CONFERENCE PROGRAM

SMS SPECIAL CONFERENCE
Dec 14–16, 2012

China
Guangzhou

SUN YAT-SEN BUSINESS SCHOOL
SYSBS

Strategic Management Society
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Dear Colleagues,

We wish you a warm welcome to Guangzhou and to the SMS’ Special Conference on “Competing and Cooperating in and for China.”

A number of important transitions provide the context and motivation for this special conference. China recently overtook Japan to become the world’s second-largest economy. Yet, China has been experiencing significant changes. GDP growth is no longer the only important target for the government. How to build a harmonious society has become an important political target, which can have significant impact on the government’s economic policies. Fast growing indigenous demand has made China one of the most attractive markets across many sectors. For example, China now is the world’s largest auto market and the biggest consumer of energy. The 2008-2009 global financial crisis, while adversely affecting China’s economy and many Chinese firms, provided an unprecedented opportunity for Chinese firms to expand into global markets. For instance, Chinese firms are significant strategic investors in the natural resource sectors, especially in Australia, Africa, and Latin America. Chinese firms have also acquired some well-known western companies. All of this points to China becoming an even more important part of the global economy and Chinese firms becoming more prominent in global markets.

All of these developments make it an opportune time for academics, businesspersons, and consultants to revisit and rethink China strategy—what does this mean for western multinationals and for Chinese domestic firms? We believe the competitive landscape has fundamentally changed. On the one hand, western multinationals no longer just use China as a manufacturing base for their global markets. They are tailoring their products, services, and strategies for the Chinese markets. More importantly, many of them are conducting R&D activities in China and the resultant innovation is not just used domestically but also for their global markets. On the other hand, Chinese firms are no longer just suppliers to western multinationals. Many of them are moving up the value chains of their industries and becoming direct competitors to their western counterparts. In short, China has entered into an era when Chinese domestic firms and western multinationals compete and cooperate simultaneously in China and globally.

This special conference will feature a number of plenary sessions on such topics that you will find to be exciting and interesting. A keynote plenary will discuss the implications of changes in China for strategy management scholarship as well as practice. Plenary sessions will also highlight presentations and discussions on collaborative strategies in China, corporate governance and executive leadership, and the future of strategic management research. Executives from IBM, Philips, and the DSM Innovation Center will reflect on innovation strategies in China. In addition to many interesting parallel paper sessions, consortia for doctoral students and faculty will enrich the program and provide opportunities for conversations and the development of research. In addition to a stimulating conference program, there will be wonderful opportunities for conversations and sightseeing, including a special dinner cruise on the Pearl River.

We would like to close by thanking all of the sponsoring institutions that have made this conference become a reality. First, please join us in expressing our sincere appreciation to our host institution, Sun Yat-Sen Business School (SYSBS) in Guangzhou. We would also like to express our gratitude to the other sponsors of this conference, including Australian School of Business, Jilin University School of Management, School of Management, Fudan University, and University of Macau. Special thanks also go to the many individuals who serve as reviewers, workshop organizers, session chairs and facilitators, and other volunteers, in addition to the staff of the SMS Executive Office.

We hope you have a wonderful time at this special conference and that you find it to be thought-provoking and enjoyable.

Ming-Jer Chen, University of Virginia
Yadong Luo, University of Miami
Zhang Yan (Anthea) Zhang, CEIBS and Rice University
Jeffrey Reuer, Purdue University
Shujun Zhang, Sun Yat-Sen University
Dear Conference Participant:

We bid you a warm welcome to our Special Conference in China; we are very happy to have you with us.

Focusing on “Competing and Cooperating in and for China,” this conference brings strategy, management, and business scholars from China together with their global counterparts. The conference provides a platform for these scholars to learn from each other and co-develop winning strategies, emerging theories, research methods, and policy suggestions on how firms—domestic and foreign—can achieve sustainable competitive advantages in a changing competitive landscape.

Special Conferences provide a smaller forum for discussion and debate, thus allowing a more in depth examination of a specific topic. They also offer opportunities for members to meet and collaborate, as well as give the SMS the ability to grow our presence in different regions of the world. Thank you again for joining us for this event.

We would like to take this opportunity to thank those instrumental in organizing this conference. Without the hard work of our Program Chairs, Yan (Anthea) Zhang, Jeff Reuer and Shujun Zhang this event would not be a reality. We would also like to thank the conference conveners, Ming-Jer Chen and Yadong Luo for their generous support of this event. Lastly, we would like to express our most sincere appreciation to the host institution and supporting organizer, Sun Yat-Sen Business School (SYSBS) in Guangzhou.

We hope that you have an enlightening and enjoyable conference. Please enjoy your stay in beautiful Guangzhou!

Jay Barney
President

Nikolaus Pelka
Executive Director

Strategic Management Society
A Professional Society for the Advancement of Strategic Management

The Strategic Management Society (SMS) is unique in bringing together the worlds of reflective practice and thoughtful scholarship. The Society focuses on the development and dissemination of insights on the strategic management process, as well as on fostering contacts and interchange around the world.

The SMS is membership-based and was founded at an inaugural meeting in London in 1981. Today, it enjoys the support of close to 3,000 members representing over 1,200 institutions and companies in over 80 countries. Our activities are made possible through the dedicated support from hundreds of individuals who take on a variety of responsibilities, volunteering their time and expertise.

MEETINGS
The SMS holds an annual meeting at various sites around the world, typically alternating between North America and Europe; some past locations included Amsterdam, Baltimore, Barcelona, Berlin, Boston, Chicago, London, Mexico City, Montreal, Orlando, Paris, Philadelphia, Phoenix, San Francisco, San Juan, Singapore, Stockholm, Toronto, Vancouver, Vienna, San Diego, Cologne, Germany, Washington DC, Rome, Miami, and most recently, Prague. Each conference addresses a current theme, with specific tracks addressing sub-themes, and presents multiple sessions by leading experts in the field from around the world.

The SMS has responded to membership interest in special topics through its introduction of a series of smaller, regionally based meetings addressing more specific industry or subject themes. Conferences have taken place in such places as Shanghai, Catania, Rio de Janeiro, San Diego and Singapore.

PUBLICATIONS
The Strategic Management Society is proud to be involved with Wiley & Blackwell in the publication of leading journals and innovative books, which for more than three decades have been vital tools for the benefit of researchers and practitioners in the field. The Strategic Management Journal (SMJ) has since its inception in 1980 been the official journal of the Strategic Management Society. This Class A journal is consistently rated one of the top publications in the management area. We also offer two quarterly journals, the Strategic Entrepreneurship Journal (SEJ) and the Global Strategy Journal (GSJ). The intent is for these two publications to become Class A journals that promote the development and dissemination of advances in the field by maintaining the highest standards of intellectual thought combined with practical relevance, just as their sister publication, the SMJ has done for many years. The SMS Book Series focuses on cutting edge concepts/topics in strategic management theory and practice. The books emphasize building and maintaining bridges between theory and practice. They generate and test theories of strategic management and demonstrate how to learn, understand and apply these theories in practice.

SMS INTEREST GROUPS AND COMMUNITIES (IG & C) The primary purpose of the Interest Groups and Communities within the SMS is to act as a catalyst for building and disseminating new ideas in research, practice, and teaching around a set of core issues in strategic management. Each Interest Group and Community recognizes a major, individual stream of practice and research interest, and aims to serve the needs of members with special interests in this stream of work. Members of the SMS can elect to join up to two Groups and one Community of their choice; additional Interest Groups may be added for a nominal fee.
PAST ANNUAL CONFERENCES

2012 PRAGUE
2011 MIAMI
2010 ROME
2009 WASHINGTON DC
2008 COLOGNE
2007 SAN DIEGO
2006 VIENNA
2005 ORLANDO
2004 SAN JUAN
2003 BALTIMORE
2002 PARIS
2001 SAN FRANCISCO
2000 VANCOUVER
1999 BERLIN
1998 ORLANDO
1997 BARCELONA
1996 PHOENIX
1995 MEXICO CITY
1994 PARIS
1993 CHICAGO
1992 LONDON
1991 TORONTO
1990 STOCKHOLM
1989 SAN FRANCISCO
1988 AMSTERDAM
1987 BOSTON
1986 SINGAPORE
1985 BARCELONA
1984 PHILADELPHIA
1983 PARIS
1982 MONTREAL
1981 LONDON

RECENT SPECIAL CONFERENCES

2012 GUANGZHOU, CHINA
Competing and Cooperating in and for China

2012 SINGAPORE
Globalisation Of Innovation Strategies: Novel Moves for a Global Game

2011 SAN DIEGO, CALIFORNIA, USA
CK Prahalad: Reaching Over Boundaries and Expanding Possibilities

2011 RIO DE JANEIRO, BRAZIL
Latin America’s Burgeoning Strategic Role in Global Development

2010 LAPLAND, FINLAND
Intersections of Strategy Processes and Strategy Practices

2008 HYDERABAD, INDIA
Emerging India: Strategic Innovation in a Flat World

2007 CATANIA, ITALY
New Frontiers in Entrepreneurship: Strategy, Governance and Evolution

2007 SHANGHAI, CHINA
Successful Strategies in Chinese markets (Chinese Firms and Foreign MNCS) and International Markets (Chinese Firms)

2003 BUENOS AIRES, ARGENTINA
Entrepreneurship and New Technologies in Latin America: Striking a Balance between the Desirable and the Feasible

UPCOMING CONFERENCES
The individuals listed below worked with the Conference Theme Track Chairs to review proposals for the conference. We appreciate and gratefully recognize the amount of time and effort spent making this a successful event.

Nelson Antonio  
ISCTE - Instituto Universitário de Lisboa

Harry Bowen  
Queens University of Charlotte

Guoli Chen  
INSEAD

Dong Chen  
Loyola Marymount University

Wei-Ru Chen  
INSEAD

Tailan Chi  
University of Kansas

Hao Cui  
Sun Yat-Sen University

Daniel Degavel  
California State University-Northridge

Xudong Gao  
Tsinghua University

Jinyu He  
Hong Kong University of Science and Technology

Zheng He  
University of Electronic Science and Technology of China

Edward C T Ho  
Strategus

Nan Jia  
University of Southern California

Lin Jiang  
University of Missouri

Jing Jin  
Rice University

Sali Li  
University of Wisconsin-Milwaukee

Yong Li  
State University of New York-Buffalo

Jun Li  
University of New Hampshire

Dan Li  
Indiana University

Jing Li  
Simon Fraser University

Yu Li  
University of International Business and Economics

Wan Li  
York University

Peter Li  
Copenhagen Business School

Weiwen Li  
Sun Yat-sen Business School

Qianwen Li  
Nanjing Audit University

Jingjiang Liu  
Zhejiang University

Jiangyong Lu  
Peking University

Steven Lui  
University of New South Wales

Xufei Ma  
Chinese University of Hong Kong

Muammer Ozer  
City University of Hong Kong

Philip Phan  
Johns Hopkins University

Gongming Qian  
Chinese University-Hong Kong

Hongyan Qu  
Peking University

Charlotte Ren  
Purdue University

Bing Ren  
Nankai University

William Rhyne  
Notre Dame de Namur University

Wei Shen  
Arizona State University

Wei Shi  
Rice University

Wouter Stam  
Hong Kong University of Science & Technology

Li Sun  
University of Missouri-Kansas City

Yi Tang  
Hong Kong Polytechnic University

Qingjiu Tao  
James Madison University

Tiemin Wang  
Peking University

Jifu Wang  
University of Houston, Victoria

Liang Wang  
University of San Francisco

Jiang Wei  
Zhejiang University

Aiqi Wu  
Zhejiang University

Fan Xia  
Peking University

Dean Xu  
CEIBS

Haibin Yang  
City University of Hong Kong

Hongyan Yang  
Hong Kong Polytechnic University

Jun Yang  
Institution

Xiwei Yi  
Rice University

Michael Young  
Hong Kong Baptist University

Lori Yue  
University of Southern California

Yu Zhang  
University of California-Irvine

Yan (Anthea) Zhang  
CEIBS and Rice University

Gang Zhang  
Zhejiang University

Zheng Zhao  
University of Kansas

Weiting Zheng  
Hong Kong Polytechnic University

Kevin Zhou  
University of Hong Kong

Changhui Zhou  
Peking University

Nan Zhou  
Moscow School of Management

Hong Zhu  
Chinese University of Hong Kong

Feng Zhu  
University of Southern California
SPECIAL CONFERENCE CHINA BEST CONFERENCE PROPOSAL AWARD

The Strategic Management Society is pleased to honor the best paper proposals presented at the conference with the Best Conference Proposal Award. The Selection Committee will choose one winner and three runner-ups for this award based on the following criteria:

- Originality of contribution(s)
- Solid conceptual development
- Appropriate research design
- Relevance to Chinese management practices

All winners will be presented with a commemorative certificate and be recognized at the closing banquet dinner on December 16.

SATURDAY
SESSION 4  |  11:15 – 12:30

**Competition-Driven Repositioning: An Empirical Analysis of the Chinese State-Owned TV Industry**
Richard D. Wang, *University of Minnesota*
J Myles Shaver, *University of Minnesota*

SATURDAY
SESSION 26  |  11:15 – 12:30

**When Do Foreign VC Firms Syndicate With Domestic VC firms in China: A Multi-level Analysis**
Xiru Zhang, *Peking University*
Jiangyong Lu, *Peking University*

SATURDAY
SESSION 8  |  17:00 – 18:15

**The Evolutionary Road Towards Innovating in China: The Development of Global Innovation Capability Within MNCs**
Wen Pan Fagerlin, *Lund University*
Christian Koch, *Lund University*

SATURDAY
SESSION 10  |  17:00 – 18:15

**Painted With the Same Brush: Negative Reputation Spillover Among Emerging Market Firms Going Public Abroad**
Xiwei Yi, *Rice University*
## FRIDAY, DECEMBER 14, 2012

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<tr>
<td>09:00 — 16:00</td>
<td>Pre-conference Paper Development Workshop at Sun Yat-Sen Business School</td>
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<tr>
<td>18:00 — 20:30</td>
<td>Welcome Reception &amp; Dinner at Hotel Dong Fang</td>
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## SATURDAY, DECEMBER 15, 2012

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<tr>
<td>09:00 — 09:30</td>
<td>Conference Welcome</td>
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<tr>
<td>09:30 — 10:45</td>
<td>Keynote Plenary Panel: Competing and Cooperating in and for China</td>
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<td>10:45 — 11:15</td>
<td>Coffee Break</td>
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<tr>
<td>11:15 — 12:30</td>
<td>Parallel Paper / Common Ground / Panel / Development Sessions</td>
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<td>12:30 — 13:45</td>
<td>Luncheon</td>
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<td>13:45 — 15:00</td>
<td>Plenary Panel II: Collaborative Strategies in and for China</td>
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<td>15:00 — 15:30</td>
<td>Coffee Break</td>
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<tr>
<td>15:30 — 16:45</td>
<td>Parallel Paper / Common Ground / Panel / Development Sessions</td>
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<tr>
<td>17:00 — 18:15</td>
<td>Parallel Paper / Common Ground / Panel / Development Sessions</td>
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<tr>
<td>19:00 — 22:00</td>
<td>Off-site Pearl River Boat Tour, Dinner &amp; Live Performance</td>
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## SUNDAY, DECEMBER 16, 2012

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<td>09:00 — 10:15</td>
<td>Plenary Panel III: Corporate Governance &amp; Executive Leadership in the Age of Globalization</td>
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<tr>
<td>10:45 — 12:00</td>
<td>Parallel Paper / Common Ground / Panel / Development Sessions</td>
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<tr>
<td>12:15 — 13:30</td>
<td>Luncheon</td>
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<tr>
<td>13:45 — 15:00</td>
<td>Plenary Panel IV: Strategic Management Research in China – What’s Next?</td>
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<td>15:00 — 15:30</td>
<td>Coffee Break</td>
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<tr>
<td>15:30 — 16:45</td>
<td>Parallel Paper / Common Ground / Panel / Development Sessions</td>
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<tr>
<td>17:00 — 18:00</td>
<td>Executives Plenary Panel: Innovation Strategy in China</td>
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<tr>
<td>18:30 — 20:30</td>
<td>Closing Dinner &amp; Award Ceremony</td>
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PAPER DEVELOPMENT WORKSHOP

Pre-Conference Paper Development Workshop

Workshop Co-Chairs
Haiyang Li, Rice University
Eric WK Tsang, University of Texas-Dallas

This Pre-Conference workshop is not part of the regular conference schedule and pre-application is required. This workshop will be held on the campus of Sun Yat-Sen Business School in Guangzhou. The primary objective of the workshop is to provide advice to junior scholars who currently research China-related strategy, international business and entrepreneurship topics and wish to publish in international journals. Specifically, the workshop will provide junior faculty with developmental feedback on their current research projects in round-table sessions with internationally renowned scholars.


Eric W. K. Tsang received his Ph.D. from the University of Cambridge. Before joining academia, he worked as corporate banker at HSBC in Hong Kong. He is the Dallas World Salute Distinguished Professor of International Strategy at the University of Texas, Dallas. His main research interests include organizational learning, strategic alliances, foreign direct investment, and philosophical analysis of methodological issues. He has published widely in leading business journals, such as Academy of Management Journal, Academy of Management Review, Journal of International Business Studies, Marketing Science, MIS Quarterly, and Strategic Management Journal. He is or has been an editorial review board member of major journals, such as Academy of Management Journal, Academy of Management Review, and Journal of International Business Studies. His publications have been well cited by fellow researchers. For example, his article titled “Social Capital, Networks, and Knowledge Transfer” is the most cited paper published in the entire 2005 volume of Academy of Management Review.
SESSION 35

CONFERENCE WELCOME

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Panel

Conference Conveners
Yadong Luo, University of Miami

Conference Program Chairs
Jay Barney, University of Utah
Jeffrey Reuer, Purdue University
Yan Zhang, CEIBS and Rice University

Yadong Luo is the Emery M. Findley Distinguished Chair of Graduate Business Studies and Professor of Management at University of Miami. He is also an elected Fellow of Academy of International Business. Yadong Luo has emerged as the world’s top research scholar in international management since the mid-90s. He has published over 150 articles in major refereed journals in international business and management, including AMJ, ASQ, AMR, SMJ, JIBS, JAP, Org. Science, among others. He also authored more than a dozen books and about a hundred other publications. His research interests include global corporate strategy, global corporate governance, international joint ventures, and management in emerging economies, among others. Yadong Luo’s research record includes seminal pieces on important and timely topics, such as co-opetition in international business, business-government relationships, cross-cultural cooperative strategies, multinational enterprises in emerging markets, and international expansion of emerging market enterprises. He currently is a consulting editor of JIBS, editor of JWB, and senior editor of MOR. He is the recipient of a dozen research and teaching awards at University of Miami and University of Hawaii, where he taught before joining University of Miami.

Jay Barney is a Presidential Professor of Strategic Management and Pierre Lassonde Chair of Social Entrepreneurship at the University of Utah. He previously served as the Professor of Management and held the Chase Chair for Excellence in Corporate Strategy at the Max M. Fisher College of Business, The Ohio State University. His research focuses on the relationship between costly-to-copy firm skills and capabilities and sustained competitive advantage. He is an associate editor for the Journal of Management and senior editor for Organization Science and has been published in numerous leading publications. In addition to his teaching and research, he presents executive training programs throughout the US and Europe. His consulting work focuses on large-scale organizational change and strategic analysis. Jay Barney is an SMS Fellow as well as a fellow of the Academy of Management. He has received honorary doctorate degrees from the University of Lund, the Copenhagen Business School, and Universidad Pontificia Comillas (Madrid), and has honorary visiting professor positions in New Zealand and China.

Jeffrey Reuer is the Blake Family Endowed Chair in Strategic Management and Governance at the Krannert School of Management, Purdue University. He is an Associate Editor of the Strategic Management Journal and was a program chair of the 2009 SMS Conference in Washington, DC. He has also been active in the SMS as a member of the Conference Program Review Committee, chair of the Doctoral Workshop, an organizer of pre-conference sessions for the corporate strategy interest group, and a judge for the SMS Best Conference Paper Prize. His research is in the area of corporate strategy, and his current work examines external corporate development activities and alliance governance. He was the recipient of the 2007 SMS Emerging Scholar Award.

Yan (Anthea) Zhang is Professor of Strategic Management in the Jones Graduate School of Business at Rice University. She has been a highly prolific scholar in the profession with a number of publications appearing in top scholarly journals, such as Academy of Management Journal, Strategic Management Journal, Journal of International Business Studies, among others. Her research has focused on CEO leadership, with an emphasis on CEO succession and dismissal in major organizations. She has also made contributions to research on foreign direct investment and entrepreneurship in emerging markets, notably China. The influence of her research is also shown by the citations in many top business media outlets such as the Economist, Business Week, New York Times, Wall Street Journal, and Financial Times. Currently, she is an associate editor of Academy of Management Journal and a consulting editor of Management and Organization. She is on the editorial board of Strategic Management Journal. She is the recipient of the 2010 SMS Emerging Scholar Award.
Panelists

- Marshall W. Meyer, University of Pennsylvania
- Michael A. Hitt, Texas A&M University
- Yan (Anthea) Zhang, CEIBS and Rice University
- Jeffrey Reuer, Purdue University
- Ming-Jer Chen, University of Virginia
- Jay Barney, University of Utah

Despite the global economic slowdown, the developing world is surpassing the developed world in terms of contributions to world economic growth, with emerging market enterprises playing a major role in this transformation. A large number of foreign and multinational corporations entering and operating in China have significantly changed their dominant strategies over the past two decades to cope with China’s shifting competitive and regulatory environments. As such, China represents both an ever-changing and complex territory for foreign businesses, and a seemingly endless learning challenge for academics and practitioners alike. This panel features leading scholars who will share their views and insight on competing in and for China.

**Jeffrey Reuer** is the Blake Family Endowed Chair in Strategic Management and Governance at the Kranert School of Management, Purdue University. He is an Associate Editor of the Strategic Management Journal and was a program chair of the 2009 SMS Conference in Washington, D.C. He has also been active in the SMS as a member of the Conference Program Review Committee, chair of the Doctoral Workshop, an organizer of pre-conference sessions for the corporate strategy interest group, and a judge for the SMS Best Conference Paper Prize. His research is in the area of corporate strategy, and his current work examines external corporate development activities and alliance governance. He was the recipient of the 2007 SMS Emerging Scholar Award.

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**Jay Barney** is a Presidential Professor of Strategic Management and Pierre Lassonde Chair of Social Entrepreneurship at the University of Utah. He previously served as the Professor of Management and held the Chase Chair for Excellence in Corporate Strategy at the Max M. Fisher College of Business, The Ohio State University. His research focuses on the relationship between costly-to-copy firm skills and capabilities and sustained competitive advantage. He is an associate editor for the Journal of Management and senior editor for Organization Science and has been published in numerous leading publications. In addition to his teaching and research, he presents executive training programs throughout the US and Europe. His consulting work focuses on large-scale organizational change and strategic analysis. He has received honorary doctorate degrees from the University of Lund, the Copenhagen Business School, and Universidad Pontificia Comillas (Madrid), and has honorary visiting professor positions in New Zealand and China.

**Ming-Jer Chen** is the Leslie Grayson Professor at University of Virginia’s Darden School of Business. A pioneer in competitive dynamics and ambicultural management, he has written two books and published in Academy of Management Review (AMR) and Strategic Management Journal (SMJ), among others. He has received numerous awards including the AMR (1996) and Journal of Management Inquiry (2008) Best Paper Awards. A Fellow and President of the Academy of Management and Fellow of the Strategic Management Society, he has served as AMR’s associate editor and chair of the Academy’s Business Policy and Strategy Division. Before Darden, he was on the faculties of Columbia and Wharton/Penn. He has held honorable or visiting appointments at universities in China, Taiwan, Hong Kong, and Singapore. He has contributed to the East-West dialogue through keynote speeches at forums hosted by the World Economic Forum and HSM, and as a columnist for Harvard Business Review (Chinese).

**Michael A. Hitt** is a Distinguished Professor and holds the Joe B. Foster Chair in Business Leadership at Texas A&M University. He has authored or co-authored many journal articles published in leading journals such as the Strategic Management Journal, Academy of Management Journal, Academy of Management Review, Organization Science, Journal of Applied Psychology, among others. Mike Hitt is a Founding Editor of the SEJ, a former editor of the Academy of Management Journal, and former president of the Academy of Management. His involvement in the SMS runs deep with recently serving as the President of the SMS. He is a member of the SMS Fellows and is the former Deputy Dean of this organization. He has received awards from the American Society of Competitiveness for Outstanding Academic Contributions (1996) and Outstanding Intellectual Contributions (1999) to Competitiveness.

**Marshall Meyer** was named Tai Wan-Tsai Professor in the Wharton School of the University of Pennsylvania in July 2010, where he is also Professor of Management, Professor of Sociology, Associate Member of the Center for East Asian Studies, and a member of the Executive Committee of the newly formed Center for the Study of Contemporary China. Marshall Meyer has held the Anheuser-Busch and Richard A. Sapp Professorships of Management at Wharton. Marshall Meyer has taught at Harvard University, Cornell University, the Riverside, Irvine, and Los Angeles campuses of the University of California, and Yale University, and was a visiting professor in the Faculty of Business Administration at the Chinese University of Hong Kong, the School of Economics and Management at Tsinghua University, and the School of Business and Management at Hong Kong University of Science and Technology. Marshall Meyer is currently conducting several research projects in the People’s Republic of China.
GLOBAL STRATEGY

**A Big Puzzle about Chinese Firms: Why They Attack Other Chinese Firms in International Competition**

Yadong Luo, University of Miami
Huaichuan Rui, University of London

Chinese firms are widely perceived as cooperative with one another through the history of connecting themselves as joint ventures or through a supply chain. Recent research shows that in reality, there is fierce intraspecific competition when investing in the same or different foreign countries with firms employing a myriad of legitimate and illegitimate tactics. How did a nation define its competitive advantage? How did smaller foreign firms enter the market and how did they build their competitive advantage? Solving this puzzle is what spurred us to initiate this research. Since 2005 we launched the fieldwork on Chinese firms in 11 countries and interviewed over 100 managers and officials. This study found that intra-Chinese competitive attack phenomenon does not support the central prediction of the mainstream theory on interfirm rivalry.

**Agglomeration Effects and FDI Performance in China: The Role of Dynamic Change of Cluster Heterogeneity**

Yu Li, University of International Business and Economics

This study examines the role of dynamic change of cluster heterogeneity in the relationship between agglomeration effects and the performance of FDIs in clusters. We investigate the role of cluster heterogeneity in terms of cluster density and FDI presence in a cluster. We argue that there is a U-shaped relationship between cluster density and the performance of FDIs located within a cluster, and inverted U-shaped relationship between the level of FDI presence in a cluster and the performance of FDIs located within the cluster. Controlling for self-selection bias and using the panel on foreign firms in Chinese manufacturing industries during the period of 1998-2002, our results support these hypotheses.

**Rapid Geographic Expansion Strategy of Emerging Market Born-Global Firms and Its Performance Consequences**

Ziliang Deng, Renmin University of China
Ruey-Jer Bryan Jean, National Chengchi University
Rudolf Sinkovics, University of Manchester

Researchers have examined born-global firms extensively from different theoretical perspectives, however the extant literature has neglected the post-entry dynamics of geographic expansion of emerging market born-global firms. This paper examines whether emerging market born-global firms can obtain good financial performance and better probability of survival when implementing rapid geographic expansion strategies. Three contingency conditions under which the above geographic expansion-performance relationship may vary will be also tested, namely external resources, learning capabilities and product quality. A Cox survival analysis model and general method of moments model (GMM) will be developed and tested, using a large panel of firm-level export data (containing information of value, price and destination of every export transaction) of 90 thousand Chinese born global firms over the period 2000-2006.

**Subsidiary’s Strategy and Competitiveness in a Changing Environment**

Jianhong Zhang, Nyenrode Business University
Jinmeng Wang, State Taxation Administration of Jiangsu Province

This paper aims to contribute to the literature by evaluating the performance of four subsidiary strategies (natural resource seeking, market seeking, low cost seeking, and strategic asset seeking) under a changing investment environment. We focus on a combination of changes of economic factors and institutional factors. Economic factors refer to internal and external market changes; institutions refer to the government policies relevant to subsidiaries in China. Unearthing the relations between host country specific advantages (CSAs), subsidiary’s strategy and competitiveness will help us understand not only the success factors in China, but also the role of subsidiary in MNEs’ sustainability. The information of 5048 subsidiaries over 2003-2010 will be used to test our hypotheses.

**The Larger the Merrier? Effects of Firm Size on Foreign-Owned Enterprises’ External Relationships in China**

Rui Wu, Tsinghua University
Wei Chi, Tsinghua University

In the rise of foreign direct investments in transition economies, scholars have been paying increasing attentions to foreign firms’ activities in China. However, current research has almost exclusively focused on large or established foreign firms such as multinational enterprises (MNEs), but neglected practices of smaller foreign firms. In this study, we draw from the resource-based and learning perspectives to analyze the differences between small and large foreign firms from the aspect of their relationships with Chinese transaction partners and governments. We propose that, given gaps in capabilities and willingness, small foreign firms differ from larger ones in contracting behaviors, disputes and resolutions, and relationships with local governments. Using a nation-wide firm-level survey in China, we find strong empirical supports for the hypotheses.

**Competition and Adaptation**

**Competition-Driven Repositioning: An Empirical Analysis of the Chinese State-Owned TV Industry**

Richard D. Wang, University of Minnesota
J Myles Shaver, University of Minnesota

We study competition between Chinese state-owned enterprises (SOEs) at the central and provincial levels. Central government SOEs have greater resources than provincial SOEs. Therefore, how provincial SOEs position strategically has direct implications on performance, government policy, and the Chinese business ecosystem. We analyze product repositioning strategy in the state-owned television industry where provincial satellite channels compete in the presence of the China Central Television (CCTV). We show that product shifts by CCTV that increase competitive pressures on the satellite channels cause the latter to reposition their product portfolios. We also highlight the contingent nature of this effect, with the extent of strategy change depending upon organizational abilities, market constraints and opportunity costs. More generally, our findings contribute to the existing literature on repositioning strategy.
Competitive Aggressiveness and Performance of Developed Country-Based Firms in the Chinese Emerging Economy

Claudio Giachetti, Ca’ Foscari University of Venice

Competitive aggressiveness reflects how forcefully a firm engages rivals in a competitive environment. Competitive dynamics scholars have shown that firms that carry out forcefully a broad, complex repertoire of actions experience better performance than firms that carry out a narrow, simple repertoire. Although competitive dynamics research has established a positive relationship between competitive aggressiveness and performance, most empirical studies have been conducted within the marketplace of developed countries. We found there is a lack of evidence testing the competitive aggressiveness–performance relationship from the perspective of firms based in developed countries entering and competing in emerging economies. We test this relationship with a sample of 75 Italian firms entered and competing in the Chinese market within the 2001–2010 time period.

Dancing with Elephants: An Organization Ecology View on Positional Strategy of Newcomers

Yinmeng Zhou, Peking University
Xu Han, University of Pennsylvania

Rather than looking inside the firm, this paper will adopt an “outside” view and tries to explain the performance variation of new entrants by looking at their relationships with established firms. This paper will use organization ecology as a useful tool to examine how performance of organizations in one population (new entrants) is affected by their relationship with organizations in another population (established firms). On the one hand, new entrants face tough competition from established firms when their markets overlap. On the other hand, new entrants can benefit from the growth of established firms when their markets are complementary to each other. In this case, the benefit of new entrants depends on both the number of established firms in the complementary market and how complementary the two markets are. Hence we propose a multi-industry sample to examine how established firms in the complementary industry affect the performance of new entrants.

The Influence of Organizational Routines to Adaptive Capability in the Creation of Organization Performance

Lily Johanes Sudhartio, University of Indonesia
Christine Siagian, PT Inlight Indonesia

The dynamic of market nowadays is being the issue of every organization in gaining sustainable competitive advantage. In the high debate of traditional concepts and negative views of organizational routines, prior research had found that ostensive and performative routines as the basis of dynamic organizational routines can establish the flexibility and dynamic adaptive capability within the organization, especially in the making of organizational learning. However, this dynamic capability in the organization can also bring the organization to be core rigidity in the routines. Taking the financial and non-financial as the indicators of firm’s performance, this paper will do a research the influence of ostensive and performative routines in creating core rigidity and adaptive capability in the organization.

Cross-border Mergers and Acquisitions by Chinese Firms: An Integrative Theoretical Framework

Shijia Zhou, RMIT University
Xueli Huang, RMIT University

Cross-border mergers & acquisitions (CBMAs) have been increasingly used as the primary internationalization strategy by Chinese Multinational Corporations (MNCs) over the last decade. Much research so far has been devoted to the entry modes and motivations of Chinese outward foreign direct investment (OFDI). There is little research so far on what factors affect the performance of Chinese CBMAs in the post-transaction stage. This paper aims to develop a theoretical framework that integrates several theoretical perspectives on the CBMA performance and considers the moderating role of China’s unique institutions and the resource level of Chinese MNCs.

Fractioned Top Management Team Identity, Mergers & Acquisitions, and Firm Performance: A Study of Chinese Firms

Guoguang Wan, Hong Kong University of Science & Technology
Jiatao Li, Hong Kong University of Science & Technology
Jieyu Zhou, Hong Kong University of Science & Technology

We argue that TMT demographic faultlines generate fractioned team identity, hamper Merger & Acquisition (M&A) activities, and finally harm firm performance. In addition, social visibility of the TMT amplifies the negative relationship between TMT demographic faultlines and M&A activity. Data from 730 Chinese publicly listed firms across 9 years supported the arguments above.

Mergers and Acquisitions for Latecomers in Emerging Economies: The Substitution Effect on Innovation Performance

Yang Yang Zhao, National University of Singapore
Poh Kam Wong, National University of Singapore
Hang Chang Chieh, National University of Singapore

Although the success of Mergers and Acquisitions (M&As) as a means of purchasing synergy has been widely discussed, the other strategic direction towards substitution in M&As has not gained much attention. This paper aims to investigate the substitution effect of M&As among latecomers in emerging economies. We concerned with whether these latecomer acquirers substituted their own competency with the target firms’ competency in order to achieve growth through innovation. We carefully selected and empirically tested the integration factors, including technology distance and relative absorptive capacity, that may drive the substitution success of latecomers. We found that, when an acquiring firm integrates a target firm with a relatively greater knowledge base from a distant technology trajectory, this better illuminates the substitution and promotes innovation.
What Influence the Firm's Extent of Downsizing During Financial Crisis and How Do They Vary
Xiwei Yi, Rice University

Downsizing has been an important part of organizational restructuring. In this study, we identify two mechanisms that will decrease the firm's extent of downsizing during the financial crisis: strategic flexibility and institutional pressure. In addition, we found, as the firm's performance decline from the financial crisis enlarges, the mitigating effect of the strategic flexibility will be strengthened but the inhibiting influence on downsizing of the institutional pressure will be weakened.

SESSION 26
ENTREPRENEURSHIP IN CHINA

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Session Chair: Charles Eesley, Stanford University

Delin Yang, Tsinghua University
Charles Eesley, Stanford University

Our understanding of institutional change and strategy is limited. Institutions will influence the types of strategies that result in higher performance in entrepreneurial firms. This paper shows that different strategies and firm characteristics will explain variation in performance as institutional change occurs. Exploiting temporal and geographical variation in the institutional environment in China, this paper examines the impact of institutional change on the effectiveness of entrepreneurial strategies. Unique data were collected through survey responses from alumni who graduated from Tsinghua University.

Ownership, Social Embeddedness and Firm Performance: An Empirical Study of Chinese Private Owned Enterprise
Hang Zhu, Sun Yat-sen University
Zhang Wei, Tsinghua University
Yonglong Zhou, Sun Yat-sen University

Traditional definition of family business doesn't distinguish the individual ownership with the real family ownership, so researchers often neglect the family influence on the business. Integrating the theory of social embeddedness with socioemotional wealth perspective, the study tried to explore the family influence on the owner's action and firm performance. The authors hypothesized that (1) Unlike the individual owner, the family owners aren't less likely to follow the logic of self-serving; (2) family businesses controlled by the main owner and his or her core family members outperform those controlled by several core families belonging to a same family; (3) ownership dispersion among core families is negatively affects firm performance. Panel data from Chinese stock market will be used to test these hypotheses.

The Impact of Founders' Academic Experiences on Formation of Firm-Alma Mater Interactive Linkages
Wei Wei, Tsinghua University
Donghong Li, Tsinghua University
Ing Chok, University of Southern California
Delin Yang, Tsinghua University
Huizong Shang, China Center for SME Development

Are firms founded by alumni and graduates more likely to collaborate with their alma maters than others? Given the importance of academic engagement, the vast amount of research on entrepreneurship has not answered this question. Drawing on previous studies on founder’s background and university-industry linkage, we attempt to answer the question in a Chinese metropolitan context. We provide a novel classification of university-industry ties and found that firms whose founding teams have higher proportion of alumni and lower proportion of highly-educated individuals are more likely to form interactive ties with the focal alma mater. The former effect is weaker for firms with high institution equity percentage. The latter effect does not apply to non-interactive ties. The findings have implications on academic entrepreneurs and university officers.

When Do Foreign VC Firms Syndicate With Domestic VC firms in China: A Multi-level Analysis
Xiru Zhang, Peking University
Jiangyong Lu, Peking University

We investigate the foreign VC firms’ syndication strategy with domestic VC firms in China employing institutional theory and resource-based view. We argue that syndication with domestic VC firms can help foreign VC firms mitigate local institutional risks and achieve local value. We examine multi-level factors of investment deals and foreign VC firms that influence foreign VC firms’ decision-making on syndication with domestic VC firms in China. Based on institutional theory, we propose that foreign VC firms are less likely to syndicate with domestic VC firms when investment deals are from regions where institutional environment is better developed, and when overseas exit channels are important for VC investments in China. From resource-based view, we propose that foreign VC firms are less likely to syndicate with domestic VC firms when they have more investment experiences in China, more domestic LPs and more domestic investment managers.

12:30 – 13:45
LUNCHEON
SESSION 31
PLENARY PANEL II: COLLABORATIVE STRATEGIES IN AND FOR CHINA

Date  Saturday, Dec 15
Time   13:45 – 15:00 h
Room  Hall C

Chair
Jeffrey Reuer, Purdue University

Panelists
Sea-Jin Chang, National University of Singapore
Yadong Luo, University of Miami
Marjorie Lyles, Indiana University
Laura Poppo, University of Kansas

This plenary will offer new theory and evidence on collaborative strategies in China. Eastern philosophy will be shown to provide new theoretical building blocks to help understand Chinese management and the growth of organizations. Presentations in this plenary will also consider the role of formal governance and the relative advantages of different organizational forms in China, pointing out opportunities to contextualize and deepen theories related to collaborative strategy.

Jeffrey Reuer is the Blake Family Endowed Chair in Strategic Management and Governance at the Krannert School of Management, Purdue University. He is an Associate Editor of the Strategic Management Journal and was a program chair of the 2009 SMS Conference in Washington, DC. He has also been active in the SMS as a member of the Conference Program Review Committee, chair of the Doctoral Workshop, an organizer of pre-conference sessions for the corporate strategy interest group, and a judge for the SMS Best Conference Paper Prize. His research interests include global corporate strategy, corporate restructuring, foreign direct investment, and comparative management studies of Japan, Korea and China. His research and teaching awards at University of Miami and University of Hawaii, where he taught before joining University of Miami.

Sea-Jin Chang is Provost’s Chair Professor of Business Administration, National University of Singapore. Sea-Jin Chang received his Ph.D. in management from the Wharton School of the University of Pennsylvania. He also taught at Korea University and NYU Stern School. He also had visiting appointments at Stanford, INSEAD, London Business School, and Hitotsubashi University. Sea-Jin Chang is primarily interested in the management of diversified multinational enterprises. His research interests include diversification, corporate restructuring, foreign direct investment, and comparative management studies of Japan, Korea and China. His research has been published in premier academic journals. He sits on the editorial boards of several other leading journals. His recent book, Sony vs. Samsung: The Inside Story of the Electronics’ Giants Battle for Global Supremacy (Wiley, 2008) was selected as one of the best books for the year by BCG.

Yadong Luo is the Emery M. Findley Distinguished Chair of Graduate Business Studies and Professor of Management at University of Miami. He is also an elected Fellow of Academy of International Business. Yadong Luo has emerged as the world’s top research scholar in international management since the mid-90s. He has published over 150 articles in major refereed journals in international business and management, including AMJ, ASQ, AMR, SMJ, JIBS, JAP, Org. Science, among others. He also authored more than a dozen books and about a hundred other publications. His research interests include global corporate strategy, global corporate governance, international joint ventures, and management in emerging economies, among others. Yadong Luo’s research record includes seminal pieces on important and timely topics, such as co-opetition in international business, business-government relationships, cross-cultural cooperative strategies, multinational enterprises in emerging markets, and international expansion of emerging market enterprises. He currently is a consulting editor of JIBS, editor of JWB, and senior editor of MOR. He is the recipient of a dozen research and teaching awards at University of Miami and University of Hawaii, where he taught before joining University of Miami.

Marjorie Lyles is OneAmerica Chair in Business Administration and Professor of International Strategic Management at the Indiana University Kelley School of Business. Marjorie Lyles’ research addresses organizational learning and innovation, international strategies, joint ventures, and alliances, particularly in emerging economies. She has over 100 articles and chapters. Her work has appeared in top academic journals such as SMJ, SEJ, ASQ, JIBS, OSci, AMR, JMS and AMJ. She is a SMS and AIB Fellow. Lyles & Salk (1996) on learning in UVs won the JIBS Decade Award 2006. She has also received two NSF grants. She has consulted with USIA, World Bank, USAID, UNDP and private firms in Malaysia, Hungary, Hungary, Vietnam, Poland, China and Indonesia on international strategies, educational projects, and needs assessment for management. Marjorie Lyles has served SMS in many roles: 2009 Program Co-Chair of the Annual Conference in Washington, D.C., Board of Trustees of the Strategic Management Foundation; Consulting Editor for Global Strategy Journal; co-founder and Chair for the Knowledge and Innovation Interest Group, and over twenty years of attending and reviewing for the Annual Conference and the Strategic Management Journal.

Laura Poppo is the Edmund P. Learned Professor in Business at the University of Kansas. She received her PhD from the Wharton School, University of Pennsylvania and has been on the faculty of Washington University and Virginia Tech. Her academic interests include empirical tests of transaction cost economics, knowledge-based perspectives, and social processes. Research phenomenon has focused on outsourcing, alliances, vertical integration, contracting, trust, the multi-divisional corporation, including the context of doing business in China. Laura Poppo has published primarily in management journals including Strategic Management Journal, Organization Science, Journal of International Business Studies, and Administrative Science Quarterly. She is currently on the editorial boards of Strategic Management Journal, Journal, Organization Science, and Journal of Trust Research, and is a former Associate Editor of Journal of Management.

15:00 – 15:30
COFFEE BREAK
Supporting Innovation Generation and Appropriation: The Dual Roles of Political Ties in New Product Development
Yan Xie, Xi’an Jiaotong University
Heng Liu, Sun Yat-sen University
Shanying Gao, Xi’an Jiaotong University
Few researches make clear how political ties (i.e., managerial linkage with the officials of government and government-affiliated agencies) might affect sustainable NPD successes in transition economy of China. We aim to clarify this issue by integrating innovation generation and innovation appropriation into one framework and empirically examining the complex relationship among political ties, new product advantage, and new product market performance. On the basis of a survey on 253 indigenous firms, the results show that political ties facilitate innovation generation by introducing acquisitive learning and experimental learning as underlying processes through which political ties influence new product advantage. What’s more, political ties enhance the effect of new product advantage on new product market performance by shaping a benign operating environment and promoting market extension.

Technology Capability, Market Power, and Sustainable Competitive Advantage: An Empirical Study in Taiwan
Kuo-Feng Huang, National Chengchi University
Chin Chia Liang, National Chengchi University
Po-Han Wu, National Chengchi University
Wen-Ting Lin, National Chengchi University
While a number of studies have explored and advanced our understanding of antecedents of competitive advantage and sustained competitive advantage based on either the industrial organization theory (IO) or the resource-based view of the firm (RBV), few have attempted to verify the outcome variables of competitive advantage and the persistence of such outcome variables. By testing of the developed hypotheses based on a survey of 127 firms from the Taiwan’s information and communication technology industry, our empirical work suggests that firms in the developing countries, such as Taiwan or China, need to first leverage their existing market power to strengthen resources and capabilities, and then to transform these resource and capabilities to attainable competitive advantage for a longer period of time.

Research and Development in Emerging Markets: Bio-Pharmaceutical Innovation in China and India
Danielle Dunne, Fordham University
Falguni Sen, Fordham University
Recent studies suggest that Research and Development (R&D) activities are becoming increasingly global in nature. In particular R&D activity is being located in emerging markets such as China and India. While many multinational firms began working in emerging economies with the goal of decreasing costs, the activities being performed in these locations are changing as local capabilities in new areas of the biopharmaceuticals value chain are developed. This study explores the globalization of the complex innovation process in the biopharmaceuticals industry asking: What activities are being performed, where are these activities being located, and how are they being structured? By focusing on eight multinational firms in the biopharmaceuticals industry we build a more holistic picture of this phenomenon and its key challenges.
Institutional Embeddedness and Isomorphism, Social Comparison, and Investment in Employee Wellbeing

Wei Shi, Rice University
Haiyang Li, Rice University

Although research exhibits that firms can benefit from improving employee wellbeing at work, investment in employee wellbeing inevitably carries related costs. Consequently, firms are at variance with each other in terms of investment in employee wellbeing due to different benefit-cost calculus. In this paper, we argue that firm institutional embeddedness has a profound impact on their propensities to make investment in employee wellbeing because the level of institutional embeddedness bears a direct relationship with stakeholders’ perceptions of firm behaviors and such perceptions have a profound influence on institutional isomorphic pressures that firms receive in host institutions, which in turn influence firms’ decisions to invest in employee wellbeing. We integrate institutional theory and social comparison theory to argue that the level of institutional embeddedness has a curvilinear relationship with firms’ investment in employee wellbeing and the curvilinear relationship is moderated by firm-level and institutional-level contingencies.

Organizational Heterogeneous Responses to Government Regulation: The Role of Multiple Institutional Logics and Governance Structure

Danqing Wang, INSEAD
Xiaowei Luo, INSEAD
Jianjun Zhang, Peking University

This study investigates the heterogeneous organizational responses to one government regulation by highlighting the role of multiple institutional logics, with their conflicting guidelines for organizational attention as well as governance structure which helps organizations to process institutional complexity. We argue that although firms that are targeted by the new government regulation are more likely to comply, while their responses are conditioned by the existing institutional complexity and governance structure. We test our argument by studying how Chinese publicly listed firms respond to the central government’s regulations on issuing CSR reports between 2008 and 2010. Our study contributes to the literature on institutional logics, research on how organizations respond to institutional pressures and CSR in transitional economies.

Regulatory Uncertainty vs. Regulatory Evolution: A Chinese or a Western Approach to Social Responsibility for Sustainable Development?

Michael Pisani, Central Michigan University
Qi Su, Sun Yat-sen University
Van Miller, Central Michigan University

An overarching framework for linking corporate social responsibility to sustainable development is first offered and then discussed in terms of its multiple performance implications. Next, there is a discussion of private-sector vs. public-sector corporations in China, and how the latter will be more inclined to pursue non-financial performance objectives and to be more attuned to state-sponsored initiatives. Third, we contrast the primarily Western notion of regulatory uncertainty with that of regulatory evolution that has strong roots in the Chinese cultural context and can also be inferred from Mintzberg. To analyze empirically the first two of these issues, research propositions in the form of questions are proffered and then answered using the two Chinese data sets assembled and described by us herein.

Do The Skills Learned Abroad Help Reverse Internationalization by Emerging Economy Global Startups?

Tachia Chin, Guangdong University of Foreign Studies
Garry Bruton, Texas Christian University

This paper utilizes the capability and institution-based perspectives to investigate “reverse internationalization” activity among emerging economy, global startups. Specifically we examine original equipment manufacturers (OEMs) as they attempt to enter their home market after starting their business as business that focuses on markets outside their domestic market. Here we focus our analysis on whether the capabilities built via internationalization (technological, marketing, and financial capability) serve as mediators between OEMs resources (domestic market understanding and legitimacy) and performance. Our findings bolster the belief that global startups may draw on capabilities developed through their internationalization as stepping stone to undertaking domestic expansion.

Flexibilities, International Learning and Foreign Performance of International New Ventures

Lianxi Zhou, Brock University
Ling-ye Li, Lingnan University

Although the emergence of international new ventures is a worldwide phenomenon, most empirical evidence has so far been obtained from developed economies and very little attention has been paid to international new ventures from emerging economies. In response, our investigation focuses on INVs in China. Compared with new ventures in developed economies, most new ventures from China lack key resources and knowledge and thus need to overcome such deficiencies through aggressive international learning. This study collected a sample of 167 INVs to test the mediation effect of international learning on the relationship between flexibility and foreign performance of international new ventures. The findings show that for early internationalizing firms, both cognitive flexibility and role flexibility positively impact on firm foreign performance fully through international learning.

The Contribution of Dynamic Capabilities to New Venture Survival in Nascent Markets

Bart Clarysse, Imperial College London
Robin De Cock, Ghent University
Johan Bruneel, Imperial College London

The dynamic capability literature has argued that dynamic capabilities are of most importance to companies that face dynamic environments. New ventures in nascent markets are in such a situation. However, the literature remains silent when it comes to the boundary conditions under which these dynamic capabilities have most impact on survival. We extend the literature on dynamic capabilities by showing that firm stability measured as role formalization in the founding team and redundancy at the work floor does increase the impact of dynamic capabilities. We therefore contribute to the literature on dynamic capabilities by showing its duality with company stability. However, the installation of a board with external directors does decrease the impact of dynamic capabilities.
Using Entrepreneurship Education to Shape Entrepreneurial Intention
Ying Zhang, Erasmus University-Rotterdam
Geert Duysters, Eindhoven University of Technology

This study aims to identify the source of entrepreneurial knowledge and to compare the role of different factors in determining individual’s entrepreneurial intention. Based on the Theory of Planned Behavior and Shapero’s Entrepreneurial Event Model, an adaptive entrepreneurial intention model is built where entrepreneurial knowledge is embedded. We argue that entrepreneurial knowledge, paralleling to perceived desirability and feasibility, sources from entrepreneurship education and exposure to entrepreneurial experience. The data was collected from a widespread survey in ten Chinese universities. The pre-test results show that entrepreneurial knowledge has a larger positive impact than perceived desirability and feasibility on individual’s entrepreneurial intention. Entrepreneurship education is the main source of entrepreneurial knowledge and has a significant positive impact on entrepreneurial intention, in particular for males and students from technology-oriented universities.

SESSION 9
EXECUTIVES AND INCENTIVES

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<td>Meeting Room 2</td>
<td>Weiwen Li, Sun Yat-sen University</td>
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Board Composition and Spillovers of Reputational Loss: A Study of China’s Group Firms
Xinran Wang, Hong Kong Baptist University
Michael Young, Hong Kong Baptist University

While it is well known that corruption is rampant in China, less is known about the secondary costs of corruption such as spillover effects. To that end, this study examines the spillover effect on the reputation of innocent group firms when one of their members commits financial fraud. We propose that when a firm commits wrong-doing that there is a “guilt by association” spillover effect for the other firms in the group that negatively impacts their performance and external financing support. Furthermore, we propose that board composition (i.e., proportion of independent directors; multiple board memberships; board ownership) moderates the relationship between financial fraud and spillover effects. To test the hypotheses, we examine all 83 associated innocent group firms in China from 2007 to 2011.

CEO Succession as a Response to Social Capital Losses in an Emerging Economy
Weiguo Zhong, City University of Hong Kong

The effect of CEO succession on firm performance has been an important while controversial topic. While prior research focuses on the human capital perspective, we extend the research from a social capital losses perspective. Specifically, we differentiate the effects of two kinds of social capital losses (self-broken versus alter-broken) on CEO succession origin. We further explore the effect of outsider CEO succession on firm post-succession firm performance and the contingencies affecting the main effect from the view of social capital losses.

State-Owned Enterprises in China: Party Control, Executive Behaviors, and Organizational Outcomes
Jianyun Tang, Memorial University of Newfoundland

In this study I highlight a unique characteristic of the corporate governance of state-owned enterprises (SOEs) in China – that is, SOE executives are essentially cadres of the Communist Party of China (CPC), being appointed and evaluated by the CPC personnel system. From this perspective, I develop a set of tentative hypotheses regarding SOE executive behaviors and thus organizational outcomes. I plan to further refine these hypotheses with in-depth case studies of several SOEs and then quantitatively examine them with a large sample study.

The Incentive Effects of CEO Equity-linked Compensation on Chinese Company Risk Taking
Jing Jin, Rice University

By considering multiple reference points, I extend behavioral agency theory into stock ownership evaluation. I then apply my framework in hypothesizing how relative performance changes the risk preferences of executives. I propose that both present value of options and stock returns are negatively associated with risk-taking behaviors. In addition, managers granted with options are prone to engage in more risk-taking activities than managers own stock ownership, when firms experience poor performances. Finally, I posit that past relevant successful/ unsuccessful investment experiences can strengthens/weakens the predicted relationship between the value of stock/ options/returns of stocks and executive risk-taking activities.
Effective Knowledge Flow in Multiunit Firms: A Contingency Framework for Sub-Unit Structure
Xuening Qiu, University of New South Wales
Steven Liu, University of New South Wales

Effective knowledge transfer within organizations is an important concern in multiunit and multinational firms. In what ways does the structure of a subunit vary to facilitate effective knowledge transfer? Based on information possessing theory, we propose in this paper that subunit structure is partly a response to information possessing requirement for specific knowledge role. A new framework is developed to explain the alignment between subunit structure and knowledge role. We test this framework with a case study of eight subunits of a Chinese multiunit firm. Results reveal that subunits adopt different structures to fulfill their specific knowledge role requirements. We also attempt to explain some unexpected findings by specifying the situations when knowledge role is less important as a structural contingency. Finally, we discuss how this study contributes to research on knowledge transfer, organizational design, and Chinese management.

How Effective Are The Japanese Typical Management Approaches Towards Their Subsidiaries in China
Xinjian Li, Toyo Gakuen University

The purpose of this paper is to examine the effectiveness of the typical Japanese international management approaches towards their subsidiaries in China, based on a sample of 102 Japanese subsidiaries in the non-manufacturing industries. The major findings are as follows. First, from the headquarters’ standpoint, expatriating more Japanese managers to the subsidiaries, more career-related incentive towards them and closer personal-based communications with them are positively related to the subsidiaries’ performance achievements. Second, trust relationship with Chinese managers/employees has been confirmed to be a very significant factor to subsidiaries performance achievements in China.

Institutional Investor and Diversification Strategy
Xie Liu, Fudan University

This article studies the influences of institutional ownership on corporate diversification strategies. We applied OLS method by using the pooled cross-sectional data of China’s listed A-shares companies in Shanghai and Shenzhen Stock Exchange, from 2006-2011, a total of 8441 observation samples in regression analysis. The empirical tests show that: (1) Institutional ownership has a significant negative effect on corporate diversification strategy; (2) In Chinese market, different types of institutional investors have different influences on the corporate diversification strategy: Fund has a significant negative correlation with diversification strategy; While other kinds of institutional investors have no significant effects. According to the test results, this article includes that, in China, among listed companies, institutional investors are effectively involved in constraining the diversification strategy and different types of institutional investors have different effect on the diversification strategy.

Organization Forms and Absorptive Capacity in Fast-paced Knowledge Environments: The Role of Organization Forms in Absorptive Capacity
Dong Bian, EMLYON Business School
Christiane Prange, EMLYON Business School

This research advances absorptive capacity studies by examining how firms manage organization forms to improve corporate absorptive capacity. I investigated 40 Chinese household appliance companies in the last two decades and interviewed 50 field experts. Results show that successful companies temporally project feedback-looped resources into its contexts to get access to various knowledge along time; they made the temporarily projected contextual feedback-looped resources crossly enriched to root themselves into their contexts over time; and they set contextual and temporal embeddedness as the goal of corporate development to guide their organizations’ transformation. Ceteris paribus, these three interdependent forces jointly determine a firm’s absorptive capacity.

Competition and Co-operating with China: The Case of the Solar Industry
Usha Haley, Massey University
Doug Schuler, Rice University

The solar photovoltaic (PV) industry has experienced great transition in the last decade captured in shifting trade flows, manufacturing loci, governmental policies, and core technologies. Our paper explores the market (competitive) and non-market (political) strategies undertaken by firms across Chinese, German and US supply chains to manage this transition. Conflicting governmental policies increase turbulence for this global industry. Firms also face industrial environments ranging from highly competitive to oligopolistic. Our analysis suggests that firms’ market and non-market strategies need co-ordination, which firms currently are not undertaking. Non-market strategies appear ad hoc and reactive after market strategies have incurred political opposition. Firms’ strategies also affect and are molded by national-competitiveness and social-welfare considerations, and we analyze some effects with regards to the USA and China.

How Platform Resources Influence Third-Parties’ New Products Development Performance
Fang Huang, Hohai University
Yang Zhang, Hohai University
Zhen Tang, Hohai University

With the prevalent researches on platform management theory emerging from the 1990s and platform economy theory emerging recently, there are increasing platform researches nowadays. The application of platform technology to build technology platform which can make batch-type production and easily engender scale economy, is attached great importance by scholars. But there are few studies about third-parties and platform resources. This proposal firstly reviewed platform concepts, initially clarify platform resources into technology aspect and business aspect. Then the influences of platform resources on dynamic capacities of R&D group of third-parties was indicated. At last it gave out a preliminary concept model and variable settings about the next-step research. This research would have great significance to enterprises in China, because most of them are third-parties living in the platform ecosystems.
Strategic Capabilities of Emerging Business Ecosystems: Case Studies from the Chinese Electric Vehicle Industry

Tianjiao Shang, University of Cambridge
Feifan Chang, University of Cambridge
Yongjiang Shi, University of Cambridge

The success of firms is not only determined by their internal capabilities, but also the fact that individual firms acknowledge themselves to be a part of a business ecosystem, while being able to compete and cooperate with other ecosystem players simultaneously. In fact, firms may fail if the overall conditions of their business ecosystem deteriorate that this connected fate between the individual firms and their macro milieu signals the importance of the study of business ecosystems from a holistic perspective. The purpose of this research is to extend business ecosystem theories through exploring the strategic capabilities that enable the transformation of business ecosystems from one stage to the next along its life-cycle.

The Evolutionary Road Towards Innovating in China: The Development of Global Innovation Capability Within MNCs

Wen Pan Fagerlin, Lund University
Christian Koch, Lund University

A recent trend shows that multinational corporations (MNCs) are increasingly distributing their innovation activities towards the emerging markets such as China. Based on an empirical case study within two Chinese business units of a Swedish multinational engineering corporation, this paper attempts to explore the challenges of developing firms’ innovation capability in China. Our findings show that globally distributed R&D activities and dispersed innovation processes have resulted in an utterly complex situation. The evolutionary road towards innovating in China encounters the obstacles from: (1) lack of knowledge and experience; (2) internal competition; and (3) boundary object. In a knowledge-based view, the paper suggests knowledge sharing across intra-organizational boundaries as one of the central capability-building mechanisms for the development of MNCs’ global innovation capability.

FDI

Date: Saturday, Dec 15
Time: 17:00 – 18:15 h
Room: Meeting Room 2

Paper: Does Inward FDI Promote or Hinder Outward FDI? IJVs in the Chinese Automobile Industry

Ying Liu, Peking University
Minghua Li, Copenhagen Business School
Jiangyong Lu, Peking University
Changqi Wu, Peking University

In this paper we evaluate the mechanisms underlying dynamic linkages between inward FDI and outward internationalization in the Chinese automobile industry. While several studies have examined the relationship between outward and inward investment using empirical data, this is among the first to employ a case study approach to investigate how international joint ventures (IJVs) established between foreign and Chinese carmakers can shape their internationalization speed, proclivity, and degree. We discuss some unique features of carmakers with and without IJVs to elucidate how firms without IJVs may be more driven to expand internationally while firms with IJVs may face constraints from venturing abroad. Our study further delineates strategies for how automakers without IJVs may rely on external growth to springboard back into the domestic car market.

Domestic Joint Venture Experience and the Internationalization of Chinese Firms

Linda Rademaker, Tilburg University
Xavier Martin, Tilburg University

Despite their increasing global presence, little is known about the drivers of foreign direct investment by Chinese firms and the nature of these foreign ventures. This paper examines how joint ventures between MNEs and Chinese firms in China affect the likelihood of international expansion of Chinese firms and the entry mode chosen upon internationalization. Using a sample of FDI in- and outflows in China for the period 1978-2011 we find a positive effect of joint venture experience on the propensity of Chinese firms to conduct FDI in the United States, with strong country effects. In addition, these country effects significantly affect the entry mode chosen upon internationalization.

Painted With the Same Brush: Negative Reputation Spillover Among Emerging Market Firms Going Public Abroad

Xiwei Yi, Rice University

While the internationalization of emerging market companies has been an important topic in international business research, little attention has been assigned to the phenomenon that emerging market companies going public abroad. In this paper, we propose that emerging market companies going public in developed market confront the questioning of legitimacy and are vulnerable to negative reputation spillover due to the stereotype of country-of-origin. We also propose that reputable underwriter and positive media exposure help alleviate the negative reputation spillover. We choose U.S-listed Chinese companies through IPO procedure as our sample and the exposure of accounting frauds of backdoor-listed Chinese companies as the context to conduct empirical analysis.

An Examination of the Antecedents and Consequences of Innovation and Imitation Orientations in China

Ruby Lee, Florida State University

While imitation orientation is as popular as innovation orientation, empirical evidence remains behind as to what roles each orientation plays in managing environmental turbulence and whether it is fruitful for a firm to adopt both orientations. This study attempts to close such important research gaps by studying manufacturing- and service-based firms in China. It is expected that dysfunctional competition and technological turbulence influencing the extent to which a firm adopts these two strategic orientations differently. This study further expects that although individually either innovation or imitation orientation significantly improve firm performance, their combined effects are likely to hamper firm performance, which may suggest that the concurrent pursuit of both orientations is counterproductive.

Does Foreign Innovation Crowd in or Crowd out Indigenous Innovation in China?

Xiaoqing Li, Brunel University

Based on competition and industrial economics theories, this paper investigates the impact of innovation in foreign firms on the innovation in indigenous firms in China, that is, if foreign innovation crowds in or crowds out the innovation efforts in indigenous firms. Two competing hypotheses are tested on a comprehensive firm-level panel data over the period of 1998-2005. We find that there is a reversed U-shaped relationship between new product output in foreign firms and indigenous firms. By contrast, the relationship between R&D investment in domestic and foreign firms is not significant. We also find that the U-shaped relationship is more evident in high-tech industries.
R&D Network Boundary Spanning in Emerging Markets: Implications for Innovation Catching-up of Latecomer Firms

Yang Liu, Zhejiang University
Jiang Wei, Zhejiang University

We try to understand how latecomer firms span their organizational, geographical and knowledge boundaries of their R&D network for the purpose of innovation catch-up. Specifically, we use inductive, comparative case methods to examine four manufacturing firms in China. A innovation catch-up through R&D network boundary spanning activities model is emerged, which challenges the mainstream of catch-up theories by shifting their focus from technology adoption and market capability accumulation to innovation capability building. Moreover, we borrow the concept of boundary spanning to R&D network literature and catch-up literature, and try to bridge the catch-up literature and mainstream of strategic management. Additionally, by selecting cases in a typical transitional economy (i.e., China), our research is complementary to the main catch-up model originated in the newly industrialized countries.

Self-Concept as Key to Top Executive Innovativeness: Evidence From China

Ruth Maria Stock, Technical University Darmstadt
Florian Totzauer, Technical University Darmstadt
Sebastian Drehner, Technical University Darmstadt
Katherine Xin, China Europe International Business School

Leading way to innovation becomes a major priority for Chinese top executives. This includes their own innovativeness, in terms of their innovative behavior as well as their transformational leadership. Based on impression management theory, we show that top executive self-concept, specifically selfism, overconfidence, and hyper core self-evaluation, critically influences top executive innovativeness. Drawing on dyadic data from 231 Chinese top executives and 700 of their subordinates we point out that whereas selfism and overconfidence have a negative impact on top executive innovativeness, even extreme forms of core self-evaluation have a positive impact on top executive innovativeness. Identifying contingency factors for this relationship, we indicate what firms can do in order to foster innovativeness on the top executive level and thus enhance firm innovativeness.

SESSION 27

FDI AND INSTITUTIONS

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Session Chair Sea-Jin Chang, National University of Singapore

A Process Investigation of Singaporean Investment Outflows to China Versus Domestic Investment Decisions

Christine Soh, University of Edinburgh
Chris Carr, University of Edinburgh

We are the first to embark on the strategic management accounting (SMA) discussion in international business literature, by distinguishing between foreign direct investments (FDIs) versus domestic investments (DIs) modes in the strategic investment decision making process (SIDMP). A through case study approach combining the collection of archival data, field-visit and 36 semi-structured interviews was used. 18 Singaporean companies were matched with 9 Singaporeans companies with Chinese FDIs and a corresponding 9 with Singaporean DIs. The 2 sector analysis in the 4-figure typology, a well-established framework from prior Anglo-Saxon research was increased to 3 sectors comprising the primary, secondary and tertiary sectors in order to increase the understanding of eastern process practises for further research work.

Cooperation and Enterprise Upgrading: A Case Study on Subsequent Growth of a Born International from China

Tian Li, Sun Yat-sen University
Yangchun Liu, Sun Yat-sen University

This paper provides a case study of a born international company from China. We investigate how the case company achieves its subsequent growth through transforming and upgrading itself continually. Our primary findings illustrate that there are three paths of upgrading for the born internationals: 1) follow the development trend in global market, and replace traditional products; 2) segment and deepen application fields of products, and extend industry chain vertically; and, 3) upgrade across different industries and transform from manufacturing to service. Effective cooperation with five kinds of partners plays an important role during the upgrading. We probe the influencing factors of strategic choices from entrepreneurship, external environment, and internal assets and capabilities. An integrative framework of subsequent growth of born internationals is presented.

Effects of MNEs On Local Firms in Transition Economies: An Institutional Approach to FDI Spillover

Kathleen Yi Jia Low, WU-Vienna
James Robins, WU-Vienna

Studies of FDI spillover have examined effects of foreign investment on economic growth with mixed results. Recent work has begun to go beyond national data to look at underlying mechanisms that affect the success of transfer of technical and managerial knowledge from MNEs to local firms. We use recent insights into institutional theory from work in organizational theory and sociology to examine the underlying mechanisms that help to determine the success of knowledge transfer from MNEs to local firms in transition economies. This offers a more comprehensive view of the microfoundations of FDI spillover and new insights into the reasons why the activities of MNEs succeed or fail in building local capabilities and promoting growth in transition economies.

Outward Investments from China and Russia: Institutional Determinants for FDI Exchange

Andrei Panibratov, St. Petersburg University
Marina Latukha, St. Petersburg University

Over the past ten years, international scholars have been showing increasing interest in outward FDI from China and Russia, where the key question was: can and should Chinese and Russian OFDI be treated similarly or separately with those from other emerging economies, and, if there is difference, what are the major distinguishing features of OFDI originating from these two countries’ institutional characteristics? The theoretical underpinning of these countries FDI and the practical tools of keeping track over the capital flows are underdeveloped; even less attention of scholars was attributed to the process of FDI exchange between the two countries. It is of particular focus of this paper to examine the drivers and determinants and to investigate the motives for Russian and Chinese FDI exchange.

The Exporting Trading Companies from China: Institutions and Transaction Costs

Jia Li, University of Edinburgh
Ling Liu, University of Edinburgh

Trading companies are traditionally stated as the facilitator of international trade by offering transaction-reducing services and functions. In transitional economies, like China, they are confronted with more unique institutional environment and institution-related transaction costs. Using eight exporting trading companies (ETCs) from China as cases, we illustrate how ETCs deal with exporting transaction to reduce these institution-related transaction costs, and identify the relative institutional barriers and voids, which are two main characteristics during the institutional transition of China.
When East Meets West: The Performance Impacts of Foreign-Market Knowledge and Institutional Origins on Domestic IPO Firms in China

Pao-Lien Chen, National Tsing Hua University
Ruey-Jer Bryan Jean, National Chengchi University
Danchi Tan, National Chengchi University

This paper examines the drivers of indigenous firms’ performance in a transitional economy after the indigenous firms are governed in accordance with the rules of a market economy, post-IPO. We propose that the post-IPO performance of an indigenous firm would depend on the institutional origin of the firm, the foreign market knowledge the firm obtains, and the transformational experience of the firm. Therefore, in a transitional economy from central planning to market coordination, privatized-state corporations will perform worse than entrepreneurial ventures; knowledge transfer from developed countries enhances firm performance but this effect declines over time; and the privatized-state corporations will have a higher positive performance impact from knowledge transfer from developed countries than entrepreneurial ventures. We empirically examine our research questions on a sample of entrepreneurial firms that are incubated in Zhongguanchu Science Park and later went on IPO domestically.
Corporate governance philosophies and practices vary significantly across countries. In the Anglo-American model, corporate ownership is widely dispersed. The key issue is how to practices such as transparent accounting standards, independent directors, and stock-based pay to monitor and/or motivate top managers. In other countries such as China, ownerships of publicly-listed companies are highly concentrated in the hands of the state or founding families. How to monitor the majority shareholders in order to stand or motivate top managers. In other countries such as China, ownerships of publicly-listed companies are highly concentrated in the hands of the state or founding families. How to monitor the majority shareholders in order to protect minority shareholders' interests becomes crucial. What are the pros and cons of these different governance models? Will these models remain divergent in the foreseeable future? Or instead are they converging toward one common model? This panel features some of the leading scholars in the corporate governance area. They represent the Chinese, Anglo-American, and Continental European perspectives, respectively. They will share their views on these important questions.

Yan (Anthea) Zhang is Professor of Strategic Management in the Jones Graduate School of Business at Rice University. She has been a highly prolific scholar in the profession with a number of publications appearing in top scholarly journals, such as Academy of Management Journal, Strategic Management Journal, Journal of International Business Studies, among others. Her research has focused on CEO leadership, with an emphasis on CEO succession and dismissal in major organizations. She has also made contributions to research on foreign direct investment and entrepreneurship in emerging markets, notably China. The influence of her research is also shown by the citations in many top business media outlets such as the Economist, Business Week, New York Times, Wall Street Journal, and Financial Times. Currently, she is an associate editor of Academy of Management Journal and a consulting editor of Management and Organization. She is on the editorial board of Strategic Management Journal. She is the recipient of the 2010 SMS Emerging Scholar Award.

Garry Bruton is a Professor of Entrepreneurship at the Neeley School of Business at Texas Christian University where he holds Fehmi Zeko Faculty Fellowship. He was one of the founders of the entrepreneurship program at TCU which was recently selected as the top model program for undergraduate entrepreneurship by USASBE and was ranked as one of the top 20 entrepreneurship programs in the United States by US News & World Report - 2009. Garry Bruton’s research focuses on entrepreneurship in emerging economies and he has published or has forthcoming over 75 academic articles in leading journals such as the Academy of Management Journal, Strategic Management Journal, Journal of Business Venturing, Journal of International Business Studies, and Entrepreneurship Theory & Practice. In 2005 Garry Bruton was the first holder of the Hall Chair in Entrepreneurship in Emerging Economies offered by the Fulbright Foundation. He is immediate past president of the Asia Academy of Management and is currently editor of the Academy of Management Perspectives.

Neng Liang is a Professor of Management, Associate Dean (Faculty) at CEIBS, and vice president of International Association of Chinese Management Research (IACMR). Previously he was a tenured Professor at Loyola University of Maryland, USA, and a professor of management at the China Centre for Economic Research (CCER), Beijing University. Neng Liang received his Ph.D. from Indiana University (Bloomington), an MBA from The Wharton School. He served on the standing committee of the Shanghai Pudong Chinese People’s Political Consultative Conference (2007-2011) and was appointed a Senior Fellow of the Wharton School in 2010. Neng Liang’s edited book on corporate governance won a national best seller award in China in 2001. At the 2005 annual meeting of the Academy of Management (AoM), Neng Liang and his coauthor won the Carolyn Dexter Best International Paper Award and the Academy of Management Learning and Education Best Paper Award.

Anja Tuschke is Professor of Strategic Management at the Munich School of Management at the University of Munich. Prior to joining the Munich School of Management, Anja Tuschke held the position of a director at the Institute of Organization and HR Management at the University of Bern in Switzerland. Anja Tuschke’s research interests revolve around the link between corporate governance and executive leadership. She is particularly interested in how the selection, compensation, and networks of directors affect strategic decisions and outcomes. Her main teaching interests are in the field of Strategic Management. Anja Tuschke is an active member of the academic community. She was a Representative-at-large for the Corporate Strategy and Governance Interest Group of the Strategic Management Society (2008-2011) and serves on the editorial boards of Strategic Management Journal, Academy of Management Journal and Business and Research.

Margarethe F. Wiersma holds the Dean’s Professorship in Management at the Paul Merage School of Business at the University of California, Irvine. Her research underscores the importance of senior management and especially the CEO in influencing the strategic direction of an organization. She is a member of the SMS Board of Directors and served as the Chair for the SMS Corporate Strategy and Governance Interest Group. In addition, she is on the editorial board of the Strategic Management Journal and has published in numerous leading publications. In 2005, she co-chaired the 2nd Annual Doctoral Workshop at the SMS conference in Orlando, Florida. Margarethe Wiersma received an MBA in 1977 from the University of Michigan and a PhD in Strategic Management from the University of Michigan in 1985.

Coffee Break
RESOURCES AND CAPABILITIES

Date  Sunday, Dec 16
Time  10:45 – 12:00 h
Common Ground  Meeting Room 4
Facilitator  Laura Poppo, University of Kansas

Case Study on Reverse Acquisition for Upgrading by OEM Enterprises
Yangchun Liu, Sun Yat-sen University
Yunshi Mao, Sun Yat-sen University

After long-time investigation and research into enterprise upgrading in emerging economies like Mainland China and Taiwan, we put forth a brand new concept of “reverse acquisition by OEM enterprises” Through an in-depth case analysis of Lacquer Craft MGF’s reverse acquisitions and upgrading, we found that LCM, through the acquisition of three types of companies: branded companies, outsourcing partners, and research and design companies, enhanced abilities in various segments of the value chain quickly and moved up from the bottom to the two higher ends (R&D and brand) in a very efficient way. With accumulated resources and capabilities, and entrepreneurial leadership, OEM enterprises facing dramatic changes in the external environment can make use of external opportunities to improve competitive advantages and upgrade.

Competition Among Foreign MNCs and Local Firms
Wei Yang, China Europe International Business School

The resource-based view (RBV) and the competitive dynamics perspective are central themes in the strategy research. But their tight linkage and reinforcing nature have been largely ignored. This paper integrates these two views into one theoretical framework and uses survey data to test the interrelationships of the firm’s strategic resource endowment and competitive response, and their combinatory influence on firm competitive advantage. We deem that strategic resources have both direct and indirect impacts on firm competitive advantage. The indirect impact is realized through the mediating effects of competitive response speed and volume on the relationships of strategic resources and firm competitive advantage.

Dynamic Capabilities and Adoption of Informal Economy Practices Impact on SME Performance
Solveiga Buozute-Rafanaviciene, Kaunas University of Technology
Asta Pundziene, Kaunas University of Technology
Sarunas Nedzinskas, DNB Bank
Margarita Pilkienė, ISM University of Management and Economics

Contributing to the scholars discussions on dynamic capabilities we examine the relationship between dynamic capabilities, adoption of informal economy practices and SME performance. Importance and contribution of dynamic capabilities for organization’s success is widely discussed among the scholars though organizations competing in volatile environment tend to adopt informal economy practices. How dynamic capabilities and adoption of informal practices contribute to the SMEs organizational performance is the central question of this research. Empirical research employs mixed research methods. Using panel of 360 companies, we find that dynamic capabilities and adoption of informal practices has an impact on SME organizational performance.

Managing Value Chain Relationships in Cross-Level Organizations
Jang Li Chang, Orient Semiconductor Electronic

In the traditional organizational value-chain relationship governance research, the major research concerns are focused on the binary, static and unidirectional organizational relationship between the upstream and downstream partners. This study tries to build up the theoretical model to explain the cross-level interact and organizational value chain relationship governance theoretical intent, and it is through the embedded analysis case research method to verify and proof this mode to cover the research gap.

Stakeholder-based Resources, Product Stewardship Strategy, and Competitive Advantage: Evidence from Export Enterprises in China
Liang Peng, Lingnan University

Recent studies on business and natural environment have called for empirical research to explore into the instrumental role of stakeholders in developing corporate product stewardship strategy. Drawing on natural resource-based view of the firm and stakeholder theory, this study postulates that stakeholders are not only coercive forces that compel the firm into its green transition, they can also be sources of strategic resources that promote firm’s adoption of product stewardship strategy and further enhance competitive advantage. I argue that top management’s environmental value, customers’ environmental initiatives, and government’s environmental support, identified as three types of stakeholder-based resources, are positively associated with firm’s adoption of product stewardship strategy, which further contributes to competitive advantage. Data from 305 export enterprises in China is collected to test the hypotheses.

Strategy to Enhance Chinese Software Outsourcing Vendors’ Competence in the Perspective of Strategic Alliance
Jiajia Ren, Hohai University
Xingqiu Hu, Hohai University

Competence especially core competence is the fundamental factor in determining the development of a firm. This is no exemption for software outsourcing vendors. There is no doubt that Chinese software outsourcing vendors should enhance their own competences through putting efforts on inside accumulation. However, they should be fully aware that building strategic alliances with other outsourcing vendors also has a positive effect on competence enhancement. Combined with empirical analysis, this study will discuss the relationship between alliance and competence enhancement of outsourcing vendors; both alliance motives and alliance relationships will be discussed. On this basis, several strategies to enhance vendors’ competences will be further put forward from the perspective of alliance.
SESSION 13
INSTITUTIONS

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**How Much Does Home Base Matter to Emerging Market Firms’ Internationalization? A Contingency Approach**
Zhujun Ding, Chinese University of Hong Kong
Xuei Ma, Chinese University of Hong Kong

This study advances research on home-based institutions and international business studies by examining how the subnational institution shape emerging market firms’ (EMFs) internationalization and how this relationship is contingent on firms’ capability. Using survey data of 727 Chinese private enterprises in 31 provinces, we demonstrate that EMFs’ home-based subnational institutions, in terms of government’s market orientation, product market development, and labor market development, have a positive effect on EMFs’ internationalization. Also these relationships differ among EMFs with different market capabilities and nonmarket capabilities. These findings contribute to the international business research by highlighting the importance of subnational institutions and considering the firm-specific capabilities simultaneously in understanding EMFs’ international strategy.

**Institutions and Persistence of First Mover Advantages**
Jaime Gomez, University of La Rioja
Gianvito Lanzolla, City University London
Juan Maicas, University of Zaragoza

We advance FMA literature by bringing in the institutional context, a hitherto missing dimension. We identify two components of the institutional context - a country’s market orientation and a country’s cultural orientation towards uncertainty - which can help capturing its interplay with the FMA isolating mechanisms which protect first mover’s performance. We argue that market supporting institutions are detrimental for first mover’s performance and that uncertainty avoiding societies tend to favour first’s mover performance. We test our hypotheses in the context of the world telecommunication industry (40 countries, 136 firms, 20 years of data) and we find strong support for our hypotheses. We also draw empirical implications on the relative importance of a country’s market orientation and a country’s cultural orientation towards uncertainty in first mover’s performance.

**Internationalization of Chinese Firms: From Isomorphism to Strategic Responses**
Veronica Fong, University of Macau
Jacky Hong, University of Macau

International business scholars have traditionally drawn on neo-institutional theory to explain the survival and growth of multinational corporations, stressing the importance of various isomorphic forces and influences. A new perspective has emerged in which the role of agency in effecting, transforming and maintaining institutions and organizational fields is emphasized. The objective of present paper is to explore how the internationalization process can be adopted as a strategic response to mitigate the institutional pressures from domestic environment with a specific reference to the case of Chinese MNCs. The findings of the unique ways that Chinese MNCs can react and develop new ‘rules of the game’ toward their societal organizations will enrich our understanding about the co-evolutionary process between MNCs and their institutional environment.

**SMEs’ Survival and Recovery Rates in China**
Ilgaz Arikan, Ohio State University
Oded Shenkar, Ohio State University
Asli Musaoglu Arikan, Ohio State University

How does the strength of domestic institutions affect small to mid-size enterprises (SMEs) that experience financial, economic, and political crises? We compare the survival and recovery rates of SMEs in China to those of in the US, Europe and Latin America. We argue that SMEs in countries that experience repeated shocks develop capabilities to compensate for the weaker institutional environments, whereas their counterparts in stronger institutional environments become more vulnerable when they fail to develop capabilities to deal with such shocks.

SESSION 15
INTERNATIONALIZATION II

**Diary Studies in International Management**
Christiane Prange, EMLYON Business School
Dong Bian, EMLYON Business School

Knowledge is an accepted driver of managerial behaviour. In the context of the multinational firm (MNC), knowledge has been identified as a source of differences between headquarters and subsidiary decision-making. Authors refer to conflicting mindsets, perception gaps, or cognitive structures when they analyze knowledge. While a cognitive approach to international management has gained prominence, most studies still utilize quantitative methods. We promote a qualitative approach, especially when subconscious or tacit components of managerial knowledge structures are investigated. The diary method is a promising tool, which has been almost totally ignored in international business research. We explore the method’s potential by reporting illustrative empirical findings from both China and Europe. We propose both a research design and procedures for data analysis, using the software tool Leximancer.

**Eastern and Western Values Encounters’ Impact on Small Chinese Businesses’ Strategic and Managerial Practices**
Daniel Degravel, California State University-Northridge

Eastern and Western cultural systems are increasingly in contact/tension in the evolving international business world. The paper shows the necessity to adopt new approaches to understand better the complexity and dynamism of the culturally-laden phenomena at work in “business China”. After positioning this issue, the paper presents empirical research to be undertaken on small Chinese businesses to explore the connection between national cultures and their strategic and management practices.

**Internationalization Strategies of Luxury Firms in China: The Role of Design and Marketing Capabilities**
Eleonora Di Maria, University of Padova
Marco Bettiol, University of Padova
Maria Chiavetto, University of Udine
Raffaella Tabacco, University of Udine

Studies on emerging markets depicted the economic, social and institutional peculiarities of those markets by emphasizing opportunities and threats for Western companies. China in particular offers growing market chances, even for luxury firms. On the on hand, studies emphasize the global approach to markets in luxury. On the other hand, the uncertainty and cultural distance characterizing the Chinese market increase the risks of a firm’s standardized strategy. The paper aims at investigating internationalization strategies of luxury firms in China by exploring the role of design and marketing capabilities, based on the case study of an Italian company – Bisazza. Results highlight the success of a global design-driven brand strategy, but also the need of adapting the distribution and product management to cope with the Chinese context.
Toward an Integrative Model of Global Business Strategy

Xin Li, Copenhagen Business School

In this paper, we first review the development of the strategy field by introducing Hoskisson et al.'s (1999) notion of ‘swings of a pendulum’. With problematization of this notion, we then offer an alternative interpretation of the advancement of strategy knowledge, namely, a recursive fragmentation-integration-fragmentation-integration upward spiral. In response to the call for integrative approach to strategic management research, we propose an integrative model of global business strategy that aims at integrating not only strategy and IB but also the different paradigms within the strategy field. We also discuss the merit and limitation of our model.

SESSION 16
NETWORKS

Cooperation and Competition as Intra-organizational Paradoxical Cultural Categories

Josh Keller, Nanyang Technological University
Jeffrey Loewenstein, University of Illinois-Urbana Champaign
Jin Yan, Zhejiang University
Martin Kilduff, University College London

This paper addresses two open questions (Chen and Miller, 2012: 38): “What [role does] national culture... play in influencing the balance between competition and cooperation?” and “How do the “either/or” Western mindset and the “both/and” Eastern perspective inform competitive-cooperative engagements?” Incorporating research on paradoxical cognition and cultural categories, we conducted two studies that found cross-cultural differences (between China and the US) in whether individuals categorize situations as indicators of both cooperation and competition. These categorization differences resulted in different patterns of behavior and different structures of ego-centric networks of managers’ working relationships. Thus, our studies provide a link between culture, cognition and coopetition within organizations.

Integrating Network Ties and Opportunity Development to Enhance the Firm’s Performance

Chia-Ling Liu, National Cheng Kung University
Huan Zou, School of Oriental and African Studies
Pervez Ghauri, King’s College London

This paper examines how different network ties influence opportunity development in the internationalization process of firms from emerging countries. A conceptual framework is developed by integrating the network theory and international entrepreneurship literature. We provide empirical evidence using a cross-sectional data set of 211 firms in China to test the model. The results show that global network ties have a significant impact on international opportunity exploration, while local network ties enhance international opportunity exploitation. We also find that when firms are active in opportunity exploration, they are capable of enhancing innovativeness and international performance. Additionally, we find that opportunity exploration has a stronger impact on performance than exploitation.

Networks and Culture: Evidence From Microfinance Group Lending Programs

Bryan Stroube, University of Maryland

This paper proposes a model detailing the relationship between structural social networks, culture, and group performance. It does so in the context of microfinance group lending contracts that were developed for use with small entrepreneurs. It is hypothesized that the structural networks of these borrowing groups impact the probability of loan repayment, but that the role of networks is highly contingent on the cultural contexts in which the network structures occur. I propose a three-part study employing secondary institutional data, a field network survey conducted in rural and urban China, and a framed field experiment also conducted in China to investigate the relationship between network structure and culture.

Why and How to Connect: A Case Study in the Chinese Agri-foods Industries

Yujie Cai, University of Sydney

The relational capabilities have long been proposed as an important driver of competitiveness. This study focuses on the network creation and networking activities of several companies linking to a central corporation. The corporation strives to build a fully-integrated food value chain by integrating its different businesses in an effort to enhance its competitiveness and social responsibility in highly turbulent and competitive agri-food industries. Interestingly, the relationship between its different business are multifld. Vertical, horizontal and geographic linkage coexist and overlap.

SESSION 23
FDI

Yadong Luo, Michigan State University
Michael A. Hitt, Texas A&M University
Jay Barney, Indiana University
Ming-Jer Chen, University of Virginia

The paper investigates the determinants of European Union foreign direct investment in the Chinese market using a newly available data set of 680 EU firms for the period of 1998-2007 from the State Statistical Bureau of China. The theoretical framework of the paper builds on Dunning’s ownership–location–internalization paradigm, incorporating the host country institutional factors to test international production by EU firms in an emerging market. We find that FDI is positively related to institutional change. However, some other factors such as firm technology, personal share, profitability, wages and rule of law reveal unexpected results. The findings have important implications for practitioners and policymakers.

LUNCHEON
# SESSION 33

## PLENARY PANEL IV: STRATEGIC MANAGEMENT RESEARCH IN CHINA - WHAT IS NEXT?

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### Co-Chairs
- Xinchun Li, Sun Yat-Sen University
- Yan Zhang, CEIBS and Rice University
- Haiyang Li, Rice University
- Yuan Li, Shanghai Jiao Tong University
- Shige Makino, Chinese University of Hong Kong
- Justin Tan, York University

As global competition unfolds in China and Chinese firms unleash their competitiveness in the global market, both practitioners and researchers are paying increasing attention to China-related strategic management practices and research. What is the current status of China-related strategy research? What are the next BIG research questions? Globalization of Chinese companies? China’s way of innovation and entrepreneurship? Transformation of China’s (state-owned and family-owned) business groups? FDI spillovers and competition? This panel features some of the leading scholars, both inside and outside China, who have been actively involved in research on these topics. They will share their views on the future trends of China-related strategy research.

### Panelists
- **Xin-chun Li** is Professor of Strategic Management and Entrepreneurship and director of the Chinese Family Firm Research Centre at Sun Yat-sen University, China. He is an advisory board member of the IACMR, and a member of the editorial advisory board for several Chinese Journals. He was Dean of the Sun Yat-sen Business School between 2004–2010. His research has focused on strategic alliance, family business and entrepreneurship. He has published over 60 academic papers in Chinese and in international journals such as the Management and Organization Review and the Asia Pacific Journal of Management.

- **Yan (Anthea) Zhang** is Professor of Strategic Management in the Jones Graduate School of Business at Rice University. She has been a highly prolific scholar in the profession with a number of publications appearing in top scholarly journals, such as Academy of Management Journal, Strategic Management Journal, Journal of International Business Studies, among others. Her research has focused on CEO leadership, with an emphasis on CEO succession and dismissal in major organizations. She has also made contributions to research on foreign direct investment and entrepreneurship in emerging markets, notably China. The influence of her research is also shown by the citations in many top business media outlets such as the Economist, Business Week, New York Times, Wall Street Journal, and Financial Times.

- **Haiyang Li** is Associate Professor of strategic management and innovation at the Jesse H. Jones Graduate School of Management, Rice University. His research interests focus on technology entrepreneurship and innovation (particularly in China’s transition economy), strategic alliances and multinational firms’ innovation in emerging markets, as well as the growth of China’s technology clusters.

- **Yuan Li** is the Executive Dean of Antai College of Economics & Management of Shanghai Jiao Tong University. He had assumed the deanship of Management School of Xi’an Jiao Tong University from Dec. 2000 to Jan. 2010. In 2006, he was selected into Trans-Century Training Program Foundation for the Talents by the State Education Commission and received the State Council special allowance. In 1999, Yuan Li gained the support from Yong Talents Program of the National Natural Science Foundation. He was selected as Shan Xi Third Five Talent in 2002 and Chang-Jiang Scholar Professor & Distinguished Professor awarded by Ministry of Education in 2005. Since 2005, Yuan Li has published over 50 papers in international journals, including 38 SSCI/SCI papers, 25 papers with the first author or corresponding author, 4 papers (the first author) in UT/4 Journals, and 5 papers in FT 40 Journals.

- **Shige Makino** is Professor of Management and Chairman of the Department of Management at the Chinese University of Hong Kong. He is an Academy of International Business (AIB) Fellow and has served as a Vice President of AIB (2010-12) and a Program Chair for the AIB conference in Nagoya in 2011. He is also a past president of the Association of Japanese Business Studies. Shige has a remarkable publication record, is widely cited, and was ranked by the International Journal of Business as one of the 20 most prolific academics in international strategic management research. He has won numerous awards for both research and teaching, including the Haynes Prize for the Most Promising Scholar from the AIB in 2002, and focuses on studying foreign firms and their subsidiaries in overseas markets, particularly their performance, mode of market entry, entry timing and the structure of their joint ventures.

- **Justin Tan** is a professor and the Newmont Endowed Chair in Business Strategy in the Schulich School of Business at York University in Canada. He also holds a Distinguished Honorary Professorship in the Guanghua School of Management at Peking University, as well as visiting professorship in leading universities in China. From 2005-2006, he was awarded the U.S. Fulbright Distinguished Chair designation, the first of its kind in business/economics under the China program. He has published over 100 papers and 8 Harvard/Ivey business cases. His public services in North America included advising U.S. senators and congressmen, as well as the World Bank and Canadian International Development Agency, on Sino-U.S. diplomatic and trade issues. He has also advised a number of Chinese government agencies and leading multi-national corporations in the U.S., Canada, Japan, India and China. His research interests include strategic management, technology, innovation, entrepreneurship, and corporate social responsibility.

### Coffee Break

15:00 – 15:30
### SESSION 3

**ALLIANCES AND COOPERATION**

**Date**  Sunday, Dec 16  
**Time**  15:30 – 16:45 h

**Paper**  Meeting Room 230A

**Session Chair**  Tailan Chi, University of Kansas

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**An Exploratory Study Between Knowledge Receptivity, Knowledge Transparency and Learning Race in China**

*Yu Shih Lee, Chung Yuan Christian University*  
*Yunhsueh Chen, Chung Yuan Christian University*  
*Tsung-Yao Lee, Chung Yuan Christian University*

The study aims to what key factors encourage both parties in an alliance to initiate a learning race and adopt different types of learning races. Qualitative research method is adopted and four dyadic cases are collected. The study proposes the following propositions: A higher degree of knowledge receptivity presented by a focal firm and a higher degree of knowledge transparency shown by its partner results in greater likelihood of a learning race to be inspired in the alliance. The degree of relational risks between organizations determines the types of learning races between them.

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**Cooperation between Foreign Enterprises and Domestic Enterprises: A Case Study of Select Auto Industry in China**

*Masoud Kavoossi, Howard University*  
*Yuan Yuan Li, Jinan University*

This proposal is to point out the objective of our research. With the description of background, we clarify why we choose this topic and why we select among others Shanghai-General Motor as case study. After that, we enumerate questions representing our key concerns on this topic. Furthermore, literature review is done before we provide investigation framework and the expected results on cooperation motives and influence on China's economy. The essential part of the paper is to provide suggestions for enterprises, especially domestic firms.

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**Exploration of Relational Factors in Sino-Foreign Joint Venture Partnerships: Concepts and Case Study**

*George Tovstiga, University of Reading*  
*Vivien Man Yee Lau, Hong Kong Air Cargo Industry Services Limited*

Despite recent threats of economic contraction, China still offers attractive opportunities for foreign companies seeking to expand their business activities through joint venturing (JV) partnering strategies. Recent research has indicated a growing recognition of the importance of relational factors in JV partnering. This paper builds on recent research findings that identify critical relati...
Overcoming the Dual Liabilities: The Host Market-Seeking Subsidiary Transformation of Multinational Enterprises From Emerging Economies

Chun-Pu Lin, University of Bath
Klaus Meyer, China Europe International Business School
Michael Mayer, University of Bath

In recent decades, multinational enterprises (MNEs) increasingly focus on emerging economies as potential markets. However, subsidiaries of MNEs initially positioned as export-oriented in emerging economies thus face the challenge of reconfiguring their resource bases to fit with the altered strategic positioning, including adapting historical resources and acquiring new resources from host environments. This study focuses on a unique group of MNEs, MNEs from emerging economies (EMNEs), which hold limited marketing capabilities or brand equity. Their subsidiaries face apparent resource gaps, or the "liability of emergingness", as they turn to explore the host markets. Moreover, they face "liability of foreignness" when externally acquiring resources with the aim to overcome, the institutional voids common in emerging economies. Examining two Taiwanese MNEs operating the Chinese domestic market, this study aims to identify the strategic features regarding how subsidiaries overcome the dual liabilities during after-entry period, caused by resource circumstances and host environments respectively.

Value Chain Activities, Location Choice and Entry Mode of Chinese Multinationals

Geng Cui, Lingnan University
Ling-yee Li, Lingnan University
Tsangsing Chan, Lingnan University

The changing pattern of OFDI has attracted increasing scholar attention to investigate extent to which extant knowledge is adequate to account for the OFDI decisions made by MNCs from emerging markets such as China. The leading theories of internationalization are largely based on studies of firms from industrialized economies and emphasize the firm-specific-advantages and the gradual process of knowledge development. These theories cannot adequately explain the internationalization process of firms from developing countries which lack FSAs and operate in essentially emerging market contexts. This study draws from the knowledge-based theory and examines the effect of value chain activities including production, marketing, and research and development on EMMNCs’ location choice and entry mode strategies in their overseas expansion.

SESSION 17
SOCIAL CAPITAL

Date: Sunday, Dec 16
Time: 15:30 – 16:45

Business Entertainment and Firm Performance in Emerging Economies

Kehan Xu, Sun Yat-sen University
Yadong Luo, University of Miami
Shujun Zhang, Sun Yat-sen University

We conceptualize that business entertainment as the mechanism that transforms unrelated personal ties into structured gray relational capital of firms in such a way that business entertainment facilitates business transactions in the informal-formal hybrid economies. Because business entertainment is used to fulfill transaction-specific and short-term objectives, we further contend that business entertainment substitutes firm pro-market actions in emerging economies. A stream of regression models was employed with 5,646 firms from World Bank archival data to examine these relationships. Results indicate that business entertainment increases performance but that the positive effects diminish as business entertainment continuously increases. Results also suggest that business entertainment substitutes both R&D investments and formal contracting in explaining firm performance. This study highlights a paradoxical tension between business entertainment and pro-market actions among firms in an emerging economy.

Foreign Guanxi Networks in China

Jing’an Tang, Sacred Heart University

Though building “Guanxi” networks is widely considered a crucial strategy in conducting businesses in China, there has rarely been scientific examination of the development process of “Guanxi” network as a whole at the inter-organizational level, not to mention the investigation of its impact on business performance. When it comes to how foreign companies handle “Guanxi” and establish networks of its own to co-opete with Chinese firms, studies become even scarcer, if not none. In an attempt to fill in such a void, this study aims to answer two research questions: How do foreign Guanxi networks (FGN) develop and evolve over time in China? What are the impacts on foreign subsidiary performance of FGN development in China?

Guanxi Talks: From Dynamic Capabilities to Performance in Transitional China

Wenyao Zhao, EMLYON Business School

This research examines the unique role Guanxi (Chinese network capitalism, conjectured as a substitution to formal institution in this research) plays in Western firms’ survival or success in the ever-changing competitive and regulatory environment of contemporary China. Few efforts have been made to elucidate the mechanisms through which dynamic capabilities lead to superior performance. Against this background, this research attempts to offer an alternative view on dynamic capabilities-performance relationship by adopting a Guanxi-as-conduit view. After presenting the L-A-O Guanxi typology, this study, instead of treating Guanxi as the antecedent of performance, addressing Guanxi (both extra-organizational and intra-organizational) as a moderator for the relationship between dynamic capabilities and performance, which is mediated by operational capabilities.

Trust in Emerging Markets: Understanding, Antecedents and Outcome

Christian Kuklinski, EBS University
Thorsten Migge, University of Western Australia
Roger Moser, University of St. Gallen

Managers in emerging markets are challenged in their business development: institutional voids, rooted in political and economic shocks as well as fast and non-linear institutional change, create risks for economic transactions due to an exposed vulnerability of exchange partners. We argue that a dynamic institutional context, inherent in emerging markets, induces managers in ‘low trust societies’ to rely on trusted business relationships from their personal networks as informal bypasses. We examine the conventional perception of trust, its role, antecedents and consequences for business development in emerging markets. Based on 88 semi-structured interviews conducted with local and expatriate managers in emerging markets we develop propositions by re-modeling trust in emerging markets and identifying similarities with research in network theory: social capital, structural holes and closure.
**SESSION 28**

**GOVERNMENT KNOWLEDGE AND COOPERATION**

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**Session Chair**
Claudia Schoonhoven, University of California-Irvine

**A New Classification on MNE Strategy, Structure and Subsidiary: Headquarters Versus Subsidiary Perspective**
Xufei Ma, Chinese University of Hong Kong
Andrew Delios, National University of Singapore
Shu Yu, National University of Singapore

This study systematically reviewed the literature on the MNE (multinational enterprise) strategy and structure and MNE subsidiary with a focus on six major research streams: strategy-structure, headquarters-subsidiary relationships, MNE process, subsidiary role, subsidiary evolution, and subsidiary networks. Based on this systematic review, I proposed a new classification: a headquarters (HQ) perspective versus a subsidiary perspective. I pointed to the limitations of prior studies as well as the research opportunities, which included an intermediate-level perspective (the totality of an MNE’s subsidiaries within a single host country) and the bridges to theory (foreign direct investment theory and institutional theory) and context (emerging economies).

**Alternative Solutions to the Agency Conflict in the Firm**
Xin Li, Copenhagen Business School

Agency theory is concerned about the conflict of interests in the employer-employee relations. But the theory is framed purely from the perspective of the principal (i.e., the owners or stockholders of the firm), without taking into consideration of the perspective of the agent (e.g., managers or employees), the conventional mechanism, i.e., monitoring and bonding, though useful, are not always effective and efficient for motivating employees. In this paper, we propose two alternative solutions to the agency conflict problem, i.e., aspiration facilitation and aspiration internalization, that adopts a promotion mindset in contrast to the prevention mindset in the agency theory and the conventional mechanisms. We argue, to facilitate and internalize some (if not all) aspirations of their employees, the firms will not only gain talents-based competitive advantages but become truly humanistic organizations for the ultimate purpose of life is the realization of human aspirations.

**Cooperating for Co-prosperity: Case of Select Focal Firms of Indian Origin Operating in China**
Sundar Parthasarathy, Indian Institute of Technology-Bombay
Kirankumar Momaya, Indian Institute of Technology-Bombay
Shishir Jha, Indian Institute of Technology-Bombay

Objective – Key objective of this paper is to identify patterns of cooperation between Chinese firms or institutions / entities (referred to as local partners) and firms of Indian origin (FIOs). Target Audience- The paper aims to provide perspectives to industry-practitioners, and academic-expert. Design/Methodology/Approach- The authors will adopt a mixed method, comprising of literature reviews together with the analysis of the primary data collected through interactions with senior managers of the select focal FIOs, that can help address the research question, “What makes focal FIOs and their local partners co-prosper in China?” Originality/Value- The paper is specific in its aim to study the approaches, efforts and success of focal FIOs which will serve as a unique source of useful knowledge to practitioners and academicians.

**Reaching for the Future and Reclaiming the Past: Cross-strait Cooperation**
Ching Horng, National Chung Cheng University

Informed by the local media and relevant literature, this proposal sketches out a framework of learning, identity and government (LIG). To explore the potential of LIG, I draw on MTK and Franz as two illustrating cases of cross-strait cooperation between firms in Taiwan and China. While MTK helps the Chinese wireless handset makers move from 2G to 3G, Franz assists Chinese fine china makers to reclaim their past. Although the cooperation may evolve into competition in the future, at present it forms a unique partnership that proves difficult for firms from the West to surmount. LIG offers us a start to pursue a significant local phenomenon with implications for firms beyond greater China. In contrast, focusing on competition alone is likely to miss the point.

**The Impact of Firm’s Cooperative Behaviour on Its Competitive Behaviour: An Empirical Study of the Asia Pacific Region**
Famara Hyacinthe Sanou, University of Montpellier 1
Frédéric Le Roy, University of Montpellier 1

In this research, we present and test a dynamic model of the relationship between the propensity of a firm to cooperate and its competitive behaviour. From a longitudinal analysis of competitive and cooperative actions of 60 mobile telephone operators over a period of six years, we show that the biggest operators, such as China Mobile or China Ucon, are the more competitive. We also show a significant and positive relationship between the propensity to cooperate of the firm and its competitive behaviour. We build upon previous research, by showing the moderating effect of industry concentration and the firm’s presence outside its domestic market on the relationship between cooperative and competitive behaviours.

**Uncertainty, Relational Governance and Performance: An Empirical Study on the Exchange Between Agribusiness and Farmers**
Can Chen, South China Agricultural University

Relational governance is often related with high uncertainty, but the researches on their relationship haven’t reached consensus yet. This article argues that uncertainty does not directly affect relational governance, but mediates the relationship of relational governance and exchange performance. With the samples from the exchange between 33 agribusinesses and 507 of their cooperative farmers, we studied how relational governance affects performance and the mediation effects of uncertainty. The results show that, (1) relational governance improves farmers’ satisfaction; (2) uncertainty promotes the positive effect of process-based relational governance to exchange performance; and (3) uncertainty has no positive but even negative effects on the relationship between norm-based relational governance and exchange performance.

**You Cannot Have it Both Ways: The Choice Between Growth and Profit in Emerging Markets**
Nan Zhou, Moscow School of Management

This study examines the critical choice between growth and profit for firms from emerging markets. We first argue that pursuing growth requires exploration capability while pursuing profit requires exploitation capability. Since the development of these two capabilities competes for scarce firm resource, there will be a trade-off between pursuing growth and profit. Next, because there are ample growth opportunities in emerging markets for firms to explore and firms in emerging markets generally lack existing resource bases to exploit from, developing exploration capabilities is easier than developing exploitation capability. As a result, firms with existing exploitation capability are more likely than firms with existing exploration capability to achieve profitable growth. We empirically test these ideas in a sample of firms in China.
Globalization has spurred many Western companies to relocate production and supply chain activities to developing economies, especially China. Now Western companies are beginning to also relocate to China key innovation and R&D activities. China’s advantages for innovation include: huge size of customer base; empty market spaces, talented and low-cost researchers, engineers and scientists, in quantity; market demands for simple, cheap products; fast-moving large-scale government projects; support of national and provincial governments; entrepreneurial spirit. Many Western companies are starting to make use of these advantages for innovation not just for the Chinese market but for global markets in a form of reverse innovation. This panel addresses how major Western multinational companies are innovating in China both for China and for the rest of the world.

Xiangli Chen has been General Manager of GE China Technology Center since August 2007, leading a cross business team in research, new product development, and engineering services. The center is one of GE’s four global R&D centers, covering a diverse range of industries and technologies including Energy, Water, Oil & Gas, Healthcare, Transportation, Aviation, Lighting, and Industrial Solutions. His team is driving GE’s growth in China and globally by innovating in close cooperation with all GE businesses, customers, the government, universities and research institutes. In September 2009, Xiangli Chen received the Magnolia Award from the Municipal Government of Shanghai, in recognition of his contributions to the city’s social and economic development. In January 2010, GE Chairman and CEO Jeff Immelt presented Xiangli Chen with the Chairman’s Award for Initiative, recognizing his achievement in driving technology and innovation, and GE’s “In Country, For Country” growth initiative. In February 2012, Xiangli Chen was awarded 2012 China top 50 Innovation Entrepreneurs by the leading business magazine CBN Weekly for his driving innovation activities in 2nd tier cities of China.

George Yip is Professor of Management and Co-Director of the Centre on China Innovation at China Europe International Business School in Shanghai; and also Visiting Professor at Imperial College Business School in London and Fellow of Academy of International Business. He is Co-Executive Editor of Chinese Management Insights. His current research concerns innovation, strategic transformation, and managing global customers. Prior academic positions include Dean of Rotterdam School of Management, Erasmus University, and professorships at London Business School, Cambridge University and UCLA. Business experience includes VP and Director of Research & Innovation at Capgemini Consulting and product manager at Unilever. His next book will be Strategic Transformation (Palgrave Macmillan 2013); his latest book is Managing Global Customers (Oxford University Press, 2007). Total Global Strategy (Prentice Hall, 1992) was selected as one of the 30 best business books of 1992, has been published in ten languages, and a 3rd edition in 2012.

Kathy Zhang is Senior Director for Philips Corporate Research, heading strategy and new business development for its Asia labs. Her primary responsibilities are shaping research innovation portfolio based on market insights and technology trends, identifying potential business opportunities, and assisting corporate strategy with local inputs. Kathy started her career in Bell-labs research center in Murray Hill, New Jersey, Lucent Technologies, in which Kathy Zhang held several positions in research and development, marketing, and product management. From 2004 to 2007 Kathy Zhang was leading the Program Management department in Dell China Design Center. Kathy Zhang studied in Beijing University of Posts and Telecommunications, continued her advanced study in University of Akron, Ohio, where she received Master’s degree in Computer Science and Electrical Engineering. Later she attended EMBA program of Rutgers University, NJ.
HOTEL DONG FANG

- Opening Reception and Luncheons
- Closing Awards Dinner and Plenary Room
- Meeting Rooms:
  - Meeting Room 2 & Meeting Room 4 (Level 1, Block 2)
  - Meeting Room 230A & Meeting Room 230B (Level 3, Block 2)
  - Hua Cheng Chun Se (Level 8, Block 2)
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The Introduction of the School of Management, Jilin University

The School of Management of Jilin University originates from School of Management of Jilin University of Technology. The predecessor, initially established in 1985, is one of the first six Schools of management approved by China's Ministry of Education. The early history of the School dates back to 1955 when Jilin University of Technology was instituted and launched its Engineering Economics Department. The School consists of eight academic departments and they are Technological Economics and Management, Corporation Management, Accounting, Management Science and Engineering, International Business, Engineering Management, Information Management and Financial Management. In addition, the School has the Innovation Management Research Center, the Entrepreneurial Research Center, the Information Resources Research Center, the Corporation Management Research Center, JLU&CSUN Joint Center for Management Research, and Chinese Science and Technology Policy and Management Research Center. Besides, the School administrates the national core journal of Information Science. The School is proud of a highly competent, rigorous and multidisciplinary scholarly teaching staff. There are 115 full-time teachers, including 46 professors, 38 associate professors, and 31 lecturers. It also includes one scholar awarded by National Outstanding Youth Fund, one Kuangyaming Special Professor, one Kuangyaming Chair Professor. 4 funded by “The new century excellent talent” Project from Ministry of Education, and 5 rewarded with the State Council Special Subsidy. More than 80% of the teachers have Ph.D. degree. Also 85% of the staff are under age 45 while 50% of the staff studied aboard.

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Regional Senior Marketing Manager, Asia Pacific & Japan, Dell
MCom Alumna, Australian School of Business, UNSW
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The Society is probably best known through the Strategic Management Journal (SMJ) published by John Wiley & Sons. This Class A journal has become the leading scholarly publication in the field of Strategic Management and is consistently rated one of the top publications in the management area. In 2007 the Society launched the Strategic Entrepreneurship Journal (SEJ) and in 2010 the Global Strategy Journal (GSJ). The intent is for these new quarterly publications to soon also become Class A journals and to promote the development and dissemination of advances in the field by maintaining the highest standards of intellectual thought combined with practical relevance, just as their sister publication SMJ has done for many years.