gas chemical supplier company. Despite all the effort to succeed in its internationalization process – started fronts in several countries, opened an offshore office, established agents, even purchased land to build a plant, in other words, a great deal of money for a company its size has been spent on these foreign adventures – but, after 6 years it still hasn’t take off. In this Case is possible to find aspects that go from international entrepreneurship, lack of IB skills; cultural and geographical distances, and entrance mode problems; to knowledge development x increase commitment. The Case also allows a rich discussion about developing economies SME’s problems, the importance of a market study and planning, and the need of IB professionals. (For more information, please contact: André Gustavo Dias Machado, Ibmec Business School, Brazil: andregdmachado@gmail.com)
Experiences from a Design Process and Implementation of an International Business Capstone Course
Olli Tapani Kuivalainen, Lappeenranta University of Technology

This paper presents a design and implementation process of an international business capstone course for international marketing students. This Master’s level course has now been taught twice and it aims to a) tie together concepts of the discipline; students should be able to integrate the skills and competencies acquired at the earlier international marketing classes at the Lappeenranta University of Technology, School of Business, b) make students use their skills and competencies in practice (through a simulation and related written and verbal assignments), and c) enable students to evaluate critically their skills and competencies acquired earlier. The utilised methods should all in all make students learn more by enabling them to add to their knowledge. Here our key method is inquiry-based learning. In this paper our course design, pedagogical principles related to inquiry-based learning and suitable instructional and assessment methods for our course are discussed based on literature review and the feedback from the students. Our aim is to provide the readers ideas to use in their own international business-related teaching and in the actual presentation we will share our experiences with the audience and show examples of the materials and tools utilised in the course. (For more information, please contact: Olli Tapani Kuivalainen, Lappeenranta University of Technology, Finland: olli.kuivalainen@lut.fi)

Session: 2.5.16 - Interactive
Track: Track: 6 - Innovation and Knowledge Mgmt.

Institutionalizing Overseas Innovation

Presented On: June 27, 2011 - 17:15-18:30

Chair: Minyuan Zhao, University of Michigan

The Triangular Relationship between Internationalization, Management Policy and Product Innovation
Scott Walsworth, University of Saskatchewan
Christopher Poile, University of Saskatchewan

This article examines the triangular relationship between firm internationalization, HRM policy, and product innovation. From a longitudinal sample of 3,856 firms from the Canadian Workplace and Employee Survey, the level of firm internationalization is found to be positively related to a firm’s ability to innovate. The same relationship with innovation is also found with a select group of strategic HRM policies. Interestingly most of the HRM policies that are associated with highly internationalized firms have a positive interaction effect with the level of firm internationalization on product innovation. It is concluded that although certain HRM policies are effective estimators of product innovation in all firms, they are especially effective in international firms. (For more information, please contact: Scott Walsworth, University of Saskatchewan, Canada: walsworth@edwards.usask.ca)

Innovation Project Embeddedness as a Driver of Innovation Novelty and Business Performance
Francesco Ciabuschi, Uppsala University
Henrik Dellestrand, Uppsala University
Philip Kappen, Uppsala University
Oscar Martin Martin, Public University of Navarre

This study explores innovation development in subsidiaries of the multinational corporation and offers a fine-grained analysis of innovations in networks. We develop a conceptual model linking innovation project embeddedness to the degree of innovation in terms of novelty and innovation related business performance at
the subsidiary level. We confront our conceptual model with a data set comprising 85 innovation development projects using partial least squares regression. Our findings reinforce the notion that innovations with a high degree of novelty, which have been found to reflect the competitive advantage of firms, increase business performance at the subsidiary level. However, we find no direct link between project level embeddedness and related business performance. Instead, such embeddedness, taking both internal and external relationships into account, enhances the novelty of innovations. Thus, embeddedness contributes to performance outcomes indirectly. Our study thus creates a link between the project level, innovation and firm level outcomes and contributes to the network and innovation literature. (For more information, please contact: Francesco Ciabuschi, Uppsala University, Sweden: francesco.ciabuschi@fek.uu.se)

Geographical Differences of Service Innovation in a Global Retail Chain
John Lai, Chinese University of Hong Kong
Steven S. Lui, University of New South Wales

Service innovation is crucial in sustaining firm’s competitiveness in a service-predominant economy nowadays. Extant research on service innovation has followed research on product innovation to focus on the input side of innovation and has largely ignored the customer-service interface. To emphasize the service element in service innovation, we re-focus on the customer-service interface and the service process to study service innovation in this paper. Specifically, we develop an observation template of service innovation in retailing, and conduct both a survey and field observations on 145 retail shops of a global fashion retailing group. The observation template is illustrative in identifying innovative activities at different stages of the customer-service interface and how different levels of service innovation observed are then related to contingencies in geographic location and organizational size. Research and managerial implications on service innovation are discussed. (For more information, please contact: John Lai, Chinese University of Hong Kong, Hong Kong, SAR-PRC: johnlai@cuhk.edu.hk)

The Role of Subsidiary-Specific Capabilities on Performance and ‘Center of Excellence’
Yung-Chul Kwon, Yeungnam University

This paper examines the importance of the subsidiaries’ initiatives on their survival and growth. More specifically, we have analyzed the influence of subsidiary-specific capabilities in terms of business performance and its development into a center of excellence. The analysis has been conducted for 127 foreign subsidiaries located in Korea. The result shows that subsidiary capabilities, including knowledge management, innovation, and networking, have a positive influence on business performance and the subsidiary’s development into a center of excellence. The research is expected to contribute to developing a mechanism to enable the sustained growth of foreign subsidiaries. (For more information, please contact: Yung-Chul Kwon, Yeungnam University, Korea, South: yckwon@ynu.ac.kr)

The Effect of Internal and External Knowledge on MNE Performance: A Micro-Foundational Approach
Bijuan Zhong, Ohio State University
Shad Morris, Ohio State University

This study examines the use of internal and external knowledge for the efficiency with which international projects are completed within a large multinational firm. Our findings indicate that tacit internal knowledge and codified external knowledge play a critical role for efficient international project execution. While supporting prior theoretical work on the multinational firm as a superior vehicle for leveraging firm-specific tacit competences across national contexts, this research also highlights the importance of considering how such firms manage external knowledge in this regard. (For more information, please contact: Bijuan Zhong, Ohio State University, USA: zhong_40@fisher.osu.edu)
Barriers to Innovation: A Multilevel Analysis
Elif Bascavusoglu-Moreau, University of Cambridge
Roberto Simonetti, Open University

The purpose of this paper is to contribute to the understanding of innovation by identifying the main factors that are associated with barriers to innovation. Using micro-aggregated Community Innovation Survey Data, and multi-level modelling techniques, we aim to present an extensive exploration of barriers to innovation. The objective of the study was double-fold: First, we aim to evaluate the experience and the assessment of the barriers between different groups of firms, categorized according to the level of innovative activities. Second, we distinguish between firm-level characteristics, sectoral specialization and the national environment in determining the barriers to innovation. Preliminary results confirm recent evidence about the existence of a high degree of heterogeneity in firms within industries and countries, and highlight the importance of national innovation system versus sectoral specialization in the assessment of barriers to innovation. (For more information, please contact: Elif Bascavusoglu-Moreau, University of Cambridge, United Kingdom: e.bascavusoglu@cbr.cam.ac.uk)

Session: 2.5.17 - Interactive
Track: 1 - Institutions, Governance, CSR

Corporate Governance, Firm Strategy, and Performance

Presented On: June 27, 2011 - 17:15-18:30
Chair: Ilya Cuypers, Singapore Management University

Does the Corporate Ownership Structure Affect Its Strategy Toward Interorganizational Relationships?: Approach from the Agency Theory
Seong-jin Choi, Peking University

This paper examines the relationship between a firm’s ownership structure and interorganizational relations (IORs). Based on the agency theory, this research contends that manager-controlled firms are more likely to join IORs than owner-controlled firms. In addition, this paper argues that economic institutions moderate the relationship between the ownership structure and IORs. Hypotheses were tested with data collected from 62 countries and more than 20,000 firms. The results of the hierarchical logistic regression suggest that the “separation of ownership and management” and “ownership dispersion” are significant drivers for IORs. Furthermore, agency cost is more salient in underdeveloped countries than in developed countries, implying that IORs are affected by intra-firm agency cost and country-level institutions—aspects which had been ignored in previous studies. (For more information, please contact: Seong-jin Choi, Peking University, Korea, South: cuichengzhen@gsm.pku.edu.cn)

Board Composition and International Diversification: Evidence from Taiwan
Tsun-Jui Hsieh, Providence University
Hsien-Jui Chung, National Chung Cheng University
Yu-An Huang, National Chi Nan University

This paper investigates how board structure affects firm international diversification. We examine the effects of board structure, including board size, international directors, outside directors and institutional directors, on firm international diversification. In addition, we further investigate the moderating effects of institutional forces on the relationships between board structure and firm international diversification. Our results, using a sample of Taiwanese firms, reveal that board attributes are significantly associated with firm international diversification.
Furthermore, we find that institutional forces partially moderate the relationships between board structure and firm international diversification. This study contributes to the growing literature in the field of strategic management by demonstrating, in particular, the impact of institutional forces on the strategic board decision-making process. (For more information, please contact: Tsun-Jui Hsieh, Providence University, Taiwan: tjhsieh@pu.edu.tw)

Us Knows Us in the UK: On Director Networks and CEO Compensation
Luc Renneboog, Tilburg University
Yang Zhao, Cardiff University

This paper examines the relation between CEO compensation and networks of executive and non-executive directors and is based on a sample of all listed UK companies over the period 1996-2007. We analyze whether networks are built for reasons of information gathering or for the accumulation of managerial influence. We measure networks at the director as well as at the company level. Both indirect networks (enabling directors to collect information) and direct networks (leading to more managerial influence) enable the CEO to obtain higher compensation. Direct networks can harm the efficiency of the remuneration contracts in the sense that the performance sensitivity is lower. The network analysis at the company level suggests that busy boards reduce directors’ monitoring effectiveness and lead to higher and less efficient CEO compensation. We also find that hiring experienced remuneration consultants with sizeable client networks leads to higher CEO compensation in larger firms. (For more information, please contact: Yang Zhao, Cardiff University, United Kingdom: zhaoy29@cardiff.ac.uk)

Does Foreign Ownership Influence Firm Internationalization? Evidence from Taiwan
Tsun-Jui Hsieh, Providence University
Yu-Ju Chen, National Changhua University of Education
Hsien-Jui Chung, National Chung Cheng University

Internationalization has received escalating attention in corporate strategic choice. The contribution of foreign ownership to Taiwan's economic development was recognized. The higher ratio of foreign ownership indicates that foreign institutions have significant influences on corporate strategy formation, and domestic companies can benefit from assistances of their foreign investors. Hence, foreign ownership will affect corporate internationalization. This paper uses Taiwan's listed companies as sample and measure corporate internationalization by foreign assets, foreign subsidiary and country scope. Our empirical findings suggest that higher the proportion of foreign ownership and foreign director has positive association with a higher degree of corporate internationalization. Foreign investors have international experiences and linkages which foster domestic companies to engage in internationalizing activities. (For more information, please contact: Tsun-Jui Hsieh, Providence University, Taiwan: tjhsieh@pu.edu.tw)

Stock Repurchase as a Decoupling from Governance Reform in Korean Companies
Jootae Kim, Dankook University

Corporate governance reform adopting American governance structure is made around the world during last decade. This reform effort was mainly made as the adaptation to institution pressure. Institution theory asserts that introduction of new organization structure or managerial practice in organization pursuing legitimacy may cause decoupling and we hypothesize that stock repurchase is a decoupling from governance reform in Korean companies. Controlling shareholders tend to repurchase the stocks to maintain managerial power after governance reform which is largely pressed to all Korean companies after the currency crisis in 1997. Our research model is that governance reform in Korean companies, represented by decrease in controlling shareholder ownership, increase in institution investor ownership and foreign investors ownership and increase in the outsider ratio in the board, is positively related with the amount of stock repurchase. All hypotheses are
The Impact of Succession-CEOs on the Market Value of Innovative Announcements
Ying-Jiuan Wong, National Kaohsiung University of Applied Sciences
Li-Yu Chen, Fo Guang University

CEOs are important to organizational performance while organizations have to cope with the challenge of managing the process and consequences of CEO succession. Although numerous studies have been done in studying CEO succession, the evidences regarding the relationship between organizational consequences and CEO succession are inconclusive. Furthermore, CEOs have a strong impact on a firm’s innovation because they are the people who direct companies and control the strategy as well as structure of a firm. This research intends to clarify the inconclusive by how succession-CEOs affect firm value through the channel of a firm’s innovation activities.

The results showed that external succession-CEOs performed better in innovation activities. When we further classified internal succession-CEOs into family and unrelated succession-CEOs, we found that firms with an unrelated internal succession-CEO experienced higher stock market reactions than those with family succession-CEOs, but lower reactions than those with external succession-CEOs. Furthermore, we also found that for firms with family succession-CEOs, CEOs with lower capabilities experienced lower abnormal returns than those with higher capabilities. Moreover, for firms with family succession-CEOs, the positive effect of a founder-CEO who still served in the company on abnormal returns is stronger than it is for those who did not serve in the company. (For more information, please contact: Li-Yu Chen, Fo Guang University, Taiwan: lychen@mail.fgu.edu.tw)
ABSTRACTS FOR TUESDAY, JUNE 28, 2011

Session: 3.1.1 - Special Session

IB's Contributions to Social Science Disciplines: Past, Present and Future

Presented On: June 28, 2011 - 09:20-10:35

Chair: Tailan Chi, University of Kansas
Co-Chair: Anju Seth, Virginia Tech

The contribution of International Business to Organizational Economics
Jean-Francois Hennart, Tilburg University

IB's Contribution to Psychology
John J. Lawler, University of Illinois

The Contribution of International Business to Economic Research (and vice versa)
Mariko Sakakibara, UCLA

Sociology and IB
Eleanor Westney, York University

Session: 3.1.2 - Panel
Track: Track: 8 - Developing Country MNCs

State-of-the-Art Session: The Competitive Advantage of Developing Country MNCs

Presented On: June 28, 2011 - 09:20-10:35

Chair: Peter Williamson, University of Cambridge
Discussant: Alvaro Cuervo-Cazurra, University of South Carolina

The Competitive Advantage of Developing Country Multinational Companies
Peter Williamson, University of Cambridge
Ravi Ramamurti, Northeastern University
Afonso Carlos Corrêa Fleury, University of São Paulo
Maria Tereza Fleury, FGV/EAESP

Following a number of successful panels at previous AIB meetings looking at the rise of DMNCs, it is an opportune time to reassess a fundamental issue: what are the sources of DCMC's competitive advantage and how are these evolving? There is increasing evidence that as DMNCs mature, their advantages shift from CSAs to FSAs. Therefore this panel will be structured around three mechanisms by which a firm may develop FSAs: through innovation; by the use of M&As to access new capabilities that can be combined with existing resources to create new FSAs; and by developing novel ways of configuring their international value chains and managing foreign subsidiaries. We will compare and contrast the experience of DCMCs from Brazil, Russia, India and China and open up a discussion the issue of whether (and, if so how) we need to adjust accepted theories of internationalization to accommodate the evolution of competitive advantage within DCMCs. (For more information, please contact: Peter Williamson, University of Cambridge, United Kingdom: p.williamson@jbs.cam.ac.uk)
Governance, Institutions, and IPO

Presented On: June 28, 2011 - 09:20-10:35

Chair: Daphne Yiu, Chinese University of Hong Kong

**Institutional and Governance Factors Impacting Foreign IPO Survival**

Greg Bell, University of Dallas
Sri Beldona, University of Dallas
Abdul Rasheed, University of Texas at Arlington

To date there is little understanding of the factors that impact the survival of foreign IPOs after they list on US stock exchanges. In this study we examine how foreign IPO survival is contingent on institutional factors associated with the firm’s home country. We also explore how corporate governance and the impact of organizational identity on the survival of foreign IPOs in the US. Results suggest that the US institutional environment supports foreign firms with more independent and professional leadership, and that knowledge intense organizations have higher chances of long term success after listing on US exchanges. *(For more information, please contact: Greg Bell, University of Dallas, USA: gbell@gsm.udallas.edu)*

**The Cross-National Diversity of Corporate Governance Codes: An Actor-Centered Institutional Perspective**

Ilir Haxhi, University of Amsterdam
Ruth Aguilera, University of Illinois at Urbana-Champaign

This study examines the causal complexity and cross-national diversity of actor-centered institutions on the characteristics of corporate governance codes. The institutionally embedded dimensions of three actors (capital, management and state) serve as sets of explanations for the characteristics of a formally non-binding corporate governance regulation in terms of their issuance, voluntary and evolutionary nature. A fuzzy-set analysis of 22 OECD countries is employed to assess how and why different degrees of membership in different institutional arrangements influence corporate governance-characteristics. The analysis yields three key findings. First, while prevailing arguments emphasize the importance of capital, management or/and state-related pressures in shaping codes, none of these factors are necessary in themselves for determining the characteristics of codes. Second, the state and/or managerial-related institutions appear to be causally relevant only when combined with particular capital-related institutional conditions. Third, the analyses distil existing multi-causal explanations of code characteristics by showing several distinct, theoretically and empirically causal pathways to a specific outcome. Thus, incorporating actor-centered institutional contextuality (and complementarity) in the analysis of codes offers a more fine-grained perspective on the cross-national diversity of these institutionalized best practices. *(For more information, please contact: Ilir Haxhi, University of Amsterdam, Netherlands: i.haxhi@uva.nl)*

**Corporate Governance and IPO Underpricing Throughout the World: Agency and Institutional Perspectives**

William Q. Judge, Old Dominion University
Greg Bell, University of Dallas
Till Talaulicar, Universitat Witten/Herdecke
Jean Chen, University of Surrey
Nisha Kohli, GD Goenka World Institute
Michael A. Witt, INSEAD
Helen Hu, University of Melbourne
Previous comparative corporate governance research on IPOs has focused on either the firm- or national-level of analysis, but never both at the same time due to data limitations. Using a unique hand-collected sample of 1,200 IPOs across 20 countries during our study period of 2006-08, we examine both board- and national-level predictors of IPO underpricing after controlling for firm-, industry-, and time-related variables. Notably, our sample of economies represented nearly two-thirds of the global economy in 2008. Overall, we find limited empirical support for agency explanations, but relatively strong support for institutional explanations of IPO underpricing. Specifically, the level of protection of shareholder rights was found to be negatively related and common law legal systems were found to be positively related to IPO underpricing throughout the world. Our findings have important implications for the comparative corporate governance literature and institutional theory. (For more information, please contact: William Q. Judge, Old Dominion University, USA: wjudge@odu.edu)

Session: 3.1.4 - Panel
Track: Track: 6 - Innovation and Knowledge Mgmt.

Open Innovation in International Business: A Mechanism for Reconciling Corporate and Global Sustainability?

Presented On: June 28, 2011 - 09:20-10:35

Chair: Terry Mughan, Anglia Ruskin University
Co-Chair: Mary Yoko Brannen, INSEAD

Open Innovation in International Business: A Mechanism for Reconciling Corporate and Global Sustainability?

Terry Mughan, Anglia Ruskin University
Frank Piller, RWTH Aachen University
Marjorie Lyles, Indiana University
Christiane Prange, EMLYON Business School
Yves Doz, INSEAD

Open innovation (Chesbrough, 2003; Chesbrough, Vanhaverbeke & West, 2006; Enkel, Gassmann &Chesbrough, 2009) is a relatively new concept in the general management literature and has been taken up even more sparsely in the field of international business. Yet, in today's knowledge-based economy where multinational companies are in a race for world markets while racing with time, while under pressure to be socially responsible in local contexts, OI offers an important approach to realizing global innovation and reconciling this with global sustainability. This panel focuses on understanding OI in international business from multiple perspectives (internationalization, organizational learning, social networks, and implementation) and explores OI’s potential to merge the dual interests of social responsibility and competitive sustainability. Thus,
Session: 3.1.5 - Competitive
Track: 1 - Institutions, Governance, CSR

Country and Cultural Effects

Presented On: June 28, 2011 - 09:20-10:35

Chair: Michael A. Witt, INSEAD

Home Country Really Matters: The Effect of Country Governance on Internationalization of an MNE
Xiaoming He, Beijing Jiaotong University
Lin Cui, Australian National University

Building on the institutional environment literature, this paper proposes that considering mainly host country institutional environment offers an incomplete understanding of the influence of institutional environment on MNEs. Instead, we hypothesize that in a home country where governance quality is high, MNEs are more likely to engage in internationalization. Moreover, such effect only exists in countries with strong institutions. We tested these hypotheses with panelized data and the results provide substantial support for our hypotheses. Our theory and results underscore how the consideration of home country institutions can significantly improve our understanding of country influence on MNEs. (For more information, please contact: Xiaoming He, Beijing Jiaotong University, China: feifei.xiaoming@gmail.com)

Protecting Intellectual Property: Culture's Influence
Amanda Budde-Sung, University of Sydney

In the global marketplace of ideas, accusations are often made that certain countries refuse to protect intellectual property (I.P.). This accusation fails to account for cultural differences in the recognition of I.P. This paper considers the impact of cultural variables upon a nation’s level of (I.P.) protection. Along with cultural variables, legal origins are considered, as the legal tradition from which a nation derives its laws may influence its level of I.P. protection, and laws reflect both norms and values, as well as basic philosophies of human existence. Cultural variables such as humane orientation and collectivism have a strongly negative impact upon I.P. protection, while uncertainty avoidance and power distance have a positive impact upon I.P. protection. Legal origin has both a direct impact as well as a moderating impact on a nation’s level of I.P. protection. Managerial implications of these findings are discussed. (For more information, please contact: Amanda Budde-Sung, University of Sydney, Australia: amanda.budde-sung@sydney.edu.au)

The Role of National Institutional Environments in Inducing Entrepreneurship: A Multi Level Analysis
Manjula S. Salimath, University of North Texas
John B. Cullen, University of Amsterdam

We use multi level organization theory to assess the role of national institutional environments, and their ability to induce entrepreneurship among almost fifty thousand individuals in 22 nations. Following North (1990), we consider six salient aspects of the formal (political, legal and economic institutions) and informal institutional environments (national culture) as being most germane to behavioral indicators of entrepreneurial activity. We use hierarchical linear modeling to test our cross level main effects hypotheses, and note that certain factors of the national institutional environments do impact entrepreneurial activity. We extend understanding of the role
Determinants of Brazilian Outward Foreign Direct Investment (OFDI): An Empirical Study
Mohamed Amal, Regional University of Blumenau
Bruno Thiago Tomio, Berlin School of Economics and Law
Henrique Raboch, Regional University of Blumenau

The growing internationalization of Multinational Companies from emerging economies (EMNCs) can be described as one of the major trend in the current world economic scenario. Several empirical studies have tried to discuss the effects of macroeconomic factors, in the home and/or in the host markets. However, most of the studies are still focused on analyzing the cases of Asian countries. The aim of this paper is to address the determinants of outward FDI from Brazil, more specifically, how economic performance, institutional environment and cultural distance affect FDI patterns of Brazilian MNCs, and comparing them with the OFDI from two European countries (Spain and Portugal). Using a panel data model, we tested the effects of economic, cultural and institutional variables on the Brazilian OFDI from a host country perspective. The results show that Brazilian OFDI is influenced by trade openness, distance proximity and by the regulatory quality of the host country. However, we found no evidences about the market-seeking hypothesis and no evidences that MNCs from Brazil are more oriented to invest in countries with weak institutional environments. (For more information, please contact: Mohamed Amal, Regional University of Blumenau, Brazil: amal@furb.br)

Session: 3.1.6 - Competitive
Track: Track: 5 - MNC Management and Organization
Evolution, Fit and Embeddedness in MNC

Presented On: June 28, 2011 - 09:20-10:35
Chair: Florian Kohlbacher, German Institute for Japanese Studies (DIJ) Tokyo
Subsidiaries' Local Embeddedness, Brokerage and Innovation Outcomes: A Network Perspective
Andreas Al-Laham, University of Mannheim
Suleika Bort, University of Mannheim

Many scholars conceptualize the MNC as an intraorganizational network in which the subsidiaries occupy a bridging position between the MNC and local external networks (Almeida, Song, & Grant 2002; Andersson, Forsgren, & Holm 2002). Through the embeddedness in local networks, subsidiaries can tap into heterogeneous resource and capability pools and, thus, develop knowledge together with their local network partners (Andersson et al. 2002; Bartlett & Ghoshal 1990). This study explores subsidiaries' local network embeddedness and how it contributes to localized subsidiary innovation output from a social network perspective. In particular, we are interested in analyzing the consequences of local network density, diversity and, subsidiaries network position on its innovation outcomes. Data are derived from a longitudinal quantitative study of the entire R&D network within six of the largest lifescience cluster in Germany. The findings of our event history model indicate that the most valuable innovation driver with regard to the structure of the regional network is the size (density) of the local network. With regard to the network position, our findings indicate that a strong brokerage position has a significant positive influence on the innovation output while a position in the core of the network has a significant negative effect on the innovation output. Our results shed new light on the relationship between local embeddedness, brokerage, the danger of overembeddedness and innovation output. (For more information, please contact: Suleika Bort, University of Mannheim, Germany: sbot@rumms.uni-mannheim.de)
Evolutionary Theory and the Advantage Paradox of Multinational Corporations: Testing the effects of subsidiary Embeddedness and Autonomy on Innovation Development and Transfer Intensities
Henrik Dellestrand, Uppsala University
Francesco Ciabuschi, Uppsala University
Oscar Martín Martín, Public University of Navarre

This paper focuses on innovation development and transfer in multinational corporations. We use the evolutionary theory of the multinational company as our point of departure and confront it with the advantage paradox of such organizations. Evolutionary theory on the multinational corporation argues that the more innovations are developed, the more the subsidiary is transferring them internally within the organization. However, there are studies indicating that, due to the multiplicity of roles, a subsidiary increasingly engaged in development activities has difficulties engaging in transfer activities. This suggest that there is an advantage paradox connected to the evolutionary theory of the multinational corporation in that being competent at developing innovations does not necessarily lead to the fact that such innovations become transferred. In the paper we explore the effects of external embeddedness and subsidiary autonomy on subsidiary innovation development, and these three dimensions are subsequently linked to subsidiary innovation transfer intensity. Our analysis suggests that embeddedness and autonomy is enhancing subsidiary innovativeness but does not contribute to transfer intensity. However, we can confirm that the more a subsidiary is innovating, although being embedded and autonomous, the more it will engage in innovation transfer to sister subsidiaries. (For more information, please contact: Henrik Dellestrand, Uppsala University, Sweden: henrik.dellestrand@fek.uu.se)

The Impact of Fit among Internationalization Stages and Firms' Structure, Processes and Culture on Performance: A Profile Deviation Perspective
Bernhard Swoboda, University of Trier
Martin Jager, University of Trier
Edith Olejnik, University of Trier

This study addresses the impact of firms' structure, processes, and culture on performance in different internationalization stages. Primary data from 665 firms is used to identify five internationalization stages, methodologically derived by a latent class cluster analysis including operation modes, served countries and value-added transfer. Applying the profile deviation approach, we show that the three dimensions have a changing effect on performance in each internationalization stage. This study highlights the impact of the fit between structure, processes and culture with internationalization stages on performance, and provides managerial insights into successful patterns of coordination when further internationalization steps are planned. (For more information, please contact: Bernhard Swoboda, University of Trier, Germany: b.swoboda@uni-trier.de)

Regional Headquarters - To Be, or Not To Be? A Longitudinal Study of Headquarters Status Loss and Retention
Perttu Kähäri, Aalto University
Wilhelm Barner-Rasmussen, Hanken School of Economics
Iiris Hilvo, Aalto University
Rebecca Piekkari, Aalto University

What explains the survival or demise of a HQ unit? In this paper we ask that question in the context of regional headquarters (RHQ), and report the results of a longitudinal study of 375 RHQ units in Finland between 1998 and 2010. We find two types of RHQ life cycles: those with a temporal span and those with an indefinite term. The temporal span life cycle is typical to RHQ with an entrepreneurial role. While previously related to Asian RHQ, our data suggest it is equally relevant in Europe. Our findings indicate the indefinite term life cycle carries
a pattern of ‘to those that hath, to them shall be given’: the bigger the unit, the longer it has held RHQ status, and the better established this status, the less likely the unit is to lose it. Our findings are thus in sharp contrast with earlier research on RHQ. Furthermore, the majority of RHQ status loss is not caused by natural evolution, but is rather due to internal reorganization, that over time brings the RHQ out of sync with the needs of the units subordinated to it. (For more information, please contact: Perttu Kähäri, Aalto University, Finland: perttu.kahari@aalto.fi)

Session: 3.1.7 - Competitive
Track: Track: 6 - Innovation and Knowledge Mgmt.

Building Networks for Innovation

Presented On: June 28, 2011 - 09:20-10:35

Chair: Anusorn Kunanusorn, University of Phayao

The Influence of Firm-Level, Industry-Level and Country-Level Factors on Firms’ Innovativeness: A Multi Country Analysis
Youngwoo Lee, Korea University
Martin Hemmert, Korea University

In this paper, we investigate the influence of factors on the firm-, industry- and country-levels on the innovativeness of manufacturing firms in eight innovation-driven countries. The resource-based view, market-based view and institutional theory have established that firm-level, industry-level and country-level factors are all relevant for the innovativeness of firms. However, little is known about the relative importance of factors at the three different levels across countries, as the majority of prior research on firms’ innovativeness has dealt with samples from single or very few countries. An analysis of survey data from 865 manufacturing firms in eight countries shows that overall, firm-level factors are most strongly related with firms’ innovativeness. The influence of country-level factors is smaller and industry-level factors are not related to the innovativeness of firms. However, the results strongly differ across countries, indicating that the relative importance of firm-level, industry-level and country-level factors for innovativeness is country-specific rather than universal. (For more information, please contact: Martin Hemmert, Korea University, Korea, South: mhemmert@korea.ac.kr)

Ke Rong, University of Cambridge
Yongjiang Shi, University of Cambridge

Purpose – This paper is to develop four-phases business ecosystem life cycle as GMVN, Co-evolution, Convergence and Renewal.

Design/methodology/approach – This research uses qualitative research methodology with multiple case study. Case data were collected through firms’ interview. In terms of data analysis, the ‘three sequential versions’ cross cases methods is adopted to approach research findings.

Findings – There are vision sharing, partners expansion and fast supply chain In GMVN; partners involvement, idea variety and process sustainability in Co-evolution phase, best-solution approaching, partners reorganization and industry efficiency in Convergence phase, and identify the market situation, new solution for niche market and new idea for new industry structure in Renewal phase. Furthermore, the phase end status are also developed in order to divide the life cycle clearly.

Research limitations/implications - This research enrich the business ecosystem life cycle theories. However, this study only focus on mobile computing industry study.
Practical implications – this paper implicates to core firm of business ecosystem who want to nurture business ecosystem and niche firms who wants to participate in core firm’s business ecosystem.
Rethinking the Role of Managerial Attention in Exploiting Knowledge Flows from Remote MNC Subsidiaries
Nishant Kumar, Stockholm University
Robert Demir, Stockholm University

Extant literature on knowledge flows within the MNC network is largely preoccupied with the existing headquarters-subsidiary relations, leaving aside those parts and subsidiaries of the MNC that are underexplored and remote to such activities. The present paper devotes some attention to the limitations of current theory and extends it by introducing the need for managerial attention. Thus, the aim of the paper is to explain the role of managerial attention in exploiting the prospect of knowledge transfer from subsidiaries located in developing countries. Lack of attention may cause barrier in knowledge transfer and consequently remoteness of subsidiaries from the MNC knowledge network. This paper further explains the reasons for the lack of managerial attention. (For more information, please contact: Robert Demir, Stockholm University, Sweden: rd@fe.k.su.se)
Distributors in the Asia-Pacific region combine methods together to conduct globalization activities. The globalization process is decomposed into 3 stages: pursue steady partnership, provide the customers with perfect service through local service and global operation, and cultivate global capabilities to create added-value. (For more information, please contact: Joseph Shyh-Yeu Tzou, National Taiwan University, Taiwan: joesychou@yahoo.com.tw)

**Stakeholder Legal Action and MNE Stock Market Performance: An Event Study of Alien Tort Statue Filings: 1995-2009**

David Adam Wernick, Florida International University  
William Schneper, Florida International University

Stakeholder groups have filed more than 100 civil lawsuits against multinational enterprises in recent years over alleged human rights abuses and environmental crimes in developing countries. U.S. business leaders complain that these lawsuits are frivolous, add to their cost of doing business, and hamper their competitiveness in the global marketplace. Anecdotal evidence suggests that their concerns may be justified. But does the empirical evidence bear this out? To answer this question we conduct an event study of lawsuits filed against multinational enterprises between 1995 and 2009 under the U.S. Alien Tort Statute. Our analysis shows that MNEs do indeed experience a significant decline in share price upon filing, and that firm size and level of internationalization affect the magnitude of the negative stock market reaction. We offer conclusions and implications for practice. (For more information, please contact: David Adam Wernick, Florida International University, USA: wernick@fiu.edu)

**International Retailing - The Transnational Solution and the Moderating Role of Psychic Distance**

Stefan Elsner, University of Trier  
Christiane Koenig, University of Trier

Based on distinctive differences between retailers and manufacturers due to the local nature of the retail business, this study investigates the performance outcomes of standardized marketing strategy and centralized structure of organizational decision-making for international operating retailers. Based on the integration-responsiveness (IR) framework, it is assumed that the retail transnational strategic orientation is realized in contrast to manufacturing firms by a standardized marketing strategy and a decentralized structure of organizational decision making. Moreover, it is proposed that this combination is reversed in dependence of the moderating role of psychic close and distant markets. In order to test the proposed conceptual framework, 102 internationally operating German-speaking retailers have been interviewed by in-depth face-to-face interviews. The results indicate new insights for researchers by claiming to recognize specific sectors in future studies as well as to distinguish between psychic close and distant markets. Moreover, new insights for retail managers are provided about how a standardized marketing strategy can be implemented internationally. (For more information, please contact: Stefan Elsner, University of Trier, Germany: s.elsner@uni-trier.de)

**Issues in International Consumer Behavior**

Presented On: June 28, 2011 - 09:20-10:35

Chair: Magnus Hultman, University of Leeds
In this paper, we investigated the effects of activating consumers’ national identity (NI) on evaluation of advertising and the associated products in two contexts (NI activated through media context, and NI activated through advertising appeals). The results were consistent with the idea that heightening NI leads individuals to react more positively to representations of that identity. The salience manipulations increased respondents’ evaluations of ads and their associated products. When national identity was activated through advertising appeal, respondents presented more favorable evaluations of ads and their associated products when the ads were explicitly paired with national identity symbols or rhetoric, as compared to when no such explicit pairing was present. The activation of individuals’ national identity through media context seems to have an effect on individuals’ evaluation of ads and their associated products, even when those ads and products are not explicitly paired with national symbols or rhetoric. (For more information, please contact: Sergio W Carvalho, University of Manitoba, Canada: carvalho@cc.umanitoba.ca)

A Study of Relational Bonds on Brand Loyalty: The Mediating Effects of Brand Relationship Quality
Chao-Chin Huang, National Cheng Kung University
Shyh-Ming Huang, Southern Taiwan University
Shyh-Rong Fang, Hsiuping Institute of Technology
Shih-Chieh Fang, National Cheng Kung University
Shao-Chi Chang, National Cheng Kung University

This study uses retention strategies combined with C-A-C model to explore the loyalty in B2C context. It uses questionnaires and investigates end-customers. The sample size is 600, using LISREL to test model and hypothesis. Results found that: (1) Brand relationship quality is an important key mediating variable (KMV) between retention strategies and customers’ loyalty. (2) Relational bonds have positive impacts on brand relationship quality except that financial bonds have no positive impacts on brand relationship quality and that social bonds have no positive impacts on attitudinal attachment. Managerial implications and future research are discussed and suggested. (For more information, please contact: Chao-Chin Huang, National Cheng Kung University, Taiwan: ra896102@mail.ncku.edu.tw)

What Happens to 'Brand Japan' When Toyota Suddenly Accelerates?
Peter Magnusson, Northern Illinois University
Vijaykumar Krishnan, Northern Illinois University
Stanford A. Westjohn, University of Toledo
Srdan Zdravkovic, Bryant University

Prior country-of-origin research has primarily viewed country-specific beliefs as “causing” product-specific beliefs. In this study, however, we examine whether the causal relationship may also move in the opposite direction. Grounded in prototype theory, we examine shifts in consumer attitudes as a result of Toyota’s recent public relations crisis. Based on a comparison of pre- and post-crisis studies, the findings suggest that a less favorable attitude toward Toyota spills over to Japan’s micro country image, Japan’s auto industry, Japanese brands from both the auto and electronics industries, and also the global auto industry. In contrast, a positive spillover effect is found for the domestic (U.S.) auto industry. The results suggest a reverse causation with product-specific beliefs affecting country-specific beliefs, which has significant implications for both research and international marketing managers. (For more information, please contact: Peter Magnusson, Northern Illinois University, USA: magnusson@niu.edu)
Corporate Associations and Consumer-Foreign Company Identification: The Moderating effect of Consumer Ethnocentrism and Cosmopolitanism
Yung-hwal Park, Saint Louis University
Carri R. Tolmie, Saint Louis University
Seung H. Kim, Saint Louis University

The international business literature has explored how ethnocentrism and cosmopolitanism influence consumers’ attitudes and behavior toward foreign products, however little is known about how these constructs influence the relationship between corporate associations and identification with a foreign company. Motivated by this gap in the research, the current study explores these effects using survey data from American consumers. Results reveal that corporate social responsibility associations have a significant and positive effect on consumer foreign-company identification. The findings suggest that corporate social responsibility is becoming an increasingly important factor in purchase decisions in foreign markets as well as domestic markets. However, the moderating effects of consumer ethnocentrism and cosmopolitanism on these relationships produced rather mixed results. (For more information, please contact: Yung-hwal Park, Saint Louis University, USA: ypark9@slu.edu)

Session: 3.1.10 - Competitive
Track: 3 - IB Theory, FDI, and Entry Mode

Under Adversity: Natural and Economic Crisis

Presented On: June 28, 2011 - 09:20-10:35

Chair: Andres Ramirez, Bryant University

The Effect of Firm-Level Corruption on Foreign Direct Investment Survival in Emerging Economies: Empirical Evidence from Indonesia
Frederic Prevot, Euromed Management
Virginie Vial, Euromed Management & DEFI Aix-en-Provence

We analyze the relative survival of wholly-owned subsidiaries, joint ventures and domestically owned companies in an emerging country, and test the moderating effect of bribes and indirect taxes on survival. Contrary to previous studies that have focused on international comparison of government corruption, we use single-country firm-level corruption data. Applying an event history analysis to a population of 67,721 manufacturing establishments in Indonesia over a 33-year period (1975-2007), we test the hypothesis that corruption moderates the effect of foreignness on survival. Results show that wholly-owned subsidiaries and majority joint ventures have higher hazard rate than domestic companies, supporting the hypothesis of a liability of foreignness. However, this effect fades over time, hinting at a potential environment learning by the foreign subsidiaries. Furthermore, corruption moderates the hazard rate for young foreign subsidiaries and especially wholly-owned subsidiaries. Finally, we also show that this corruption effect disappears for older foreign subsidiaries. (For more information, please contact: Frederic Prevot, Euromed Management, France: frederic.prevot@euromed-management.com)

Foreign Direct Investment, Economic Decline and Recovery: Lessons Learned from the Asian Financial Crisis
Hwy-Chang Moon, Seoul National University
Joseph Cheng, University of Illinois at Urbana-Champaign
Min-Young Kim, University of Illinois at Urbana-Champaign
Jin-Uk Kim, University of Illinois at Urbana-Champaign
This paper examines the role of FDI as related to a nation's economic decline and recovery during a financial crisis. It is proposed that FDI has a stabilizing effect on a nation's economy both during crisis and at times of recovery. Data from a sample of affected countries during the Asian Financial Crisis supports the proposition. Countries that had more FDI prior to the crisis experienced a milder recession and a more gradual recovery in the aftermath. This stabilizing effect was found for both inward and outward FDI. The observed effect on the local economy, however, was more robust for FDI-stock than FDI-flow. These findings have important implications for both international business scholars and public-policy decision makers interested in the impact of FDI on both the host and home economies. (For more information, please contact: Hwy-Chang Moon, Seoul National University, Korea, South: cmoon@snu.ac.kr)

Predicting Financial Distress in US, Europe and Japan’s Retail Sector
Fatima Wang, King's College London
Yu-Chiang Hu, Barclays Capital

Recent crisis years have seen an increasing concern to understand more about bankruptcy and financial distress situations. This paper develops retail financial distress prediction models based on three geographical regions: USA, Europe and Japan. Four standard credit scoring methodologies: Naïve Bayes, Logistic Regression, Recursive Partitioning and Artificial Neural Network, are compared with Sequential Minimal Optimization (SMO). The results from international comparison show that all models display similar prediction ability one year before default. However, the US model performs relatively better than European and Japanese models five years before default. A composite model is constructed by combining data from US, European and Japanese markets. The prediction power is sound even if five years before default with accuracy rates above 85% and AUROC values above 0.72. No single methodology, however, had the best prediction ability across different time scales. In terms of similarity with Moody's ranking, both SMO and neural network are better than the logistic regression, with SMO being slightly better than the neural network. (For more information, please contact: Fatima Wang, King's College London, United Kingdom: fatima.wang@kcl.ac.uk)

Earthquakes: Nature's Curse or a Blessing in Disguise?
Andres Ramirez, Bryant University
Nezih Altay, DePaul University

Earthquakes are a major source of destruction. They destroy roads, ports, power plants, fixed assets, disrupt supply chains. All this destruction/disruption should negatively affect the firm. Particularly it should destroy value (market capitalization) and cash flows. An alternative view is based on Schumpeter's (1942) creative destruction. If earthquakes provide firms with the opportunity to change/improve technology, (lower the cost of adoption of new technology) they should have a positive effect on firm value and cash flows.

We test this hypothesis using a sample of 299 earthquakes that occurred between 1990 and 2004 and a large panel sample of firms from over 50 countries.

We find mixed evidence regarding creative destruction: Earthquake damage is generally positively correlated with market capitalization providing support for the creative destruction hypothesis. However, a closer look shows that this result is valid only for firms in less developed countries, particularly firms from non G8 countries. We interpret this as innovation can be easier in poorer countries where the economies of scale of adopting new technologies are bigger.

Overall, earthquake damage is negatively correlated with operational cash flows, supporting a negative view of earthquakes. We find also that even after 3 years, companies feel a reduction in their cash flows. However, this reduction in cash flows is not true for all countries. We show that firms from Latin America and Asia; the regions most affected by earthquakes experience an increase in operational cash flow. Finally, we show that multinationality helps reduce the reduction in cash flows associated with earthquake damage. (For more information, please contact: Andres Ramirez, Bryant University, USA: aramirez@bryant.edu)
**Performance of SMEs and Early Internationalizing Firms**

**Presented On:** June 28, 2011 - 09:20-10:35

Chair: Linghui Tang, College of New Jersey

**Systematic Analysis of Early Internationalizing Firm Performance**

Gordian Rättich, University of Erlangen-Nuernberg
Kim Clark, University of Texas at San Antonio
Evi Hartmann, University of Erlangen-Nuernberg

With increasing importance of early internationalizing firms (EIFs), research interest on their performance in the recent literature has grown rapidly. To enhance our understanding of what drives EIF performance, we conduct a systematic analysis of performance antecedents and measures of current empirical research. This method allows us to; (i) systematically analyze EIFs literature to identify how performance has been examined empirically; (ii) methodically identify and synthesize the antecedents of performance in respect to EIFs’ specific resources, capabilities, and strategies, and (iii) to identify areas that are understudied. Based on the analysis, we make future research suggestions. (For more information, please contact: Gordian Rättich, University of Erlangen-Nuernberg, Germany: gordian.raettich@gmx.de)

**The Digital Transformation for SMEs on Organizational Performance - Evidence from Web Portal of Taiwan Textile Industry**

Yingyu Chen, Natinal Taiwan University
Yi-Long Jaw, National Taiwan University

The purpose of this study is to explore the determinants of information and communication technology (ICT) of industry portal site and the impact on organizational performance from industry users’ perspectives. The research methodology is based on field interviews and questionnaire survey of 46 data samples. Data sample are from SMEs in textile industry. The major finding of this study revealed ICT portal function contributed the most to organizational performance. The most key ICT portal functions include service, B2B, and cloud computing. The portal usability and interface represent only partially effect on performance. The two variables demonstrate moderation effect. Thus, the ICT portal resources providers should not only focus on operating friendliness of portal interface, they should also focus on quality training for users. Another significant and unexpected finding is the negative relationship between industry benchmark information provided in the portal interface and performance. From theoretical hypothesis, we proposed the relationship is positive; however, the result shows negative. (For more information, please contact: Yingyu Chen, Natinal Taiwan University, Taiwan: ying1116@hotmail.com)

**Market Orientation of SMEs in Southeast Asia: An Empirical Analysis**

Michael Louis Troilo, University of Tulsa

There is a growing consensus among policymakers and academics that internationalization of domestic firms will create jobs and wealth, yet relatively little is known about the incentives for small and medium enterprises (SMEs) to undertake this process. I analyze the motivations of SMEs from Vietnam, Indonesia, and the Philippines to engage in both direct and indirect exporting in the context of triangulation, which considers the impact of the global economy, national economy, and societal milieu on SMEs. I find that scarce demand in the home market is positively and significantly correlated with exporting, while favorable government incentives are less significant. The attractiveness of foreign markets also has a positive and significant effect, but is not as
robust as domestic markets. These findings suggest that national economies are currently more important than the global economy for SME exports in Southeast Asia; my results call into question the ability of governments to encourage SMEs to internationalize via exporting. (For more information, please contact: Michael Louis Troilo, University of Tulsa, USA: mike-troilo@utulsa.edu)

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**Session: 3.1.12 - Competitive**  
**Track: 1 - Institutions, Governance, CSR**

**State, Legal Systems, and Institutions**

**Presented On:** June 28, 2011 - 09:20-10:35

Chair: Jean-Paul Roy, Queen's University

*Legal System Voids and Wholly Owned Foreign Subsidiary Performance: The Mediating Role of Government Relational Ties as Nonmarket Assets*

George O. White III, Old Dominion University  
Anne Canabal, University of Maine  
Thomas A. Hemphill, University of Michigan, Flint

In this study we develop and test a model concerning how wholly owned foreign subsidiaries (WOFSs) create positive performance outcomes when operating in an emerging market with inherent legal system voids. Our analysis of 181 WOFSs in the Philippines suggests that managerial perceptions of legal system voids are positively related to government relational tie cultivation. Our findings further suggest that the positive relationship between managerial perceptions of legal system voids and government relational tie cultivation is strengthened for WOFSs that are manufacturing intensive, and that the maintenance of WOFS government relational ties as nonmarket assets mediates the negative relationship between perceived legal system voids and performance. (For more information, please contact: George O. White III, Old Dominion University, USA: gowhite@odu.edu)

*Firm's Response to the Competing Demands of the Global and the Local: Local Government's Moderating Role*

Qian Lu, National University of Singapore

The globalization increasingly exposes firms in emerging economies to competing institutional demands of global actors and local actors. While global actors, such as foreign investors, require local firms to change toward Anglo-Saxon model by reducing family control, family business groups may resist such change in their affiliated firms. We tested the hypotheses about firms’ response to competing demands using listed firms in Taiwan between 1996 and 2005. We find that, firms with high family business group ownership are more likely to reduce visible dimensions of family control, but resist to the decline of family’s actual control in the board. We further suggest that the enactment of Corporate Governance Best-Practice Principles in 2002 legitimizes the demand of global actors and delegitimizes that of family business groups. The changed normative environment makes foreign investors’ demands to reduce family control become more influential, while strengthens family business group’s effort to protect family’s actual control. (For more information, please contact: Qian Lu, National University of Singapore, Singapore: iuqian@nus.edu.sg)

*Corporate Risk-Taking in Privatized Firms: International Evidence on the Role of State and Foreign Owners*

Walid Saffar, American University of Beirut  
Narjess Boubakri, American University of Sharjah  
Jean-Claude Cosset, HEC Montréal
We rely on a unique database of 190 newly privatized firms from 36 countries to investigate the impact of the identity of the shareholders on the corporate risk taking behavior of these firms. We find strong and robust evidence that state (foreign) ownership is negatively (positively) related to corporate risk taking. Moreover, we find that these relations between shareholders and corporate risk taking depend on the country-level governance institutions. Our results suggest that the relinquishment of the government control, the openness of the barriers to the foreign investments, and the improvement of the country-level governance institutions are key factors for the success of the privatization. (For more information, please contact: Walid Saffar, American University of Beirut, Lebanon: walid.saffar@aub.edu.lb)

Capitalizing on Weak Institutions: How Local Resources Influence Private Equity Performance in Emerging Economies
Markus D Taussig, Harvard Business School

How is private equity (PE) performance affected by the weak contract enforcement typical of emerging economies? Using a novel dataset covering investments by 47 PE firms in 49 emerging economies, I find: i.) performance improved when contract enforcement was weaker; and ii.) this counter-intuitive finding results from the moderating influence of firms’ localness. Specifically, both locally originating PE firms and foreign counterparts on at least their second local fund exhibited negative relationships between contract enforcement and performance. These results represent rare empirical evidence of the performance effects of interacting firm resources and country institutions. (For more information, please contact: Markus D Taussig, Harvard Business School, USA: mtaussig@hbs.edu)

Session: 3.1.14 - Interactive
Track: Track: 5 - MNC Management and Organization

Strategic Issues on MNC

Presented On: June 28, 2011 - 09:20-10:35

Chair: Maria Alejandra Gonzalez-Perez, Universidad Eafit

Control of Subsidiaries Abroad: A Comparison of Japanese and French MNCs in China
Johannes Schaaper, BEM Bordeaux Management School
Jacques Jaussaud, University of Pau
Shuji Mizoguchi, Yokohama National University
Hiroyuki Nakamura, Yokohama National University

The central research question investigated in this contribution is how multinational firms exert control over their subsidiaries and activities abroad. A formerly published quantitative survey that we have conducted in 2002, revealed four main dimensions of control. On the basis of the statistical results of that survey, we interviewed expatriate managers in charge of 12 French and 10 Japanese subsidiaries in China between 2005 and 2007. A thematic content analysis of the interviews shows the same four main dimensions of control: control by means of the share of capital, expatriation, training and formalization. The 22 qualitative interviews provide deeper explanations of the implementation of each control dimension. This contribution highlights both similarities and differences between Japanese and French MNCs’ control systems in China, as well as the tendency of Japanese and French control systems to converge. Finally, we show how French and Japanese MNCs despite high levels of formal control manage to maintain sufficient responsiveness which is necessary in the highly dynamic Chinese context. (For more information, please contact: Johannes Schaaper, BEM Bordeaux Management School, France: jan.schaaper@bem.edu)
A Role Analysis of a Japanese Subsidiary of P&G: Extending the Integration-Responsiveness Framework and its Applications
Rei Hasegawa, Daito Bunka University

In this paper, I will follow the historical transition in the role of the Japanese subsidiary of P&G in order to analyze business challenges faced by foreign-affiliated companies in Japan in recent years. I will do this in two ways. One is to apply the integration and responsiveness framework and extend it to include a new factor, the importance of the local environment. This is to examine the shifts in the role of the subsidiaries. Due to a decrease in the relative importance of Japanese market, a new creative role should be formulated for the subsidiary. Secondly, I will take a close look at the implications caused by the transformation of P&G into a front-back hybrid organization. From the headquarters point of view, such organizations have received positive evaluations from analysts. However, there seems to be some serious issues inherent in them from the subsidiaries point of view. Issues regarding motivation, career formation, or cannibalization etc. have been raised. I hope that these findings will contribute to the real understanding of such transformations. (For more information, please contact: Rei Hasegawa, Daito Bunka University, Japan: reihm@ic.daito.ac.jp)

Decision Making in R&D Outsourcing: A Systematic Approach from the Pharmaceutical Industry
Lydia Bals, Copenhagen Business School
Kyra Kneis, Bayer Business Services
Christine Lemeke, Bayer Business Services

In an increasingly competitive environment, the pharmaceutical industry faces increasing R&D costs and longer development times, which increase a product's time to market. Therefore, the issue of costs and outsourcing of R&D is increasing in importance, but systematic approaches for understanding the decision making process on R&D outsourcing are lacking. To address this gap, we present a framework developed in the context of a multinational pharmaceutical company. The framework builds on general make-or-buy frameworks and incorporates specificities of the service and knowledge-driven areas of pharmaceutical research. Tactical and strategic outsourcing considerations are reflected in the framework, which also reflects the increased fine slicing of activities beyond the common dichotomy of core and non-core activities. The framework may be applicable in similar R&D-intensive settings and it therefore contributes to the emerging area of research into decision making processes on outsourcing in knowledge-intensive industries. (For more information, please contact: Lydia Bals, Copenhagen Business School, Denmark: lydia.bals@web.de)

The Study on the Factors of Employee Turnover Intention
Ankhtuya Tsetsegmaa, National ChiNan University
Tung Sheng Kuo, Nanhua university

This study aimed to investigate the relation among the leadership styles, and organizational climate which affect employee turnover intention. This study used statistical method of design of the questionnaire. Following data collection, descriptive statistic analysis was applied to conduct data analysis. To test the research hypothesis, this study primarily used Amos17 to do Structural Equation Modeling (SEM) in order to assess relationship across various dimensions. Sampled population of this study was employees in Mongolia, Taiwan, and Chinese trading company. The result findings Taiwan, China, and Mongolian organization climate not affect an employee turnover intention and Taiwan's leadership styles not significantly affect an employee turnover intension, China and Mongolian leadership styles affect on employee turnover intention, and Taiwan, China, and Mongolian leadership styles leadership style affect on organization climate. (For more information, please contact: Ankhtuya Tsetsegmaa, National ChiNan University, Taiwan: ankhtuya_ts@yahoo.com)
E-Commerce in China: A Multi-Theoretical Framework and Research Propositions
James Agarwal, University of Calgary
Terry Wu, University of Ontario Institute of Technology
Roy George, University of Calgary

E-commerce is widely accepted as the platform for conducting business all over the world. China as the world's fastest growing and emerging economy is adapting fast to use the Internet to conduct business. It is therefore pertinent to look at the determinants of and deterrents to e-commerce growth in China. The purpose of the article is to propose a multi-level, multi-theoretical framework with research propositions to understand the determinants of and challenges to the growth of e-commerce in China. Several theoretical strands are utilized into a framework explaining the adoption and expansion of e-commerce in China. The framework is identified at three levels. At the global level, the authors identify multilateral agreements, technological diffusion and strategic behavior of MNEs as the key drivers of and deterrents to growth of e-commerce in China. At the national level institutional environment, infrastructure and culture are identified. The transactional level examines the role of integrity of transactions, online intermediaries, and network externalities/value clustering as the key factors for growth of e-commerce in China. The study highlights implications for global marketers on how to effectively make use of e-commerce for doing business in China. (For more information, please contact: Terry Wu, University of Ontario Institute of Technology, Canada: terry.wu@uoit.ca)

An Exploratory Study on the Localization Model of Foreign Subsidiaries: Three Global MNEs in the Korean Market
Jang Hoon Kim, Seoul Women's University
Jootae Kim, Dankook University
Jai B. Kim, SungKyunKwan University

This paper is concerned with performance gap to which MNEs have not always been profitable vis-à-vis local competitors in an emerging market. This study elaborates the degree of localization by MNEs in the Korean market, especially from the viewpoint of subsidiaries. This research explored contingency factors on localization, combining characteristics of local market with those of subsidiary. Based on a series of field interviews and results from questionnaires, this paper tried to identify the critical determinants of localization from the in-depth case studies of three global MNCs from diverse industries. Those covered include Nestle Korea (manufacturing), SAP Korea (service) and eBay Korea (online). From the results, we suggest propositions, germane to local market and localization by MNEs. To begin with, this study tried to corroborate the relationship between local market's relative differentiation and local responsiveness by MNEs, in terms of Headquarter capability, dominant local player and entry mode. This study is an attempt to contribute to explaining more in detail concerned with the degree of localization by MNEs in an emerging market. (For more information, please contact: Jang Hoon Kim, Seoul Women's University, Korea, South: jhkim0505@hotmail.com)

Session: 3.1.15 - Interactive
Track: Track: 3 - IB Theory, FDI, and Entry Mode

Acquisitions, and Governance Issues

Presented On: June 28, 2011 - 09:20-10:35
Chair: Sjoerd Beugelsdijk, University of Groningen

International Ambidexterity and Firm Performance in Small Emerging Economies
Chia-Wen Hsu, National Chung Cheng University
Homin Chen, National Taiwan University
Yung-Chih Lien, National Taiwan University
Traditional IB theories stress unilaterally on the implication of firm's exploitative strategy. However, the unprecedented competitive environment of nowadays necessitates firm's “ambidexterity” to perform simultaneously in exploitation and exploration. Basing on the balanced panel data of 207 Taiwanese firms spanning six year (2000-2005), this research examines the performance of international ambidexterity. Our finding reveals that the ambidexterity promotes firm’s performance. However, for those firms of small emerging economies (i.e. Taiwan), their practicing in international ambidexterity is greatly vulnerable to environmental complexity and sensitive to firm’s international experience and capability, which moderate significantly for the performance outcome. (For more information, please contact: Chia-Wen Hsu, National Chung Cheng University, Taiwan: cwhsu@ccu.edu.tw)

Board, Ownership and Compensation Structures and Choice of Investment Based Foreign Entry Mode: An Agency Theory Perspective
Deepak K Datta, University of Texas at Arlington
Martina Musteen, San Diego State University
Elena Radeva, University of Texas at Arlington

Unlike much of the prior research on foreign market entry mode choice which has largely been grounded in the transaction cost perspective the current study seeks to assess how managerial motivations and self-interests impact such choice. We draw on agency theory to develop hypotheses that link board, ownership and executive compensation structures to the choice between three equity-based investment entry modes, namely, joint ventures, acquisitions and greenfield ventures. Multinomial logit analysis based on a sample of 682 foreign investment entries made by U.S. manufacturing firms between 1991 to 1999, indicates support for several of the hypothesized relationships. However, the lack of support for others is indicative of the fact that the relationships between governance structures and investment entry modes are more complex than the agency theory arguments would lead us to believe. (For more information, please contact: Deepak K Datta, University of Texas at Arlington, USA: ddatta@uta.edu)

Governance Costs in Foreign Establishment Modes: A MNC Headquarers Puzzle
Sverre Tomassen, BI Norwegian School of Management
Gabriel R. G. Benito, BI Norwegian Business School
Randi Lunnan, BI Norwegian School of Management

What characteristics do foreign establishment modes have in regard to governance costs? And where do these costs come from? Using survey data from Norwegian multinational companies (MNCs), this study investigates 158 MNC-subsidiary relationships. The subsidiaries are established either as greenfields or as acquisitions. The results indicate that even though the aggregated sum of governance costs does not differ across establishment modes, different categories of these costs do so. In addition, such costs are driven by external factors, internal factors, as well as factors that characterize a particular MNC headquarters-subsidiary relationship. (For more information, please contact: Sverre Tomassen, BI Norwegian School of Management, Norway: sverre.tomassen@bi.no)

Consumer Animosity, Host Country Market Response and Cross-border Acquisitions: A Comparison between China and Taiwan
Cher-Min Fong, National Sun Yat-Sen University
Chun-Ling Lee, National Sun Yat-Sen University
Yunzhou Du, Anhui University of Finance and Economics

Acquisition as a choice of foreign entry or sequential entry is widely used. However, little has been written regarding the impact of consumer animosity on cross-border acquisition activities. In this study, we compare
Chinese (high animosity toward Japan) and Taiwanese consumers’ (low animosity toward Japan) responses toward a Japanese multinational corporations (MNCs) acquiring a domestic firm. We posit that host country consumer response toward a cross-border acquisition is negatively affected by consumer animosity, and consumers in a country with low animosity toward the country of foreign acquirer have more positive responses toward a cross-border acquisition than those in a country with high animosity toward the country of foreign acquirer. In addition, we hypothesize a positive relationship between local acquired firm’s reputation and local consumer responses toward a cross-border acquisition in a low-animosity host country market, and a negative relationship between local acquired firm’s reputation and local consumer attitudes toward a cross-border acquisition in a high-animosity host country market. Results from an experiment revealed consistent support for these hypotheses. Implication and limitations of the findings are also discussed. (For more information, please contact: Chun-Ling Lee, National Sun Yat-Sen University, Taiwan: d934010005@student.nsysu.edu.tw)

Session: 3.1.16 - Interactive
Track: Track: 6 - Innovation and Knowledge Mgmt.

Sharing Knowledge Within and Across Firms

Presented On: June 28, 2011 - 09:20-10:35

Chair: Peter Ping Li, Copenhagen Business School

*Marshall vs. Jacobs: An Intervention via Multi-Dimensional, Dynamic Characterization of Clusters*

Shengsheng Huang, Rutgers University
Robert McNamee, Temple University
Xiaoyu Pu, Rutgers University

Economic clusters have been a major topic in economic geography, urban studies, industrial economics, and international business. This large body of literature discusses the phenomenon of geographic clustering, co-location benefits in the form of externalities, and the impact of these externalities, particularly knowledge externalities, on regional systems of innovation. However, scholars have different theories about the details of how knowledge externalities contribute to innovation and economic growth—with one camp arguing in favor of benefits within an industry or technological field and the other suggesting that cross-industry fertilization is the true benefits. We propose that this debate might be moot because the specialization-diversification dichotomy is an ill characterization of regional clusters. We argue instead that among various benefits and motives, knowledge externalities are neither necessary nor sufficient ones for geographic agglomeration. In that sense, the structure of clusters will not reflect the benefits of knowledge externalities. Using patent and location datasets from NBER and Geonames, we identified regional innovation clusters in US from 1975 to 1999. Our analysis demonstrates that the actual knowledge externalities are not related to the structure of the clusters. Put in the lens of evolution, development path of several typical clusters is discussed in more details. (For more information, please contact: Shengsheng Huang, Rutgers University, USA: charlyhuang@hotmail.com)

An Organization Learning Platform and Communication as Triggers for Knowledge Creation in IJVs

Yong S Pak, Yonsei University
Yunjin Chung, Yonsei University

Determinants of Knowledge creation in IJVs are rarely examined. In this study we focus on knowledge creation and explore determinants of knowledge creation in an IJV context. Formal and informal communications are crucial for knowledge creation, and an organization learning platform, which includes commitment, cultural distance, and guidance system, is identified as a trigger for communication. Using the samples collected from the parents of 126 IJVs, we show that the impact of an organization learning platform triggers formal and informal communication, and subsequently affect the knowledge creation.
Commitment to partners and guidance system showed positive relationship with both communication (informal and formal communication), but cultural distance between partners showed positive effect only on the formal communication. We showed two-step regression and confirmed that two channels of communication have positive relationship with knowledge creation. Only informal communication acted as a mediator between the organization learning platform and knowledge creation. Further research is suggested on the constructing interactive organization for knowledge creation. (For more information, please contact: Yong S Pak, Yonsei University, Korea, South: yspak@yonsei.ac.kr)

Knowledge Sharing and Knowledge Transfer Effectiveness: Learning Orientation and Co-production in the Contingency Model of Tacit Knowledge
Li-Wei Wu, Tunghai University
Jwu-Rong Lin, Tunghai University

Knowledge transfer has grown in importance in the recent years. This paper studies the development in the relationship between knowledge sharing and knowledge transfer effectiveness. By focusing on learning orientation and co-production, this study demonstrates the indirect effects of knowledge sharing on knowledge transfer effectiveness. The direct and indirect effects of knowledge sharing on knowledge transfer effectiveness, which vary with differing levels of tacit knowledge, are also examined. Overall, this paper highlights the importance of learning orientation and co-production in tacit knowledge transfer processes. (For more information, please contact: Li-Wei Wu, Tunghai University, Taiwan: lwwu@thu.edu.tw)

The Foreign Subsidiaries’ Innovations and Network Ties in the Institutional Contexts
Chih-Hao Tsai, National Sun Yat-Sen University
Chih-Fang Chiu, National Taiwan University

The purpose of this study emphasizes that a subsidiary develops exploratory and exploitative innovations by leveraging network ties, including strong ties and weak ties, in institutional contexts. We present that heterogeneous network ties shaped different types and connections should be configured by a subsidiary with the different purposes of innovative actives. The institutional contexts will influence the categories of subsidiaries’ innovations embedded in social rational elements. A subsidiary engages innovative activities to build legitimate ties for survival that has been a emerging issue in international voids, especially for subsidiaries in emerging countries. (For more information, please contact: Chih-Hao Tsai, National Sun Yat-Sen University, Taiwan: takey@ms10.hinet.net)

Session: 3.1.17 - Interactive
Track: Track: 1 - Institutions, Governance, CSR

Corporate Governance around the World
Presented On: June 28, 2011 - 09:20-10:35
Chair: Christina Ahmadjian, Hitotsubashi University

Analysis of Corporate Board Composition and Diversity in Brazilian Companies
Marcelle Coares Oliveira, University of Fortaleza/Federal University of Ceará
Lindenberg Araújo Araçã, University of Fortaleza
Vera Maria Rodrigues Ponte, Federal University of Ceará
Marcia Martins Mendes De Luca, Federal University of Ceará
José Maurício Galli Geleitate, University of Fortaleza
The study evaluated the degree of adherence of Brazilian companies traded on the BM&FBovespa stock market to good practices of corporate governance with regard to board composition and diversity in light of the recommendations issued by the Brazilian Institute of Corporate Governance (IBGC) and in the literature on the subject. Board size (average: 8.15 members) was within IBGC standards, but the average term (1.63 years) was shorter than recommended (two years). The majority of board members were outsiders. The number of board committees was unsatisfactory but showed a tendency to increase. In 19.7% of the companies the functions of CEO and chairman were juxtaposed, and more than half the CEOs were also board members, in spite of IBGC recommendations to the contrary. Board interlocking was found to be a common practice. The vast majority of board members were male (94.3%). In terms of age (average: 55.9 years), board members were considerably diversified. The same was true for knowledge and previous experience: 22.6% had finance and/or accounting skills, 25% had previously been CEOs and 26.8% had experience on the international market. Overall, Brazilian companies are increasingly adhering to the practices of corporate governance recommended by the IBGC and in the literature. (For more information, please contact: Marcelle Colares Oliveira, University of Fortaleza/Federal University of Ceará, Brazil: marcellecolares@unifor.br)

IPO Underpricing as a Result of Principal-Principal Conflicts: Evidence from an Emerging Economy
Chih-Pin Lin, Aletheia University
Cheng-min Chuang, National Taiwan University
Ching-Lu Cheng, Aletheia University
Tai-Hu Hsu, Aletheia University

Recent research from the United States has advocated increasing ownership concentration and aligning ownership and control to mitigate principal-agent conflicts for entrepreneurial firms. However, in this study, we argue that the major governance problem in an emerging economy is principal-principal conflicts, and that increasing ownership concentration and aligning ownership and control will instead reinforce such conflicts and IPO underpricing. Using data from 525 IPO firms in Taiwan, an emerging economy, this study finds that increasing managers’ ownership, family ownership, and non-individual ownership and introducing CEO duality worsen IPO underpricing, while employing independent outside directors mitigates IPO underpricing. These results are consistent with our hypotheses concerning principal-principal conflicts. We conclude that principal-principal conflicts, rather than principal-agent conflicts, dominate in an emerging economy. Government policies designed to address principal-agent conflicts, such as increasing ownership concentration and aligning ownership and control, may make principal-principal conflicts worse in an emerging economy. (For more information, please contact: Chih-Pin Lin, Aletheia University, Taiwan: cplin@mail.au.edu.tw)

Globalization and Corporate Governance Convergence: The Multinational Corporation as an Agent of Convergence
Katarina Sikavica, University of Munich
Toru Yoshikawa, Singapore Management University

The paper aims at developing a theoretical model that explains the conditions under which MNCs as a key manifestation of economic globalization impact on the convergence of corporate governance systems. It is argued that MNCs contribute to convergence by means of spillover to local corporate governance systems. Such spillover depends on cross-border transfer of practices across the MNC network. Corporate governance practices are not unilaterally transferred from headquarter to subsidiary, nor do MNCs necessarily engage in practice transfer. Instead, subsidiary strength relative to headquarter and context dissimilarity between MNC home and host country are decisive for the intensity and direction of transfer. Consequently, practice transfer and thus convergence may be at the same time and substantive or symbolic. In some instances corporate governance systems will continues to diverge. (For more information, please contact: Katarina Sikavica, University of Munich, Germany: sikavica@bwl.lmu.de)
Investor Protection and Agency Conflicts in Family Firms: Evidence from China
   Jing Zhou, RMIT University
   On Kit Tam, RMIT University
   Changwen Zhao, Sichuan University
   Yingkai Tang, Sichuan University

Family firms often face agency issues arising from potential mismatch between their concentrated ownership structure and the effectiveness of investor protection provided by the country's legal and regulatory systems. We develop two indices to measure the quality of investor protection in China. A time series index evaluates changes of legal rules protective of investor rights as an indicator for formal investor protection, and a cross-sectional index for provincial variations in the quality of investor protection measures investor protection in practice. Based on a unique and detailed family-firm data set from China for the period 2000-2009, we examine the effects of investor protection on how the twin agency conflicts in family firms are tackled. Moreover, as the current literature on family firm governance usually addresses issues at the aggregate national level, our approach to investigate changes within a country over time and across different regions will mitigate estimate biases that plague the literature. Our findings show that the agency conflicts in family firms can be significantly mitigated by the evolution of formal rules, while the effect of the enforcement of investor protection is weak. This study enriches our understanding of the nature of corporate governance in family firms. (For more information, please contact: Jing Zhou, RMIT University, Australia: jing.zhou@rmit.edu.au)

Networks of Corporate Ownership in Japan, Korea and Taiwan
   Christina Ahmadjian, Hitotsubashi University
   Jonathan Brookfield, Tufts University
   Sea-Jin Chang, National University of Singapore

This paper compares the structure of ownership networks in Japan, Korea, and Taiwan, between 1990 and 2000, based on an analysis of ownership ties between the largest 185 corporations and 15 financial institutions in each country. We construct networks with all the actors, and then reanalyze those networks after removing with specific categories of actors, namely financial institutions and foreign investors. We find that different types of owners affect the structure of the network in very different ways, in terms of linking clusters of firms, and providing links between these clusters. We find that in all three countries, financial institutions link clusters of firms, and the different ownership network structures between the two countries and across time can be attributed to different levels of participation in firm ownership by financial institutions. In contrast, foreign owners play virtually no role in structuring these networks. (For more information, please contact: Christina Ahmadjian, Hitotsubashi University, Japan: cahmadjian@ics.hit-u.ac.jp)

Geography, Ownership Networks, and Director Interlocks in Taiwan
   Jonathan Brookfield, Tufts University

What influences the distribution of ownership ties and director interlocks within an economy? To better understand what factors may be important, this paper looks at ownership ties and director interlocks in Taiwan. Going beyond simple structural description, this paper takes a quantitative approach that allows different factors to be considered, not just in terms of plausible effect, but also in terms of relative importance. The paper finds that financial institutions, industry, business groups, and geography all play a role, with business group membership having the most significant influence on the distribution of ownership ties and director interlocks. (For more information, please contact: Jonathan Brookfield, Tufts University, USA: jon.brookfield@tufts.edu)
Session: 3.2 - Special Session

**2011 JIBS Decade Award**

Presented On: June 28, 2011 - 11:15-12:45

Chair: John Cantwell, Rutgers University

*Retrospective on his 2011 JIBS Decade Award winning article, ‘Cultural distance revisited: Towards a more rigorous conceptualization and measurement of cultural differences’, JIBS, 32(3):519-535.*

Oded Shenkar, Ohio State University

Discussants:
- Jane Salk, University of Texas at Dallas
- Lilach Nachum, Baruch College

Session: 3.3.1 - Special Session

**Economic Integration in the APEC Region: Developing Leadership and Management Capacity**

Presented On: June 28, 2011 - 13:45-15:00

Chair: Etsu Inaba, Institute for International Studies and Training

Panelists:
- Etsu Inaba, Institute for International Studies and Training
- Nigel Haworth, University of Auckland
- Charles A. Barrett, Charles A. Barrett Consulting Services, Inc.
- Reiko Toyoshima, Institute for International Studies and Training

Session: 3.3.2 - Panel

Track: 3 - IB Theory, FDI, and Entry Mode

**State-of-the-Art Session: Regions in a Semi-Globalized World: Opportunities and Challenges for International Business Research**

Presented On: June 28, 2011 - 13:45-15:00

Chair: Jean-Luc Arregle, EDHEC Business School

*Regions in a Semi-Globalized World: Opportunities and Challenges for International Business Research*

Jean-Luc Arregle, EDHEC Business School
- Ruth Aguilera, University of Illinois at Urbana-Champaign
- Ricardo Flores, University of New South Wales
- Louis Hebert, HEC Montréal
- Shige Makino, Chinese University of Hong Kong
- Tom Osegowitsch, University of Melbourne
- André Sammartino, University of Melbourne
Recently, the semi-globalization view has known a growing interest with several studies validating its existence and the importance of regions in MNEs' international strategy. Building from these results, this panel session intends to move to the next step of this research agenda. Our objectives are: 1) to study the different roles of regions for semi-globalized MNEs, 2) to present the opportunities and problems resulting of this level of analysis in international business (IB) research.

Around this topic, this panel session is made of four presentations covering these important opportunities and challenges for semi-globalization in IB research: What are the different research streams in semi-globalization and regionalization; is it a homogeneous or heterogeneous research field? Why and how MNEs integrate their international strategy at the regional level? What are the roles of these regions in MNEs' semi-globalized strategies? Therefore, its main purposes are to critically present and clarify important research questions (including limits), ideas and some results about these roles of regions. (For more information, please contact: Jean-Luc Arregle, EDHEC Business School, France: jean-luc.arregle@edhec.edu)

Session: 3.3.3 - Competitive
Track: Track: 11 - SMEs and Entrepreneurship

Internationalization Processes in Born Global Firms

Presented On: June 28, 2011 - 13:45-15:00

Chair: Klaus Meyer, University of Bath

Knowledge Creation Spiral: A Driving Force for High-Tech Born Globals’ Internationalization
Oualid Abidi, Laval University
Zhan Su, Université Laval

In this paper, we advocate knowledge creation spiral (SECI process) as a determinant of high-tech born global firms' internationalization pace. Based on multiple case studies carried in Canada, our results show that individuals in those companies are considered as focal actors in cross-border knowledge creation efforts. Several empowering conditions are supporting their critical role in high-tech born globals (HTBG). The SECI outcome enables the reinforcement of firm's technical specialization, which in turn allows selection of appropriate projects that will guide people to experiment codified knowledge. Evidence demonstrates however that international experience is required to build a strong knowledge capacity. (For more information, please contact: Oualid Abidi, Laval University, Canada: oualid.abidi@fsa.ulaval.ca)

Longitudinal Trends in Accelerated Internationalization among Start-Ups: Born Global or Born Regional?
Sui Sui, Ryerson University
Zhihao Yu, Carleton University

A recent study by Lopez, Kundu, and Ciravegna (2009) on Costa Rican software companies finds that most conventional Born Global firms turn out to be Born Regional and that there are only a few true Born Global firms. Although it could be true that only a small proportion of firms are true Born Global, is there an increasing trend? This note investigates this question by providing a dynamic perspective on the secular trend of internationalization processes among Canadian small and medium-sized enterprise exporters between 1997 and 2004. We find that there is no increasing trend among start-ups to choose true Born Global internationalization except in 2003 and 2004. Rather, there is an increasing trend among start-ups to choose Born Regional internationalization. (For more information, please contact: Sui Sui, Ryerson University, Canada: sui.sui.66@gmail.com)
The M Curve as a Test of the Performance of International New Ventures
Alan M. Rugman, University of Reading
Paloma Almodovar, Universidad Complutense de Madrid

We present empirical results for international new ventures showing that their performance follows an “M-shape” in which return on sales goes through four phases as the degree of internationalization increases. We demonstrate that there is an initial phase of internationalization for small and medium companies where their performance experiences a “born global illusion” - followed by the traditional S curve behavior. This detailed empirical research on international new ventures allows us to advance both theoretically and empirically upon much of the earlier work on international expansion and firm performance. (For more information, please contact: Alan M. Rugman, University of Reading, United Kingdom: a.rugman@henley.reading.ac.uk)

Session: 3.3.4 - Competitive
Track: Track: 5 - MNC Management and Organization

Knowledge and Attention in MNC Subsidiaries
Presented On: June 28, 2011 - 13:45-15:00
Chair: Ulf Andersson, Copenhagen Business School

Knowledge Flows and Foreign Subsidiary Performance: The Moderating Role of Market Diversity Change
Qin Yang, Robert Morris University
Yang Yang, University of Pennsylvania
Ram Mudambi, Temple University

The impact of knowledge flows on subsidiary performance has been a major focus of research on knowledge management in multinational corporations. However, little empirical evidence supports the positive association between knowledge flows and subsidiary performance. Using a sample of 277 subsidiaries in three Eastern-European countries, we found a positive relationship between knowledge from headquarters and the subsidiaries’ performance, measured by fulfilling the headquarters’ expectations, and relative performance compared with local competitors. Furthermore, we found changes of the subsidiaries’ market diversity moderated the positive association between headquarters’ knowledge and subsidiary relative performance in that the greater the change of market diversity, the stronger the association. (For more information, please contact: Qin Yang, Robert Morris University, USA: yang@rmu.edu)

Strength of Host-Country Capabilities and the Structural Distribution of Attention in the MNE: A Preliminary Assessment
Yves Plourde, University of Western Ontario
Nathaniel Lupton, University of Western Ontario

Our research contributes to a growing body of literature on the allocation of attention in the MNE with particular focus on the understudied phenomenon of structural attention. Using a sample of 326 subsidiaries of Japanese MNEs with product development mandates, we found that host country technological capabilities are a significant predictor of expatriate deployment, especially in more competitive industries. Our results suggest that the distribution of attention by headquarters among subsidiaries performing product development activities favors subsidiaries located in countries where technological frontiers are constantly extended, while subsidiaries located in less technologically advanced countries receive less attention under the form of expatriates. (For more information, please contact: Yves Plourde, University of Western Ontario, Canada: yplourde.phd@ivey.ca)
Value-chain networks are of major importance to multinational subsidiaries, yet they have failed to receive significant attention in the literature. We extend the knowledge-based view of the firm by exploring whether three different types of multinational subsidiary networks have dissimilar impact on their entrepreneurial output. Entrepreneurial output can generate superior performance and positive externalities to the subsidiary. Based on a large-scale study of 268 multinational subsidiaries in the UK, we find that value-chain networks have a higher positive impact than multinational corporation (MNC) networks and non value-chain networks; because they may provide the subsidiary knowledge with market opportunities that it lacks and that the other types of networks cannot effectively provide. However, value-chain networks have a negative effect on entrepreneurial output of a subsidiary operating in an environment of high uncertainty; because they can constrain the exploration and creation of new knowledge that cannot be provided by any of the networks. Contrary to our expectations, the combined effect of value-chain and non-value chain networks has a negative influence on entrepreneurial output; and, the combined effect of value-chain and MNC networks does not affect entrepreneurial output. Research and managerial implications are discussed. (For more information, please contact: Pavlos Dimitratos, Athens University of Economics and Business, Greece: pdimitr@aueb.gr)

Session: 3.3.5 - Competitive
Track: 1 - Institutions, Governance, CSR

Board of Directors

Presented On: June 28, 2011 - 13:45-15:00

Chair: Steen Thomsen, Copenhagen Business School

Corporate Board Structures and Performance in the Banking Industry: Evidence from Japan
Naoki Watanabel, Toyo University
Hideaki Sakawa, Nagoya City University

This paper examines the relation between board size and composition and firm performance for a banking industry during 2006-2009. We find that banking firms with larger boards underperform their peers in terms of Tobin’s Q. We also argue that banks with taxpayer money and foreign branches would make a larger board more desirable for these firms because they face the requirement of improving management. After accounting for these unique features of Japanese banks, we find that board structures of Japanese banking industry are well performed only in banks with taxpayer money. In addition, the board structures of bank with foreign branches might be the causes of agency problem. Our findings suggest that board structures of Japanese banking remains for the improvement. (For more information, please contact: Naoki Watanabel, Toyo University, Japan: n_watanabe@toyonet.toyo.ac.jp)

The Effects of Board Composition on the Performance of Internationally Diversified Firms
Chi-Feng Wang, National Yunlin University of Science and Technology

Through the comprehensive insights of agency, resource dependence and stewardship theories, this paper examines the role of board composition in explaining the performance outcome of internationally diversified firms. Using a sample of U.S. firms for the period from 1996 to 2005, we provide partial support that a firm's board structure has influential effects on the performance of multinational firms. We find that internationally diversified firms experience higher firm performance when increasing board size and/or independent board
ratio. However, we do not find evidence in the moderating effect of CEO duality. This study contributes in sensitizing firms that they might reduce the costs and reinforce the benefits related to international diversification, hence increasing the value from foreign expansion, through better arrangements of board composition. (For more information, please contact: Chi-Feng Wang, National Yunlin University of Science and Technology, Taiwan: wangcf39@yuntech.edu.tw)

From Global Firms to Global Boards?
Steen Thomsen, Copenhagen Business School
Gregroic Alexandra, Copenhagen Business School
Trond Randøy, University of Agder
Lars Oxelheim, Lund Institute of Economic Research

This paper examines the internationalization of Nordic company boards during 2001-2008. Using Poisson pooled and panel estimators we find that financial rather than commercial internationalization drives the recruitment of international board members. Foreign listing and foreign ownership are significant whereas international sales and operations are not. When we extend “board internationalization” to encompass national directors with international experience we find that shareholders may opt for domestic board members with that experience to match the firm’s commercial internationalization. This indicates some support for the view that different kinds of firm internationalization - commercial versus financial - might lead to different types of board internationalization. We find no evidence that the internationalization of boards is limited by the conservatism of existing national board members, language barriers or “old boys’ networks”. (For more information, please contact: Steen Thomsen, Copenhagen Business School, Denmark: st.int@cbs.dk)

**Session: 3.3.6 - Competitive**
**Track: Track: 12 - Teaching IB**

*Developing the IB Curriculum What Do Students Need to Know?*

**Presented On:** June 28, 2011 - 13:45-15:00

Chair: Anne Marie Zwerg-Villegas, Universidad EAFIT

*Relevance and Rigour in International Business Teaching: Using the CSA-FSA Matrix*
Simon Collinson, University of Warwick

We advance three propositions in this paper. First, teaching international business at any level needs to be theoretically driven, using mainstream frameworks to organize thinking. Second, these frameworks need to be made relevant to the experiences of the students, for example, by using them in case studies. Third, these parameters of rigour and relevance need to be seamlessly integrated. We first introduce the idea that a balance between rigour and relevance is central to management and business studies in general and international business in particular. We then present Rugman’s (1981) CSA-FSA matrix, using the Oserian flower company case study as an example of how theory and practice can be connected in good textbooks (Rugman and Collinson, 2009) and the classroom context. (For more information, please contact: Simon Collinson, University of Warwick, United Kingdom: simon.collinson@wbs.ac.uk)

*Use of Integrative Curriculum in Fostering International Business Education*
Srdan Zdravkovic, Bryant University
Madan Annavarjula, Bryant University
Lookman Folami, Bryant University
Andres Ramirez, Bryant University
This paper presents an example of using integrative business curriculum and simulated multinational business management experience to enhance international business education. During the second semester of their junior year students are enrolled in International Accounting, International Finance, International Management, and International Marketing courses. Each individual course is part of the Integrative Block, the structure of classes with integrated curriculum and objectives. Classes are tied together by constant faculty interactions, utilization of a business strategy game, inclusion of cross-functional cases, and employment of guest speakers. Informal student feedback and formal study of student opinions indicates that such an integrated approach makes learning more meaningful for students, increases students' motivation, enhances interpersonal skills, increases students' commitment to further learning, and makes students more confident in their abilities to be a valuable part of the international business environment. (For more information, please contact: Srdan Zdravkovic, Bryant University, USA: szdravko@bryant.edu)

*Looking for Ways to Increase Student Motivation: Internationalisation and Value Innovation*

Andrei Kuznetsov, Lancashire Business School
Olga Kuznetsova, Manchester Metropolitan University

Understanding what constitutes the perceived value of foreign education to international business students is critical for business schools in order to achieve their recruitment targets. One established method relies on a financial interpretation of the costs and benefits of business education. By contrast we pursue a holistic approach that employs the concept of "internal" and "external" career success as a theoretical underpinning for determining the constituents of the perceived value of education. We test the validity of the holistic versus financial view using as a tool a survey of Chinese students in two British business schools. Unlike previous studies we apply this approach to undergraduate rather than MBA students. Our empirical study provides confirmation of the importance of an individual's judgement of his or her own success as the foundation of value related expectations. (For more information, please contact: Andrei Kuznetsov, Lancashire Business School, United Kingdom: akuznetsov@uclan.ac.uk)

**Session: 3.3.7 - Competitive**
**Track: Track: 7 - Emerging Economies**

*Managing SMEs in China and Central & Eastern Europe*

Presented On: June 28, 2011 - 13:45-15:00

Chair: Anu Pandey, University of Delhi

*The Influence of Managerial Factors on the Capital Structure of Small and Medium-Sized Enterprises: A Chinese Study*

Alexander H. Newman, University of Nottingham
Daniel J Borgia, Nottingham University

This paper frames the SME capital structure decision based on the supply and demand for debt by management using Chinese firms; where managerial behaviour is driven by managerial strategy, psychology, human capital and network ties. Using a mixed method approach, our findings suggest that Chinese SME capital structure is primarily driven by the demand for debt, and that demand is strongly influenced by aversion to control and propensity to take risk. We also find that owners with better networking ties generally require less debt financing because they can access adequate external resources through informal channels. (For more information, please contact: Alexander H. Newman, University of Nottingham, China: alex.newman@nottingham.edu.cn)
**Does Family Involvement Increase Firm Performance? The Case of Chinese Family Firms**  
Fei Yi Gao, University of New South Wales  
Youngok Kim, University of New South Wales

We set out two research questions in this study: first, how family involvement in management (FIM) affects firm performance; second, whether the relationship between FIM and firm performance is contingent on a firm’s family orientation. Our analysis of 205 family firms in China shows that FIM has no bearing on firm performance. However, we found a significant and positive interaction effect between family orientation and FIM. FIM increases performance when family orientation is high, while FIM decreases performance when family orientation is low. The implications of the results are also presented. *(For more information, please contact: Fei Yi Gao, University of New South Wales, Australia: fei.gao@student.unsw.edu.au)*

**Market Orientation, Innovativeness and Firm Performance of Austrian SMEs in the Emerging Markets of Central and Eastern Europe - An Empirical Analysis in Times of Economic Crisis**  
Katharina Maria Hofer, Johannes Kepler University  
Tina Gruber-Muecke, Johannes Kepler University

In recent years a large number of companies from advanced European markets have internationalized into the emerging markets of Central and Eastern Europe due to the high growth potential in this region. We examine Austrian small and medium-sized enterprises operating in four Central and Eastern European country markets in times of economic crisis. Specifically, we investigate the link between market orientation, innovativeness and firm performance during economic crisis. We contribute to the scholarly discussion on market orientation and performance by considering the emerging markets of Central and Eastern Europe and the economic crisis. The empirical analysis using structural equation modeling shows that market orientation and innovation enhance firm performance in emerging markets in times of economic crisis. In a situation of high competitive intensity, entrepreneurial orientation increases success in those markets. Furthermore, the study contrasts young and established SMEs. *(For more information, please contact: Katharina Maria Hofer, Johannes Kepler University, Austria: katharina.hofer@jku.at)*

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**Session: 3.3.8 - Competitive**  
**Track: Track: 1 - Institutions, Governance, CSR**

**CSRs and Institutions**

**Presented On:** June 28, 2011 - 13:45-15:00

Chair: Christina Ahmadjian, Hitotsubashi University

**Multi-level Theory of Corporate Social Responsibility and Strategy: Stakeholders, Institutions and Entrepreneurship**  
Jedrzej George Frynas, Middlesex University

This paper is an exploratory exercise in inductive theory-building, using empirical data to study the applicability of stakeholder theory, institutional theory, the resource-based view and Austrian Economics in explaining Corporate Social Responsibility (CSR) strategies of multinational firms. Until now, no systematic study has been undertaken to comparatively investigate under what circumstances a specific theoretical perspective can explain the strategic behaviour of firms with respect to CSR activities. In order to start filling this gap in the literature, this paper uses case studies from the oil and gas industry to evaluate the above four theoretical perspectives. This analysis demonstrates that a single theoretical perspective is incapable of satisfactorily explaining CSR strategies and that we require a multi-level theory of CSR and strategy. Our model and propositions help to
understand the contingencies under which CSR strategies are shaped. *(For more information, please contact: Jedrzej George Frynas, Middlesex University, United Kingdom: g.frynas@mdx.ac.uk)*

**The Normative Role of National Public Agencies in Society: How the Norwegian Sovereign Wealth Fund is Shaping Firms’ Cross-Border Investments**

Gurneeta Vasudeva, University of Minnesota

Building on recent research which has examined the unconventional role of national public agencies in the modern economy, I examine how such institutional actors influence firms through the creation of norms. Applying institutional theory, I suggest that firms’ isomorphic tendency is greater when norms combine with regulative and cultural-cognitive pressures. Consequently, some firms will conform to the norms espoused by public agencies more than others. Moreover, greater compliance is achieved when norms are formalized. Analysis of Norwegian firms’ cross-border investments, and the extent to which they overlap with those made by the sovereign wealth fund which project the government’s priorities on social and environmental issues support these arguments. The study highlights the normative role of public agencies, and the changing relationship between business and government. *(For more information, please contact: Gurneeta Vasudeva, University of Minnesota, USA: gurneeta@umn.edu)*

**Normative Pressures, Stakeholder Power and Corporate Social Performance**

Luis Antonio Perez-Batres, Central Michigan University
Jonathan P. Doh, Villanova University
Michael J. Pisani, Central Michigan University
Van V. Miller, Central Michigan University

We seek to add to the emerging literature on corporate social responsibility (CSR) and private regulation via voluntary codes of conduct through the empirical study of firm membership in the United Nations Global Compact (UNGC) and Global Reporting Initiative (GRI). Drawing from institutional and stakeholder theory, we explore the impact of stakeholder normative pressures on firm decisions to associate with the UNGC/GRI. In so doing, we propose that the resulting firm decision to associate with the UNGC/GRI is influenced by its corporate social performance. Our sample consists of all 1,326 large public American corporations included in the KLD database, a corporate social performance indicator (from 2002-2006). Our results show that Community, Customers, and Investors exert the most influence toward a firm’s decision to join the UNGC/GRI. *(For more information, please contact: Luis Antonio Perez-Batres, Central Michigan University, USA: perez1la@cmich.edu)*
gender roles from a cultural insider's point of view, the latter disapprove of gender inequalities regardless of their cultural context. Based on a qualitative investigation of Japanese women's current career opportunities as a particularly instructive case, we found blind spots in both approaches and developed a model that integrates both positions. We find that traditional gender roles are in Japanese organizations mostly still in place, rendering it largely impossible for Japanese women to pursue a career in domestic organizations. Our interview data suggests, however, that Japanese women do not perceive male oppression as the (main) problem and obtaining the same rights and duties not as the solution. Instead, what women mainly require is a substantial redefinition of the work-life balance in Japanese organizations. In this sense, we define the fault lines not so much between men and women but between organizations and employees. (For more information, please contact: Markus Pudelko, Tübingen University, Germany: markus.pudelko@uni-tuebingen.de)

Women and the Japanese workforce: Three theoretical perspectives
Gregory Allen Laurence, University of Michigan, Flint

This paper examines the cultural backdrop against which the situation of Japanese women in the workforce is developing. Three theoretical perspectives are considered, including feminist approaches, post-modernism, and Turner's rites of passage. Work for Japanese women is shown to exist within and to contribute to the perpetuation of a gender/sex system in Japan, to involve aspects of post-modern control of labor, and to represent a rite of passage from childhood and adolescence to family life. Implications for Japanese women's future in the workforce are considered. (For more information, please contact: Gregory Allen Laurence, University of Michigan, Flint, USA: glaurenc@umflint.edu)

Gender in International Business Journals: A Review and a Way Forward
Alexei Koveshnikov, Hanken School of Economics
Rebecca Piekkari, Aalto University
Janne Tienari, Aalto University

This paper reviews the ways in which gender has been studied in research published in 8 major journals in the field of international business (IB). It takes stock of the contributions on offer and elaborates on why the field would benefit from a comprehensive understanding of gender relations in organizations. In this way, the paper responds to recent pleas of moving the IB field forward by, first, welcoming hitherto excluded and marginalized ideas and perspectives and, second, by incorporating them in interdisciplinary research to shed new light on key topics in the field. (For more information, please contact: Alexei Koveshnikov, Hanken School of Economics, Finland: alexei.koveshnikov@hanken.fi)

Session: 3.3.14 - Interactive
Track: Track: 9 - Cross-cultural Management and HRM

Values, Diversity and Individual Differences

Presented On: June 28, 2011 - 13:45-15:00

Chair: Vas Taras, University of North Carolina at Greensboro

Justice Perception and Acceptance to Performance Appraisal: The Role of Recipient's Regulatory Focus and Giver's Base of Power
Yuan Liao, Simon Fraser University
Colin Campbell, Monash University
In this paper, we propose that individuals’ cultural background influences their justice perception and acceptance of performance appraisal given by people with different bases of power. Specifically, this cultural impact works through regulatory focus. Individuals’ cultural background first affects the dominant regulatory focus – promotion or prevention. Further, individuals perceive job performance appraisal more acceptable and fair when it is delivered by people whose base of power fits their regulatory focus. Promotion-focused individuals, who pursue ideal goals, find people with referent or expert power represent what they want to be, and thus are more credible in evaluating their performance and their appraisals more acceptable and fair. Prevention-focused individuals, who pursue ought goals, find people with legitimate power represent what they are expected to be, and thus are more credible in evaluating their performance and their appraisals more acceptable and fair. Implications for increasing acceptability of performance appraisal in multicultural organizations are discussed. (For more information, please contact: Yuan Liao, Simon Fraser University, Canada: yla79@sfu.ca)

**Horizontal and Vertical Individualism-Collectivism and Organizational Citizenship Behavior: An Empirical Examination of the United States and Hong Kong**

Flora F. T. Chiang, Hong Kong Baptist University
Thomas A. Birtch, University of Cambridge

The horizontal and vertical distinction of individualism-collectivism was used as a theoretical framework to predict differences in organizational citizenship behavior (OCB) across two distinctive cultures: the United States and Hong Kong. At the national level, we do not find any significant country differences in OCB. American students were however more likely to perform OCBs directed at individuals/peers than their HK counterparts. At the individual level, students with higher collectivistic and horizontal orientations were more likely to engage in OCB than those with individualistic and vertical orientations. In addition to these promising finding, we also found that understanding the cultural antecedents of OCB entails consideration of other contextual factors. The implications of this novel undertaking are presented as are directions for future research. (For more information, please contact: Flora F. T. Chiang, Hong Kong Baptist University, Hong Kong, SAR-PRC: fchiang@hkbu.edu.hk)

**Values and Reward Allocation Rule Preferences: A Model of the Joint Effects of Individual and Societal Values**

Jesse E. Olsen, Kwansei Gakuin University

Prior research suggests that cultural values affect individuals' preferences in whether work rewards (i.e., pay and benefits) are allocated according to rules based on equity, equality, or need. However, this research has focused primarily on societal-level values or individual-level operationalizations of values originally conceptualized at the societal level. I present a theoretical model and nine propositions that incorporate both individual and societal values as determinants of these reward allocation rule preferences. I propose that societal values and individual values have main and interactive effects on these preferences, and that the effects of societal values are partially mediated by individual values. After presenting the model and propositions, I discuss the theoretical and practical implications of this paper. (For more information, please contact: Jesse E. Olsen, Kwansei Gakuin University, Japan: jeolsen@kwansei.ac.jp)

**The Role of Culture in Organizational Citizenship Behavior Research: Universal/Local Dimensions of Organizational Citizenship Behavior and Cultural Values Used in Cross-National Studies**

Han-hsiao Hsu, I-Shou University

This article provides a review of organizational citizenship behavior research with national culture as the major explanatory variable. Articles published in thirteen leading management journals from 1997 to 2009 are reviewed. This review focused on two types of articles. One is studies drew samples from at least two nations, and the other one is studies in the Chinese context. Through this review, the author aims to (a) identify the universal and local dimensions of the concept of OCB; (b) assess the role of culture in explaining OCB between...
the nations being compared; and (c) discuss issues related to research methods. *(For more information, please contact: Han-hsiao Hsu, I-Shou University, Taiwan: smile_hsu@hotmail.com)*

**Reggae: A Musical Metaphor for Jamaica**

Asha Rao, California State University  
Yvonne Sedlaczek, California State University  
Sam Beldona, Bryant University

The Caribbean region has not been the focus of much management research. The region is striving to take its place on the global stage. In the past century, thousands of Caribbean islands that form part of a culturally diverse region called the West Indies were settled by many Europeans such as the British, Danish, Dutch, French, Portuguese, and Spanish. We focus on one of the countries in the region, Jamaica, and use an emic approach to analyze and understand the culture. In the past thirty years, Jamaica has struggled to be a leading presence in the Caribbean. We use the metaphor of Reggae music to examine Jamaican culture along some of the popular cultural dimensions used in management research and its implications for cross-cultural management. *(For more information, please contact: Asha Rao, California State University, USA: asha.rao@csueastbay.edu)*

**Influence Behaviors and Employees’ Reactions: An Empirical Test amongst Six Societies**

Melody P M Chong, City University of Hong Kong  
Ping Ping Fu, Chinese University of Hong Kong  
Miriã Müthel, WHU - Otto Beisheim School of Management  
Malika Richards, Penn State University  
Yu Fan Shang, University of Xi'an Jiao Tong  
Tai-kuang Peng, I-Shou University  
Miguel P Caldas, FGV-EAESP/EBAPE

This study examines the universal effects of influence strategies on immediate task commitment and organizational commitment, and explores cultural differences among these relationships. Based on 1150 respondents from China, Hong Kong, Taiwan, Germany, United States and Brazil, results indicate that influence strategies are related to both immediate task commitment and to organizational commitment. Also, country differences were found between paired samples for both influence strategies and influence tactics. We identified universally-endorsed and culturally-contingent influence tactics in predicting the two types of commitment. *(For more information, please contact: Melody P M Chong, City University of Hong Kong, Hong Kong, SAR-PRC: ctchong@cityu.edu.hk)*

**Session: 3.3.15 - Interactive**  
**Track: Track: 2 - Marketing and Supply Chain**

**Concepts and Process in International Consumer Behavior**

**Presented On:** June 28, 2011 - 13:45-15:00

Chair: Hussain Rammal, University of South Australia

**Expanding The Scope of ‘Country-Labeling' Strategy- Concept of Country-of-Consumption**

Hsiu Ying Huang, National Dong Hwa University  
Hengchiang Huang, National Taiwan University
As more and more international companies deploy their sourcing and production activities on a global basis, the influence of “country-labels”, particularly, country-of-origin (COO), on consumers’ product decisions has lessened. Distinct from the conventional view of “country label” effects, which has paid much attention to supply-side information of products, this study explores the influence of demand-side information on consumers’ product evaluations. A concept of country of consumption (COC) was proposed to capture the influence of demand-side information on consumers’ product evaluation process. Moreover, the possible interactions between COC and COO effects were also discussed in this study. Furthermore, an experiment was conducted to verify COC effects. The finding indicated consumers rated a new product higher in response to favorable country-of-consumption information than to less favorable country-of-consumption information. We believe the COC effects may open up an exciting avenue for international marketing research on “county-label” effects by shifting the focus from manufacturer’s perspective to consumer’s perspective. This shift in perspective also provides practitioners an alternative to enhance their “country-labeling” strategy, especially, for those managers who are responsible for products associated with unfavorable COO. (For more information, please contact: Hsiu Ying Huang, National Dong Hwa University, Taiwan: d93724005@ntu.edu.tw)

The Effect of Member Identification across Cultures inside a Brand Community
Badri Munir Sukoco, Airlangga University
Li-Cheng Loh, National Cheng Kung University
Wann Yih Wu, National Cheng Kung University

Marketing activities through brand communities have become more popular with the advent of the Internet. However, the role of member identification toward this community across cultures has rarely been discussed. This study examines the effect of member identification on knowledge sharing and the behavior of members inside the online brand community. This study also examines the moderating effects of cultures on members’ behaviors. Responses from six high-tech brand communities of the United States and Taiwan indicate that member identification positively influences knowledge sharing activities, membership continuance, recommendation to others, as well as loyalty toward the brand. Further, the results also indicate that members with a higher collectivism score tend to exhibit a stronger effect regarding knowledge sharing related to their level of identification, while members with higher individual scores tend to exhibit a weaker effect regarding their behavioral intentions related to their level of identification. In summary, this study demonstrates the relevance of member individualism-collectivism in the brand community and provides new way of viewing member identification across different cultures. (For more information, please contact: Badri Munir Sukoco, Airlangga University, Indonesia: badri@fe.unair.ac.id)

Co-production and the Role of Dependence and Service Importance
Chung-Yu Wang, National Kaohsiung University of Applied Sciences
Li-Wei Wu, Tunghai University

Recent research suggests that there are increasing opportunities for customer-firm co-production as a means to achieve competitive advantage. This study proposes a model of co-production and investigates the link between co-production and its antecedent factors in a financial services context. The model is empirically tested in a survey of 288 customers of financial services organizations. Support is found for a contingency model involving customer expertise, service provider expertise, communication and interpersonal relationships along with perceived importance of service and dependence. Theoretical and managerial implications of findings are discussed. (For more information, please contact: Chung-Yu Wang, National Kaohsiung University of Applied Sciences, Taiwan: wcuwcu@cc.kuas.edu.tw)

An Empirical Study of Airline Customer Behavior
Li-Wei Wu, Tunghai University
Chung-Yu Wang, National Kaohsiung University of Applied Sciences
This study seeks to understand how elaboration, loyalty programs, and commitment affect the relative importance of satisfaction and the ZOT in determining customer loyalty to an airline service provider. Hierarchical moderated regression analysis was used to test the hypotheses. Customers with high elaboration rely more heavily on satisfaction than the ZOT to maintain customer loyalty. In addition, loyalty programs can decrease the effect of satisfaction on customer loyalty, but cannot increase the strength of the relationship between the ZOT and customer loyalty. Commitment accentuates the positive effect of the ZOT on customer loyalty, while it also reduces the positive effect of satisfaction on customer loyalty. (For more information, please contact: Li-Wei Wu, Tunghai University, Taiwan: lwwu@thu.edu.tw)

A Dilemma of Old versus New in Retro Branding of Experiential Goods: Consumers’ Warring Quests for Authenticity and Optimum Stimulation

Ming-Huei Hsieh, National Taiwan University
Wei-Lin Wang, Taiwan University
Ta-Kai Yang, Taiwan University

Previous literature on experience of goods had conflicting suggestions regarding whether retro brands should apply similar or dissimilar extensions. To address this research question, the authors offer a process model that concurrently addresses authenticity and optimum stimulation and investigates consumers’ trade-off between both by interviewing players of a classic Chinese role-playing game. We found consumers gradually shift their focus from authenticity to optimum stimulation in evaluating new extensions across a period of time. They also resorted to different types of authenticity – from object-driven to activity-driven authenticity – and revealed changes in optimum stimulation level during the process. Relevant research and managerial implications are further discussed. (For more information, please contact: Ta-Kai Yang, Taiwan University, Taiwan: dkyang1118@gmail.com)

The Effectiveness of Sponsorship of an International Event in Consumer Response in Foreign Markets

Berrin Guner, Rowan University
Talha Harcar, Penn State University, Beaver
Murat Hakan Altintas, Uludag University

In this study, relationship between sponsorship and consumer response to sponsoring brand is examined. Although sponsorship of an international event can be a very effective marketing tool, its impact in foreign markets is not known in the literature. The purpose of this research is to explore how sponsoring a major international event impacts the consumer recognition of and preference for the sponsoring brands in a foreign market. We used the FIFA World Cup 2010 as a research platform and examined the consumer response in Turkey. (For more information, please contact: Berrin Guner, Rowan University, USA: guner@rowan.edu)

Session: 3.3.16 - Interactive
Track: Track: 6 - Innovation and Knowledge Mgmt.

International Knowledge Diffusion

Presented On: June 28, 2011 - 13:45-15:00

Chair: Changqi Wu, Peking University

National Differences and the International Diffusion of Technology
Roberto Martin Galang, Ateneo de Manila University
How do national differences affect the diffusion of technology across borders? This article extends research on the international diffusion of technology by focusing on the role of institutions on the adoption of technology across borders. Economic institutions, such as human capital and market intermediaries, improve the profitability of technology adoption, making inter-firm differences less relevant to the technology diffusion process. Social institutions, such as cultural practices shared with innovating countries, increase the potential avenues of communication between firms, causing firm-level differences in networking ties to be less significant. Political institutions operate at both levels, with regulatory efficiency in improved property protection and contract enforcement aiding the profitability of technology investments, while trade and investment policies promote additional network ties. Finally, I argue that differences in the transferability of technology affect the moderating role of the three different institutions, with highly transferable technologies most affected by the presence of economic institutions; while less transferable technologies are dependent on social institutions. (For more information, please contact: Roberto Martin Galang, Ateneo de Manila University, Philippines: rgalang@ateneo.edu)

Inter-organizational Linkages, Technology Transfer and Exploitative Innovations in the Automotive Industry of Pakistan

Zaheer A Khan, University of Birmingham
Svetla T Marinova, University of Birmingham
Paulina Ramirez, University of Birmingham

This paper seeks to understand the nature of inter-organizational linkages and the extent of technology transfer, and moreover its contribution towards exploitative/exploratory innovations in the automotive industry of Pakistan. Detailed firm level interviews and surveys were conducted with top 50 components (parts) suppliers, 3 of their major auto assemblers, who control 98% of Pakistan's auto market, and with policy makers of the ministry of industry & production. To the best of our knowledge, prior research has not looked at the role of inter-organizational linkages and the extent of technology transfer, and ultimately its impact on supplier's innovations. Our results suggest that International joint ventures (IJVs), established in the automotive industry of Pakistan have created substantial vertical linkages, but very limited low-medium tech parts technology transfer has taken place. These linkages and low-medium type of technology were helpful in exploitative innovations rather than exploratory innovations. Research findings also highlight the missing link of local institutions in the process of critical knowledge development with the local Pakistan's components suppliers. The institution's link is important when the local suppliers lack technological capabilities and are isolated within the MNEs global production networks. (For more information, please contact: Zaheer A Khan, University of Birmingham, United Kingdom: khan.zaheer@gmail.com)

Technology Acquisition Mode and New Product Development Rate: An Emerging Country Study

Mehmet Demirbag, University of Sheffield
Sunil Sahadev, University of Sheffield
Keith Glaister, University of Sheffield

Prior studies have analysed the performance outcomes of a firm's choice of a technology acquisition mode. Most of these studies have focused on just one of the technology acquisition modes. This study examines these outcomes in the context of firms from emerging economies and across five different technology acquisition modes. Based on data collected by the World Bank, the study analyses data from manufacturing firms operating in emerging economies to understand the effect of technology acquisition mode on a firm's new product development rate. The results show that firms which combine external sourcing and internal development as their main technology acquisition mode have the best new product development rate followed by firms with a pure external sourcing strategy. (For more information, please contact: Mehmet Demirbag, University of Sheffield, United Kingdom: m.demirbag@sheffield.ac.uk)
Technological Knowledge-Sourcing in International Markets: A Theoretical Model
Olga Petricevic, Georgia State University
Wade Danis, University of Victoria

This paper addresses theoretical linkages how technologically-intensive firms source technological knowledge across national borders and how different knowledge-sourcing mechanisms as well as the frequency of knowledge-sourcing impact firm performance and under which conditions. It argues that the linkage between knowledge-sourcing strategies across national boundaries and firm's financial performance is as a function of firm's technological position (i.e. technological leaders and technological laggards) and the frequency of knowledge sourcing. Furthermore, it argues that the search for technological knowledge in an international context is influenced by firm's technological intensity, such that firms in different technological positions choose different technology sourcing modes (i.e. alliances, international joint ventures, or mergers and acquisitions) in the international market for technological knowledge. The manuscript proposes differences in aggregate relationship between firm's performance and firm's frequency to engage in foreign knowledge-sourcing contingent upon firm's technological intensity, such that the relationship for technological leaders will be an inverted U-shape and for technological laggards a horizontal S-shaped (sigmoid). (For more information, please contact: Olga Petricevic, Georgia State University, USA: mgtoppx@langate.gsu.edu)

Knowledge Networks and Innovative Performance: Exploring Effective Knowledge Flow in High-Tech Firms
Ming-Chao Wang, National Cheng Kung University

A social networking approach to organizational innovation, with consideration of factors related to knowledge flow in network content is lacking. Even if the growing consensus that network structures do matter, the specific effects on innovative performance of network content that is exchanged between firms remain unclear. Using a sample of 144 high-technology firms in the community of Taiwan's science parks, we explore the research gap with the concept of a knowledge network by integrating network structure and network content with social network theory and a knowledge-based view regarding organizational innovativeness. It is particularly important for managers to understand that an advantage the firm may hold in the network structure does not necessarily lead to an advantage in network content; that is, heterogeneous knowledge and knowledge cognition. Moreover, a consideration of knowledge flow in networking will need to incorporate organizational abilities and skills by which knowledge is identified. (For more information, please contact: Ming-Chao Wang, National Cheng Kung University, Taiwan: r4894113@mail.ncku.edu.tw)

Session: 3.3.17 - Interactive
Track: Track: 1 - Institutions, Governance, CSR

Corporate Social Responsibilities

Presented On: June 28, 2011 - 13:45-15:00

Chair: Sarianna Lundan, University of Bremen

Understanding the Complexity of Partnerships in Subsistence Markets
Miguel Rivera-Santos, Babson College
Carlos Rufin, Suffolk University
Ans Kolk, University of Amsterdam

The paper develops a conceptual framework grounded in institutional theory and transaction cost economics that explores the specificities of partnerships in subsistence markets (SMs). The framework points to a high degree of complexity in these partnerships. They will typically include multiple partners from multiple sectors, and they will replace formal governance mechanisms such as equity, contract, and scope, with informal
substitutes. Governance will rely on in-kind contributions, gifts, informal contracts, narrow business scopes and wide non-business scopes as mechanisms to deter opportunism. Furthermore, these mechanisms will vary across two main types of SMs, acephalous communities and monarchical communities. Finally, different governance structures will co-exist within the same partnership, due to different institutional origins of the partners. (For more information, please contact: Miguel Rivera-Santos, Babson College, USA: mrivera@babson.edu)

**Corporate Environmentalism: Evidence from Pakistan**
Farida Saleem, Foundation University  
C. Gopinath, Suffolk University

Corporate environmentalism refers to the recognition by a corporation of the importance of environmental issues and how it integrates those issues into its strategy. Banerjee, Iyer and Kashyap (2003), proposed a model to explore corporate environmentalism and tested it with data from the US. Their model incorporated the impact of public concern, regulatory pressures and competitive advantage on corporate environmentalism. A developing country provides a very different context with regard to environmental issues and this paper replicates their model in the context of Pakistan. Data were collected through a questionnaire survey of 207 managers representing different organizations and industries. Results show that unlike in the US, public concern is not an antecedent of corporate environmentalism in Pakistan and the regulatory forces appear to be the most significant antecedent. These results have academic as well as institutional implications. (For more information, please contact: Farida Saleem, Foundation University, Pakistan: farida-saleem@hotmail.com)

**Gender and Microfinance - Why Does Context Matter?**
Dirk Michael Boehe, Insper Institute of Education and Research  
Luciano Barin-Cruz, HEC Montréal  
Sabrina Goulart, Consultant

This paper investigates under which contextual circumstances female membership in microfinance institutions (MFI) improves debt repayment and MFI performance. Based on a panel dataset covering MFI projects present in 21 transition and developing economies, covering the African, Asian, Eastern European and Latin American continents from 2003 to December 2009, we find support for an inverted U-shaped relationship between female membership and MFI performance. This finding contradicts conventional wisdom that has assumed a positive and linear relationship between female membership and MFI performance. Furthermore, we find that formal and informal institutions moderate mentioned association. The latter implies that women’s debt repayment performance and, by extension, MFI performance, varies according to the institutional context of the country where the MFI is present. This interdisciplinary inquiry draws on gender, institutional and social network theory and its implications inform (1) the study’s foundations from economic sociology, (2) the literature on microfinance and (3) literature on how different country institutional profiles affect relationship-based exchange, an issue of interest to organizations operating in developing and transition economies. (For more information, please contact: Dirk Michael Boehe, Insper Institute of Education and Research, Brazil: dirkmb@insper.edu.br)

**Fortunes and Mirages at the BOP: Reflection, Critique, and Dialogue**
Suparna Chatterjee, Xavier University

This paper attempts to map out the conceptual topology of C.K. Prahalad’s well known “Bottom of the Pyramid” (BOP) approach. It offers a critical examination of the underlying concepts and themes on which the BOP proposition rests. While it has been subjected to empirical critique there has been little examination of the assumptions and suppositions that under the BOP program. The goal of this paper is to reveal theoretical and conceptual issues and concerns related to the BOP argument and in so doing invite debates and discussions to further the understanding of the constraints and possibilities in engaging large private sector firms at the
bottom of the economic pyramid. (For more information, please contact: Suparna Chatterjee, Xavier University, USA: chatterjees@xavier.edu)

The Knowledge-based Dynamic Model of Social Innovation: With a Case of Asaza Project
Ayano Hirose, Hitotsubashi University

The theory of knowledge-based view so far focused on the firms and the public and social organizations are to be explored. On the other hand, researches and studies of these subjects so far had based on either management of entrepreneurs and entrepreneurship, management of public/nonprofit organizations, or studies of social issues, and the interests to the empirical studies and needs for theorizing are increasing. To fill in these gaps, by building on the theory of the knowledge-based view of the firm, I will propose a framework of social innovation for the proactive and collaborative CSR activities of SMEs and MNCs. The proposed model will be illustrated by the model case of social innovation in Japan, the case of Asaza project for reviving the polluted Lake Kasumigaura. (For more information, please contact: Ayano Hirose, Hitotsubashi University, Japan: ahirose@ics.hit-u.ac.jp)

Greenhouse Gas-Reduction Strategising and the Multinational Enterprise
Hinrich Voss, University of Leeds
L. Jeremy Clegg, University of Leeds

To date, research on corporate strategies to manage greenhouse gas emissions has focused on uni-national firms, or has treated multinational enterprises (MNEs) as if they operated in a single, homogeneous international environment. In this paper we draw upon the literature on the determinants of corporate environmental strategies and, extending this using writings on the multinational enterprise nested within a global factory context, derive five testable propositions concerning the behaviour of MNEs with regard to greenhouse gas management strategy. Our propositions suggest that the spatial dispersion of the MNE, and its interactions with other firms, particularly suppliers and customers within networks and international supply chains, exposes it to heterogeneous stimuli and pressures bearing upon its greenhouse gas management strategising. This breaks the link between the strategy of the firm and local stimuli and pressures found in a uni-national context. It also opens up the possibility of the development of international competitive advantage by the MNE in the sphere of greenhouse gas management, contingent upon the way the MNE is organised. (For more information, please contact: Hinrich Voss, University of Leeds, United Kingdom: hv@lubs.leeds.ac.uk)

Session: 3.4.1 - Special Session

Farmer Dissertation Award Presentations

Presented On: June 28, 2011 - 15:30-16:45

Chair: Simon Bell, University of Melbourne

Innovation in Emerging Markets (Ph.D. Awarded by Harvard Business School)
Prithwiraj Choudhury, University of Pennsylvania

Profiting from Globalization: Pro-market Reforms, Firm Internationalization Strategy, and Firm Profitability in Developing Countries (Ph.D. Awarded by University of South Carolina)
Luis Alfonso Dau, Northeastern University
In the 1980s through the mid 1990’s, active research on Japan resulted in a stereotypical image of entrepreneurship in Japan. Institutions to support entrepreneurship were viewed as undeveloped. Cultural norms – risk attitudes and peer effects - were viewed as inhibiting the supply of entrepreneurs. Large companies were the focal points of economic growth, whereas startups – meaning individual entrepreneurship - were viewed as inadequate or irrelevant. Therefore, research on entrepreneurship in Japan focused on explanations for this presumed inadequacy particularly in comparison to Silicon Valley. Moreover, the negative attitudes of Japanese towards entrepreneurship remain on the popular and research agenda. However, during the late 1990’s, Japan began to change. New company laws changed the rules and capital requirements for new firms, financial reforms brought access to finance, and the creation of new equity markets and the expansion of merger and acquisition activity may have altered the entrepreneurial dynamic in Japan. Recently, the increasing economic scope of China has attracted much complementary and comparative study and has implications for Japan’s entrepreneurial ecosystem. This panel analyzes these new developments and discusses their ramifications for Japan’s system of entrepreneurship, and the global creation and dissemination of entrepreneurial firms created in Japan. (For more information, please contact: Robert Eberhart, Stanford University, USA: eberhart@stanford.edu)
The International Knowledge Generation: Knowledge Inflows and Outflows of Overseas Subsidiaries
Feng Zhang, St. Mary's University
John Cantwell, Rutgers University

This study investigates the strategic roles of overseas subsidiaries in the technological knowledge accumulation networks of Multinational Corporations (MNCs), by comparing the technological knowledge inflow and outflow patterns of different subsidiaries. We paid particular attention to knowledge flows between subsidiaries and their corporate-level and subsidiary-level counterparts within an MNC. We found that the overseas subsidiaries in developed countries tend to combine geographically local internal and external knowledge in generating new technological knowledge, which then has contributed to the competence creating at a corporate-level. The overseas subsidiaries in China, on the other hand, tend to rely upon international internal and external knowledge inputs in generating new technological knowledge, which has been mainly used to build subsidiary-level competency. The results suggest that subsidiaries located in China may have come to play a strategic role as specialized hubs, whereas their counterpart peer subsidiaries in the equivalent MNC group in developed countries are more likely to be recognized as ‘centers of excellence’ in MNC networks. The implications for the organizational restructuring of MNCs are discussed. (For more information, please contact: Feng Zhang, St. Mary's University, USA: fzhang@stmarytx.edu)

Multinational Ownership and R&D Intensity: The Role of External Knowledge Sources and Spillovers
Filip De Beule, Lessius, Catholic University of Leuven
Ilke Van Beveren, Lessius, Catholic University of Leuven

This paper analyzes the drivers of multinational affiliates’ R&D intensity, using a dataset based on the fourth Community Innovation Survey for Belgium. Specifically, we investigate the role of foreign affiliates’ local (host country) embeddedness and of host country spillover and demonstration effects on foreign affiliates’ research efforts. Our findings show that foreign affiliates who are able to tap into local knowledge sources demonstrate higher research intensity, compared to firms lacking such access. Links to clients and public research institutions, in particular, have a powerful impetus on the research effort by foreign subsidiaries. Our findings also suggest a complementary relationship between foreign firms’ R&D intensity and the internal research efforts of their competitors as a result of demonstration effects. Our findings have important policy implications, especially in terms of the high dependency of the Belgian economy on foreign R&D. One way to increase the R&D intensity would be to increase public expenditure on research and development, which would also indirectly increase the research intensity of (foreign) firms. (For more information, please contact: Filip De Beule, Lessius, Catholic University of Leuven, Belgium: filip.debeule@lessius.eu)

Managing Success in the Multinational Enterprise: A Micro-Foundation for Transnational Capabilities
Shad Morris, Ohio State University
Scott A. Snell, University of Virginia
Ryan Hammond, MIT

We examine the internal, external, and codified knowledge search of employees and link these activities to project level outcomes of efficiency, responsiveness, and learning. A mixed methods approach was applied, where survey and archival data were collected from 107 globally dispersed projects and interviews were conducted with 64 separate individuals in a large global financial and consulting services organization. Building on theories of the MNE, we find that different types of knowledge search are more strongly linked to different outcomes important to multinational enterprises. First, because employees working on client-based projects need to be able to execute and deliver products efficiently, we show how codified knowledge may be more helpful than turning to personal contacts. Second, geographically diverse projects also need to be responsive to local needs of the client and community, emphasizing the relatively stronger importance of internal contacts than external contacts or codified knowledge. Finally, learning during a project ensures greater innovation, pointing to the counterintuitive need for more internal interactions than external. These findings show how
different individual knowledge search behaviors provide different benefits to global organizations. (For more information, please contact: Shad Morris, Ohio State University, USA: morris@fisher.osu.edu)

The Making of an Innovative Multinational Firm: Chinese Capability Development through the Acquisition of MG-Rover
Simon Collinson, University of Warwick

This paper examines the transfer, replication and adaption of knowledge, assets and capabilities in MG Rover from the British workforce to the new Chinese owners and employees at Nanjing Automotive Corporation (NAC). The study explores the intra-organisational processes adopted to integrate knowledge, innovation-related routines and networks. We identify distinctive mechanisms for both ‘discrete’ transfers and ‘cumulative’ flows of knowledge and capabilities, with different kinds of impact on the innovative capacity of the recipient firm. With the more recent take-over of NAC by SAIC the MG-NAC restructuring is examined as part of the broader evolution of a large, innovative and multinational Chinese car firm. The study also provides insights into the changing complementarities between Western and Chinese manufacturers and lessons for managers regarding effective alignment with evolving competitors. (For more information, please contact: Simon Collinson, University of Warwick, United Kingdom: simon.collinson@wbs.ac.uk)

Session: 3.4.4 - Competitive
Track: Track: 4 - Strategy, Alliances, Competitiveness

International Strategies - Theoretical Aspects

Presented On: June 28, 2011 - 15:30-16:45

Chair: William Newbury, Florida International University

A Social Capital-Based View of Cross-Cultural Mergers and Acquisitions
Daniel Rottig, Florida Gulf Coast University

This paper advances a social capital perspective to the literature on cross-cultural mergers and acquisitions (M&As). A conceptualization of social capital is used that encompasses internal and external social capital as the two sources of social capital available to multinational corporations (MNCs) that undertake M&As across cultures. A theoretical model is developed which suggests that internal and external social capital mitigate the negative effects of organizational and national cultural differences on sociocultural integration and so enable MNCs to exploit opportunities for cultural arbitrage which, in turn, contributes to the performance of M&As. This paper further forwards a dynamic perspective of M&As by considering these transactions as vehicles to both exploit existing and explore new social capital. This paper, therefore, sets out to contribute to a better understanding about M&A performance determinants over time. The implications for research and business practice are discussed. (For more information, please contact: Daniel Rottig, Florida Gulf Coast University, USA: drottig@fgcu.edu)

Formal and Informal Institutional Divergence in International Alliance Portfolios and Firm Innovation Performance
Despoina Filiou, Manchester Metropolitan University
Sougand Golesorkhi, Manchester Metropolitan University

This paper explores the role of international portfolio divergence due to cross-country differences in both formal and informal institutions in firm innovative performance. The paper contents that alliance portfolio divergence due to informal institutions has a sigmoid impact on firm innovative performance, with performance first
declining, then improving and finally declining again as informal institutional differences in alliance portfolios increase. It also argues that the effect of formal institutional divergence of alliance portfolios on firm innovation performance to be inverted U-shaped. The paper finds support to both of the above contentions in a sample of 110 UK-based bio-pharma firms from 1991 to 2001. The paper contributes to existing understanding of the performance implications of international alliance portfolios by arguing distinctive effects of formal and informal institutional differences in alliance portfolios. (For more information, please contact: Despoina Filiou, Manchester Metropolitan University, United Kingdom: d.filiou@mmu.ac.uk)

Risk and Ownership Choices in International R&D Alliances of US firms 1994-2001
Stephen Chen, Macquarie University
B. Elango, Illinois State University

While joining R&D alliances, one of a firm's key concerns is reducing risk. Using a sample of 265 R&D joint ventures, we find that when the external risk is greater, the lead firm is less likely to take a greater than equal share of the joint venture, but when the internal risk is greater, the lead firm is more likely to take a greater than equal share of the joint venture. As firms gain confidence in managing diverse partners through alliance experience, they tend to take lower ownership positions. However, firms partnering with firms located in emerging markets or countries with low patent protection are more likely to take a higher ownership position despite experience in managing alliances. (For more information, please contact: Stephen Chen, Macquarie University, Australia: stephen.chen@mq.edu.au)

Session: 3.4.5 - Competitive
Track: 1 - Institutions, Governance, CSR
Antecedents, Impact, and Diffusion of CSRs

Presented On: June 28, 2011 - 15:30-16:45

Chair: Brian R. Chabowski, University of Tulsa

Foreign Direct Investment and Climatic Disasters
Chang Hoon Oh, Brock University
Rafael Reuveny, Indiana University

Do natural climatic disasters play a role in foreign direct investments (FDI)? The international business and economic bodies of literature on FDI have paid little attention to this question. This is inopportune because current assessments of the expected impacts of global climate change predict considerable increase in the number, strength, and scope of natural climatic disasters as climate change advances, assuming business as usual. At the same time, FDI is becoming increasingly important to the economies of many countries. We study the impact of natural climatic disasters on the FDI flows between two countries in the recent decades for a large-N statistical analysis of country-pairs. We find that host countries whose political risk declines see a relatively smaller decrease in their FDI inflow when hit by more climatic disasters, and those hit by more disasters see a relatively larger decline in their FDI inflows when their risk increases. Source countries whose political risk declines see a comparatively larger decrease in their FDI outflows when hit by more disasters, and those hit by more disasters see a relatively larger decline in their FDI outflow when their political risk declines. (For more information, please contact: Chang Hoon Oh, Brock University, Canada: coh@brocku.ca)

Does ISO 26000 Serve the Cause of Social Responsibility Well?
Wen-Feng Tsai, University of Wisconsin
Davide Secchi, University of Wisconsin
ISO 26000 is a brand new guidance for corporate social responsibility reporting. The objective of the article is to analyze what is new in ISO 26000 as it compares to existing standards for social reporting. In order to do so, the article develops a framework that integrates the ISO with the Global Reporting Initiative (GRI) guidance and performs a content analysis of social responsibility and sustainability information provided by eight chemical companies, headquartered in eight different countries. This integrative framework allows us to show that there are some items from the ISO 26000 that are not covered in the reports, and that are not included in the GRI guidelines either. However, many of these items appear to be “supporting” rather than “core” measures of social responsibility. (For more information, please contact: Davide Secchi, University of Wisconsin, USA: secchi.davi@uwla.x.edu)


Dina Abdel-Zaher, Florida International University
William Schneper, Florida International University

Attention to corporate social responsibility (CSR) has grown significantly during recent years, yet the degree and manner it is practiced differs dramatically across countries. While some studies have sought to identify organization- and country-level factors contributing to socially responsive behavior in individual firms, the role played by voluntary CSR initiatives also demands further analysis. Membership by firms in voluntary initiatives not only serves as a potential mechanism for the diffusion of CSR ideas and practices, but also signifies recognition by management of needs for engagement and responsiveness to stakeholder demands. We thus examine the degree to which firms from different countries have joined United Nations Global Compact (UNGC). Results on 24 countries across 8 years indicate that firms from common law countries are less likely to join UNGC, whereas membership is more frequent in nations with strong labor rights. We find marginal support of an inverse relationship between UNGC membership and both stock market age and cultural individualism, but a positive relationship with the membership levels of trade-related countries. (For more information, please contact: William Schneper, Florida International University, USA: william.schneper@fiu.edu)

Session: 3.4.6 - Competitive
Track: Track: 10 - Economics, Finance and Accounting

Corporate Debt and Transparency

Presented On: June 28, 2011 - 15:30-16:45

Chair: Hein Bogaard, George Washington University

Bank Ownership, Proximity to Borrowers and Lending Behavior - Evidence from Syndicated Loans
Hein Bogaard, George Washington University
Senay Agca, George Washington University
Oya Celasun, IMF

We examine the lending behavior of banks in relation to their ownership structure and their proximity to borrowers. Using a large dataset on syndicated lending in thirteen emerging markets, we find that both domestic banks and foreign banks with a local subsidiary in the country of the borrower lend to borrowers that are riskier and more opaque than foreign banks without a subsidiary. After controlling for borrower characteristics, domestic banks and especially foreign banks with subsidiaries also charge higher interest rates and lend at shorter maturities than foreign banks without local presence in the country of the borrower. The results are consistent with models in which proximity to the borrower provides banks with privileged access to information and, as a result of asymmetric information among banks and adverse selection, market power. Our
findings suggest that proximity to the borrower is an important driver of lending behavior, more so than bank ownership. Consequently, any withdrawal of foreign banks from emerging markets in response to the recent financial crisis could affect borrowers’ access to syndicated loans, a key source of investment finance in emerging markets. (For more information, please contact: Hein Bogaard, George Washington University, USA: hbogaard@gwu.edu)

Determinants of Corporate Debt Maturity in South America: Does Institutional Quality and Financial Development Matter?

Paulo R. S. Terra, UFRGS, Brazil
Guilherme Kirch, UFRGS, Brazil

We investigate choice of corporate debt maturity for a set of five South American countries, employing dynamic panel data analysis on a sample of 359 non-financial firms over a 12-year period. We investigate the applicability of several theories of maturity structure in a multi-country, emerging market setting, as well the effects of a country’s financial development and institutional quality on this firm-level decision. Our main findings are that there is a substantial dynamic component in the determination of firm debt maturity, firms face moderate adjustment frictions toward their optimal maturity, level of financial development and institutional quality of a country have a positive effect on the level of long-term debt in firm financial structure, and, when considered together, the quality of national institutions dominates financial development as a determinant of debt maturity. (For more information, please contact: Paulo R. S. Terra, UFRGS, Brazil: prsterra@ea.ufrgs.br)

Corporate Multinational Network and Emergence from Chapter 11 Bankruptcy Filings

H. Young Baek, Nova Southeastern University
David Cho, Nova Southeastern University
Dong-Kyoon Kim, Montclair State University

This study is the first to examine the effects of a firm’s multinational network on the Chapter 11 bankruptcy process, specifically outcomes of Chapter 11 and duration in the process. For a sample of 403 U.S. companies that filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code, the authors find MNEs are more likely to emerge from Chapter 11 bankruptcy than DEs. Further examination suggests that neither foreign sales ratio nor foreign assets ratio is a significant predictor of successful emergence from Chapter 11. However, the number of foreign countries with a revenue-generating subsidiary is a significant predictor of emergence likelihood. Internationalization per se does not seem to improve the likelihood of emergence from bankruptcy, but the scope of multinational network does, probably due to the advantages of multinational network like operating flexibility, tax savings and financing advantage. (For more information, please contact: H. Young Baek, Nova Southeastern University, USA: hybaek@nova.edu)

Auditor Choice in Politically Connected Firms

Walid Saffar, American University of Beirut
Omrane Guedhami, University of South Carolina
Jeffrey Pittman, Memorial University

Firms with political connections represent a relatively high share of the world’s market capitalization. For a large sample of firms from 47 countries, we extend recent research on the links between political connections and financial reporting by examining the role of auditor choice. Our strong, robust evidence that public firms with political connections?whether through a major shareholder or a top executive?are more likely to appoint a Big Four auditor supports the intuition that insiders in these firms are eager to improve accounting transparency to convince outside investors that they refrain from exploiting their connections to divert corporate resources. In evidence consistent with another prediction, we find that the relation between political connections and auditor
choice is statistically and economically stronger for firms operating in more corrupt countries, implying that tough external monitoring by Big Four auditors becomes more valuable for preventing diversion in these situations. Finally, we report that connected firms with Big Four auditors are rewarded in the form of cheaper financing costs and higher valuations. (For more information, please contact: Walid Saffar, American University of Beirut, Lebanon: walid.saffar@aub.edu.lb)

Session: 3.4.7 - Competitive  
Track: Track: 6 - Innovation and Knowledge Mgmt.

Knowledge Creation and Knowledge Capture

Presented On: June 28, 2011 - 15:30-16:45

Chair: Silvia Massini, University of Manchester

Technological Environment, Learning Capabilities and Technological Catch-up of Asian Laggards
Yuzhe Miao, Kookmin University
Jaeyong Song, Seoul National University

This study investigates technological catch-up phenomenon of Asian laggards. We examine how technological environment and organizational learning capabilities influence technological catch-up of laggards by tracking their patenting activities. We find that laggards tend to succeed in technological catch-up in technological areas where technological opportunities are moderately munificent and the technological life cycle is relatively short. We also find that laggards should focus on new technologies to enhance their chance to catch-up with industry incumbents. We also suggest that laggards should combine diverse technologies moderately in their innovations in order to succeed in catch-up. (For more information, please contact: Yuzhe Miao, Kookmin University, Korea, South: yzmiao@gmail.com)

Technological Innovation in Korea and Japan: A Causality Test
Soo Hee Lee, Birkbeck, University of London
Hee Sun Kim, Birkbeck, University of London

To investigate specific institutional conditions for the technology input - technology output relationship, this paper examines the patterns of technological development in Korea and Japan. In both countries, the governments have played a pivotal role in coordinating and supporting innovation activities for rapid economic growth, while embracing the role of private sector R&D and foreign technology transfer over time. Granger Causality Test is performed to quantitatively analyse the causal relationships between the national technology creation and technology investment in Korea and Japan. This test shows how much of the current technology output (or technology input) can be explained by past values of technology input (or technology output) and whether adding lagged values of technology output (or technology input) can improve the explanation, and the other way around. Also, it shows which types or channels of technology investment significantly cause the national technology creation. With the test, this paper provides important implications for institutional conditions for innovation that lead to technological catch-up and economic growth in the context of these countries. (For more information, please contact: Soo Hee Lee, Birkbeck, University of London, United Kingdom: s.lee@bbk.ac.uk)

Technological Search, Status, and Impact in the Global Pharmaceutical Industry
Jong-Hun Park, Sogang University
Changsu Kim, Sogang University
This paper examines interactions between a firm's technological search and status in innovation. We argue that the innovative effect of a firm's search to move beyond organizational and technological boundaries is best leveraged by its technological status, used as a surrogate for integrative capability. Data derived from the global pharmaceutical industry indicate that a firm's organizational boundary-spanning search has a positive effect on its technological impact and such effect is strengthened when the firm is high in its technological status. However, the interaction between a firm's technological boundary-spanning search and its technological status shows a different pattern. Technological boundary-spanning search increases technological impact for the group of high technological status but decreases it for the low status group. It appears that a firm's technological status is most critical to absorb and exploit knowledge from outside of the technological domains in which the firm previously worked. (For more information, please contact: Jong-Hun Park, Sogang University, Korea, South: johnpark@sogang.ac.kr)

A Longitudinal Analyses on the Relationship between Exports and Firm Innovation: The Moderating effects of Size and Experience

Cristina Villar-García, University of Valencia
José Pla-Barber, University of Valencia
Joaquin Alegre, University of Valencia

This paper contributes to improve our knowledge on the important role of product innovation in export strategy by introducing the moderating effects of organizational variables. We argue that in a medium knowledge-intensive industry, these variables might strengthen the relationship between innovations and exports. Research on innovation and export strategy has addressed these issues increasingly during the last decades; however, the divergence on the empirical approaches impedes the understanding of the linkages among variables, which are highly dependent on the industry's technological characteristics. We carried out a longitudinal study using the Literature-based innovation output (LBIO) method to account for product innovations and its degree of complexity during the period from 2000 to 2007. Our results reveal that, when considering the moderating role of size and experience, the influence of innovations on exports becomes stronger. Important implications for researchers, managers and policy makers arise from these findings. (For more information, please contact: Cristina Villar-García, University of Valencia, Spain: cristina.villar@uv.es)

Session: 3.4.8 - Competitive
Track: Track: 6 - Innovation and Knowledge Mgmt.

Understanding the Organizational Context

Presented On: June 28, 2011 - 15:30-16:45

Chair: Osamu Suzuki, Kwansei Gakuin University

The Relationship between Team Innovation Climate, Task Reflexivity and Team Innovation: Task-Oriented Diversity as a Moderator

Chiung-Yi Huang, National ChengChi University
Shu-Cheng Steve Chi, National Taiwan University

Organizations relay on teams to innovate and to sustain competitive advantage in changing environment. Past researches in team innovation has similarly used mostly Europe and North American sample, cross-national generalizability is in need. This study examines the effects of task reflexivity mediated the relationship between team innovation climate and team innovation. The moderating effect of task-oriented diversity on the relationship between team innovation climate and task reflexivity was also examined. A sample of 431 respondents, belonging to 51 teams from Taiwan, was used to test our hypothesis. Results show that task reflexivity has mediation effect on the relationship between team innovation climate and team innovation. In
addition, position diversity moderates the relationship between team innovation climate and task reflexivity, whereas education and tenure diversity did not have significance in above relationship. The implications of our findings and the study's limitation are discussed. (For more information, please contact: Chiung-Yi Huang, National ChengChi University, Taiwan: joye0520@gmail.com)

Osamu Suzuki, Kwansei Gakuin University

Empirical results on a relationship between diversity in antecedent knowledge and new knowledge generation are not conclusive due to the lack of careful attention to moderating effects of organizational contexts. We examined 11,939 firms granted 103,952 U.S. patents between 1975 and 1999 to compare the relationship across two organizational contexts characterized with different knowledge recombination practices. Under the context characterized with extensive search efforts (i.e., U.S. applicants), we found a stronger positive association between diversity and new knowledge's degree of usefulness. We also found a weaker curvilinear (inverted U-shape) association between diversity and new knowledge's variability in usefulness under the context characterized with selective appropriation (i.e., non-U.S. applicants). The results support the call for more research on organizational contexts’ moderating roles. (For more information, please contact: Osamu Suzuki, Kwansei Gakuin University, Japan: suzuki@kwansei.ac.jp)

How Does Intra-Organizational Context Condition Inter-Organizational Learning?
Shihmin Jimmy Lo, National Chi Nan University
Hsiu-Ling Li, National Taiwan University
Shuwen Wang, National Taiwan University
Yating Yang, National Chi Nan University
Uma Wu, National Chi Nan University

This study intends to explore how intra-organizational context, in terms of supportive climate, conditions inter-organizational learning. A survey method is adopted and a questionnaire is developed and then validated. A total of 162 complete and useful respondents in Taiwan are received and analyzed. The empirical results show that (1) organizational learning capability has a positive, significant effect on inter-organizational learning whereas organizational learning intent does not; and (2) intra-organizational supportive climate strengthens the effect of organizational learning capability on inter-organizational learning; in contrast, the effect of intra-organizational learning intent on inter-organizational learning is weakened. On the whole, the results suggest that intra-organizational context, supportive climate, has different impacts on the relationship between organizational learning intent and capability and inter-organizational learning performance. (For more information, please contact: Shihmin Jimmy Lo, National Chi Nan University, Taiwan: smlo@ncnu.edu.tw)

Session: 3.4.9 - Competitive
Track: Track: 9 - Cross-cultural Management and HRM

A Cross-Country Exploration of Turnover and Socialization

Presented On: June 28, 2011 - 15:30-16:45

Chair: Sachiko Yamao, University of Melbourne

Person-Job Fit, Job Satisfaction, and Turnover Intention: A Cross-Country Examination
Wendong Li, National University of Singapore
Richard David Arvey, National University of Singapore
Zhaoli Song, National University of Singapore
Drawing from an eco-cultural framework in cross-cultural psychology, the current study investigated whether the relationships of person-job fit with job satisfaction and turnover intention vary as a function of country culture and economic development conditions. Moreover, this study also probed whether person-job fit at the individual level can “emerge” at the country level associated with a country's culture and economic development conditions. Using a cross-cultural sample of 13,085 individuals from 25 countries, the authors found that individualism-collectivism and GDP per capita moderate the influence of person-job fit on job satisfaction and turnover intention. In addition, multilevel analyses show that there seems to exist a country level construct of person-job fit aggregated from the individual level, which was associated with a country's level of GDP per capital. This study contributes to person-environment research from a cross-cultural and multilevel perspective and has implications for international human resources management. (For more information, please contact: Wendong Li, National University of Singapore, Singapore: wendong@nus.edu.sg)

Person-organization Fit and Turnover Intentions in Hong Kong China: The Influence of Social Self-efficacy and International Experience in a Salient Interpersonal Context
Kyle Ehrhardt, University of Wisconsin-Milwaukee
Margaret Shaffer, University of Wisconsin-Milwaukee
Warren C. K. Chiu, Hong Kong Polytechnic University
Dora M. Luk, City University of Hong Kong

While considerable research has examined the relationship between person-organization (PO) fit and various employee outcomes, surprisingly little has considered these effects in traditionally non-Western contexts. Consequently, in this study we first extend current fit research by examining the relationship between PO fit and turnover intentions using Hong Kong China as a research context. Then, drawing on cognitive dissonance theory as a foundation, we further explore potential boundary conditions for this relationship. Consistent with previous research conducted in Western settings, results suggest that PO fit is negatively related to individuals' turnover intentions for indigenous Hong Kong Chinese employees. However, for those with previous “international experience,” individuals' social self-efficacy may moderate this relationship. Implications of study findings are discussed. (For more information, please contact: Kyle Ehrhardt, University of Wisconsin-Milwaukee, USA: kpe@uwm.edu)

The Relationships among Role Stress, Organizational Commitment, Turnover Intention, and Job Satisfaction: The case of Korean and Thai employees
Boine Kim, Korea University
Mannsoo Shin, Korea University
Pakpachong Vadhanasindhu, Chulalongkorn University

In this research we explore the various relationships among role ambiguity, role conflict, affective commitment, continuance commitment, and turnover intention and job satisfaction in the Asian context. We used a path analysis approach to investigate the integrated relationships among variables. The results showed that the role ambiguity was more significant than role conflict in explaining other variables. The effect of role ambiguity was negative and significant both on affective commitment and job satisfaction. A negative influence of role ambiguity on continuance commitment was found only in Korea. As for role conflict, there were limited influences found both on affective and continuance commitment. The results also confirmed the significant mediating effects of affective commitment both between role ambiguity and job satisfaction and between role conflict and turnover intention. There were some differences found between Korea and Thailand in terms of significant relationship and effect size. Based on the empirical findings, this study suggested several managerial implications in terms of human resource management. (For more information, please contact: Boine Kim, Korea University, Korea, South: indy130@korea.ac.kr)
Newcomer Socialization in China: Effects of Team Values and Goal Interdependence
Yifeng Chen, Lingnan University
Dean Tjosvold, Lingnan University
Y. Henry Xie, College of Charleston
Mike Chen-ho Chao, City University of New York
Zuobin Ye, Hong Kong Education Development Research Center

How newcomers interact with their experienced colleagues has been thought to affect their socialization and performance. In a field study of 169 new employees, team leaders provided measures of values and newcomers rated their relationships and attitudes. Structural equation analysis results suggest that relationships and open discussion values promote socialization by developing cooperative goals and integrative interaction. Results were tentatively interpreted as suggesting that values affect socialization by altering newcomer goal interdependence and interaction with experienced team members. By embracing the values of relationships and open discussion, supplemented with cooperative goals and integrative interaction, teams can more effectively socialize newcomers. (For more information, please contact: Yifeng Chen, Lingnan University, Hong Kong, SAR-PRC: yifeng@ln.edu.hk)

Session: 3.4.10 - Competitive
Track: Track: 2 - Marketing and Supply Chain

Perspectives in International Business

Presented On: June 28, 2011 - 15:30-16:45

Chair: Karen Loch, Georgia State University

Cross-Border Perspectives on Consumer Online Reviews
Susan M Mudambi, Temple University
David Schuff, Temple University

Cross-border activity by online retailers and the increasing prevalence of online reviews raise questions regarding the universality of consumer experience. We draw on theory from international marketing, consumer behavior and information economics to develop predictions on how country norms affect consumer behavior regarding customer-generated online reviews. We empirically test the hypotheses through an analysis of 20,100 reviews posted on Amazon.com retail sites in five countries: France, Germany, Japan, the United Kingdom, and the United States. The study investigates how review characteristics vary across country borders in terms of review valence (star rating), review depth (word count) and review helpfulness, with helpfulness objectively measured by the number of votes in response to the question, “Was this review helpful to you?” Countries were found to differ in average star rating, word count and helpfulness, depth of comments, and the differences are both statistically and practically significant. This research study contributes to the theoretical and managerial understanding of cross-border differences in online consumer behavior and user-generated content. (For more information, please contact: Susan M Mudambi, Temple University, USA: susan.mudambi@temple.edu)

Sources of Global Heterogeneity in Retail Spending
Nir Kshetri, University of North Carolina
Ralf Bebenroth, Kobe University

Economies worldwide vary greatly in terms of how much their consumers spend on various types of retail activities. The purpose of this paper is to examine how the regulatory characteristics as well as the natures and
strategies of businesses are related to retail spending. We employed random effect time series cross sectional (TSCS) models linear in parameters for forty-eight economies using annual data for the 1999-2008 period. The results provided strong support that economic freedom, foreign direct investment (FDI) inflow and concentration of retail stores in an economy positively affect retail spending. We also found that tax and social security contributions as a proportion of the GDP is positively related to per capita grocery retail spending. A lack of data for a large number of economies, especially less developed ones potentially provides a limitation of this paper. (For more information, please contact: Nir Kshetri, University of North Carolina, USA: nir.kshetri@gmail.com)

The Antecedents and Consequences of Learning on Exportation Behaviors: A Multilevel Approach
Wann Yih Wu, National Cheng Kung University

Exporting is one of the oldest forms of economic activity. Research into exporting, examined from a business, rather than an economic perspective, has at times been criticized for being too fragmented, uncoordinated, and repetitive to offer any useful insights. As a result, several efforts have been made to review research on the subject of exporting performance, evaluate extant knowledge, and provide directions for future research. However, no attempt has yet been made to synthesize the previous research into a solid study by using meta-analysis method.

This study intends to verify what kind of learning process that firms engage in their export activities? To consider firms’ exporting activities as a whole, this study further proposes four antecedents of absorptive capacity: regulatory focus, export orientation, organizational cultural intelligence, and guanxi. Furthermore, this study tries to investigate under what conditions that these antecedents have stronger or weaker influences toward firms’ absorptive capacity in their export activities. Moreover, based on the resource dependence theory, the degree of interdependencies between exporters and its partners in abroad also serves as the moderator. This study also proposes degree of internationalization (Pangarkar, 2008) as the moderator for the influence of absorptive capacities on export outcomes. (For more information, please contact: Wann Yih Wu, National Cheng Kung University, Taiwan: wanyi@mail.ncku.edu.tw)

Session: 3.4.11 - Competitive
Track: Track: 7 - Emerging Economies

Institutional Concerns and Networks in Emerging Markets

Presented On: June 28, 2011 - 15:30-16:45

Chair: Danny Van den Bulcke, University of Antwerp

Why and When do Business Groups Create New Ventures? An Intra-Group Structure Perspective
Qian Gu, National University of Singapore
Chi-Nien Chung, National University of Singapore
Jane Lu, National University of Singapore

We aim to understand why and when business groups, an important organizational form in emerging economies, gain continuous growth through entrepreneurship activities. In particular, we draw on network theory and investigate how the heterogeneous intra-group structure influences business groups’ propensity of new venture creations. Using Taiwan business groups as the empirical context, we find that the intra-group structure with lower density of trade-based network and higher density of investment-based network will be more conducive for new venture creations, especially when these network ties are formed between the core firm and the rest group affiliates. This study contributes to the emerging field of business groups' entrepreneurial process. The finding can also have important implications for the network theory, which has
been subject to an essential structural imperative and has largely neglected the contents of ties. (For more information, please contact: Qian Gu, National University of Singapore, Singapore: guqian@nus.edu.sg)

Navigating through the Institutional Challenges of an Emerging Market: Australian Service Sector MNEs in India
Narender Sharma, University of Newcastle
Sidney Gray, University of Sydney

It has been well recognised that when a firm ventures abroad, it incurs a liability of foreignness (LOF) especially where institutional distance is high. The focus of this study is to evaluate the usefulness of strategies adopted by MNEs in an emerging market post entry with reference to the case of Australian Service MNEs in India. The study builds on the conceptual framework of institutional theory and network perspective. The methodology is qualitative and evidence from this study suggests that MNEs evolve alternative tactical strategies to reduce the potential impacts of LOF and institutional distance through: local agents or consultants to provide localised advice and access to networks or employing retired senior professionals with strong social and professional networks within the government or public sector. (For more information, please contact: Narender Sharma, University of Newcastle, Australia: narender@idx.com.au)

Session: 3.4.14 - Interactive
Track: Track: 9 - Cross-cultural Management and HRM

Competing Values and HRM

Presented On: June 28, 2011 - 15:30-16:45

Chair: Motofuso Murayama, Seattle University

MBA and Japanese Style Management
Hideki Yoshihara, Nanzan University
Yoko Okabe, Kyoto Sagyo University
Ahmi Kim, Wako University

MBA holders are much fewer and much less important in Japanese companies than in American, European and Asian companies. The basic reason for this is the incompatibility between MBA holders and Japanese style management. Japanese companies have not seen MBA holders as favorable employees. With a recent strategic shift from domestic operations to overseas ones, participation of foreigners in the management increases and English is becoming the central language in international management. Also command of new management concepts and techniques is becoming a requisite for managers. With these changes MBA holders will be increasing in numbers and play more important roles in management in the future. Thus, the future prospect of MBA holders in Japanese companies is rather bright. MBA holders graduated from the global top class business schools in the USA and Europe will be found among core members in management in Japanese companies. Japanese business schools in Japan, excepting a small number of excellent schools, are not highly valued by Japanese companies because of the poor quality education, the Japanese language and the domestically limited human networks among Japanese students. (For more information, please contact: Hideki Yoshihara, Nanzan University, Japan: yoshihara@rieb.kobe-u.ac.jp)
The Image of Flow for Managing Change: Insights from Japanese Way of Sensemaking

Tomoki Sekiguchi, Osaka University

This research focuses on the concept of flow or “nagare” in Japanese language that is often used by Japanese people on many practical occasions, and may affect their management and leadership styles. This research proposes the potential advantage of the intentional use of the image of flow in crafting strategy and managing organizational change especially in Asian countries. Suggestions offered in this paper include picturing ourselves amidst the flow when we ponder the outer surroundings and ourselves and promoting communication among organizational members using the image of flow when discussing environmental and organizational change. To derive these suggestions, this paper analyzes the concept of flow from various viewpoints including cognitive linguistics and Eastern thought, and reports qualitative investigations in which the models of flow-conscious behaviors are developed. Implications for cross-cultural management are also discussed. (For more information, please contact: Tomoki Sekiguchi, Osaka University, Japan: tomoki@econ.osaka-u.ac.jp)

The Peak Wage System in Korea in Comparison to Japanese Experiences

Seong Hoon Park, Yonsei University
Jiman Lee, Yonsei University
Seungwha (Andy) Chung, Yonsei University

This study aims to firstly examine the managerial context, the operating ways, and the effects of the implementation of the peak wage system, which has been introduced to Korean firms from the Japanese firms. Most Korean firms introduced the peak wage system with a view to reduce labor costs. However, the Japanese firms try to utilize old employees’ job experiences, skills and knowledge. And Korean firms started to implement the peak wage system independently of other HR practices. In contrast, Japanese firms made efforts and investments to assign old employees to jobs suitable for their capabilities and skills. This study suggests three propositions by comparing and analyzing the case of three Japanese firms and seven Korean firms. The first proposition is that the company can make the peak wage system more effective by utilizing senior employee’s skills and experiences rather than for the purpose of reducing labor costs. Secondly, the peak wage system can be more effective when it fits with other human resources practices. The last one is that the peak wage system will be more effective when the employees accept it as a legitimate human resources policy. (For more information, please contact: Seong Hoon Park, Yonsei University, Korea, South: seonghoon@socialventure.or.kr)

The Complementary Impact of Social Axioms and Values on the Prediction of Reward Allocation Preferences

Valerie Rosenblatt, University of Hawaii at Manoa

This study explores the relationship among individual values, social beliefs or axioms, and preferences for the four types of reward allocation: equity, equality, need and seniority. The five dimensions of social axioms (reward for application, fate control, social cynicism, religiosity, and social complexity) have been shown to predict preferences for the allocation of material rewards (e.g., pay increase and bonus) and socio-emotional rewards (e.g., photo display) in addition to the four value dimensions (self-enhancement, self-transcendence, openness to change, and conservation). This work demonstrates the complementarity of values and social beliefs in the prediction of reward allocation preferences. (For more information, please contact: Valerie Rosenblatt, University of Hawaii at Manoa, USA: valerie6@hawaii.edu)

Working in Multicultural Environments: A Conceptual Analysis of the Effects of Spirituality, Religiosity, and Personal Values on Employee Performance

AAhad Osman-Gani, IIUM University
Junaidah Hashim, IIUM University
With growing globalization of business operations, along with the movements of goods and services across nations, increasing trends of movements of people from various national, cultural and religious backgrounds are being observed to organizations in almost all business sectors. This trend of the movements is changing the demographic compositions of workforce making the organizations more multicultural, multi-religious and diverse in nature. This paper presents a conceptual analysis of the effects of religiosity, spirituality, individual values on employee performance in multicultural organizations. The paper also highlights the moderating and mediating effects of individual values and organizational commitments. Based on exhaustive literature reviews, the paper developed some propositions that could be tested through empirical research in future. A conceptual framework is presented to guide future research, and implications for professional practice have been discussed at the end. (For more information, please contact: AAhad Osman-Gani, IIUM University, Malaysia:aosmangani@gmail.com)

The Hero’s Return? Dual Conformity Process for Academic Returnees in Chinese Business Schools
Jie Xiong, EMLYON Business School
Tao Wang, EMLYON Business School

Resting on the notions of culture shock and reverse culture shock, we create a dual conformity framework to examine the framing and matching processes between Chinese academic returnees and local/external audiences. We argue that academic returnees experience forward and backward conformity based on their own status and expectations as well as perception of audiences, when returnees go abroad for study and return back for career. Four propositions regarding the interplays of forward conformity, backward conformity, institutional pressure, and audiences’ expectations are formulated. (For more information, please contact: Jie Xiong, EMLYON Business School, France: jie@em-lyon.com)

Session: 3.4.15 - Interactive

Design and Measurement Issues for IB Research

Presented On: June 28, 2011 - 15:30-16:45

Chair: Peter Liesch, University of Queensland

Conceptual and Operational Alignment in the Internationalisation-Performance Debates
Sandra Seno Alday, University of Sydney

The relationship between internationalisation and performance is central to the field of international business, but fifty years of research has failed to yield broad consensus on the nature and shape of the relationship. A comprehensive review of the studies in this field of inquiry is conducted in this paper utilising a systematic and theoretically-grounded approach. This paper uncovers key fundamental differences that underlie the various extant studies that give rise to the persistent disagreement in the literature. The major underlying issues relate to the theoretical foundations of the studies, and the alignment between the theoretical concepts and the operationalisation and measurement of these concepts. The study finds that (1) a variety of internationalisation and performance measures each capturing different dimensions of the key variables have been employed in the studies, and (2) there is a general lack of strong alignment between international business theory and the measures of internationalisation and performance extant in the literature. (For more information, please contact: Sandra Seno Alday, University of Sydney, Australia: sandra.seno-alday@sydney.edu.au)

Qualitative Data Collection in Emerging Markets: Current Challenges, Possible Remedies
Michal Lemanski, WU Vienna
Barbara Stoettinger, WU Vienna
This is an experience based presentation, in which we share findings from a research project on business organizations in two Asian emerging markets: China and Singapore, and three emerging markets in Eastern Europe: Bosnia, Croatia, and Serbia. It includes both business firms, and institutional partners, like chamber of commerce, and government agencies, including ministries, embassies and consulates. Since publications on conducting field research in emerging markets are very fragmented, usually in scope narrowed to single countries, and because of their dynamism and changes in the environment soon getting outdated, our primary objective is to share fresh experience from a large international project on emerging market firms for which we employed qualitative field research methods, and to enhance establishing of networks of researchers conducting qualitative field work on emerging market organizations, which would enable exchange of knowledge and best practices for this challenging but fascinating job. (For more information, please contact: Michal Lemanski, WU Vienna, Austria: michal.lemanski@wu.ac.at)

Etic or Emic? Measuring Culture in International Business Research
Lung-Tan Lu, Fo Guang University

How to measure culture has been a fundamental challenge for scholars in the field of international business. Approaches, as well as contexts relating to culture, national culture, and dimensional culture, are their major concerns. It is suggested that etic categories may be useful for comparative analysis, but need corroboration from fieldwork and must be open to new elements collected by an emic approach. Moreover, international business research with cultural issues would benefit from combining the etic and emic approaches. (For more information, please contact: Lung-Tan Lu, Fo Guang University, Taiwan: ltlu@mail.fgu.edu.tw)

A Scientometric Investigation of Articles Published in the Journal of International Business Studies Revealing Empirically the Evolution of the Field
Peter W. Liesch, University of Queensland
Sara L. McGaughey, University of Strathclyde
Stuart Middleton, University of Queensland
Julia Cretchley, University of Queensland

A leading scholar has expressed concerns that the IB research agenda could be ‘running out of steam’ (Buckley, 2002), prompting on-going introspection. We contribute to this debate by investigating the evolution of the IB field through a scientometric examination of the population of scholarly articles published in its premier journal, the Journal of International Business Studies (JIBS) from 1970 until 2008. We introduce a new form of analysis to the international business field, and a new analytical tool to the field of scientometry. We show an evolution from an initial and extended emphasis on macro-environmental issues to a more recent focus on micro-economic, firm-level ones. Throughout the period, the multinational enterprise (MNE) occupies center-stage at this interface. (For more information, please contact: Peter W. Liesch, University of Queensland, Australia: p.liesch@uq.edu.au)

James Agarwal, University of Calgary
Naresh K. Malhotra, Nanyang Business School/Georgia Tech

Given the growing awareness of the conceptual and methodological limitations of using cross-national studies, the authors demonstrate the use of cross-cultural approach - i.e. culture as the unit of analysis and compare it with cross-national approach. The extent of convergence of cultural values across nations has been debated by IB researchers. Both approaches have merit in that they demonstrate the crossvergence effect which aims to strike a balance between cultural convergence due to globalization and cultural divergence that argues for cultural imperative and the stability of national culture. Using structural equation modeling, the authors
empirically demonstrate that there are distinctive differences between cross-national and cross-cultural models and highlight the growing relevance of cross-cultural approach in IB research. (For more information, please contact: James Agarwal, University of Calgary, Canada: james.agarwal@haskayne.ucalgary.ca)

Session: 3.4.16 - Interactive
Track: Track: 11 - SMEs and Entrepreneurship

Internationalization of SMEs and New Ventures

Presented On: June 28, 2011 - 15:30-16:45

Chair: Joan P. Mileski, Texas A&M University at Galveston

Network Intermediaries in the Internationalisation of New Firms in Peripheral Regions

Colm B O’Gorman, Dublin City University
Natasha Evers, National University of Ireland, Galway

Network theory suggests that an EPO, as a network intermediary, may be able to facilitate internationalisation by both providing resources to support internationalisation and by mediating the flow of information between markets and producers. In this study we draw on the network perspective to examine the role of an export promotion agency (EPO) in the internationalisation process. We employ case analysis and the critical incident technique to study the influence of the Irish Government’s support agency for the seafood industry on the internationalisation of three new ventures in the seafood sector in Ireland. We find that the EPO played an important information mediation role for the firms, providing them access to the international markets and customers. We propose that the intermediated internationalisation process for new ventures progresses through three stages. The implications for policy is that by providing entrepreneurs with access to resources and information embedded in external network partners, EPOs can assist new and small businesses in their expansion into new international markets. (For more information, please contact: Colm B O’Gorman, Dublin City University, Ireland: colm.ogorman@dcu.ie)

Motives for Going International: A Longitudinal Study of Finnish Design Companies Entering the Japanese Market

Mikki Juhani Lehtonen, Aalto University
Elizabeth L. Rose, Aalto University
Heidi Cheng, Aalto University
Jaakko Lovio, Aalto University

During the last two decades our understanding of the internationalization process of the firm has expanded rapidly, thanks to research dealing with new organizational forms such as international new ventures and born globals. Despite advances related to the actual internationalization process, firms’ motivations for internationalizing have received less attention. It seems taken for granted that companies internationalize in order to increase their profitability overseas. Drawing on Bourdieu’s different forms of capital, we suggest that the internationalization process has been viewed from an overly narrow perspective. Rather than focusing solely on economic motives, the social and cultural motives behind internationalization should also be taken into account. Based on a qualitative study of 26 small and medium-size Finnish design companies aiming at the Japanese market, we find evidence that companies internationalize not only for better profitability, but also to accumulate knowledge and increase their domestic sales. Thus, we suggest that internationalization frameworks should be more contextually-grounded, incorporating matters such as company size, industry, and home-country environment. (For more information, please contact: Miikka Juhani Lehtonen, Aalto University, Finland: miikka.j.lehtonen@aalto.fi)
In this paper, we show that existing literature on high-tech SME internationalisation has overwhelmingly had a sales orientation. Forms of 'resource seeking' rather than 'market seeking' internationalisation have a result been understudied. In this paper, we investigate the international dimension of the high-tech SME's innovation process. By means of a multiple case study, we trace the internationalisation patterns formed by these innovative activities. We ask the following research questions: how do SMEs internationalise to innovate and commercialise? How does this process differ from sales-led internationalisation? In the conclusion of the paper, we argue that the 'innovation-led' internationalisation pattern we identified through our empirical analysis can understood through a Penrosian lens that remains consistent with behavioural theories of internationalisation. Accordingly, we suggest that innovation-led internationalisation can be understood as the evolution of a firm's technological and market base. (For more information, please contact: Catherine Welch, University of Sydney, Australia: catherine.welch@sydney.edu.au)

SME Internationalization: Can SMEs Overcome Liabilities of Foreignness and Smallness through International and Product Diversification?
Mary Han, HKUST/Ryerson University
Nikhil Celly, University of Hong Kong

We draw from dynamic capability and organization learning to examine whether internationalizing SMEs can overcome their liabilities of foreignness and smallness by jointly pursuing product diversification and two international entry strategies of exporting and FDI. We employ a Japanese sample of 1083 firm observations over a 9 year period from 1992-2000 to explore this question. The results suggest that SMEs may be able to overcome these liabilities by strategically focusing on low to moderate levels of export, FDI and product diversification. This approach leads to fewer mistakes and enables advantages of learning by doing. However, there are limits to such benefits when undertaking high levels of product and international diversification. (For more information, please contact: Mary Han, HKUST/Ryerson University, Hong Kong, SAR-PRC: mhan@ust.hk)

Network Characteristics and SME Internationalization: Conceptual Considerations and Empirical Evidence
Andreas Al-Laham, University of Mannheim
Marie Oehme, Mannheim University

This paper examines the internationalization propensity of biotechnology start-ups located in six regional networks, and analyzes whether regional network characteristics influence antecedents and patterns of firms internationalization. The objectives of this paper are: (1) to compare different development paths of firms internationalization; (2) to identify the core factors driving internationalization; (3) to discuss implications for research in the field. Regional cluster networks are analyzed with regards to their demographical and structural network characteristics. More specific, we investigate the formation of international ties of German dedicated biotech firms as a result of demographical network characteristics, such as the number and diversity of the network members, and structural network characteristics, such as the degree of network coalescence. We study our propositions on a longitudinal dataset of the entire population of small and medium sized enterprises (SMEs) in the German biotech industry. Our explorative findings reveal that clusters which can be regarded as more established and consolidated in terms of their network characteristics, exhibit a higher degree of internationalization in contrast to comparatively more nascent, less consolidated clusters. (For more information, please contact: Andreas Al-Laham, University of Mannheim, Germany: al-laham@uni-mannheim.de)
**Does Technology Centrality Impact Firms’ International Diversification Strategy?**
Madan Annavarjula, Bryant University

In an era of globalization of products and markets, the critical role of technology in determining market performance of firms can hardly be overemphasized. Proponents of the Resource Based View of the firm have argued that technology is a critical component in attaining a sustainable competitive advantage for the firm. Technology has also been found to act as an entry barrier and as a strategic rent-generating asset. While there is near unanimity in accepting the vital role of technology in firm's performance, there is little discussion or agreement on the “centrality” of technology to corporate international strategy. Centrality refers to the “relative importance” of technology to a firm. Although technology is considered to be omnipresent and all pervasive in the context of modern business, it can be argued that the relative importance varies widely both within and across businesses based on the attributes and applications of technology. This study will construct and validate a scale to measure the “centrality” of technology for a firm and will utilize this scale to predict different dimensions of a firm's international diversification strategy such as the choice of international entry mode and the choice of governance mechanisms between the headquarters and the subsidiaries. *(For more information, please contact: Madan Annavarjula, Bryant University, USA: mannavar@bryant.edu)*

**Business Groups and their International Diversification Strategy on the Foreign Competition and Industry Globalization**
Chi-Yu Huang, National Changhua University of Education

We explore the impact of business group on the relationship among international diversification, foreign competition, industry globalization and firm performance. We develop the theoretical arguments based on an integration of the literature on international diversification with the internal, external control and institutional theory perspective. We argue external control of resource dependence matters more to international diversification strategy when business groups do not own enough critical resource or they likely simultaneously exercise both product and geographic diversification, and suggest that a business group moderates the relationship between international diversification and firm performance. We also take account of industry environment and different cooperation traits would affect business groups to select different diversification strategies. We conclude that both internal development and external control would effectively encourage business groups perform different diversification to survival and growth. Furthermore, external control means would advance much speedier than internal development. *(For more information, please contact: Chi-Yu Huang, National Changhua University of Education, Taiwan: amy67039@ms27.hinet.net)*

**International Diversification Effects on Performance in Information Service Firms: Evidence from Korea**
Jaiho Chung, Korea University
Kihyun Kim, Korea University

International diversification undoubtedly represents an essential growth strategy with great potential impact on firm performance. Although previous literature has widely examined the relationship between international diversification and firm performance in international business and strategic management research, it has an
exclusive focus on manufacturing sectors in industrialized countries. To fill this gap, we study the relationship between international diversification and firm performance using the sample of Korean information service firms. We first confirm a U-shaped relationship for information service firms. However, we also find that the negative effect of internationality on performance in the initial stage of international diversification, which is typically found in general service firms, is less distinct for information service firm. This outcome is attributed to the nature of information service. (For more information, please contact: Jaiho Chung, Korea University, Korea, South: jhochung@korea.ac.kr)

**The Effect of Cross-border Knowledge and Technological Turbulence on Firm Performance: A Knowledge Transfer Study**

Liliana Perez-Nordtvedt, University of Texas-Arlington  
Debmalya Mukherjee, University of Akron  
Ben L Kedia, University of Memphis

Using knowledge-based view and contingency arguments, we develop and test a model that investigates the relationship between the effectiveness and efficiency of cross-border knowledge gained from international business affiliates (IBAs) on the focal firm's performance. We also argue that the direct and positive effect of the effectiveness of knowledge acquired from the IBA is moderated by the efficiency of such knowledge acquisition. Further, we suggest that the direct and positive effect of the effectiveness of knowledge acquired from the IBA and the efficiency in the acquisition of such knowledge on focal firm performance are moderated by the technological turbulence of the context in which the focal firm operates. Results indicate that the effectiveness of cross-border knowledge transfer, and not the efficiency in the acquisition of such knowledge, positively impacts the focal firm's performance. However, in line with our arguments, results also show that the level of technological turbulence attenuates the positive effect of the effectiveness of cross-border knowledge on the focal firm's performance. Finally, we also find that knowledge transfer efficiency and effectiveness jointly improve focal firm performance. We discuss the theoretical and practical ramifications of these findings. (For more information, please contact: Debmalya Mukherjee, University of Akron, USA: dmukher@uakron.edu)

**Emergence and Evolution of SME International and Domestic Expansion**

Lei Li, Nottingham University  
Anthony Goerzen, Queen's University  
Weilei (Stone) Shi, Baruch College  
Dan Li, Indiana University

Drawing upon Penrose's Theory of the Growth of the Firm (TGF) and extant theories of the multinational enterprise (MNE), our study analyzes the evolutionary trajectories of internationalizing versus domestic small and medium-sized enterprises (SMEs). Consistent with prior research, we find that R&D-based technological capability is a key antecedent of international expansion. More importantly, we reveal the importance of allying capability in driving internationalization. Further, we find that internationalizing SMEs are able to accumulate disproportionately more resources and capabilities than their domestic counterparts over time. While there is little disparity of average financial performance in our sample between the two evolutionary trajectories, internationalizing SMEs tend to benefit from technological and allying capabilities more than do their domestic counterparts over time. (For more information, please contact: Lei Li, Nottingham University, China: lei.li@nottingham.edu.cn)

**Bottom of the Pyramid Markets: Entering the 4th Stage of International Expansion**

W.G. Douglas-Fernandez, Florida International University

This paper explores the relationship between multinationality and performance (M-P) within the context of Bottom of the Pyramid (BOP) markets. While multinationality has long been presumed to have a positive
relationship with performance, empirical evidence of this relationship has been inconclusive. In recent years, several studies have resolved to reconcile these inconsistencies by using a sigmoid-shaped, three-stage model. Building on this three-stage model, I contend that multinationality does not necessarily cease to confer benefits to firms beyond a “sub-optimal” point (i.e. the point at which high-income markets have been saturated) as is currently believed. Instead, I argue that firms who have reached stage 3 of the model may be able to extend the benefits of multinationality into a fourth stage by exploring opportunities in BOP markets. Firms in stage 3 of the M-P model will have developed the “global capabilities” and core competencies necessary to thrive in these unfamiliar markets. This paper expands upon our current understanding of the M-P relationship, builds propositions for stage 4 based on global capabilities, and provides implications for future research in this area. 

(For more information, please contact: W.G. Douglas-Fernandez, Florida International University, USA: wdoog002@fiu.edu)

Determinants of International Negotiation Outcome: A Comparison between Domestic and International Sale of Korean Insolvent Companies

Chang Hwan Choi, Dankook University

This paper confirmed outcomes in international negotiation between Korea and foreign negotiators would be lower by 21% than in domestic negotiation between Korea negotiators with data from 25 Korean insolvent firm’s case analysis sold to foreign and domestic investors respectively. Test results of hypotheses, questionnaires from experts who had been involved in sale processes, negotiation specialist, and students who have been educated in negotiation class, indicated that time pressure on sales, cultural difference and corporate sizes have a negative impact on the relatively low outcome in international negotiations. This finding will provide some implications that to enhance the outcome of negotiation for overseas corporate sale negotiator would better avoid deadline for sale, use intermediaries familiar with both cultures, normalize targeted companies before divestiture, establish an adequate rewarding system. (For more information, please contact: Chang Hwan Choi, Dankook University, Korea, South: hub21@dankook.ac.kr)

AIB Awards Ceremony and Business Meeting

Presented On: June 28, 2011 - 17:00-18:30

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