

Proceedings of the
46th Annual Meeting
of the



Academy of International Business

*"Bridging with the Other: The Importance of
Dialogue in International Business"*

Stockholm, Sweden
July 10-13, 2004

Editors

Nakiye Boyacigiller, Program Chair
Tunga Kiyak, AIB Managing Director

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Proceedings of the
46th Annual Meeting
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*"Bridging with the Other: The Importance of
Dialogue in International Business"*
Stockholm, Sweden
July 10-13, 2004

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Index of Participants..... 189

Meeting Sponsors 211

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2004 Program Overview

Stockholm, Sweden
July 10-13, 2004

Saturday July 10				Sunday July 11				Monday July 12				Tuesday July 13			
7:00				7:00				7:00				7:00			
7:15				7:15	<i>Morning Walk</i> 07:00 - 07:45			7:15	<i>Morning Walk</i> 07:00 - 07:45			7:15	<i>Morning Walk 07:00 - 07:45</i>		
7:30				7:30			7:30	<i>AIB Chapter Chairs Meeting - Nordic Sea Restaurant</i> 07:30-09:00			7:30				
7:45				7:45			7:45			7:45					
8:00				8:00	<i>Track Welcome</i> 08:15-08:30			8:00			8:00				
8:15				8:15			8:15			8:15					
8:30				8:30			8:30			8:30					
8:45				8:45			8:45			8:45					
9:00	<i>PhD Consortium</i> 08:00-12:00	<i>Junior Faculty Consortium</i> 08:00-12:00	<i>JIBS/AIB Paper Development Workshop</i> 08:00-12:00	<i>AIB Executive Board Meeting</i> 08:00-12:00	<i>Individual Sessions #1 - 1.1</i> 08:30-10:00		<i>Individual Sessions #5 - 2.1</i> 08:30-10:00		<i>Individual Sessions #8 - 3.1</i> 08:30-10:00						
9:15															
9:30															
9:45															
10:00															
10:15				10:00	<i>Break 10:00-10:15</i>		10:00	<i>Break 10:00-10:15</i>		10:00	<i>Break 10:00-10:15</i>				
10:30				10:15	<i>Plenary 3 - Timur Kuran</i> <i>"Why the Middle East is Economically Underdeveloped"</i> 10:15 - 11:15		10:15	<i>Plenary 4 - Remembering: Sumantra Ghoshal</i> 10:15 - 11:15		10:15	<i>Plenary 6 - Cem Kozlu</i> <i>"Turkey & the EU"</i> 10:15 - 11:15				
10:45				10:30			10:30			10:30					
11:00				10:45			10:45			10:45					
11:15				11:00			11:00			11:00					
11:30				11:15	<i>Break 11:15-11:30</i>		11:15	<i>Break 11:15-11:30</i>		11:15	<i>Break 11:15-11:30</i>				
11:45				11:30			11:30			11:30					
12:00				11:45			11:45			11:45					
12:15				12:00	<i>Individual Sessions #2 - 1.2</i> 11:30-13:00		12:00	<i>Individual Sessions #6 - 2.2</i> (Including Farmer Dissertation Session) 11:30-13:00		12:00	<i>Individual Sessions #9 - 3.2</i> 11:30-13:00				
12:30				12:15			12:15			12:15					
12:45				12:30			12:30			12:30					
13:00				12:45			12:45			12:45					
13:15	<i>PhD Consortium (Meet the Editors)</i> 13:00-14:15	<i>Junior Faculty Consortium</i> 13:00-16:00	<i>JIBS/AIB Paper Development</i> 13:00-16:00	<i>Teaching Roundtables</i> 14:00 - 16:00	<i>Poster Session #1 with Light Lunch</i> 13:00-14:30		<i>Poster Session #2 with Light Lunch</i> 13:00-14:30		<i>Poster Session #3 with Light Lunch</i> 13:00-14:30						
13:30															
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15:15				14:30			14:30			14:30					
15:30				14:45			14:45			14:45					
15:45				15:00	<i>Individual Sessions #3 - 1.3</i> 14:30-16:00		15:00	<i>Individual Sessions #7 - 2.3</i> 14:30-16:00		15:00	<i>Individual Sessions #10 - 3.3</i> 14:30-16:00				
16:00				15:15			15:15			15:15					
16:15				15:30			15:30			15:30					
16:30				15:45			15:45			15:45					
16:45				16:00	<i>Track and Session Chairs Meeting</i> 16:00-16:20		16:00	<i>Break 16:00-16:30</i>		16:00	<i>Break 16:00-16:30</i>				
17:00				16:15			16:15			16:15					
17:15				16:30			16:30			16:30					
17:30				16:45			16:45			16:45					
17:45				17:00	<i>Opening Plenary (open to all): "Aharoni, Wilkins, Vahlne and Doz: A Retrospective on Cultural, Institutional and Historical Approaches to the Growth of MNEs"</i> 16:30-18:00		17:00	<i>Plenary 5 "Bridging With the Other: The Moral Challenges of Global Capitalism"</i> 16:30-18:00		17:00	<i>Individual Sessions #11 - 3.4</i> 16:30-18:00				
18:00				17:15			17:15			17:15					
18:15				17:30			17:30			17:30					
18:30				17:45			17:45			17:45					
18:45				18:00			18:00			18:00					
19:00				18:15			18:15			18:15					
19:15				18:30	<i>Plenary 2 - "From Istanbul to Stockholm: A Reflective Dialogue on Global Leadership" - 18:15-19:00</i>		18:30	<i>JIBS Decade Award Session</i> 18:15-19:00		18:30	<i>AIB General Business Meeting & AIB Awards Ceremony</i> 18:00-19:30				
19:30				18:45			18:45			18:45					
19:45				19:00	<i>Bus Transportation from Conference Center to Vasa Museum</i>		19:00	<i>JIBS Decade Award Reception</i> 19:00-19:45		19:00	<i>Bus Transportation from Conference Center and Hotels to City Hall</i>				
20:00				19:15			19:15	<i>WAIB Meeting & Reception</i> 19:00-19:45		19:15					
20:15				19:30			19:30			19:30					
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				21:15			21:15			21:15					
				21:30			21:30			21:30					

2004 AIB Summary Program

Stockholm, Sweden

July 10-13, 2004

Registration

Room: Third Floor, In front of Aulen
Hours: 9:00 - 18:00 (Sat-Tue)

Placement Center

Room: Marmor Valvet (The Marble Vault)
Hours: 9:00 - 18:00 (Sun-Tue)

Exhibits

Room: Pelarsalen (The Pillared Hall)
Hours: 9:30 - 18:00 (Sun-Tue)

SATURDAY, JULY 10

SATURDAY JUL 10 - 08:00-16:00

SESSION: PRECONF1

JIBS/AIB Paper Development Workshop

Room: 456

Time: 08:00-16:00

SESSION: PRECONF2

Doctoral Consortium

Room: 254

Time: 08:00-16:00

SESSION: PRECONF3

Junior Faculty Consortium

Room: 255

Time: 08:00-16:00

SATURDAY JUL 10 - 14:00-16:00

SESSION: PRECONF4

Teaching Roundtables

Room: Pelarsalen

Time: 14:00-16:00

SATURDAY JUL 10 - 16:00-16:20

Track and Session Chairs Meeting

Room: Aulan

Time: 16:00-16:20

SATURDAY JUL 10 - 16:30-18:00

Opening Plenary: "Aharoni, Wilkins, Vahlne and Doz: A Retrospective on Cultural, Institutional and Historical Approaches to the Growth of MNEs"

Room: Aulan

Time: 16:30-18:00

SATURDAY JUL 10 - 18:15-19:00

Plenary 2 - Nancy J. Adler - "From Istanbul to Stockholm: A Reflective Dialogue on Global Leadership"

Room: Aulan

Time: 18:15-19:00

SATURDAY JUL 10 - 19:30-23:00

AIB Presidential Dinner at the Vasa Museum

Time: 19:30-23:00

SUNDAY, JULY 11

SUNDAY JUL 11 - 07:00-07:45

Morning Walk

Time: 07:00-07:45

SUNDAY JUL 11 - 07:00-08:30**JIBS Editors Meeting**

Room: 361

Time: 07:00-08:30

SUNDAY JUL 11 - 08:15-08:30**Track Welcome**

Time: 08:15-08:30

1.1 - SUNDAY JUL 11 - 08:30-10:00

SESSION: 1.1.1 - COMPETITIVE Track 4 - Alliances

Alliances and Knowledge Flows

Room: 456

Time: 08:30-10:00

SESSION: 1.1.2 - PANEL Track 5 - Global Strategy

Why Has IB Failed at Methodological Development and What to Do About it?

Room: 361

Time: 08:30-10:00

SESSION: 1.1.3 - PANEL Track 6 - Organization

Bridging with the Other: A Dialogue within Cross-Cultural Management

Room: 359

Time: 08:30-10:00

SESSION: 1.1.4 - COMPETITIVE Track 7 - Marketing

International Entry and Expansion: Drivers, Barriers, Processes

Room: 358

Time: 08:30-10:00

SESSION: 1.1.5 - PANEL Track 1 - Political Economy

Is Bargaining Theory Still Relevant to Government-Business Relations?

Room: 357

Time: 08:30-10:00

SESSION: 1.1.6 - COMPETITIVE Track 2 - Economics

Global Capital Market Integration

Room: 356

Time: 08:30-10:00

SESSION: 1.1.7 - PANEL Track 3 - Emerging Markets

The Base of the Pyramid and the Sustainable Growth: Concepts and Experiences

Room: 354

Time: 08:30-10:00

SESSION: 1.1.8 - COMPETITIVE Track 1 - Political Economy

Governance and Influence in the Global Environment

Room: 353

Time: 08:30-10:00

SESSION: 1.1.9 - COMPETITIVE Track 5 - Global Strategy

Internationalization as a Process: How Do We Do This?

Room: 352

Time: 08:30-10:00

SESSION: 1.1.10 - COMPETITIVE Track 6 - Organization

Bridging Across Cultures I: The Interpersonal Dynamics

Room: 253

Time: 08:30-10:00

SESSION: 1.1.11 - COMPETITIVE Track 5 - Global Strategy

Are You Experienced? The Role of Personal Knowledge

Room: 254

Time: 08:30-10:00

SESSION: 1.1.12 - COMPETITIVE Track 6 - Organization

International HRM I: Managing for Performance Around the Globe

Room: 255

Time: 08:30-10:00

SUNDAY JUL 11 - 10:00-10:15**Coffee Break**

Room: Pelarsalen

Time: 10:00-10:15

SUNDAY JUL 11 - 10:15-11:15**Plenary 3 - Timur Kuran - "Why is the Middle East Economically Underdeveloped?"**

Room: Aulan

Time: 10:15-11:15

SUNDAY JUL 11 - 11:15-11:30**Coffee Break**

Room: Pelarsalen

Time: 11:15-11:30

1.2 - SUNDAY JUL 11 - 11:30-13:00

SESSION: 1.2.1 - COMPETITIVE Track 4 - Alliances

Alliance Management: Relationship Capital

Room: 456

Time: 11:30-13:00

SESSION: 1.2.2 - PANEL Track 5 - Global Strategy

Research in International Business: A Bridge Across Disciplines

Room: 361

Time: 11:30-13:00

SESSION: 1.2.3 - PANEL Track 6 - Organization

Global Teams as Bridges: Spanning Organizational & Theoretical Divides

Room: 359

Time: 11:30-13:00

SESSION: 1.2.4 - COMPETITIVE Track 7 - Marketing

Foreign Market Performance

Room: 358

Time: 11:30-13:00

SESSION: 1.2.5 - PANEL Track 1 - Political Economy

The Evolution of Institutions and International Business

Room: 357

Time: 11:30-13:00

SESSION: 1.2.6 - COMPETITIVE Track 3 - Emerging Markets

Environmental/Internationalization Issues in Emerging/Transitional Economies

Room: 356

Time: 11:30-13:00

SESSION: 1.2.7 - PANEL Track 3 - Emerging Markets

Enterprise Strategies in Emerging Economies: A Comparative Approach

Room: 354

Time: 11:30-13:00

SESSION: 1.2.8 - COMPETITIVE Track 3 - Emerging Markets

Strategies in Emerging Markets

Room: 353

Time: 11:30-13:00

SESSION: 1.2.9 - COMPETITIVE Track 5 - Global Strategy

How to Make an Entrance

Room: 352

Time: 11:30-13:00

SESSION: 1.2.10 - PANEL Track 5 - Global Strategy

Limits to Globalization: Triad Strategies of MNEs

Room: 253

Time: 11:30-13:00

SESSION: 1.2.11 - COMPETITIVE Track 5 - Global Strategy

Can't We All Just Get Along? The Power of International Togetherness Among Firms

Room: 254

Time: 11:30-13:00

SESSION: 1.2.12 - COMPETITIVE Track 6 - Organization

Implementing Organizational Cultures and Systems in Multinationals

Room: 255

Time: 11:30-13:00

SUNDAY JUL 11 - 13:00-14:30

SESSION: POSTER1

Poster Session 1 with Light Lunch

Room: Pelarsalen

Time: 13:00-14:30

1.3 - SUNDAY JUL 11 - 14:30-16:00

SESSION: 1.3.1 - COMPETITIVE Track 5 - Global Strategy

Corporate International Strategy: Buy, Sell, or Hold?

Room: 456

Time: 14:30-16:00

SESSION: 1.3.2 - COMPETITIVE Track 5 - Global Strategy

Hazardous Waste or Fountain of Knowledge? Spillovers and Geography

Room: 361

Time: 14:30-16:00

SESSION: 1.3.3 - COMPETITIVE Track 1 - Political Economy

Country Risk Assessment and Firm Response

Room: 359

Time: 14:30-16:00

 SESSION: 1.3.4 - COMPETITIVE Track 3 - Emerging Markets

Internationalization Issues: The Case of China I

 Room: 358 Time: 14:30-16:00

SESSION: 1.3.5 - PANEL Track 1 - Political Economy

Institutional Systems and International Business: Emerging Research Themes

 Room: 357 Time: 14:30-16:00

SESSION: 1.3.6 - COMPETITIVE Track 2 - Economics

Global Financing Reporting Determinants

 Room: 356 Time: 14:30-16:00

SESSION: 1.3.7 - COMPETITIVE Track 3 - Emerging Markets

Strategic Issues in Central and Eastern Europe

 Room: 354 Time: 14:30-16:00

SESSION: 1.3.8 - PANEL Track 6 - Organization

Language and Communication in International Management

 Room: 353 Time: 14:30-16:00

SESSION: 1.3.9 - COMPETITIVE Track 5 - Global Strategy

Where Did My Job Go? Is Outsourcing a Taboo or a Boon?

 Room: 352 Time: 14:30-16:00

SESSION: 1.3.10 - COMPETITIVE Track 2 - Economics

Global Corporate Governance and Structure

 Room: 253 Time: 14:30-16:00

SESSION: 1.3.11 - COMPETITIVE Track 5 - Global Strategy

Look Out! External Flows of Trade and Investment

 Room: 254 Time: 14:30-16:00

SESSION: 1.3.12 - COMPETITIVE Track 6 - Organization

Managing Innovation I: Setting the Stage

 Room: 255 Time: 14:30-16:00

SUNDAY JUL 11 - 16:00-16:30

Coffee Break

 Room: Pelarsalen Time: 16:00-16:30

1.4 - SUNDAY JUL 11 - 16:30-18:00

SESSION: 1.4.1 - COMPETITIVE Track 4 - Alliances

Alliance Performance I: Role of Strategy

 Room: 456 Time: 16:30-18:00

SESSION: 1.4.2 - PANEL Track 5 - Global Strategy

Globalisation and Innovation: The Multinational's Dilemma

 Room: 361 Time: 16:30-18:00

SESSION: 1.4.3 - COMPETITIVE Track 6 - Organization

Culture's Influences: Advances in Theory

 Room: 359 Time: 16:30-18:00

SESSION: 1.4.4 - PANEL Track 3 - Emerging Markets

An Emerging Market Perspective on Global Strategy and Success

 Room: 358 Time: 16:30-18:00

SESSION: 1.4.5 - PANEL Track 1 - Political Economy

Were Hymer Writing Now: Stephen Hymer, International Business Scholarship and 'Globalisation'

 Room: 357 Time: 16:30-18:00

SESSION: 1.4.6 - COMPETITIVE Track 2 - Economics

Capital Markets and Global Business

 Room: 356 Time: 16:30-18:00

SESSION: 1.4.7 - COMPETITIVE Track 3 - Emerging Markets

Market Orientation and Joint Venture in Emerging Markets

 Room: 354 Time: 16:30-18:00

SESSION: 1.4.8 - PANEL BALAS Session I: The "Janet Kelly"
Panel

***Dealing Effectively with Latin America's
Ethically-Questionable Practices and High-
Risk Business Environment***

Room: 353 Time: 16:30-18:00

SESSION: 1.4.9 - COMPETITIVE Track 5 - Global Strategy

Networks: Links for Lifts

Room: 352 Time: 16:30-18:00

SESSION: 1.4.10 - COMPETITIVE Track 6 - Organization

Managing Innovation II: Leading and Guiding

Room: 253 Time: 16:30-18:00

SESSION: 1.4.11 - COMPETITIVE Track 5 - Global Strategy

***Internationalization and Performance: Who
Does it Better?***

Room: 254 Time: 16:30-18:00

SESSION: 1.4.12 - COMPETITIVE Track 6 - Organization

Knowledge I: Networks and Flows

Room: 255 Time: 16:30-18:00

SUNDAY JUL 11 - 18:15-19:00

JIBS Decade Award

Room: Aulan Time: 18:15-19:00

SUNDAY JUL 11 - 19:00-19:45

JIBS Decade Award Reception

Room: Café Time: 19:00-19:45

WAIB Meeting and Reception

Room: 456 Time: 19:00-19:45

MONDAY, JULY 12

MONDAY JUL 12 - 07:00-07:45

Morning Walk

Time: 07:00-07:45

MONDAY JUL 12 - 07:00-08:30

JIBS Editorial Review Board Meeting

Room: 361 Time: 07:00-08:30

MONDAY JUL 12 - 07:30-09:00

AIB Chapter Chairs Meeting

Time: 07:30-09:00

2.1 - MONDAY JUL 12 - 08:30-10:00

SESSION: 2.1.1 - PANEL Track 7 - Marketing

Global Customer and Supplier Management

Room: 456 Time: 08:30-10:00

SESSION: 2.1.2 - PANEL Track 5 - Global Strategy

Local Roots, Global Links

Room: 361 Time: 08:30-10:00

SESSION: 2.1.3 - COMPETITIVE Track 6 - Organization

***The Dilemma of Organizational Cultures in
Multinational Organizations***

Room: 359 Time: 08:30-10:00

SESSION: 2.1.4 - COMPETITIVE Track 4 - Alliances

Alliances vs. Acquisitions in Entry

Room: 358 Time: 08:30-10:00

SESSION: 2.1.5 - COMPETITIVE Track 2 - Economics

***Learning from the Other: MNE's as a Source
of Control***

Room: 357 Time: 08:30-10:00

SESSION: 2.1.6 - COMPETITIVE Track 6 - Organization

Understanding Expatriates I: Addressing the Local - Global Dilemma

Room: 356 Time: 08:30-10:00

SESSION: 2.1.7 - COMPETITIVE Track 3 - Emerging Markets

Ownership/Governance in Emerging Markets

Room: 354 Time: 08:30-10:00

SESSION: 2.1.8 - PANEL Track 1 - Political Economy

Building Bridges Under Conditions of Adversity

Room: 353 Time: 08:30-10:00

SESSION: 2.1.9 - COMPETITIVE Track 1 - Political Economy

Ethical Issues in International Business

Room: 352 Time: 08:30-10:00

SESSION: 2.1.10 - PANEL Track 6 - Organization

From Both Sides Now: Exploring HRM Issues for Foreign MNCs in India and Indian MNCs Overseas

Room: 253 Time: 08:30-10:00

SESSION: 2.1.11 - PANEL Track 5 - Global Strategy

A Dialogue Between the Resource-Based Theory and International Management

Room: 254 Time: 08:30-10:00

SESSION: 2.1.12 - PANEL Track 3 - Emerging Markets

Bridging Programs and Research to Emerging Markets and Transition Economies with Third Party Funding: How to Apply and be Successful.

Room: 255 Time: 08:30-10:00

MONDAY JUL 12 - 10:00-10:15

Coffee Break

Room: Pelarsalen Time: 10:00-10:15

MONDAY JUL 12 - 10:15-11:15

Plenary 4 - "Celebrating the Life and Contributions of Sumantra Ghoshal"

Room: Aulan Time: 10:15-11:15

MONDAY JUL 12 - 11:15-11:30

Coffee Break

Room: Pelarsalen Time: 11:15-11:30

2.2 - MONDAY JUL 12 - 11:30-13:00

SESSION: 2.2.1

Richard N. Farmer Dissertation Award sponsored by Indiana University CIBER

Room: 456 Time: 11:30-13:00

SESSION: 2.2.2 - COMPETITIVE Track 4 - Alliances

Alliance Design: Risk vs. Reward

Room: 361 Time: 11:30-13:00

SESSION: 2.2.3 - COMPETITIVE Track 5 - Global Strategy

Learning from Experience in the International Marketplace

Room: 359 Time: 11:30-13:00

SESSION: 2.2.4 - COMPETITIVE Track 7 - Marketing

Global Integrated Marketing Communications

Room: 358 Time: 11:30-13:00

SESSION: 2.2.5 - PANEL Track 3 - Emerging Markets

Central and Eastern Europe: Opportunities and Challenges of EU Accession

Room: 357 Time: 11:30-13:00

SESSION: 2.2.6 - PANEL Track 6 - Organization

The Restructuring of Korean Companies After the 1997 Economic Crisis: Globalization Strategies & Human Resource Management

Room: 356 Time: 11:30-13:00

SESSION: 2.2.7 - COMPETITIVE Track 3 - Emerging Markets

Ownership/Governance in Emerging Markets

Room: 354

Time: 11:30-13:00

SESSION: 2.2.8 - COMPETITIVE Track 1 - Political Economy

Global Problems, Global Solutions

Room: 353

Time: 11:30-13:00

SESSION: 2.2.9 - COMPETITIVE Track 1 - Political Economy

Policy Implications on Firm Performance and National Competitiveness

Room: 352

Time: 11:30-13:00

SESSION: 2.2.10 - COMPETITIVE Track 6 - Organization

Understanding Expatriates II: Adjustment and Readjustment

Room: 253

Time: 11:30-13:00

SESSION: 2.2.11 - COMPETITIVE Track 5 - Global Strategy

Subsidiary Planet: Elephants and Minnows

Room: 254

Time: 11:30-13:00

SESSION: 2.2.12 - PANEL Track 3 - Emerging Markets

Developing Partnerships and Programs in Developing Economies

Room: 255

Time: 11:30-13:00

MONDAY JUL 12 - 13:00-14:30

SESSION: POSTER2

Poster Session 2 with Light Lunch

Room: Pelarsalen

Time: 13:00-14:30

MONDAY JUL 12 - 13:30-14:20

AIB Fellows Business Meeting

Room: 255

Time: 13:30-14:20

2.3 - MONDAY JUL 12 - 14:30-16:00

SESSION: 2.3.1 - PANEL

Track 4 - Alliances

Dynamic Perspectives on International Alliances and Acquisitions

Room: 456

Time: 14:30-16:00

SESSION: 2.3.2 - COMPETITIVE

Track 5 - Global Strategy

Reasons and Results: External Factor Effects and Foreign Investment

Room: 361

Time: 14:30-16:00

SESSION: 2.3.3 - PANEL

Track 6 - Organization

Strategy and Organization in Global Corporate Networks

Room: 359

Time: 14:30-16:00

SESSION: 2.3.4 - COMPETITIVE

Track 7 - Marketing

International Mode Decisions

Room: 358

Time: 14:30-16:00

SESSION: 2.3.5 - PANEL

Track 1 - Political Economy

The Birth of the Field of International Business Education

Room: 357

Time: 14:30-16:00

SESSION: 2.3.6 - COMPETITIVE

Track 3 - Emerging Markets

Internationalization Issues: The Case of China II

Room: 356

Time: 14:30-16:00

SESSION: 2.3.7 - COMPETITIVE

Track 4 - Alliances

Alliance Performance II: Role of Governance

Room: 354

Time: 14:30-16:00

SESSION: 2.3.8 - COMPETITIVE

Track 6 - Organization

Managing Subsidiaries: The Ideal and the Real

Room: 353

Time: 14:30-16:00

SESSION: 2.3.9 - PANEL

Track 1 - Political Economy

A Roundtable on Political Risk: A Review and Reconsideration

Room: 352

Time: 14:30-16:00

MONDAY, JULY 12

SESSION: 2.3.10 - PANEL Track 6 - Organization

Voices from the Field: A Dialogue with Anthropologists on International Organizing

Room: 253

Time: 14:30-16:00

SESSION: 3.1.2 - PANEL Track 6 - Organization

New Multi-Levels Approaches in International Business

Room: 361

Time: 08:30-10:00

SESSION: 2.3.11 - COMPETITIVE Track 5 - Global Strategy

Diversification, Capabilities, and Knowledge: The Value of Knowing What You are Doing

Room: 254

Time: 14:30-16:00

SESSION: 3.1.3 - PANEL Track 6 - Organization

The Localization Processes of Japanese Companies in the Chinese Societies in Hong Kong, Taiwan, and Mainland China

Room: 359

Time: 08:30-10:00

MONDAY JUL 12 - 16:00-16:30

Coffee Break

Room: Pelarsalen

Time: 16:00-16:30

SESSION: 3.1.4 - COMPETITIVE Track 7 - Marketing

The Resource-Based View

Room: 358

Time: 08:30-10:00

MONDAY JUL 12 - 16:30-18:00

Plenary 5 - "Bridging With the Other: The Moral Challenges of Global Capitalism"

Room: Aulan

Time: 16:30-18:00

SESSION: 3.1.5 - PANEL Track 6 - Organization

New Perspectives on International Assignments

Room: 357

Time: 08:30-10:00

MONDAY JUL 12 - 19:00-21:00

Nobel Reception at Stockholm City Hall

Time: 19:00-21:00

SESSION: 3.1.6 - COMPETITIVE Track 3 - Emerging Markets

Strategic Issues in Emerging Markets: China, India, and Turkey

Room: 356

Time: 08:30-10:00

TUESDAY, JULY 13

TUESDAY JUL 13 - 07:00-07:45

Morning Walk

Time: 07:00-07:45

SESSION: 3.1.7 - COMPETITIVE Track 2 - Economics

Biting the Big Mac Index: A Global Review of Currency Trends and Issue

Room: 354

Time: 08:30-10:00

3.1 - TUESDAY JUL 13 - 08:30-10:00

SESSION: 3.1.1 - COMPETITIVE Track 4 - Alliances

Network Competition and Network Organizations

Room: 456

Time: 08:30-10:00

SESSION: 3.1.8 - COMPETITIVE Track 1 - Political Economy

Causes and Constraints for International Trade and Investment

Room: 353

Time: 08:30-10:00

SESSION: 3.1.9 - COMPETITIVE Track 1 - Political Economy

Stakeholders and Society: MNC Strategies and Performance Outcomes

Room: 352

Time: 08:30-10:00

SESSION: 3.1.10 - COMPETITIVE Track 5 - Global Strategy

The Old Squeeze Play: Exogeneous Pressures on International Strategy

Room: 253

Time: 08:30-10:00

TUESDAY JUL 13 - 10:00-10:15**Coffee Break**

Room: Pelarsalen

Time: 10:00-10:15

TUESDAY JUL 13 - 10:15-11:15**Plenary 6 - Cem Kozlu - "Turkey and the EU"**

Room: Aulan

Time: 10:15-11:15

TUESDAY JUL 13 - 11:15-11:30**Coffee Break**

Room: Pelarsalen

Time: 11:15-11:30

3.2 - TUESDAY JUL 13 - 11:30-13:00

SESSION: 3.2.1 - PANEL Track 1 - Political Economy

Corruption: Sources, Nature, Measurement, and Impact on International Business

Room: 456

Time: 11:30-13:00

SESSION: 3.2.2 - PANEL Track 5 - Global Strategy

Global Innovation Research Framework

Room: 361

Time: 11:30-13:00

SESSION: 3.2.3 - PANEL Track 6 - Organization

The Role of Dialogue in Cross-Border Multiple-Identity Organizations

Room: 359

Time: 11:30-13:00

SESSION: 3.2.4 - COMPETITIVE Track 7 - Marketing

Scale Construction and Measurement

Room: 358

Time: 11:30-13:00

SESSION: 3.2.5 - COMPETITIVE Track 3 - Emerging Markets

Internationalization of SME's

Room: 357

Time: 11:30-13:00

SESSION: 3.2.6 - COMPETITIVE Track 2 - Economics

Derivatives Rule OK

Room: 356

Time: 11:30-13:00

SESSION: 3.2.7 - PANEL Track 1 - Political Economy

THE Great Debate: IB is a Failed Discipline: Yeh or Ney?

Room: 354

Time: 11:30-13:00

SESSION: 3.2.8 - PANEL Track 1 - Political Economy

Industrial Parks and the Middle East Peace Process

Room: 353

Time: 11:30-13:00

SESSION: 3.2.9 - COMPETITIVE Track 4 - Alliances

Alliances Portfolios: Synergy or Chaos

Room: 352

Time: 11:30-13:00

SESSION: 3.2.10 - COMPETITIVE Track 6 - Organization

Trusting Individuals, Organizations, and Societies

Room: 253

Time: 11:30-13:00

SESSION: 3.2.11 - PANEL Track 5 - Global Strategy

Researching Service MNEs: Past Trends, Present Thoughts, and Future Directions

Room: 254

Time: 11:30-13:00

SESSION: 3.2.12 - COMPETITIVE Track 6 - Organization

The Powerful Dynamics of Negotiation: Explanations and Ethics

Room: 255

Time: 11:30-13:00

TUESDAY JUL 13 - 13:00-14:30

SESSION: POSTER3

Poster Session 3 with Light Lunch

Room: Pelarsalen

Time: 13:00-14:30

3.3 - TUESDAY JUL 13 - 14:30-16:00

SESSION: 3.3.1 - COMPETITIVE Track 4 - Alliances

Alliance Performance III: Role of Partner Fit

Room: 456

Time: 14:30-16:00

SESSION: 3.3.2 - COMPETITIVE Track 5 - Global Strategy

Soaking up the Spillovers: Organisational Knowledge Sharing

Room: 361

Time: 14:30-16:00

SESSION: 3.3.3 - PANEL

1st Annual WAIB Panel

Room: 359

Time: 14:30-16:00

SESSION: 3.3.4 - PANEL

Track 6 - Organization

Bentley, The Global Business University: The Realities and Benefits of a Globalized Curriculum

Room: 358

Time: 14:30-16:00

SESSION: 3.3.5 - COMPETITIVE

Track 6 - Organization

Knowledge II: Becoming Strategically Intelligent

Room: 357

Time: 14:30-16:00

SESSION: 3.3.6 - COMPETITIVE

Track 3 - Emerging Markets

Organizational Issues in Emerging Markets

Room: 356

Time: 14:30-16:00

SESSION: 3.3.7 - COMPETITIVE

Track 8 - Japanese

AJBS Session

Room: 354

Time: 14:30-16:00

SESSION: 3.3.8 - PANEL

Track 1 - Political Economy

The New International Economy: Alternative Perspectives on Institutions and Organisations in IB Research

Room: 353

Time: 14:30-16:00

SESSION: 3.3.9 - COMPETITIVE

Track 1 - Political Economy

Development Linkages to Trade, Investment, and Privatization

Room: 352

Time: 14:30-16:00

SESSION: 3.3.10 - COMPETITIVE

Track 6 - Organization

Culture's Influence II: Management Implications

Room: 253

Time: 14:30-16:00

SESSION: 3.3.11 - COMPETITIVE

Track 5 - Global Strategy

Shopping for Firms: Acquisitions can be Fun

Room: 254

Time: 14:30-16:00

SESSION: 3.3.12 - COMPETITIVE

Track 6 - Organization

Bridging Across Cultures II: The Organizational Dynamics

Room: 255

Time: 14:30-16:00

TUESDAY JUL 13 - 16:00-16:30**Coffee Break**

Room: Pelarsalen

Time: 16:00-16:30

3.4 - TUESDAY JUL 13 - 16:30-18:00

SESSION: 3.4.1 - PANEL

Track 4 - Alliances

International Business Relocation: Developing the Research Programme

Room: 456

Time: 16:30-18:00

SESSION: 3.4.2 - COMPETITIVE

Track 5 - Global Strategy

Internationalization and Technology: An Electrifying Choice

Room: 361

Time: 16:30-18:00

SESSION: 3.4.3 - COMPETITIVE

Track 6 - Organization

New Perspectives on Global Teams

Room: 359

Time: 16:30-18:00

SESSION: 3.4.4 - COMPETITIVE

Track 4 - Alliances

Alliances in China: Beyond Subcontracting

Room: 358

Time: 16:30-18:00

SESSION: 3.4.5 - PANEL

BALAS Session II: BALAS Presidents Panel

Emerging Trends and Innovative Business Practices in Latin America

Room: 357

Time: 16:30-18:00

SESSION: 3.4.6 - COMPETITIVE

Track 3 - Emerging Markets

Strategic Issues in Central and Eastern Europe II

Room: 356

Time: 16:30-18:00

SESSION: 3.4.7 - COMPETITIVE Track 2 - Economics

Box Wallahs and Nawab's : Trade and Government Policy

Room: 354 Time: 16:30-18:00

SESSION: 3.4.8 - COMPETITIVE Track 6 - Organization

The Social Psychology of International Management: Exploring the Universals

Room: 353 Time: 16:30-18:00

SESSION: 3.4.9 - PANEL Track 1 - Political Economy

Anticipating and Mitigating Institutional Policy Risk and Shock: What Have We Learned in the Last 35 Years?

Room: 352 Time: 16:30-18:00

SESSION: 3.4.10 - COMPETITIVE Track 6 - Organization

Understanding Expatriates III: Characteristics of Time and Person

Room: 253 Time: 16:30-18:00

SESSION: 3.4.11 - COMPETITIVE Track 5 - Global Strategy

Subsidiaries: Tricks and Treats

Room: 254 Time: 16:30-18:00

SESSION: 3.4.12 - COMPETITIVE Track 6 - Organization

International HRM I: Selecting the Right People, Developing Them

Room: 255 Time: 16:30-18:00

TUESDAY JUL 13 - 18:00-19:30

AIB General Business Meeting & AIB Awards Ceremony

Room: Aulan Time: 18:00-19:30

TUESDAY JUL 13 - 19:30-21:00

Farewell Party with Wine and Cheese

Room: Café Time: 19:30-21:00

ABSTRACTS

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ABSTRACTS FOR SATURDAY, JULY 10, 2004

Opening Plenary: "Aharoni, Wilkins, Vahlne and Doz: A Retrospective on Cultural, Institutional and Historical Approaches to the Growth of MNEs"

Presented On: 7/10/2004 - 16:30-18:00

Chair: Jose de la Torre, Florida International University

Participants:

Yair Aharoni, Tel Aviv University and Duke University (yairah@post.tau.ac.il)

Mira Wilkins, Florida International University

Jan-Erik Vahlne, Göteborg University

Yves L. Doz, INSEAD

For the past 30 years, the influence of internalization or transaction-cost based theories of FDI and the growth of Multinational Enterprises have dominated much of the literature on these phenomena. Yet, there is a rich and varied literature in the international business field that approaches such developments from different discipline or institutional perspectives. The purpose of this Fellows Panel is to bring these older but certainly no less relevant approaches to the forefront of our discussion and conceptualization. For that purpose, we have gathered four prominent authors and Fellows of the Academy to give us a retrospective view on their work and to provide us with a vision of where these theoretical or conceptual approaches fit in today's globalized economy.

This plenary is sponsored by the AIB Fellows and is open to all conference attendees.

Plenary 2 - Nancy J. Adler - "From Istanbul to Stockholm: A Reflective Dialogue on Global Leadership"

Presented On: 7/10/2004 - 18:15-19:00

Chair: Nakiye Boyacigiller, Sabanci University

"The twenty-first century will be anything but business as usual." We know that the world yearns for leadership that transcends the narrow definitions used during most of the 20th century. As Klaus Schwab, President of the World Economic Forum, reminded the world's top business leaders convening at Davos:

"In today's trust-starved climate, our market-driven system is under attack. Large parts of the population feel that business has become detached from society, that business interests are no longer aligned with societal interests. To respond, business [must] take the lead and reposition itself clearly and convincingly as part of society."

Global business strategist Gary Hamel echoes Schwab's sentiments as he rhetorically demands, "By what law must competitiveness come at the expense of hope (p 24)?" Given the extremely competitive nature of the global economy, is it reasonable to aspire to both business success and societal well-being? Perhaps not previously, but it's definitely a reasonable aspiration in the twenty-first century.

As we open the AIB 2004 Conference, this session will allow us to reflect individually and as a community on our roles as global leaders and those of our profession in bridging societal and business issues. The session will include both reflection and dialogue on our role as scholars, teachers, and citizens with a global society.

ABSTRACTS FOR SUNDAY, JULY 11, 2004

1.1.1 - Track 4 - Alliances (Competitive)

Alliances and Knowledge Flows

Presented On: 7/11/2004 - 08:30-10:00

Chair: John T. Steen, University of Queensland Business School

Discussant: Bo Bernhard Nielsen, Western Washington University

Managing the Dynamics of Tacit and Explicit Learning in IJVs

Charles Dhanaraj, Indiana University (dhanaraj@iupui.edu)

Marjorie A. Lyles, Indiana University

H. Kevin Steensma, University of Washington, Seattle

Laszlo Tihanyi, University of Oklahoma

Learning is not just a cognitive phenomenon but also a social one. Acquiring tacit, non-codifiable knowledge through observation and practice can require different social mechanisms than those needed to acquire documented and well-codified knowledge. We examine the role that social embeddedness has on the learning occurring in international joint ventures. Drawing on organizational learning and economic sociology, we address how the influence of social embeddedness on learning varies by type of knowledge (i.e., tacit and explicit) and maturity of the venture. We further examine the relationship between tacit and explicit learning, their influence on performance, and how these relationships differ between young and mature IJVs. We find that social embeddedness has a stronger influence on tacit learning than it does on explicit learning, and this differential effect is stronger in mature IJVs compared to young IJVs. Also, we find that tacit learning's impact on performance stems principally through its indirect effect on explicit learning. We provide empirical support using 140 IJVs in Hungary and discuss implications of this study for a broader theory of social capital and organizational learning.

Social Networks as Drivers of Knowledge Diffusion

Jasjit Singh, Harvard Business School (jasjit@jasjitsingh.com)

This paper examines whether social networks of inventors are a significant mechanism for diffusion of knowledge. I construct a "social proximity graph" of inventing teams for all US Patent Office patents from 1975-1995. Teams with socially linked inventors have nodes belonging to the same connected component of this graph. The strength of their social link, or the "social distance" between the teams, is given by the number of intermediate nodes on the minimum path between the two. This construct is then used to explain knowledge flows between teams, as measured using citations among over half a million patents from 1986-1995. I use a weighted maximum likelihood approach, based on choice-based sampling, to estimate a model for probability of citation between two patents. The existence of a social link between two teams is found to be associated with higher probability of knowledge flow, with the probability decreasing with greater social distance. I also find evidence that social links help explain geographic localization of knowledge spillovers. In particular, conditional on having a close social link, the probability of knowledge flow between two innovating teams is found to be independent of whether they are located in the same geographic region or not.

Intellectual Property Rights and the Governance of International R&D Partnerships

John Hagedoorn, Maastricht University (j.hagedoorn@os.unimaas.nl)

Danielle Cloudt, Maastricht University

Hans van Kranenburg, Maastricht University

This paper studies the degree to which country differences in intellectual property rights protection will affect the choice of companies for a particular mode of international inter-firm R&D partnering. It focuses on the preference of companies for either an equity joint venture or a contractual partnership. We find that international differences in intellectual property rights protection are a significant factor: with less secure protection, firms choose for R&D joint ventures rather than contractual partnerships. Also, the preference for international R&D joint ventures is inversely related with the degree to which intellectual property rights are actually relevant in sectors of industry. Furthermore, the level of technological change in industries has an inverse effect on the preference for international R&D joint ventures, as well.

1.1.2 - Track 5 - Global Strategy (Panel)***Why Has IB Failed at Methodological Development and What to Do About it?*****Presented On:** 7/11/2004 - 08:30-10:00*Panelists:*

Timothy M. Devinney, Australian Graduate School of Management (t.devinney@unsw.edu.au)

Peter J. Buckley, Leeds University Business School

Joseph Cheng, University of Illinois

Andrew Delios, National University of Singapore

Oded Shenkar, Ohio State University

Sri Zaheer, University of Minnesota

The question of the future of international business can be debated at two levels. One is the level of theory and the other the level of methodology. There is currently a great deal of debate about the nature of theory development in IB and this brings up the obvious question of what are the paradigms that bring people together and define a discipline. Similarly, individuals who are theoretically diverse may be methodologically related and this is the glue that brings them together. In the case of many social sciences—of which IB would be considered a part—theory and methodology are quite closely related. The implication being that advances in methodology and advancement in theory go hand-in-hand as new questions demand different empirical approaches. Unfortunately, the IB community has failed to recognize the critical importance of methodology as an integrator and advancement of the field. The panel's interest follows directly from the fact that we need to have balance in understanding of what an academic discipline is and how it advances.

1.1.3 - Track 6 - Organization (Panel)***Bridging with the Other: A Dialogue within Cross-Cultural Management*****Presented On:** 7/11/2004 - 08:30-10:00*Panelists:*

Laurence Romani, Stockholm School of Economics (iiblr@hhs.se)
Olivier Irrmann, INSEAD
Sylvie Chevrier, University of Marne-la-Vallée
Philippe d'Iribarne, CNRS Gestion et Societe
Hèla Yousfi, Project Avicenne (UNESCO - European Union)

This panel regroups researchers who believe that a dialogue within Cross-Cultural Management (CCM) is a critical means to reach a better understanding of the influence of culture on management. A dialogue enables to explore the limits of contributions from positivist and subjectivist, quantitative as well as qualitative studies. It strengthens the knowledge and clarifies the reach of the theories. From different nationalities and working in various locations, the participants represent the fields of International Management, Ethnology, Sociology and Communication. Their recent works show the benefits from a dialogue within CCM, between the positivist-quantitative approach, and the subjectivist-qualitative one. The panel is organized around six contributions. It first presents the nature of the ongoing dialogue between international management, ethnography and sociology, and its overall outcomes. Three contributions exemplify outcomes relative to the debate on global versus local management practices (cases on empowering, conception of quality and contractual relationships). Two additional contributions continue the dialogue with the aim of combining knowledge from different fields for the analysis of cultural situations. One suggests a model to combine positivist and subjectivist studies' results, the last contribution argues on the need to place perceptions and communication process at center stage.

1.1.4 - Track 7 - Marketing (Competitive)***International Entry and Expansion: Drivers, Barriers, Processes*****Presented On:** 7/11/2004 - 08:30-10:00**Chair:** Constantine S. Katsikeas, Cardiff University**Discussant:** Syed Tariq Anwar, West Texas A&M University*Perceived Export Barriers: The Roles of Strategic Priority, Championing, and International Expertise*

J. Chris White, Michigan State University (cwhite@msu.edu)
Brian R. Chabowski, Michigan State University
Stephen W. McDaniel, Texas A&M University

Although there has been a wealth of scholarly attention given to the impact of barriers to exporting, relatively little attention has been given to factors that may influence the marketing manager's perceptions of export barriers. Building on extant literature, we develop a model of perceived export barriers among non-exporting firms. This model is then tested with data collected from marketing managers in a sample of US-based manufacturers. The results of our analysis using partial least squares support our contention that perceived export barriers are influenced by the international expertise of the marketing manager and the values and beliefs of upper management as reflected in the organization's strategic priority and the championing of exporting.

Drivers of Managerial Job Satisfaction in Export Market Ventures: A UK Study

Evangelia S. Katsikea, Athens University of Economics and Business (eek@aber.ac.uk)

Marios Theodosiou, University of Cyprus

Nikolaos Papavassiliou, Athens University of Economics and Business

Despite the plethora of studies focusing on the antecedents of job satisfaction, no empirical attempt has been made to explore this issue within the context of export sales organizations. In response to this lacuna in the existing body of knowledge, the present empirical inquiry attempts to develop an integrated model of export sales manager job satisfaction. Based upon a review of the extant literature, in combination with exploratory interviews with export executives, a set of research hypotheses are developed and empirically tested in a study among U.K. exporters. Research findings support the majority of the hypothesized associations, confirming the robustness of existing sales management concepts and theories in an export-marketing context. Implications for business practitioners are discussed, and avenues for future research are identified.

An Investment Model Explanation of Commitment in International Strategic Alliances

Mat Robson, Cardiff University (robsonmj@cf.ac.uk)

Dionisis Skarmeas, Piraeus University

Constantine S. Katsikeas, University of Leeds

1.1.5 - Track 1 - Political Economy (Panel)***Is Bargaining Theory Still Relevant to Government-Business Relations?*****Presented On:** 7/11/2004 - 08:30-10:00**Chair:** Robert Grosse, Thunderbird, AGSIM**Discussant:** Jean Boddewyn, Baruch College, CUNY*Panelists:*

Robert Grosse, Thunderbird (grosser@t-bird.edu)

Lorraine Eden, Texas A&M University

Alvin Wint, University of the West Indies

This panel helps to define the terms of reference for exploring the relationship of international companies with governments in the early 21st century. The goal is to offer a set of analyses of this relationship, exploring the range of bargaining perspectives that are useful in this context, and offering original ideas for understanding how international companies do/should deal with governments and vice versa.

1.1.6 - Track 2 - Economics (Competitive)***Global Capital Market Integration***

Presented On: 7/11/2004 - 08:30-10:00

Chair: Sidney J. Gray, University of Sydney

Discussant: Brigitte Levy, University of Ottawa

The Impact of Firm-Specific Factors on the Success of Cross-Listing Shares: Evidence from Canadian Cross-Listings in the United States

Dorothee J. Feils, University of Alberta (dorothee.feils@ualberta.ca)

Florin Sabac, University of Alberta

In this paper, we analyze a sample of Canadian firms cross-listed in the U.S. in order to examine some of the firm-specific factors, particularly U.S. ownership, in explaining the variance in performance, while eliminating from consideration all country-level effects. We find that CARs following listing in the U.S. are negatively related to U.S. institutional ownership before listing. While we cannot distinguish between the separate effects of investor recognition and corporate governance, the result is consistent with both hypotheses. We also find that the extent to which a firm's stock return is correlated with U.S. market returns is negatively related to CARs following listing, possibly due to the fact that the higher correlation with the U.S. market would make such stocks less attractive to U.S. investors for portfolio diversification.

The Integration of International Financial Markets 1988-2001

Catarina Figueira, Cranfield University (catarina.figueira@cranfield.ac.uk)

Joseph Nellis, Cranfield University

David Parker, Cranfield University

This paper examines the extent to which financial markets across the main international financial centres integrated between 1988 and 2001 in the face of technological change and capital market liberalisation. Two empirical approaches are adopted based on principal components analysis and cointegration tests, applied to covered interest rate differentials and real interest rates, respectively. The results suggest that some financial integration occurred during the 1990s but that integration is far from complete at the international level. The study also confirms differing trends in the integration of financial markets in different geographical regions.

A New Approach in Determining the Relative Importance of Domestic and Global Factors on International Government Bond Markets

Hasan Fehmi Baklaci, Izmir University of Economics (hasfeh@yahoo.com)

In this study, insight into characteristics of international government bond markets is provided by identifying the relative effects of domestic and global factors in the determination of yields by the use of a new methodology. The sample consists of 13 emerging and developed market countries from three distinct regions: East Europe, Asia, and the European Union (EU). Results indicate that government bond markets have unique characteristics, particularly when evaluated at a regional level. For the East European region, domestic factors are much more important than global factors in explaining bond yields whereas for the Asian and EU regions, both sets of factors are important in explaining the changes in yields. This study contributes to existing literature by a) Developing a new model for determining the relative weights of domestic and global factors in explaining domestic bond yields, and b) Exploring the unique characteristics of government bond markets at a regional level. The results of this study carry important implications for policymakers and international investors by providing assistance in possibly lowering government borrowing costs and by identifying diversification gains, respectively.

Shareholder Values from International Acquisitions

Jongmoo Jay Choi, Temple University (jjchoi@temple.edu)

Eric C. Tsai, State University of New York, Oswego

Existing work shows valuation discount with corporate international diversification. This paper provides a new evidence concerning the valuation impact for U.S. acquiring firms engaged in international mergers and acquisitions. The results show that the shareholder gains are positive, suggesting that the benefits of international diversification outweigh the costs in the in the 1990s. Significant divergence exists, however, since gains are greater for acquisitions in developed countries than in developing countries and also for manufacturing acquisitions than for non-manufacturing ones. Further analysis shows that the market may value future growth opportunity more than past international experience. Moreover, the market has a capacity to internalize and classify the firm characteristics into winning and losing groups. In particular, the winning acquiring firms appear to have superior corporate governance and agency characteristics than losing ones.

1.1.7 - Track 3 - Emerging Markets (Panel)
The Base of the Pyramid and the Sustainable Growth: Concepts and Experiences**Presented On:** 7/11/2004 - 08:30-10:00**Chair:** Joan E. Ricart, IESE Business School*Panelists:*

Joan E. Ricart, IESE Business School (ricart@iese.edu)

Miguel A. Rodriguez, IESE Business School

Jan Oosterveld, Senior Vice-President Royal Philips Electronics

Until recently, the base of the pyramid, or those 4 billion people excluded from market economy and living in poverty, has been considered anything but a market. This is not strange, since it is hard to imagine a person subsisting with less than 4 dollars a day affording to buy the goods and services developed and supplied for people folding several times her income. Furthermore, western and emerging markets' growth rates and penetration potential have traditionally been generous enough. However, the emergence of two phenomena have radically altered this situation: anti-globalization movements are questioning the increasing power of multinationals and the rising inequalities that globalization seems to bring with it; and, at the same time, two digit growth rates seem to be for most companies a beautiful but bygone feature. In this ailing business landscape the base of the pyramid has emerged as a prospect market with the two-fold potential of pleasing anti-globalizers and quenching companies thirst for growth thanks to the social development that conveys and the unlimited expansion possibilities that promises. In this panel, we will present from an academic and practitioner point of view the emergent concepts and experiences of this new and exciting business field.

1.1.8 - Track 1 - Political Economy (Competitive)***Governance and Influence in the Global Environment***

Presented On: 7/11/2004 - 08:30-10:00

Chair: Robert Weiner, George Washington University

Discussant: Robert Ware, University of Michigan-Flint

Governance Environment and Mode of Investment

Shaomin Li, Old Dominion University (sli@odu.edu)

Larry Filer, Old Dominion University

Direct investment and indirect investment (such as portfolio investment) require different governance mechanisms for investor protection. Previous studies on the effect of governance environment (such as the legal system) on investment have largely ignored the differences between the two modes of investment in terms of investor protection. Their findings that poor governance environment deters foreign direct investment are mis-specified and fail to explain why countries with a poor governance environment attract large amount of direct investment. We introduce a framework of rule-based versus relation-based governance environment and a governance environment index to measure the dichotomy. We argue that investors prefer direct investment to indirect investment in countries with poor legal systems because the former can be better protected by private means. Our empirical test strongly supports our hypotheses. Strategic implications for investors are drawn in conclusion.

The Translation of Corporate Governance Changes Across National Cultures: The Case of Germany

Trevor Buck, De Montfort University, Leicester (tgb1@le.ac.uk)

Azura Shahrim, De Montfort University, Leicester

Divergent systems of corporate governance persist internationally but are subject to coercive and mimetic institutional change. Such changes may be viewed as organisational innovations, often imported from the USA, that are subject to translation in the face of different national cultures. This paper develops propositions that draw out the implications of national culture for translation, and provides case study illustrations of coercive and mimetic governance changes experienced in Germany. These illustrations demonstrate that the diffusion of both kinds of change is subject to substantial translation that is consistent with German national culture.

Corporate Governance in the European Union: Multinationality and Convergence

Manzur Rahman, University of San Diego (rahman@sandiego.edu)

While there has been some convergence in corporate governance codes and securities regulations across the European Union (EU), the remaining areas of divergence are the most contentious as they reflect differences in fundamental societal norms and values. As a rule, the EU debate on corporate governance systems has been about the relative merits of the Anglo-American and German models, though most studies on their relative efficiencies and effectiveness are generally inconclusive. I propose that using the multinational corporation as the referent unit of analysis yields a means for making a qualitative distinction between the two regimes, and suggest that at least for firms with EU-wide scope, the German model may be the most appropriate, as the neoclassical justifications of the Anglo-American model are less reliable in such a setting.

Time - Sensitive Lobbying: Approaches to Corporate Disaster Impact Reduction

Gabriele Suder, CERAM Sophia Antipolis European School of Management (gabriele.suder@ceram.fr)

Wilf Greenwood, International University of Monaco

Richardson and Mazey (1999) argue that EU lobbying is targeting the multiple entry points provided by an institutionalisation of relations between business and the EU institutions. This paper places this argument into the framework of Gilpin's (1975) and Spero's (1990) research on the role of states in the world economy; in which corporations may be considered as a threat to state power. The liberal school of thought sees a great positive force in Multinational Enterprises (MNE) in regard to economic integration, as long as regulated on a multilateral level. We recognise the crucial role that MNEs play through lobbying of institutions, and studies the primordial notion of time in this exercise. The case we are studying is third generation mobile telephone related to corporate disaster impact reduction, via issues of anticipation, preparation, activity and reactivity in the macroeconomic environment for business. Perseverance in dialogue and the stimulation of awareness among actors in the institutional framework regulating the European market, are prerequisites that follow a matrix of time-sensitivity. The complexity of "venue shopping" and the length of procedures result in an important focus to the correlation between agenda-setting at institutional level and the chronology of pressure, and lobbying "life cycles".

1.1.9 - Track 5 - Global Strategy (Competitive)
Internationalization as a Process: How Do We Do This?**Presented On:** 7/11/2004 - 08:30-10:00**Chair:** Len Trevino, Washington State University**Discussant:** Len Trevino, Washington State University*Internationalization or Business Diversification – Is there a Dominant Path?*

Niron Hashai, Hebrew University (nironh@huji.ac.il)

Avraham Meshulach, Hebrew University

We present a formal theoretical framework that captures the dynamics in firms' internationalization and business diversification based on marginal risk-return considerations firms make in their choice of a growth path. The framework captures two major phenomena. First, firms are expected to choose either internationalization or business diversification as a dominant growth path. Dominant growth path implies an accelerated expansion of either internationalization or business diversification, accompanied by a minor expansion of the alternative path. Second, firms may 'break' their dominant growth path when the factors that inhibited either internationalization or business diversification change. In certain cases this may also result in divestment of some of the firms' previous geographical markets/business segments due to resource constraints that stem the change in the dominant growth path.

*The Non-Sequential Internationalization Process*Alvaro Cuervo-Cazurra, University of Minnesota, Carlson School of Management
(acuervo@csom.umn.edu)

Existing models of the internationalization process provide sequences of stages to follow in the firm's foreign expansion, but they do not properly account for growing evidence of non-sequential internationalization, nor the skipping of stages. Building on the resource-based theory of firm growth, I theoretically explain this phenomenon using three factors: The characteristics of the resource bundle before the foreign expansion, the ability to transfer resources across countries, and the use of external methods to develop complementary resources.

Exploiting the Complementarities, the Effects of External Linkages on Group Innovation

Ishtiaq Mahmood, National University of Singapore (bizipm@nus.edu.sg)

Zixia Sheng, Carnegie Mellon University

Chi-Nien Chung, National University of Singapore

This paper examines the effects of different types of cross border external linkages on innovation. Using Taiwan as the empirical setting, we examine how the effects of external linkages on innovation vary depending on the type of linkages (joint Venture, licensing, acquisition, etc.) as well as the type of innovation (radical versus incremental). Our result is robust to both patents and R&D based measures of innovation. Two recent econometric approaches for causal inferences are applied in order to tackle possible endogeneity between external linkages and innovation. Our evidences suggest that external linkages have positive effect on innovation. The benefit of a linkage, however, depends on a firm's ability to utilize the linkage to exploit a particular set of complementary assets. These results are robust to a variety of statistical techniques and measures.

International Diversification or Firm Resources? Examining their Effects on Firm Performance

Nejat Capar, American University of Sharjah (ncapar@ausharjah.edu)

Researchers in international business and strategic management have long been interested in understanding the relationship between international diversification and firm performance. The general argument in this research stream has been arguing that international diversification or multinationality affects firm performance positively. However, a major shortcoming of existing studies has been the failure of incorporating firm resources in examining the relationship between international diversification and firm performance. Given the importance of firm resources, this studies examines whether the potential performance effects of international diversification on performance is actually due to firm resources. The present study has tested this alternative hypothesis by examining 188 firms over a 5-year period from 13 industries. Results show that it is not international diversification but firm resources such as marketing assets that have a positive effect on firm performance.

1.1.10 - Track 6 - Organization (Competitive)***Bridging Across Cultures I: The Interpersonal Dynamics*****Presented On:** 7/11/2004 - 08:30-10:00**Chair:** Joo-Seng Tan, Nanyang Technological University**Discussant:** Gbolahan Gbadamosi, University of Botswana*Bridging Between American Managers and Chinese Employees: Using Open-Minded Dialogue as Mediator*

Yifeng Chen, Lingnan University, Hong Kong (yifeng@ln.edu.hk)

Dean Tjosvold, Lingnan University, Hong Kong

One hundred and sixty-three Chinese employees from various industries in Beijing, Shanghai, Fujian province and Shandong province were surveyed on their relationships (including leadership-member relationship and personal guanxi) with American and Chinese managers, open-minded dialogue, and job assignment as well as promotion they got from their managers. Results including structural equation analyses support the hypotheses that quality leader-member relationship as well as personal guanxi, helped employees and their foreign managers develop open-minded dialogue, which in turn help employees to get good jobs and promotion. Results suggest that leader-member relationship and Chinese value of guanxi may be important for enhancing open-minded dialogue that helps employees to get good assignment within and across cultural boundaries.

How to Reach Consensus From a Diversity of Viewpoints: The Dutch Decision Process as a Case Study
 Jacqueline De Bony, CNRS Gestion et Société, France (postbus@jdebony.demon.nl)

This study describes a case of coexistence of individualism and collectivism. It analyses the compatibility between individual autonomy and cooperation between peers in Dutch consensus. A thick description of the Dutch decision process allows to disentangle the articulation between individual autonomy and cooperation. The document begins with a synopsis of current studies on individualism and collectivism. The limits of cross-cultural studies are estimated. Coexistence of individualism and collectivism is approached by means of a detailed analysis of the Dutch decision process. It reveals the existence of two steps, consultation and decision which are loosely connected and refer to two independent interpretative registers. The study further analyses a series of social devices which allow an individual to accept a decision at odds with his own opinion. They can be summarized as follows: agreement to disagree and absence of debate, Dutch sociability and conformism, emotional control and pragmatism, passive tolerance. The mechanisms by which such devices weaken, reduce and decouple the articulation between individual autonomy and cooperation is disentangled. It clarifies a common perception of consensus among Dutch people in which individual autonomy and cooperation are not considered as contradictory. Consensus is then visited from a French perspective. It reveals a totally different patterns of representation as far as decision is concerned. Consequences for intercultural management are stressed.

Understanding Leadership in Cultural Context as a Way of Bridging With the Other: The Case of Paternalism
 Zeynep Ayca, Koc University (zaycan@ku.edu.tr)

This paper is devoted to the conceptualization and operationalization of one of the most salient cultural and managerial characteristics in Asian, Middle-Eastern, Latin American and African cultures: paternalism. Although paternalism has negative connotations in the economically developed nations, it has positive attributes and outcomes in cultures where it is rooted in indigenous psychologies including Confucianism, familialism, and feudalism. This paper presents findings of 8 distinct studies with total of 4,271 participants as the first systematic attempt to conceptually refine the paternalism construct and operationalize it in the context of management and organizations. There were three main conclusions drawn from these studies. First, cultural context determines attitudes towards paternalistic leadership and its organizational outcomes. Second, depending on the underlying intention behind paternalistic leadership behavior, it can be construed as benevolent or exploitative. Third, we can examine paternalism at three levels: as a socio-cultural characteristic of nations, as an organizational culture dimension, and as a leadership style.

Cross-Cultural Competence: Towards a Definition and a Model
 James Patrick Johnson, Rollins College (jppjohnson@rollins.edu)
 Tomasz Lenartowicz, Florida Atlantic University
 Salvador Apud, University of Texas, Austin

Many international business failures have been ascribed to a lack of cross-cultural competence on the part of business practitioners. We define cross-cultural competence (CC) as it applies to international business, develop a model for understanding how CC is nurtured in individuals, incorporating the concept of cultural intelligence (Earley, 2002; Earley and Ang, 2003), and discuss the components of the model. We suggest that there are environmental impediments to the effective application of the requisite skills, knowledge and attributes that have been identified as necessary for cross-cultural competence. We conclude by discussing implications of the model for practitioners and by suggesting fruitful avenues for further research.

1.1.11 - Track 5 - Global Strategy (Competitive)***Are You Experienced? The Role of Personal Knowledge***

Presented On: 7/11/2004 - 08:30-10:00

Chair: James P. Neelankavil, Hofstra University

Discussant: James P. Neelankavil, Hofstra University

Firm Capabilities and its Impact on Knowledge Increase in an International Assignment

Sylvie Chetty, Massey University (s.chetty@massey.ac.nz)

Jessica Lindbergh, Uppsala University

Many scholars argue that learning occurs through activities, where business relationships are one such important source of knowledge. This paper develops and tests a model on a firm's capabilities and market-specific knowledge and their impact on the firm's knowledge increase in a current international assignment. A questionnaire is developed using a real international business scenario to capture how a firm uses its capabilities in diverse settings. Responses to this questionnaire were collected from 144 small to medium-sized firms in Denmark, New Zealand and Sweden. The results show that business knowledge is important for the accumulation of institutional knowledge. Unlike the assumptions of the internationalization process model, however, the results show that firms do not acquire business knowledge and institutional knowledge concurrently. In addition, the firm's lack of capability for the current assignment does not mean that it will expect to increase its knowledge. The results also show that the more the firm lacks capabilities for the current assignment the more likely it is to perceive that it lacks business and institutional knowledge. One implication for managers is that they need to be aware of the importance of developing their business knowledge and how this is connected with developing their institutional knowledge.

"A Passage to India": An Ethnography of Cross-Cultural Market Learning

Julien Cayla, Australian Graduate School of Management (julienc@agsm.edu.au)

Organizational learning is more than the accumulation of knowledge. It is a collaborative act, in which firms and their partners share ideas, negotiate and are transformed in the process. I take this issue to a radically different context: the Indian market. More specifically, I examine how MNCs (multinational companies), which are mostly used to European and Western markets, negotiate with their ad agencies what we call consumer representations and how both parties learn through this process. From this perspective, international advertising becomes a site of intense cross-cultural market learning. This paper is based on nine months of ethnographic work and active participation in an Indian advertising agency as well as interviews with 33 advertising and marketing executives. I compare 23 advertising campaigns but focus on what goes on between the agency and its client during their production, rather than the advertisements themselves. A main objective is to better understand the process by which agencies and their foreign clients reconcile their different perspectives and are transformed in the process

CEO Experiences: Effects on the Choice of FDI Entry Mode

Deepak Datta, University of Kansas (ddatta@ku.edu)

Pol Herrmann, Iowa State University

Drawing on the strategic management and international business literatures, this study examines the relationships between the experiences of newly selected CEOs and their choice of foreign direct investment (FDI) entry modes. Based on a sample of 380 foreign market entry events involving acquisitions, greenfield start-ups, and joint ventures, our findings indicate that CEOs with less firm experience and greater international experience preferred acquisitions and greenfield start-ups to joint ventures. In addition, CEOs with throughput functional experience favor acquisitions over joint ventures and greenfield investments. Finally, CEO international experience was associated with a greater propensity to choose greenfield start-ups over

acquisitions. The implications of the findings from the perspective of theory and managerial practice are discussed, along with possible directions for future research.

Small Firm Internationalization: Understanding the Practice Through an Interpretive Approach

Peter Lamb, La Trobe University and University of Queensland Business School

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Jorgen Sandberg, University of Queensland Business School

Peter W. Liesch, University of Queensland Business School

The unit of analysis in firm internationalisation studies is the firm but this overlooks the importance of the individual in the internationalisation process. An evaluation of the dominant theories of firm internationalisation highlights an implicit dualistic ontology, that is, where research subject and object are considered to be separate and independent. Implications of this assumption are discussed after reviewing the dominant literatures on firm internationalisation. An alternative approach is proposed that focuses on understanding internationalisation of the firm from an individual practitioner's perspective. It is suggested that contemporary firm internationalisation research has been hindered by its basic assumptions and its inherent researcher orientation. An interpretive phenomenographic approach is proposed as a means of achieving a first-person, practitioner's perspective of the process of firm internationalisation, specifically in the context of the small firm. Preliminary interpretations of interviews with owners/managers of small Australian wineries are presented.

1.1.12 - Track 6 - Organization (Competitive)

International HRM I: Managing for Performance Around the Globe

Presented On: 7/11/2004 - 08:30-10:00

Chair: Dharma deSilva, University of Wichita

Discussant: Davina Vora, University of Texas, Dallas

Top Management Incentive Compensation and Knowledge Sharing in Multinational Corporations

Carl F. Fey, IIB, Stockholm School of Economics and SSE in Saint Petersburg (carl.fey@hhs.se)

Patrick Furu, Swedish School of Economics and Business Administration

Gang Ji, China Europe International Business School and the Finnish Central Bank

Growing interest has emerged in viewing the multinational corporation as a knowledge creating and diffusing entity. In previous research the importance of sharing knowledge across organizational and national boundaries has been established. However, the question of which organizational policies lead to knowledge sharing between multinational units is still not fully understood. In particular, the link between compensation mechanisms and knowledge sharing has not received attention in previous studies. By studying 164 foreign-owned subsidiaries located in Finland and China, this paper attempts to identify the relationship between subsidiary bonus pay based on MNC-wide performance and knowledge sharing between different units of the MNC. In line with the knowledge-based perspective of the firm, the results suggest that incentive pay based on the collective performance of the MNC leads to greater knowledge sharing.

Attitudes, Reward System, and Patenting Propensity Among R&D Personnel

Lena Lee, NUS Entrepreneurship Centre, National University of Singapore (lenalee@nus.edu.sg)

Poh Kam Wong, NUS Entrepreneurship Centre, National University of Singapore

This paper aims to fill the gap in the literature where empirical studies on the interactive process perspective of innovation are scarce. This study empirically investigates the interactive effects between attitudes and rewards, and its' impact on patenting propensity. A survey is administered to 1,390 research scientists and engineers. The attitude construct is measured from an R&D context and is segregated into 2 dimensions; attitude towards R&D work and attitude towards impediments to R&D work. Reward system of a firm is hypothesised to regulate the relationship between attitudes and patenting propensity. Logistic regression is used to analyse the hypotheses in this study. Based on the results obtained, we provide a discussion on the managerial implications and limitations of the study. Suggestions for future research are also included.

Differential Effects of Motivational Variables on Reward Effectiveness: an International Comparison

Flora Birtch, The Chinese University of Hong Kong (florab@baf.msmail.cuhk.edu.hk)

This study investigates the influence of a psychologically derived set of antecedents (content and process variables) on reward effectiveness. A new theoretical schema, the reward effectiveness model (REM), is proposed and tested using a sample of over 1000 respondents drawn from four countries - Canada, the UK, Finland and China. The REM proved to be robust. Each antecedent was found to wield considerable predictive capability and when combined they advance our understanding of reward effectiveness. Salient country differences also emerged, underscoring the importance of using such a framework in the cross-border setting. Nevertheless, caution must be exercised when operationalizing the REM, as other contextual and country factors may influence its generalizability, thus paving the way for future research.

Self-Ratings of Workplace Behavior: Contrasting Russia and Poland With the U.S.

Selim S. Ilter, St. John Fisher College (ilter@sjfc.edu)

Robert D. Costigan, St. John Fisher College

Richard C. Insinga, State University of New York at Oneonta

Grazyna Kranas, Warsaw University

J. Jason Berman, St. John Fisher College

This study examines the self-rating appraisal process, assessing the ratings made by the subordinate and the supervisor. Others have proposed that employees in collectivist countries tend to give harsher ratings of themselves than their supervisors, based on data from Taiwan. Conflicting results from more recent studies using Chinese subjects have cast doubt on this hypothesis. The present study tests this proposition on data collected in the U.S. and two other collectivist countries, Poland and Russia. Ninety-eight U.S. employee-supervisor dyads, 99 Polish dyads, and 86 Russian dyads from more than 210 organizations participated. ANCOVA results indicate that, as expected, the Polish self-ratings show a harshness bias, but contrary to expectations, the Russian findings show a leniency effect. Combined with the other conflicting studies, the implications are that collectivism is not the source of harshness in self-ratings. The U.S. self-ratings in this study surprisingly indicate a harshness effect on two of the five behaviors. Directions for future research are discussed.

Plenary 3 - Timur Kuran - "Why is the Middle East Economically Underdeveloped?"

Presented On: 7/11/2004 - 10:15-11:15

Chair: Nakiye Boyacigiller, Sabanci University

Discussant: Ben Gomes-Casseres, Brandeis University

Although a millennium ago the Middle East was not an economic laggard, by the 18th century it exhibited clear signs of economic backwardness. The reason for this transformation is that certain components of the region's legal infrastructure stagnated as their Western counterparts gave way to the modern economy. Among the institutions that generated evolutionary bottlenecks are the Islamic law of inheritance, which inhibited capital accumulation; the absence in Islamic law of the concept of a corporation and the consequent weaknesses of civil society; and the waqf, which locked vast resources into unproductive organizations for the delivery of social services. All of these obstacles to economic development were largely overcome through radical reforms initiated in the nineteenth century. Nevertheless, traditional Islamic law remains a factor in the Middle East's ongoing economic disappointments. The weakness of the region's private economic sectors and its human capital deficiency stand among the lasting consequences of traditional Islamic law.

Timur Kuran is Professor of Economics and Law, and King Faisal Professor of Islamic Thought and Culture at the University of Southern California. His teaching and research draw on multiple disciplines, including economics, political science, sociology, psychology, and legal studies.

1.2.1 - Track 4 - Alliances (Competitive)

Alliance Management: Relationship Capital

Presented On: 7/11/2004 - 11:30-13:00

Chair: Jamie D. Collins, Texas A&M University

Discussant: Vladimir Pucik, IMD

The Relationship Development Process in the Franchise Network: the Effect of Internationalization on Relationship Performance

Inmaculada Galván-Sánchez, University of Las Palmas de GC (igalvan@dede.ulpgc.es)

Margarita Fernández-Monroy, University of Las Palmas de GC

Today's organizations face a highly dynamic and uncertain environment, which requires the development of flexible organizational structures responding effectively to changing market conditions. Agility, which has become an essential element for global competitiveness, can be achieved through the formation of networks. Based on the network perspective, and considering partner selection to be an important issue, particularly in an international context, this study focuses on the analysis of the determinant factors in choosing the right partners. The main purpose of the research is to develop and validate a conceptual model of successful cooperation from a relational perspective, which is based on the dyadic relationship as the level of analysis. The context selected for this study was franchise networks established in Spain. This work also attempts to provide empirical evidence of the aspects affecting the quality of franchisor-franchisee relationship, and those influencing the relationship performance. In this respect, this study tests the model distinguishing the domestic and the foreign franchises, to determine the effect of the international dimension on the relationship performance in franchise networks. Based on the findings of the research, the authors recommend some guidelines for managers to develop interfirm cooperation, particularly in the form of franchise systems.

The Role of Trust in Interorganizational Learning: An Empirical Study of Polish-Foreign Joint Ventures.

Martyna Janowicz, Tilburg University (m.janowicz@uvt.nl)

Niels George Noorderhaven, Tilburg University

Learning from the partner is considered to be one of the most crucial processes in a joint venture context. Simultaneously numerous advantages of joint venture relationships characterized by trust between partners have been identified. Moreover, the literature suggests a positive effect of trust on knowledge sharing processes. However, a comprehensive model of the role of trust in interorganizational learning has thus far not been developed. This paper develops such a model and tests it in the joint venture context. It is argued that trust at the organizational and individual level jointly conditions the transfer of knowledge between two organizations. Hypotheses linking sources of trust to the processes of knowledge transfer are formulated and tested on a sample of 149 Polish-foreign joint ventures. Calculative-based trust at both organizational and individual level is found to have a positive effect on knowledge transfer. Additionally, reputation-based trust at the organizational as well as similarity and institution based trust at the individual level are found to positively affect that process.

How and When Does Governance Flexibility Influence Trust in International Strategic Alliances: An Empirical Study

Rekha Krishnan, Tilburg University (r.krishnan@uvt.nl)

Niels Noorderhaven, Tilburg University

Alliance governance and trust have received considerable attention in prior research on international strategic alliances. And prior research has acknowledged the importance of flexibility in the alliance governance for the enhancement of trust in international strategic alliances. Though such prior studies have enhanced our understanding of the relation between governance and trust, they do not shed enough light on the mechanisms that operate in the relationship between governance flexibility and trust and the conditions under which the presence of governance flexibility fosters trust. In this paper, drawing on the sense-making perspective we postulate that procedural justice and the quality of information exchanged positively mediate the relationship between governance flexibility and trust and that differences in the organizational dispositions of the partners condition this indirect relationship. Hypotheses were tested using structural equation modeling on a sample of 126 Indian-foreign strategic alliances. The findings render support to the hypotheses.

Alliance Learning: A Conceptual Model Explaining the Alliance Learning Process

Vanessa Ratten, Queensland University of Technology (v.ratten@qut.edu.au)

Neil Paulsen, University of Queensland

John Gardner, University of Queensland

Many researchers have discussed the role of learning in alliances (eg Hamel, 1991; Kale, Singh and Perlmutter, 2000; Yoshino and Rangan, 1995). Important for most organisations is the role that learning has on alliance performance. This purpose of this paper is to examine the role of alliance learning on alliance performance. A conceptual model is proposed which helps to understand the dynamics of the alliance learning process. In the model it is proposed that alliance learning predictors (alliance-based norms, collaborative experience and partnering knowledge) will affect the alliance learning orientation. The alliance learning predictors and alliance learning orientation are affected by the alliance entrepreneurial orientation, which acts as a moderator. The alliance learning orientation then affects the alliance-based learning which in turns affects the alliance performance. The relationship between alliance-based learning and alliance performance is also affected by knowledge intensity, which acts as a moderator. Key research implications and suggestions for future research are discussed.

1.2.2 - Track 5 - Global Strategy (Panel)***Research in International Business: A Bridge Across Disciplines*****Presented On:** 7/11/2004 - 11:30-13:00**Chair:** Tamir Agmon, College of Management, Tel Aviv*Panelists:*

Raj Aggarwal, Kent State University
Steve Kobrin, University of Pennsylvania
Marina Papanastassiou, Athens University of Economics and Business
Mary Ann Von Glinow, Florida International University

International Business in an integrative field spanning all the disciplines in business research. This provides an opportunity, but creates problems as well. The opportunity is in bridging across the different disciplines and generates research that is close in its complexity to real managerial situations. The problem arises from the fact that serious and professional peers groups judge research and make decisions on publication and therefore it tends to be focus on the relevant discipline.

The participants in the panel will bring their own experience as professionals in their disciplines, economics, behavioral studies, political sciences, and finance, as well as their experience in International Business.

The panel discussions will be published in AIB Insights in September 2004.

1.2.3 - Track 6 - Organization (Panel)***Global Teams as Bridges: Spanning Organizational & Theoretical Divides*****Presented On:** 7/11/2004 - 11:30-13:00**Chair:** Mary M. Maloney & Mary Zellmer-Bruhn, University of Minnesota*Panelists:*

Julian Birkinshaw, London Business School (jbirkinshaw@london.edu)
Julia Gluesing, Wayne State University
Martha L. Maznevski, IMD
Torben Pedersen, Copenhagen Business School
Mohan Subramaniam, Boston College

Global teams are an important means of organizing and completing work in modern organizations as noted in two distinct management disciplines: international strategic management and organizational behavior. International strategic management research often describes the importance of mechanisms such as global teams, focusing on global teams as a means of organizational action; designed for organizational ends. And, organizational behavior addresses internal dynamics challenges faced by global teams. We believe that there is too little conversation between international strategic management and organizational behavior researchers about global teams. The purpose of our panel is to generate a dialogue about, global teams as bridges with the ultimate aim of creating a research agenda for this subject. We think that a typical paper presentation format is not up to that task. Such a format would likely continue to promote boundaries and faultlines between the disciplines with research representatives from each area simply presenting papers defined by and contained in their disciplinary boundaries. Rather, we aspire to create a format that fosters perspective sharing, debate and imagination. Below we outline in detail the motivation for our panel, why the panel should interest AIB members, the type of format we would like for our session.

1.2.4 - Track 7 - Marketing (Competitive)

Foreign Market Performance

Presented On: 7/11/2004 - 11:30-13:00

Chair: Esra Gencturk, Koc University

Discussant: Esra Gencturk, Koc University

What Drives Brand Performance in Transitional Economies?

Yigang Pan, York University (ypan@ssb.yorku.ca)

Previous studies in international business have examined market share performance at the level of firms. Given that most firms have multiple brands, we argue that brand-level study should offer a more precise understanding on how firm-level and brand-related factors drive brand share performance. This study examines the impacts of three sets of factors on brand market share performance in a transitional economy, namely, the length of brand existence, external market environment, and brand competitive strengths. We also examine how these factors exert different influences on foreign versus domestic brands. Our empirical testing is based on a survey of senior executives who are in charge of 312 brands in 52 product categories in China. The results showed that it is useful to study market share performance at the level of brands. This study offers new findings on what drive brand's market share performance in transitional economies.

Where is it Best to be Best?

Sanjeev Agarwal, Iowa State University (sagarwal@iastate.edu)

Michael Barone, Iowa State University

Competitive factors have motivated many brand managers to market their brands on a global or multi-national basis. If a brand is marketed effectively enough to achieve leadership in a given market, one strategic decision involves whether to employ a claim of market leadership in positioning the brand in another market. If a brand simultaneously enjoys leadership in several markets, managers must also decide which market leadership positioning will yield the most favorable outcome. The current inquiry provides insight into these issues. Findings from two studies indicate that the differential effectiveness of various market leadership positioning strategies is (1) mediated by perceptions of credibility and (2) moderated by the particular market with which the product is associated.

Antecedents and Outcomes of Modular Production in the Brazilian Automobile industry: A Grounded Theory Approach

Ronaldo Parente, Salisbury University (rcparente@salisbury.edu)

Masaaki Kotabe, Temple University

Janet Murray, Saint Louis University

Our paper focuses on how foreign automobile manufacturers in Brazil have implemented and benefited from strategic modularization. Based on our case studies and in-depth interviews, we developed a theoretical framework to examine the antecedents and outcomes of strategic modularization. Our theoretical framework suggests that strategic modularization may help improve a firm's positional advantage by reducing the cost of managing tacit knowledge. In addition, the adoption of modularization influences the nature of relationships with major suppliers, further blurring the boundaries of the firm.

Customer Relationship Management: Its Dimensions and Impact on Company Performance-Findings from Hong Kong

Srini Srinivasan, Drexel University (swaminas@drexel.edu)
 Frederick Hong-kit Yim, Drexel University
 Rolph Anderson, Drexel University

Studies reveal that at least half of all customer relationship management implementations are viewed as failures by company executives. Two key reasons for these CRM failures are confusion regarding the domain of CRM, and a disconnect or gap between top management and the frontline sales force in implementing CRM. Results from survey research reported herein provide sharper conceptual clarity for the domain of CRM, explicate how the sales force can become more CRM-oriented, and demonstrate that CRM has significant impacts on business metrics, such as customer satisfaction, customer retention, and sales growth.

1.2.5 - Track 1 - Political Economy (Panel)

The Evolution of Institutions and International Business

Presented On: 7/11/2004 - 11:30-13:00

Chair: Pankaj Ghemawat, Harvard Business School & Bernard Yeung, New York University,

Panelists:

Tarun Khanna, Harvard Business School (tkhanna@hbs.edu)
 Randall Morck, University of Alberta and Harvard University
 Alexander Dyck, Harvard Business School
 Pankaj Ghemawat, Harvard Business School

1.2.6 - Track 3 - Emerging Markets (Competitive)

Environmental/Internationalization Issues in Emerging/Transitional Economies

Presented On: 7/11/2004 - 11:30-13:00

Chair: Ahmet Murat Fis, Sabanci University

Discussant: John E. Spillan, Penn State University - DuBois

Important Decision Factors Considered By MNCs in their Reevaluation and/or Modification of Foreign Entry Modes During the Argentine Financial Crisis

Tao Gao, Hofstra University (mkttzg@hofstra.edu)
 Talin S. Eshaghoff, Island Products Division of Ipsos Insight

Eight-two multinational companies (MNCs) were surveyed during the recent (2001-2002) Argentine financial crisis to identify important decision factors they considered in reevaluating and/or altering their foreign entry modes during the crisis. The firms rated size of local demand, changes in trade barriers, changes in trade and tax policies, potential industrial growth, and customer attitudes as most important issues to consider in entry mode reevaluations. The least important factors were the interactions between the host government and the IMF/WTO, physical infrastructure, neighbors' economies, trading bloc associations, and availability of bargain assets. Differences were also found in factor importance ratings along MNCs' willingness to reevaluate their foreign entry modes, their current modes of operations, and their willingness to change their foreign entry modes during the Argentine crisis. The research, managerial, and policy-making implications of the findings are discussed.

How Do Institutions Matter? A Longitudinal Study of Private Investment in Infrastructure in Emerging Markets

Jennifer Oetzel, American University (oetzelj@american.edu)

Sudeshna Ghosh Banerjee, The World Bank Group

Rupa Ranganathan, The World Bank Group

Using a longitudinal dataset of 45 emerging, developing and transition economies between the years 1980-2000, we empirically test how different institutional structures affect private investment in infrastructure. Consistent with arguments from institutional theory, our results indicate that property rights, expropriation risk, and regulation play a significant role in promoting private infrastructure investment. Interestingly, our results also suggest that countries with higher levels of corruption and ethnic tension have greater private participation in infrastructure.

Intellectual Property, Multinational Enterprises and the Developing World

P.M. Rao, Long Island University (pmrao@liu.edu)

Pervez N. Ghauri, Manchester School of Management

Currently, there is serious doubt as to whether the Agreement on Trade Related Aspects of Intellectual Property (TRIPs), will survive in its present form. This paper, drawing upon recent literature, reexamines the extension of intellectual property rights (IPRs) uniformly to all developing countries, advocated by the pharmaceutical MNEs, and opposed by the developing world. The paper concludes that harmonization of IPRs at the first world's standards is unlikely to survive and that multiple approaches requiring partnership between all major players are needed to achieve the twin and often conflicting objectives of preserving incentives for the MNE innovation, while at the same time offering patented drugs at prices affordable to poor people.

Strategic Motivations of Finnish Manufacturing FDI in Emerging Asian Economies

Rizwan Tahir, University of Auckland (r.tahir@auckland.ac.nz)

Jorma Larimo, University of Vaasa

This study empirically investigates how the ownership-specific variables, location-specific variables and strategic motives influence the ownership structure choices of Finnish manufacturing firms in ten South and Southeast Asian countries from 1980 to 2000. Very few studies in FDI have been undertaken so far to empirically analyze the ownership-specific and location-specific variables together with the strategic motives in order to understand the ownership structure choices of the investing firms. To the best of our knowledge, this is the first study trying to analyze how the ownership-specific variables, location-specific variables, and strategic motives have influenced the ownership structure choices of Finnish manufacturing FDI in Asian countries. The research results indicate that large international experience, low cultural distance, large market size, and high levels of economic welfare in the target country increases the probability of choosing wholly owned subsidiary (WOS) in order to undertake market-seeking and efficiency-seeking FDI. Similarly it has also been found that low levels of risks in the target country increases the probability to choose wholly owned subsidiary (WOS) in order to undertake risk-reduction seeking FDI.

1.2.7 - Track 3 - Emerging Markets (Panel)***Enterprise Strategies in Emerging Economies: A Comparative Approach*****Presented On:** 7/11/2004 - 11:30-13:00**Chair:** Klaus Uhlenbruck, Texas A&M University**Discussant:** Julio de Castro, Instituto de Empresa*Panelists:*

Klaus Uhlenbruck, Texas A&M University (kuhlenbruck@tamu.edu)

Igor Filatotchev, King's College

Jonathan P. Doh, Villanova University

Klaus Meyer, Copenhagen Business School

With increasing investments of international firms in emerging economies and the potential of these countries for studies developing and testing organizational theories, much recent efforts in international business research has focused on emerging economies. Most of these studies are single-country or subsume a number of countries under the "emerging economies" name. Despite institutional similarities among emerging economies, the proposed panel suggests that there are considerable institutional differences between various emerging economies that international firms need to take into account as they enter and operate in them. Likewise, research might engage in comparative studies. Taking advantage of institutional variance, the panel presents research focusing on country differences and firm adaptation, by studying the extent and variation regarding barriers to FDI to enhance understanding of these barriers' effects on firm entry; identifying regulatory constraints on corporate change and thus examine the relationship between public policy and firm restructuring; examining the relationship between firm resources and its strategic flexibility dependent on context; and considering various degrees of the development of capital markets and related firm adaptation. This approach leads not only to implications for firm strategy, but also to developing public policy implications for governments of emerging economies or supporting international institutions

1.2.8 - Track 3 - Emerging Markets (Competitive)***Strategies in Emerging Markets*****Presented On:** 7/11/2004 - 11:30-13:00**Chair:** Aysun Ficici, Southern New Hampshire University**Discussant:** Jayesh Kumar, Indira Gandhi Institute of Development Research, Mumbai, India*Corporate Branding Versus Product Branding as the Initial Branding Strategy of Developed-Country Firms in Emerging Markets*

David J. Boggs, Saint Louis University (boggsdj@slu.edu)

Henry Yu Xie, Saint Louis University

This study converges the two research streams of branding strategy and emerging markets to examine the initial branding strategy of corporate or product branding by developed-country firms in emerging markets. A conceptual framework is proposed to illustrate the impact of various determining factors on developed-country firms' choice of branding strategy in emerging markets. Stakeholders' interests, corporate image and responsibility, market complexity, and costs of marketing in the emerging markets are proposed as the major factors influencing the choice of corporate or product branding. In addition, firm characteristics (firm size, firm age, and firm international experience) and product characteristics (industrial product or consumer product) have moderating effects on developed-country firms' choice of branding strategy in emerging markets. Implications and directions for future research are discussed.

Global Challenges Facing Emerging Regional Markets in Transition: The Case of the Southern African Region
 Johan Hough, University of Stellenbosch (jough@sun.ac.za)

Global challenges facing emerging regional markets in transition: The case of the Southern African region
 ABSTRACT Most of the fourteen countries which make up the Southern African Development Community (SADC) have made significant progress on the macro-economic, business and political level. Although these SADC States have continued with efforts aimed at implementing sound and profound macro-economic and business-friendly reforms they are still in transition with the aim to place the Southern African region on a sustainable growth path. The main objectives of this paper are to describe Southern Africa as an emerging regional market in transition, to identify the strategic issues facing firms in the Southern Africa region over the next few years, to determine the key factors affecting current foreign direct investment flows into these countries and to address perceptions on competitiveness in the region. Some of the drivers of the knowledge society will be discussed to identify the importance of these cross-global drivers for emerging economies to become more competitive.

The Antecedents and Consequences of Emerging Market Divestitures

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 Pablo Martin de Holan, Instituto de Empresa and INCAE

Divesting assets owned in emerging markets has important consequences for the multinational corporation. In this paper, we examine three dimensions surrounding the decision to divest a business in an emerging market: institutional effects impacting the timing of the divestiture, the effects of commitment on the decision to divest, and the effects of the ownership structure on the stability of the venture. Also, we explore the consequences of divestment for value creation or dissipation. We use a proprietary database of all acquisitions in Argentina (> US\$1 million) for the period 1990-2002 to test our hypotheses. Our evidence supports the existence of institutional and ownership effects on the propensity to divest, which affect the creation or dissipation of value.

First Mover Advantages and Market Making Expenditures in Emerging Markets: A Conceptual Exploration

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This exploratory discussion introduces the concept of market making expenditures – the expenditures pioneering firms entering emerging markets need to make to achieve market development. They differ from the idea of pioneering costs in that market making expenditures can take the form of investment not simply cost, they arise from underdevelopment of markets rather than environmental uncertainty, and are discretionary for the investing firm. We define market making expenditures, explore the different types of expenditure, and examine strategies for maximizing the appropriability of market making investments. The implications for further research and refinement of the concept are also explored.

1.2.9 - Track 5 - Global Strategy (Competitive)***How to Make an Entrance*****Presented On:** 7/11/2004 - 11:30-13:00**Chair:** Congcong Zheng, London Business School**Discussant:** Peggy Ellis, Nova Southeastern University***Managing Expectations: A Critical Task in International New Ventures***

Steven E Phelan, University of Nevada, Las Vegas (steven.phelan@cmail.nevada.edu)

Tevfik Dalgic, University of Texas, Dallas

International entrepreneurial profits flow from the differences between an international entrepreneur's expectations and those of his/her stakeholders regarding the future value of resources. An international entrepreneur, in taking on new venture in foreign markets, has to fulfill the role of a symphony conductor, coordinating the expectations of various internal and external stakeholders in local and international markets. The current paper examines international entrepreneurial processes in terms of the principal stakeholders with whom the international entrepreneur has to interact with and manage. A set of perspectives is provided on the international entrepreneur's role in managing diverse expectations. It is argued that without such a carefully coordinated effort, international new ventures are prone to fail, before they even get off the ground.

Analysis of Marketing Decision-Making Strategies of New Zealand Companies Operating in the European Union (EU)

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Autonomy is defined as "the degree of regulating influence exercised by the home office over its activities in a foreign host market." Previous research on standardization and centralization (autonomy) (S/C) have mainly focused on the bi-level (HQs-local subsidiaries) or the tri-level frameworks (HQs-regional HQs-local subsidiaries). Although their findings seem to be abundant, past studies have not considered the experiences of firms using non-FDI modes, service firms and marketing process in their research frameworks. Based on the findings of previous empirical and conceptual studies, this study proposes a centralization-standardization framework which examines the experiences of firms employing FDI and non-FDI entry modes, firms from four major industrial sectors (consumer non-durables, consumer durables, industrial products and services) and also considers the impact of marketing management process on the decision of centralization. Marketing programme and process elements, company-related factors such as firm size and market entry mode selection and industry type were all proposed to be related to the decision of centralization while performance was suggested to have no impact in this process. This study has used the experiences of 61 New Zealand firms which were operating in the European Union, to examine its proposed research framework. Its response rate was 35.6%. This study has used factor analysis and t-test in its statistical analysis procedure. The research findings suggest that autonomy is significantly related to the degree of standardization of price and place elements. Factors identified as significantly related to centralization include firm size, market entry mode selection, and industry type. Contrary to the initial proposal, the outcomes of this study have suggested a significant relationship between autonomy and a firm's performance in a foreign host market. Overall firms perform less when their marketing programme decisions are made in the HQs. Factors identified as influencing firms' performance include autonomy decisions related to product, place, promotion and process elements. The findings generated in this study have added new insights into the research field under investigation.

The Impact of Entry Mode on Outward Knowledge Transfer in MNCs: International Greenfield Investments and Acquisitions

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Riikka Mirja Sarala, Swedish School of Economics and Business Administration, Helsinki Finland

The object of this paper is two-fold. First, we examine the impact of entry mode, i.e. greenfield investments and acquisitions, on outward knowledge transfer from a subsidiary unit to other parts of the MNC. Secondly, we explore the impact of time elapsed on outward knowledge transfer. Our sample of 164 western subsidiaries located in Finland and China provides an interesting context for the study. The results of our study showed that outward knowledge transfer to other parts of the MNC is greater in subsidiaries established through acquisition than by greenfield investment. We also found that outward knowledge transfer in acquisitions was greater if the acquired subsidiary had been in the MNC for more than 5 years whereas no similar effect was found in greenfield investments. These findings imply that acquisitions can provide increased outward knowledge transfer in MNCs compared to greenfield investments. However, the benefits of outward knowledge transfer in acquisitions can only be gained in the long term.

Does Home Corruption Affect the Entry Strategy of Multi-National Corporations?

Antoine Monteils, University of Houston - Downtown (monteilsa@uhd.edu)

Despite the growing debate about corruption, there is little research that focuses on the bribe payer versus the bribe taker. Indexes assign negative scores to receiving countries but not to those who compensate through bribery (Lambsdorf, 1999). Existing research focuses on the effects of corruption on socio-economic variables, and the effects of host country corruption on FDI. This paper suggests that when corruption occurs in international business, the environment of the home country plays a determining role. Home country corruption levels affect the way a firm will conduct business in another country. It is argued that attitudes toward corruption at home are an important factor of a firm's strategy abroad. Using an institutional theory and resource-based perspective, this paper argues that an examination of the differences in home country corruption levels can provide a better understanding of the strategic patterns of firms that invest in other countries. Previous studies assumed that home country corruption was largely irrelevant to investment decision. In this study, the assumption is relaxed and tested. This paper takes the perspective of the bribe payer and its home environment, and causes it to interact with corruption in the host country to establish the MNE strategy.

1.2.10 - Track 5 - Global Strategy (Panel)***Limits to Globalization: Triad Strategies of MNEs***

Presented On: 7/11/2004 - 11:30-13:00

Chair: Alan M. Rugman, Indiana University

Discussant: Alain Verbeke, University of Calgary

Panelists:

Ans Kolk, University of Amsterdam (akolk@uva.nl)

Michael J. Enright, University of Hong Kong

Robert Grosse, Thunderbird, AGSIM

Lei Li, University of Portland

1.2.11 - Track 5 - Global Strategy (Competitive)
Can't We All Just Get Along? The Power of International Togetherness Among Firms

Presented On: 7/11/2004 - 11:30-13:00

Chair: Anoop Madhok, University of Utah

Discussant: Anoop Madhok, University of Utah

International Joint Ventures in the People's Republic of China: The Impact of China's WTO Accession on Bargaining Power, Strategic Positioning and Trust Relations

Harald Dolles, German Institute for Japanese Studies (dolles@dijtokyo.org)

Andreas Moerke, German Institute for Japanese Studies

China's accession to the WTO, finally realized after 13 years of negotiation, will gradually open the "Great Wall" which still protects large areas of what will one day become the largest economy of the world. Our paper addresses the nature and functioning of international joint ventures by investigating Chinese-German joint ventures within this context. In general, for international joint ventures in developing countries, trust seems to be one of the key factors for performance. We explored how China's WTO entry influences the competitive position of partner companies in Chinese-foreign JVs, and their strategic options for coping with that change, depending on their core competences and competitive positions, as well as on their relative bargaining positions.

Structure and Conflict in International Cooperative Ventures

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Steven Lui, City University of Hong Kong

Questions about conflict in cooperative ventures have become a major concern of international business. With mounting evidence that cooperative venture strategies often fail, researchers have begun to analyze a variety of different strategic, organizational, and behavioral factors in the effort to understand problems faced by ICVs. In the process, a gap has appeared between studies that examine larger issues of strategic organization in ICVs and work on group processes within ventures. This paper outlines a theoretical approach to international cooperative ventures that bridges macro and micro levels of analysis. We draw on sociology and social psychology for a socially-embedded view of conditions that promote conflict within ICVs. A central premise of the approach is that the impact of organizational structure on processes within an ICV can be understood only by analyzing the relationship between the design of the organization and the structure of the societies of parent firms. The paper develops a theory of organizational faultlines ? social cleavages that divide administrative units and determine the nature of conflict with organizations ? and uses the approach to analyze ways that design of ICVs may affect the frequency, intensity and extent of conflict within ventures.

Relational Assets, Inter-Organizational Mechanisms, and Alliance Performance of Venture Firms in Korea

ByoungJo Kim, Seoul National University (bjkim@ips.or.kr)

Dong-Sung Cho, Seoul National University

The field of inter-firm cooperation, i.e., (strategic) alliance, in management literature has been considered as the essential topic. Scholars, however, have argued that it is not fully understood what factors drive the superior alliance performance. Up to date, hundreds of researches have tried to reveal the performance drivers in various cooperative settings, using a diverse theoretical lens. Recently, many researchers are struggling for dealing with the process issues in alliance research, using the 'dynamic view' on firm's strategic behavior. These endeavors are stem from the reflection on the bulk of researches represented by the 'static' views and/or 'content-based' researches on cooperative behavior. Based on the capability-based view and mechanism-based view, this paper examines the performance drivers of an alliances formed by 137 Korean technology-intensive ventures. The result, first, shows that the relation-specific investment in relational assets such as alliance

function, manual, and training would be beneficial to a firm entering into cooperative relationships. Second, the result shows that the investment in and establishment of the inter-organizational mechanisms for selecting partners, coordinating relational activities, and mutual learning also would be advantageous to the higher alliance performance.

A Framework for Understanding Private Firm Participation in Multisectoral, Multinational (Energy) Technology Development Consortia

Gurneeta Vasudeva, George Washington University (gurneetv@gwu.edu)
Hildy Teegen, George Washington University

In this paper we introduce a framework for understanding private firm entry into multi-sector, multinational consortia based upon a review of the extant literature on alliances and collaboration in general, and with regard to technology development in particular as well as on a grounded theory building exercise involving personal interviews with several firm member representatives of an important multi-sector, multinational technology research consortium in the energy sector: the Carbon Capture Project (CCP). Our contribution here extends from current conceptualizations of collaboration strictly among private sector players to consortia settings where firms and governments interact in producing: (i) benefits that are particular to individual firms and governments, (ii) benefits that are shared in common by the consortia members, (iii) benefits for "local publics", and (iii) benefits for "global publics". We conceptualize private firm participation in a consortium to be a function of the net advantages conveyed to that firm that directly and indirectly result from all four of these possible benefit sources. We delineate the particular benefits available to firms, governments and society in consortia such as the CCP, and make general propositions concerning firm and institutional factors that contribute to a firm's choice to participate in these consortia.

1.2.12 - Track 6 - Organization (Competitive)

Implementing Organizational Cultures and Systems in Multinationals

Presented On: 7/11/2004 - 11:30-13:00

Chair: S. Arzu Wasti, Sabanci University

Discussant: Jane E. Salk, University of Texas, Dallas

How Universal is the Relationship Between Systems of Human Resource Management Practices and Firm Performance: A Comparison of USA, Finland, and Russia

Carl F. Fey, IIB, Stockholm School of Economics and SSE in St. Petersburg (carl.fey@hhs.se)
Sergey Morgoulis-Jakoushev, Stockholm School of Economics in Saint Petersburg
Ingmar Björkman, INSEAD and Swedish School of Economics and Business Administration

In this paper we investigate the extent that systems of human resource management practices (HRMP) have an influence on firm performance and we consider the extent that different systems of HRMPs are preferable in different countries. We also try to open up the black box between HRM practices and firm performance by considering how HRMPs affect firm performance. The study utilizes a unique data set consisting of subsidiaries of over 241 companies operating in Russia, USA, and Finland. We utilize the structural equation modeling technique PLS to analyze the data in a more refined way than most previous management studies of the HRM-performance relationship. The study reveals that motivation and ability are important mediating factors in the relationship between systems of HRMPs and firm performance. Further, as shown by a significant interaction term between motivation and ability, it is important that both of these factors are present to obtain maximum performance. Results also uncover that different systems of HR practices are preferable in different countries. For example, communication is more important for facilitating employee motivation in Finland, than in Russia, a country where employees are used to authoritarian leadership (the US is someplace in the middle).

HRM in US Subsidiaries: Centralization or Autonomy?

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Mark Fenton-O'Creevy, Open University Business School

Paul Gooderham, Norwegian School of Economics and Business Administration

In this paper we explore determinants of subsidiary autonomy in setting HRM practices within US parented MNEs by analyzing the 1999 Euronet-Cranfield data set on HRM practices in European companies and work organizations. On the one hand we examine the effect of strategic context: whether the subsidiary faces global or local markets. On the other hand we consider local institutional context: national business system and level of unionization. As hypothesised we find both kinds of effect are important. US MNEs show greater centralisation of control over HRM where the subsidiary faces global markets, in coordinated market economies versus liberal market economies and where union density is low.

Attitudes Towards Affirmative Action in India and the United States: A Theoretical and Exploratory Analysis

Gwendolyn M. Combs, University of Nebraska-Lincoln (gcombs2@unl.edu)

Sucheta Nadkarni, University of Nebraska-Lincoln

Focusing on India and the United States, this study offers preliminary investigation of cross country attitudes and the similarities and differences in culture that might inform multinational organizations as they manage the integration of domestic and international affirmative action policies and strategies.

Transnational Management of Values-Based Practices

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This paper reveals the complexity of transnational management of values-based contextually determined (VBCD) practices related to HR management. It draws upon an in-depth empirical analysis of 160 VBCD routine practices and their transnational management processes across 6 functional dimensions using an embedded research design in 4 TNCs from diverse sectors, that identified and characterized 7 archetype processes for transnational management of VBCD practices and 6 characteristic process features. While the existing research suggests use of informal, social-cultural mechanisms for coordination of values, this research reveals extensive use of formal processes and standardization. Moreover, this research notes systematic use of external agents in transnational values management, while the existing research fails to report any external mechanisms in transnational co-ordination. This micro-process level research inquiry also shows the absence of neatly dichotomized centralized or decentralized processes, but shows intricate multilevel, multi-actor transnational management processes. It also notes partial achievement of homogenization of VBCD behaviours within TNCs for reasons such as the absence or inefficacy of design, active managerial agency of the units, and competing demands of multiple environments. Several implications for performance are evident from these findings as this research contributes to international business management theory drawing upon the organization and institutional theories.

Poster1 - (Poster)***Poster Session 1 with Light Lunch*****Presented On:** 7/11/2004 - 13:00-14:30**Chair:** Attila Yaprak, Wayne State University*Can Multinationals Help Reduce Global Poverty?*

Raj Aggarwal, Kent State University (raggarwa@kent.edu)

While most prior literature on multinational companies (MNCs) and poverty focuses on how buying activities by such firms in poor countries can lead to rising incomes and poverty reduction, this paper focuses on how MNCs can sell to customers in poor countries and reduce poverty by increasing spending effectiveness. The poor and emerging middle classes represent a large and rapidly growing strategic market for many firms. Guidelines describing the basic principles of serving such markets profitably are developed based on the lessons from four case studies, micro-finance lending, the use of technology in Indian villages, Unilever in India, and Wal-Mart in poor countries. These guidelines recommend that MNCs can best serve the poor profitably by leveraging information technology, designing and packaging appropriately, and using local people in design, production, sales, and distribution.

Global Strategy Gone Astray! A Case of Asea Brown Boveri (ABB)

Syed Tariq Anwar, West Texas A&M University (sanwar@mail.wtamu.edu)

This poster paper investigates and analyzes Asea Brown Boveri's (ABB) internationalization pattern and global and regional strategies in the aftermath of the East Asian crisis. In the last four years, the ABB Group has encountered a multitude of problems in its global operations that led to a significant reduction in the company's revenues and market share. Other issues discussed in the paper are ABB's global and regional strategies and recovery issues regarding internationalization and core competencies. In the coming years, it is expected that ABB will continue to streamline and consolidate its global operations. On the other hand, analysts believe that ABB may face heightened competition and will be challenged by other competitors. The significance of this work lies in its timeliness and relevance to the ongoing debate of ABB's redefined core competencies, internationalization issues, and global strategies in world business.

Cultural Differences in Agency Costs and its Implications for Management Control

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Sam Beldona, Wichita State University

With rapid globalization of business, firms are increasingly recognizing the importance of establishing business/production operations overseas. Even when firms choose to operate locally they are being drawn by competition to take a global perspective. This globalization of business has put managers at cross roads - should they (managers) transfer management practices that are being followed at home to their overseas subsidiaries? or should they adapt to the local management practices of the subsidiary? Of the various management practices, the issue of management control is very important. The collapse of Bearings Bank in London highlighted the significance of parent control on its subsidiaries, a phenomena that is increasingly bankrupting some of the well established global corporations. Thus, the importance of management control has taken a renewed interest. Despite the practical and theoretical importance of control in a multinational setting the study of management control is still in its infancy when comes to cross cultural research. This paper presents a conceptual framework incorporating two well established theories, national cultural and agency theory, to compare and contrast how control systems might vary across cultures due to varying agency costs.

Exports vs. Relative Unit Labor Costs and Firm Behavior

Alfredo Martinez Bobillo, University of Valladolid (amartbob@eade.uva.es)

Juan Antonio Rodriguez Sanz, University of Valladolid

Fernando Tejerina Gaité, University of Valladolid

Using panel data on 20 industries in Spain, this paper aims to contrast the sensitivity of export market shares to changes in the relative unit labor costs (RULCs), factors that condition the degree of sensitivity and whether that sensitivity has the same importance or features in small and medium-sized firms (< 200 workers) as in large firms (> 200 workers) over the period 1990-2001. In this respect, a decrease in the importance of the relative unit labor costs in relation with the technology variables can be appreciated over the period under analysis. The introduction of these variables (R&D, patents, capital intensity) confirms the importance of R&D expenditures and capital intensity, as indicators of technological change, on the export market shares in the sub-sample of small and medium-sized firms. Similarly, the evolution of concentration is also significant for the variations in export market shares in those firms, while not being particularl

International Joint Venture Performance: A Key Mediating Variable Model Approach

Mustafa Colak, Temple University (mcolak@temple.edu)

Mumin Dayan, Al Ghurair University

Hayat Ebru Erdost, Ankara University

Strategic adaptation has long been in the field of strategy and international marketing. However, it has not been studied in the context of international joint ventures (IJVs). This study applies the concept to the IJVs. Specifically, it models the IJV performance as a function of IJV's adaptive behavior and inquires if such widely studied variables in IJV literature as cultural and behavioral factors (e.g., trust and commitment) impact IJV adaptation.

The Role of Experience in Creating Profitable Operations in Central and Eastern Europe

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Kent Eriksson, Royal Institute of Technology, Stockholm

Jukka Hohenthal, Uppsala University

The purpose of this paper is to study how international experience affects the performance of investments in the turbulent transition markets in Central and Eastern Europe. We distinguish two different aspects of international experience, duration and variation, because previous studies in this field give reason to investigate their respective effect on performance. Our sample includes 211 resource commitments by foreign firms in Central and Eastern European markets. Results of our analyses show that variety in international experience leads to better performance of the current market commitments. We further find that longer international experience and larger size of the firm have a negative impact on the performance of the current market commitments. Our model shows no significant relation between political risk and performance. These results suggest that firms with experience from more countries are better at changing their routines for doing business in new and changing circumstances, as in the CEE markets, and thus outperform firms with less varied international experience. In contrast, however, firms that have been doing business abroad for a longer time are caught in the way they usually operate at foreign markets and have more difficulties in a rapidly changing market. Changing routines is also found difficult in larger firms, which can for instance be explained from increasing coordination problems.

Do Corporate Governance Standards of Listed Firms Create Market Value? Evidence From Emerging Markets
Aysun Ficici, Southern New Hampshire University (aysfic@concentric.net)

This paper endeavors an analysis of link between financial markets and corporate governance practices of listed emerging market firms (EMFs). It employs S&P's company corporate governance index and other related measures. The fundamental inquiry in this study has the following foci: The primary focus is on the impact of corporate governance structures on firm performance as to whether adherence to standards creates market value for listed EMFs. Do good corporate governance practices affect the value of EMFs? The secondary focus is concerned with whether the impact of corruption level and legal system in a firm's home country affect the corporate structures of EMFs thus affecting the market value of firms. In this study, Tobin's q is utilized as the measure of firm performance/market value. The results suggest that there is a significant correlation between corporate governance structures of listed EMFs and their market values and/or performances. The results also indicate that the level of corruption and legal structures in home countries of EMFs strongly impact the corporate governance structures of these firms and sequentially affect their market values. Therefore, this research further contributes to the scholarly findings and suppositions that corporate structures of firms do create consequences on firm value.

The Impact of Foreign Banks on the Progress of Financial Reforms to Transition Countries
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The real sector in transition countries has achieved remarkable transformation into a market economy, but banking and financial development remains underdeveloped after more than a decade. A sound market-based banking system is essential to a successful transition to a market economy. Numerous theoretical and empirical studies investigate the economic and financial progress in transition reforms, but few investigate the foreign banks' impact on the transition countries' financial development. This paper looks at the development of the banking system in transition countries. In particular, this paper investigates why foreign banks' participation is higher in some transition countries and not in others. Lastly, policy choices are inferred from the analysis.

Organizational and Managerial Characteristics as Antecedents of Export Performance: A Behavioral Approach
Berrin Guner, Rowan University (guner@rowan.edu)
Philip A. Lewis, Rowan University

The main objective of this study is to integrate the current export marketing and strategic management literatures to contribute to the current understanding of export performance. Specifically, the paper examines the effects of both managerial and organizational behavior on export performance. Further, the interactions between these behavioral variables are explored. Managerial behavior is studied within the framework of managerial attitudes toward exporting and managerial aspirations while organizational behavior is examined with three dimensions; namely organizational behavior, organizational learning, and ownership structure. An integrative framework is presented in the paper.

On the Evolutionary Aspects of Alliances: A Knowledge Gaps Perspective
Sajjad Haider, Napier University (s.haider@napier.ac.uk)

This paper seeks to understand and explain the evolutionary aspects of alliances. It investigates how international alliances evolve and change over time. Specifically, it identifies and explores the underlying knowledge processes of those phenomena by investigating the changes introduced in the organisations over time. Following a thematic logic, the evolution of alliances is analysed over the life history of firms. The paper offers explanations for the evolutionary aspects of alliances by using the organisational knowledge gaps concept, introduced elsewhere (Haider, 2003). According to the findings of this study, the evolutionary patterns of alliances are determined by the continuous identification and filling of the organisational knowledge gaps. The study reveals that knowledge gaps are either 'identified' internally, mainly due to firms' learning from prior or existing alliances, or 'imposed' by external factors. In both cases, predominantly firms change their existing

alliances, form new alliances, or adopt both strategies to acquire new knowledge to fill their knowledge gaps. This cyclic process explains the evolution of alliances in firms. In this paper through the systematic and micro-level analysis of the evolution of alliances in the case study companies, the details and dynamisms of processes underlying such changes are revealed.

Towards A Holistic and Multidimensional View of Values and Spirituality: Introducing Zero Centered Model
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This paper aims to build an integrative framework for universal values in the workplace by introducing spirituality concepts from Sufism. It introduces ZeroCentered Model, a multidimensional, holistic, dynamic theory based on personality. ZeroCentered Model is meant to be a bridging theory between the East and the West, capturing the diversity of universal ethical and spiritual values in business. This paper emphasizes global values which will contribute to dialogue and peace in International Business.

A Comparison of Product Expiration Date Apprehension in Canada and Turkey: An Exploratory Study
Fahri Karakaya, University of Massachusetts Dartmouth (f1karakaya@umasds.edu)
Talha Harcar, Pennsylvania State University at Beaver

This is an exploratory study examining consumer attitudes and perceptions of product expiration dates in Canada, and Turkey. The study employed a personal interview method of data collection gathering 344 completed surveys from Turkey and 243 from Canada. The study also investigated the differences in the importance of product expiration dates for yogurt, over the counter medicine, and camera film in Canada and Turkey. The results show that there are, indeed, differences between the consumers in the two countries. Canadian and Turkish consumers differ from one another in checking product expiration dates before purchasing and before using products. While sixty-five percent of the Canadian respondents in the study testified that they check the product expiration dates before purchasing products, only 42 percent of the Turkish respondents confirmed that they check the expiration dates. The results show that percentage of Canadians checking the product expiration dates before using a product is higher than the Turkish respondents. Approximately, fifty eight percent of Canadian consumers checks expiration dates before they use products compared to 42.2 percent of the Turkish consumers. In addition, Canadian consumers think expiration date for yogurt and camera film as more important compared to Turkish consumers. However, Turkish consumers feel the expiration dates for over the counter medicine is more important than Canadian consumers. Overall, culture seems to play role in consumer perceptions, attitudes and reactions for product expiration dates and using products already past their expiration dates.

Born Global: International Entrepreneurship in the Turkish Fashion Industry
Neri Karra, University of Cambridge, Judge Institute of Management (nk260@cam.ac.uk)
Nelson Phillips, University of Cambridge

The study we present is an attempt to add to our understanding of international entrepreneurship. In it, we present the results of a case study of a firm that was "born global". Neroli is a Turkish fashion firm focusing primarily on high quality leather goods that has production facilities in Istanbul and sells throughout the countries of the former Soviet Union. The firm began life as an international company with no domestic sales. Our focus is to understand what determined the decision to focus internationally from the beginning and which key factors led to the rapid growth and profitability of the firm. Our study makes several contributions to the literature on international entrepreneurship. First, there are few case studies of international entrepreneurs and their firms. In-depth case studies provide an important foundation for developing theory that can then be tested in wider, survey based research. Second, we provide some insight into what leads an entrepreneur to begin an international entrepreneurial venture. Third, we provide some insight into the competences and resources that are critical to success in this sort of activity. What factors allowed this entrepreneur to be successful in a highly competitive situation?

Corporate Governance and Dividends Payout in India

Jayesh Kumar, Indira Gandhi Institute of Development Research (jayesh@igidr.ac.in)

This paper examines the possible association between ownership structure, corporate governance and firm's dividend payout policy. The results consistently support the potential association between ownership structure and dividend payout policy. Though the relationship differs across different group of owners and at different level of shareholding. Furthermore, we suggest a more generalized model to explain the dividend payout intensity, incorporating firm's financial structure and investments opportunities along with dividends and earnings trend and ownership structure, after controlling for firm's unobserved heterogeneity. We also find evidence of dividends dependence on past dividends after controlling for unobserved firm heterogeneity. We find evidence in support of the hypothesis that a positive association exists between dividends and earnings trend. Debt equity is found to be negative and associated, whereas past investment opportunities are positive and associated with dividends in some cases. Corporate and directors ownership is positive and related in level, and corporate ownership is negative and related in square. Institutional ownership has inverse effects on dividends in comparison to corporate ownership in levels as well as in its squares. We find no evidence in favor of association between foreign ownership and divided payout growth.

Business Gift Giving in Vietnam Within and Between Organizations

Garold Alan Lantz, Monmouth University (glantz@monmouth.edu)

Sandra Loeb, Europa Universität Viadrina

Linh Le, National Economic University - Hanoi

This paper examines business gift giving characteristics in Vietnam between and within organizations. Gift giving is important for maintaining good relationships between buyers and sellers. In Vietnam, gift giving is also important within the organizational hierarchy and with various public officials in ways that are not typical in Western countries. It is shown that, in general, people working for foreign owned and joint venture firms give more gifts to customers and suppliers, people working at private domestic firms make more gifts to governmental and political/social authorities and people working at state owned enterprises give many intra-organizational gifts, particularly to superiors.

Differences in Global Orientation and Export Strategies Among Finnish SMEs

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Johanna Pulkkinen, University of Vaasa

The main goal of this paper is to analyze the differences and similarities in global orientation and export strategies between old and newly established firms, traditionally internationalized firms, and so called born global (BG) firms. In the framework part of the study fourteen hypotheses are developed to test the key issues of the paper. The empirical part of the paper is based on survey data of ca. 470 Finnish SMEs. The results on global orientation indicated that as compared to local firms, both old and new highly global firms possess clearly stronger global orientation in total and along different variables of the orientation. Concerning export strategies, the way of operation was characterized in newly established global firms, especially in the manufacturing sector, more by niche focus, marketing- and product-based differentiation, product and product-service quality, and personal selling than in both old and new local firms. The results also suggest that both old and new highly global firms were very alike regarding many of the measured variables. The same observation could be made between traditionally evolved and BG firms having high export ratio. In many cases these highly global traditional and BG firms had significantly higher values in the measured variables of global orientation and export strategy than the local traditionally internationalized firms. Among firms in the service sector the results were more mixed.

Global Trade Under Pressure: The Rise of Regionalism and the Proliferation of Bilateral Agreements
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Over the last two decades, the rules of the game in international economic relations have been changing dramatically. In many sectors, economic interdependence is producing a global marketplace, as a result of globalization and regionalization processes. The rapid diffusion of information and communication technology at a global level has changed the nature of the world economy and accelerated globalization processes. These evolving phenomena in the multilateral sphere call for governments all around the world to strengthen their ability to achieve policy, trade and security objectives. At the same time, governments and multilateral institutions are being confronted with the need to provide a framework of rules and order for global competition and economic development. In this paper, we describe the process that is driving economic growth in today's world and analyze the ongoing process of industrial change at the national, regional and global levels, with a focus on hemispheric integration. We note a tendency to resort to second-best solutions in the form of bilateral trade agreements as a means to pursue national objectives. We conclude that in the new millennium a global consensus is needed in order to implement governance policies aimed at improving world welfare.

Antecedents and Consequences of Effective Management Localization In MNC Overseas Subsidiaries

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Yan Zhang, Rice University
Geng Cui, Lingnan University
Tsang-Sing Chan, Lingnan University

In this study we examine the antecedents and consequences of effective management localization in MNCs' overseas subsidiaries operating in an emerging economy. Our results show that headquarters control, the headquarters-subsidiary cooperative relationship, and learning opportunities offered in the subsidiary are positively related to effective management localization. In addition, we also found that effective management localization has positive impact on organizational outcomes.

The Change of Employment Mode Among Sino-Western Joint Ventures and its Theoretical Explanations

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This paper tests the changes of employment mode or policy among Sino-Western joint ventures in two Chinese industries. The predictions of two theoretical perspectives were compared and relevant hypotheses proposed. To test these hypotheses, both secondary survey data and questionnaire data were collected from multinational enterprises operating in P.R. China. The results show support for the effects of China's employment system reform, an environmental factor, on employment modes adopted by Sino-Western joint ventures. Moreover, some other factors, such as firms' demand for skilled labor, also had significant effects on firms' selection of labor externalization. The implications of the findings for researchers and practitioners are discussed at the end of the paper.

Network Embeddedness and the Governance of International Alliances

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Heng-Chiang Huang, National Taiwan University, Taiwan

This study examines the factors that influence the governance mode of international alliance. It shows that not only the transaction cost minimization is considered for efficiency when the optimal governance structure is decided but also the network embeddedness plays an critical role to affect the formation and choice of interfirm collaboration—a crucial factor overlooked in prior research. This merits is channels through the firm's network embeddedness, which as result, also moderates the decision of interfirm collaborations of MNEs.

Network Routines and Change of Network Configuration

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The business opportunities that arise for a firm, in local and foreign markets, induce it to consider how useful its existing capabilities and knowledge are when seeking opportunities. Firm knowledge and capabilities have been shown to be dependent on the firm's business network. In this paper we discuss that firms develop routines that are specific for handling the network, by learning how to do business and how to acquire needed knowledge through interaction with its network. Firms also learn which network configuration provides the most benefit. The routinization of this knowledge leads to specific network configurations, which is viewed as the firm's existing capabilities to exploit business opportunities. The purpose of this paper is thus, to develop a conceptual framework for understanding how a firm's business opportunities influence its perceived usefulness of network routines and how this perception will influence its learning, performance and network configuration. We seek to fill a research gap in our knowledge of network routines and their effects on firm performance and network configuration.

Variations in Negotiation Behavior: A Three-Country Comparison of Turkey, Mexico and the United States

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The Weiss & Stripp negotiation framework offers an ideal starting point for understanding cultural differences in negotiating behavior. However, the twelve dimensions are loosely defined and there is considerable overlap among them. In this paper, we offer conceptualizations of the twelve dimensions, which remove the ambiguity and overlap found in the original framework, grounding the conceptual underpinnings of each dimension more firmly in prior negotiation research. Using data from a preliminary study, we contrast the locations of three cultures – Turkey, Mexico and the United States -- on each of the twelve dimensions. We find significant differences among the three countries on the Basis of Trust dimension, and pairwise differences on several other dimensions.

A Contextual and Processual Analysis of Cross-Border Post-Acquisition Integration

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This study aims to examine the nature of the process of cross-border acquisition integration, and the forces shaping it. Previous research has analysed individual aspects of the process, but seldom considered the process in its entirety. Drawing on insights from institutionalist research on multinationals, acquisition integration is conceptualised as the end result of a process where both the multinational and the acquired firm, each embedded in a specific national and organisational context, compete for influence and control. A model is developed, specifying the situational factors which build up the position of strength of each organisation. It is hypothesised that, the combined effects of each of these situational factors will determine the degree of integration which will eventually be achieved by the multinational. This conceptual and methodological approach will provide a step towards unpacking the complex interactions of antecedent factors upon the process of acquisition integration, from its initial stage to its outcome. It will show in particular that the acquiring firm's chosen initial integration strategy will be critical to the success of an integration and must be a function of the antecedent conditions which it faces.

Core Company Strategies Under the NAFTA

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Rob van Tulder, Erasmus University, Rotterdam

This paper develops a regionally-relevant typology of core company strategies to understand the restructuring effects of the NAFTA. In addition to evidence refuting the 'globalization' hype, the data show that regional integration in North America exerted a gravitational pull on core company activity, particularly at the expense of Europe. At the same time core company subsidiary networks continued to grow, but primarily in terms of hierarchical depth and less in breadth, suggesting increased consolidation and a narrowing of strategic focus.

An Empirical Investigation of the Relationship Between Global Strategic Alliances and Strategic Capabilities

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This article presents an empirical study of 480 global strategic alliances and proposes a theoretical linkage between the Global Strategic Alliance theory and the Resource-Based theory. The goal of the study is to provide statistical evidence that global strategic alliances result in improved strategic capabilities thereby contributing to the integration of two major areas of academic research toward a unified theory. Global strategic alliances are measured in terms of contexts, forms, and resources. Two contexts, complementary and competitive, three forms, equity participations, contractual agreements, and joint ventures, and five resources, firm-specific and non firm-specific organizational, physical, technological, financial, and human resources are studied. The research findings are that firms with complementary equity participation alliances sharing technology and organizational resources improve their strategic capabilities.

The Relation Between Copyright Protection and Governance Mechanism: An Integrative Perspective of Transaction Cost Economics and Resource-Based Theory

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Dong-Sung Cho, Seoul National University

Much of the previous research on the relation between intellectual property right (IPR) and international business are based on the transaction cost economics (TCE), even though resource-based perspective may be more pertinent to certain situations. And the previous research focused mostly on patents even though copyright is another important IPR that has some different characteristics from patents and plays the key role in choosing governance mode in entertainment industry. TCE focuses on opportunism and subsequent appropriation of rents by partners, and recommends more hierarchical governance mode. But in reality, when entering developing countries with the weakest IPR protection regime, entertainment MNCs holding copyrights find that internalization cost is much higher than the cost of opportunism because institutional environments cause high cost and uncertainty in developing or acquiring required resources and capabilities. In this setting, opportunism by partners is not an important issue. The MNCs think that capability building through partnership is the best choice in the weak IPR protection regime. This phenomenon can be better explained by resource-based perspective. This paper analyses evolution of the governance mode of entertainment multinationals in Korean market and shows integrative perspective of transaction cost economics and resource-based theory.

Regional Integration of Equity Markets in Sub-Saharan Africa

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Equity markets in developing and emerging economies have grown in number and importance over the past decade, largely as a result of the globalisation of financial markets. However, their role in the economic growth and development is enhanced if these nascent markets are integrated with established and successful ones. Market integration, measured by the transmission of volatility in stock returns, is identified across a sample of SSA countries, using a new and comprehensive dataset. Evidence for potential integration between ten financial markets in Sub-Saharan Africa (SSA) is found. Extensive spillovers are found across these markets,

some uni-directional and others bi-directional. However, continued illiquidity, incomplete institutions and low levels of domestic participation indicate that an integrated financial community remains premature, and considerable regulatory reform and harmonisation will be necessary before this can be achieved.

Economic Casualties of War: A Look at the Lasting Effects of the Vietnam Conflict on Consumer Decision Making
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The veterans of the Vietnam War and their families now comprise the largest consumer group in the United States. The buyer preferences and attitudes of this group greatly influence the American economy. Related to the Vietnam experience, this paper presents a conceptual model, propositions and hypotheses that incorporate country of origin and experience in international combat and how they affect the consumer purchase decision.

Analysis of Attitudes of Turkish Citizens Toward EU Membership

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The saga of Turkey's application to join the European Union (EU) has been ongoing since 1959. A variety of events and reactions to them have stymied progression of the application to a successful conclusion. Other countries, recently, have been offered the opportunity of membership, yet Turkey still remains out in the cold. Despite this, Turkey's interest remains strong while some of those offered the privilege of membership are less enthusiastic than Turkey. This study is an attempt to better understand the complex of attitudes of the Turkish citizenry toward EU membership. The paper describes how we organized and performed this study from our base in New York. Essentially, it comprises observation of citizenry stances on the issue on visits to Turkey. This was followed by focus group research to identify the dimensions of the prevalent attitudes held by informed publics. These dimensions were then operationalized into a measuring instrument. We then used contacts within our sphere of influence to persuade citizens to complete a web-based questionnaire. The data collection is scheduled to begin December 2003. These data will be analyzed to reveal a comprehensive guide to Turkish attitudes that will inform policy makers: in Turkey and the EU.

Building Brand Equity: A Comparative Study of French Soccer and Canadian Hockey Teams

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Vincent Couvelaere, Total France

Sports teams generate an emotional response from their fans that is stronger than in any other industry. In an effort to capitalize on the emotional relationship they share with their fans, professional sports teams try to position themselves as brands. As part of a comparative research program between North American and European sports teams, this paper looks at strategies and actions French soccer and Canadian hockey teams implement in order to build and exploit their brand.

The Esteem of Global Brands

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Johny K. Johansson, Georgetown University

This paper presents a study testing the hypothesis that the degree to which a brand is global affects positively the regard in which the brand is held. The study tests the proposed linkages between globality and esteem against data from eight countries made available by Landor, the brand consultancy. The results show that the reach of a brand is consistently associated with higher esteem, but only after familiarity is controlled for. The empirical findings also show that there is a lead country effect on brand esteem, particularly strong for more global product categories, and that the tested linkages stay largely consistent across countries.

The Game Metaphor for International Strategic Management and Internationalization Process Study
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The basic premise of the paper is that internationalization of business activities of firms and the resultant birth of MNEs is best understood as a response of initially domestic firms to both domestic and cross-border competition. However, there is a perceived lack of competitive dynamism considerations in the extant foreign market expansion literature, both the internalization and the internationalization process literature, which provides the motivation for this paper. It is put forward that the proposed approach utilizing the metaphor of game as its starting point in the analysis of MNEs' international expansion provides a useful way for analyzing this competition-induced development. The utilization of the metaphor of game as the starting point for the analysis of internationalization development of firms allows the adoption of a pronouncedly dynamic viewpoint on the complex phenomenon. Hence, the paper attempts to offer a versatile approach for the analysis and tracking of dynamic internationalization patterns and competitive conduct profiles of firms.

Euroconsumer - Myth or Reality?

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The economic integration within the European Union has promoted the generation of the world's largest single market with more than 350 million consumers creating tremendous sales opportunities outside the national home market. Among the benefits of the economic unification, the convergence of consumer behavior within the EU was predicted to take place. In this context, the so called Euroconsumer would emerge, who shops within the EU, prefers European products and is open to pan-European marketing. In many business and academic publications, the "Euroconsumer" is regarded as a given without discussing in more detail what personality traits, values, attitudes, behavior, would constitute him/her and how these dimensions could be measured. Given the fact that comprehensive measurement instruments are not available, the existence of the Euroconsumer and thus its implications are not substantiated empirically so far. The paper attempts to summarize existing in the field of marketing and to develop a model that describes and provides dimensions that explain "Euro-consumer behavior". To come up with a simple and robust, yet comprehensive model, we also rely on findings of related disciplines such as psychology or sociology. The paper closes with a research agenda for the next steps to come.

Learning Within North-South Joint Ventures Operating in Sub-Saharan Africa: Towards an Intrapreneurial Model

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Elie Virgile Chrysostome, Moncton University

North-South joint ventures are initiated more and more nowadays, and one of the reasons that justify their creation is the acquisition of new know-how, with the aim of developing new competencies that favour a better competitiveness. However, the strategic learning in a context of North-South joint ventures still remains a field in which little is known. The present research, which is a case study of the joint ventures in sub-Saharan Africa, is proposed to examine the practices of learning which these joint ventures use in order to see whether or not they develop strategic competences. The research results showed that these practices are especially those of an imitational learning and that newly developed competences were not enough strategic. In light of these results, the research then proposed a model of intrapreneurial learning that could ultimately lead to the development of strategic competencies

National Character, Personality and Consumer Behavior: The Case of Extraversion and Word-of-Mouth

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Todd Mooradian, College of William & Mary

Personality traits are proposed as a preferable way to construe and summarize differences in “national character” building on traits’ heritage of theory development and empirics in psychology. A trait approach is facilitated by recent advances in personality theory and methods and particularly by improved understandings in culture and personality per se. Traits also have the specific advantage of directly mapping individual-level as well as country-level differences. The current exploratory analysis relates consumer word-of-mouth, an important phenomenon in both the applied and academic marketing literatures, to intercultural differences in Extraversion, a high-level and robust personality trait. Results specifically clarify cross-cultural differences in word-of-mouth and, more generally, demonstrate the value of operationalizing national character in terms of personality traits.

Growth Triangles in Regions Bordering the Enlarged European Union (2004)

Zsuzsanna Vincze, Turku School of Economics and Business Administration (zsuzsanna.vincze@tukkk.fi)

The objective of this project is to examine European regional development processes in order to draw conclusions about the factors that facilitate and/or impede growth-triangle type of developments in Europe. In the project as a whole, the units of analysis are the smaller scale, more informal regional integration, i.e. existing and potential growth triangles in the area of the north-south borderline between European Union member countries by May 2004. The project understands this type of regional developments within globalisation, as the trend towards increasing interdependencies among neighbouring markets and the diffusion of new ideas, technologies, products, services and lifestyles through the neighbouring markets. It is believed that regional developments would enhance the competitiveness and attain high employment standards in certain areas of Europe. However, we still need studies, which can explain whether such strategies attract new investment from local, national and foreign investors in Europe. Will growth triangle strategies create new job opportunities as well as increased incomes, in order to improve the living standard and quality of life of the population in certain borderline areas? In turn, will they cope better with shifting and volatile patterns of international demand through their diversified and flexible production?

Context, Control and Expatriate Utilization in MNCs: An Empirical Study of Foreign-Owned Affiliates in the US

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Arvind V. Phatak, Temple University

This paper addresses the issue of control in MNCs through the utilization of expatriate versus local managers in wholly-owned foreign affiliates. Expatriates are viewed as a normative control mechanism which facilitates the transfer of valuable knowledge or know-how across organizational subunits. A model integrating the resource-based view, MNC control theory, and institutional theory is used to predict the effects of internal and external factors on expatriate utilization. Hypotheses are tested on a sample of 112 wholly-owned German, Japanese, and British affiliates in the United States. Regression analysis reveals that a strong corporate culture, acquisitions in the parent’s core business, and greenfield sites are strong positive predictors of increased utilization of expatriates. Industry is not a significant predictor, nor are the measures of asymmetry and embeddedness. Surprisingly, client-following affiliates do not exhibit greater expatriate utilization, except those engaged in service businesses.

Influences of Institutions, Social Systems, and Societal Culture on the Development of Interpersonal Trust

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Donald L. Ferrin, State University of New York at Buffalo

Trust is considered crucial to organizational success. Global issues increasingly affect organizations and trust; therefore trust should be understood from a global perspective. This paper addresses how institutions, social systems, and cultural values affect individual-level interpersonal trust. We argue that the appropriateness and strength of these macro-level factors create perceptions about appropriate trust behaviors, and we suggest cognitive mechanisms that aid this process. We also discuss implications for management in a cross-cultural setting.

Classification of Country-of-Origin: Foreground and Background

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Probably one of the most studied areas in international marketing is country-of-origin. The literature offers a countless amount of papers, studies, proceedings, work-in-progress, and similar related to country-of-origin and its effects on consumer behavior. Foreground and background studies are examined following a classification of country-of-origin studies previously introduced by Wise & Cobas-Flores (2003). This paper presents an extensive literature review of country-of-origin and its classification of foreground and background studies. The major groups considered in the foreground classification are research in marketing, construct decomposition, cross-cultural/national generalizability, and research in related areas. On the other hand, background studies are reviewed using three major groups: literature reviews, consumer behavior using country-of-origin as a research frame, and methodology and theory construction. This classification integrates and contrasts most of the studies employing the country-of-origin construct. Holistic studies, which combine foreground and background studies, are also included. Using this classification, the reader will be able to realize what others have done and how generalization can be attained.

1.3.1 - Track 5 - Global Strategy (Competitive)***Corporate International Strategy: Buy, Sell, or Hold?*****Presented On:** 7/11/2004 - 14:30-16:00**Chair:** William Newburry, Rutgers University**Discussant:** William Newburry, Rutgers University*Corporate Governance and Performance in Publicly Listed, Family-Controlled Firms: Evidence From Taiwan*

Jenifer Piesse, King's College (jenifer.piesse@kcl.ac.uk)

Igor Filatotchev, Bradford University School of Management

Yung-Chih Lien, King's College

Combining agency research and an institutional perspective, this paper analyses the effects of ownership structure and board characteristics on performance in large, publicly traded firms that are controlled by founding families. Using a longitudinal, multi-industry dataset of 228 firms listed on the Taiwan Stock Exchange (TSE) and taking account of possible endogeneity problems, we find that family control is associated with a higher performance measured in terms of accounting ratios, dividend payments and Tobin's Q. Share ownership by foreign financial institutions is also associated with better performance. Our results indicate that board independence from the founding family and board members' financial interests have a positive impact on performance, whereas board size is negatively associated with performance.

Geographic Scope of Operations by Multinational Companies: An Exploratory Study of Regional and Global Strategies

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In recent years, there has been an emerging stream of studies that challenge the idea of the importance of globalization for companies. One study even calls the common assumptions of globalization a “myth” (Rugman, 2001). Needless to say, this particular perspective has generated a lot of interest and debate. The present study seeks to review the regionalization strategies of the world’s largest MNCs and answer the following two empirical questions: What is the relationship between regionalization and global operations and performance? and What are the significant differences across MNCs that are regionalized in their operations relative to those that are not? Using a sample of 130 firms derived from the Directory of Multinationals listing of the largest multinationals in the world, hierarchical/sequential regression models and cluster analysis were used in the testing of hypotheses. Contrary to expectations, study findings indicate that an MNC’s global (i.e., non-regional) operations have higher profit margins than regional operations. Study findings also indicate that three distinct types of MNCs exist, namely: regional, global, and home-based. As argued by the proponents of regionalization, roughly 49% of the MNCs studied had a regional scope in international operations. Implications for theory and practice are presented.

Domestic Mindsets and Multinationality: The Moderating Role of Global/Multidomestic Industries

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Pol Herrmann, Iowa State University

This study examines the moderating effect of global and multidomestic industries on the relationship between domestic mindsets— knowledge structures that top managers utilize to make strategic decisions— and multinationality. Based on data of 171 firms from 20 industries, we found that: 1) complexity (breadth) of domestic mindsets was positively related to multinationality in multidomestic industries, but not in global industries and 2) centrality (focus) of domestic mindsets was positively related to multinationality in global industries and negatively related to multinationality in multidomestic industries. These results highlight the differences in the domestic mindsets required to cope in global and multidomestic industries.

1.3.2 - Track 5 - Global Strategy (Competitive)

Hazardous Waste or Fountain of Knowledge? Spillovers and Geography

Presented On: 7/11/2004 - 14:30-16:00

Chair: Tatiana Zalan, University of Melbourne

Discussant: Jennifer Spencer, George Washington University

Knowledge Spillovers: Geography, Technology and Intra-Firm Linkages

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This paper examines the absorption of external knowledge spillovers between industry peers when firms are multi-unit. While geographic dispersion of units within the firm is important, its impact on absorption of knowledge spillovers depends upon other organizational choices firms make. Technologically diverse firms that are geographically dispersed are likely to face greater challenges in utilization of external knowledge spillovers than similar firms that are geographically concentrated. However, geographically dispersed firms that are able to share knowledge across locations within firm boundaries via intra-firm linkages are more likely to absorb external knowledge spillovers. Empirically, I find strong support that the impact of such intra-firm linkages on knowledge spillovers increases with increasing geographic dispersion and with increasing technological diversity of the focal firm.

Knowledge Spillovers, Geographic Location, & the Productivity of Pharmaceutical Research

Jeffrey L. Furman, Boston University (furman@bu.edu)

Margaret K. Kyle, Carnegie Mellon University

While there is widespread agreement among economists and management scholars that knowledge spillovers exist and have important economic consequences, researchers know substantially less about the “micro-mechanisms” of spillovers – about the degree to which they are geographically localized, for example, or about the degree to which spillovers from public institutions are qualitatively different from those from privately-owned firms (Jaffe1986; Krugman1991; Jaffe1993; Porter1991). In this paper we make use of the geographic distribution of the research activities of the major global pharmaceutical firms to explore the extent to which knowledge spills over from proximate private and public institutions. Extraordinarily detailed data allow us to quantify the extent to which firm-level drug discovery output is driven by local research outputs. By focusing on spillovers in research productivity (as opposed to manufacturing productivity), we build closely on the theoretical literature on spillovers that suggests that knowledge externalities are likely to have the most immediate impact on the production of ideas (Griliches1992; Romer1986; Aghion1997). Second, our data allow us to distinguish spillovers from public research from spillovers from private, or competitively funded research, and to more deeply explore the role that institutions and geographic proximity play in driving knowledge spillovers.

*Incentives and the Flow of Knowledge*Amir Shoham, Ben-Gurion University & Negev Academic College of Engineering
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Varda Yaari, Ben-Gurion University

David M. Brock, Ben-Gurion University

In this paper, we develop a principal-agent, game-theoretic model of an MNC, intended to add to the understanding of how smart choices between incentives and monitoring structures are linked to an effective intra-firm flow of knowledge. We find that the equilibrium depends on: the efficiency of substituting incentives for monitoring; culture differences between HQ home country and the Sub host country; and the culture of the HQ home country regarding centralization of the decision making. Our study sheds new light on arguments within the International Management field about monitoring, incentives for managers, and managing knowledge transfer between Subs.

Closing the Knowledge Gap in Foreign Markets - An Organizational Learning Perspective

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Marjorie A. Lyles, Indiana University

Torben Pedersen, Copenhagen Business School

The study explores how firms close their knowledge gaps in relation to business environments of foreign markets. Potential determinants are derived from traditional internationalization theory as well as more recent literature on innovation and learning processes, including the concept of absorptive capacity. Building on these literature streams a conceptual model is developed and tested on a set of primary data of Danish firms and their foreign market operations. The empirical study suggests that the factors that pertain to the absorptive capacity concept – capabilities of recognizing, assimilating, and utilizing knowledge - are crucial determinants of knowledge gap elimination. In contrast, factors considered essential in traditional internationalization process theory are found to have very limited explanatory power.

1.3.3 - Track 1 - Political Economy (Competitive)

Country Risk Assessment and Firm Response

Presented On: 7/11/2004 - 14:30-16:00

Chair: Jiawen Yang, George Washington University

Discussant: Reid Click, George Washington University

Country Risk Ex Post Foreign Direct Investment: An Examination of Foreign Firms' Experiences in Costa Rica
Jennifer Oetzel, American University (oetzelj@american.edu)

The objective of this study was to examine how managers assess and manage political and economic risk (country risk) once their company's foreign direct investment (FDI) is on the ground. Utilizing a grounded theory building approach, I interviewed managers of foreign owned firms operating in Costa Rica in order to determine how they assess and manage country risk ex post investment. Despite facing a variety of economic and political risks, managers generally did not engage in any formal risk assessment. Findings also suggested several propositions. First, regardless of the overall size of the MNC, smaller subsidiaries may face greater political risk ex post FDI than larger subsidiaries. Second, companies in industries outside of those targeted by the host country government may face greater political risk than other firms. Third, political risk may be curvilinear rather than unidirectional over the life of an investment. If true, this may have important implications for the formulation of strategies to mitigate risk. It is hoped that the results of this study will contribute to the literature on country risk and bargaining theory as well as to the recent research on the role of the subsidiary in FDI.

An Interactive Framework for Assessing and Addressing Country Risk

Clarence J. Mann, University of Maryland University College (cmann@umuc.edu)

An Interactive Framework for Assessing and Addressing Country Risk -- Conventional country risk analysis tends to focus largely on go/no go entry decisions, emphasizing economic and political factors that are readily quantifiable. Yet the vast majority of oversea business risks arise after resources have been committed and often require qualitative analysis. This paper presents a five-step framework that expands on conventional approaches by incorporating a systems model for holistically analyzing the defining economic, political and cultural factors of any society. Through a 'social process triangle' model, dynamics of any society can be comprehensively mapped. The "interactive" aspect of the triangle enables a firm to capture and inter-relate all economic, political and cultural dynamics of a country. These in turn are interpreted through four lenses that capture the essence of a country's socio-economic system (including its mindset, management practices, institutions, ideologies and governmental policies) and enable a firm to monitor and track changes in the country environment.

An Analysis of Country Risk in the Context of Globalization

Zhan Su, Laval University (zhan.su@fsa.ulaval.ca)

Yao Amewokunu, Laval University

Country risk is inherent in the operations of multinational enterprises in foreign markets. This risk materialises if enterprises lose profits or do not attain specific objectives due to socio-political, economic and financial changes in a host country that are difficult to anticipate. However, the absence of one theory which deals directly with country risk induces an increasing number of definitions expressing the preoccupations or interests of the authors. The new world order forces us to challenge the existing approaches, for which country risk includes only political and financial dimensions. Therefore, in this paper we will give a critical analysis of the different trends in the understanding of country risk. This will allow us to propose a more complete understanding of country risk and an analytical model that will better demonstrate the interdependent relationships that characterise the current international context.

Foreign Direct Investment and Evaluation of Country Risk: An Empirical Investigation

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Jayaraman Vijayakumar, Virginia Commonwealth University

Rasoul Tondkar, Virginia Commonwealth University

This paper investigates the extent to which country risk ratings influence the inflow of foreign direct investment (FDI). Using IMF data from over 100 countries and Euromoney's country risk ratings over a ten-year period, this study found that country risk ratings have a significant influence on FDI. This effect is stronger for U.S. FDI. We also analyze the relative importance of the individual components of the country risk index.

1.3.4 - Track 3 - Emerging Markets (Competitive)***Internationalization Issues: The Case of China I*****Presented On:** 7/11/2004 - 14:30-16:00**Chair:** Witold J. Henisz, University of Pennsylvania**Discussant:** Jonathan Brookfield, Texas A&M University*Exploring the Practical Effects of Country of Origin, Animosity, and Price / Quality Issues: The Case of Taiwan's Acer in China*

Lyn Suzanne Amine, Saint Louis University (aminels@slu.edu)

Mike C.H. Chao, Saint Louis University

This paper revisits the question of COO effects and examines the new construct of consumer animosity by reference to attitudes toward Acer, a leading electronics company based in Taiwan. Acer's entry into Japan, the US and China is discussed. Based on brief reviews of relevant literature, a profile of Taiwan's national country image advertising campaign, and a new comprehensive case study of Acer, we develop and discuss four research propositions. Our findings lead us to believe that Acer is well positioned both to continue along the internationalization path and to promote its name as a widely recognized brand throughout Asia. We expect that our case analysis will provide valuable real-life information to both researchers and practitioners, demonstrating how Acer's astute marketing strategies are converting a potentially unreceptive market (China) into an important growth market. In future research, we will test the four propositions with data from an empirical survey of Chinese consumer opinions and attitudes toward Acer, the 'Made in Taiwan' label, as well as other COO stimuli. (168 words)

The Difficulties in Using a Cost Leadership Strategy in Emerging Markets

Daniel W. Baack, Saint Louis University (baackdw@slu.edu)

David J. Boggs, Saint Louis University

Emerging markets are increasingly becoming the focus of multinational companies (MNCs) and academics. An important, and often difficult, decision for MNCs entering these markets is the choice of a suitable generic strategy. The work of Porter (1980) posits three generic competitive strategies (differentiation, focus, and cost leadership) and asserts that to be effective MNCs should use only one strategy globally. In contrast, the strategic contingency perspective maintains that a successful strategy should fit the features of the environment in which it is implemented. This paper addresses this disagreement in the literature by discussing the transfer, by developed-country MNCs, of a cost leadership strategy to emerging markets. Theoretical arguments and business examples are used to support the points made. The conclusions are that cost leadership is rarely an effective strategy in emerging markets and that different strategies may be necessary for different environments. The paper concludes with a discussion of managerial implications and potential areas for future research.

Spatial Determinants of Japanese FDI in China

John Francis Cassidy, University College Dublin, Ireland (john.cassidy@ucd.ie)

Bernadette Andreosso-O'Callaghan, University of Limerick, Ireland

Research on foreign direct investment in China has spawned an increasingly large literature. Whilst regional cleavages with respect to the distribution of foreign direct investment (FDI) are acknowledged, empirical research on the spatial determinants of FDI in China has been limited. Furthermore, research on the spatial determinants of home country FDI in China has thus far been neglected due to difficulties in accessing the appropriate data. The objective of this paper is to examine the spatial determinants of Japanese direct investment in China by using an econometric model. To that purpose, a dataset is created from the Toyo Keizai directory on the overseas activities of Japanese companies. The results show that tertiary education, inland waterways, as well as coastal location are positive and significant determinants of Japanese investment in China.

Guanxi as a Special Informal Institution: Toward an Integrated Framework of Social Exchange

Peter Ping Li, California State University, Stanislaus (ptpli@toto.csustan.edu)

Reconciling and synthesizing the conflicting views about guanxi (loosely translated as a set of particularistic ties) in the broad context of institutional transition in China, in contrast to the views about social capital in the institutional context of the West, especially in light of the interactive co-evolution of formal and informal institutions, this paper seeks to provide a holistic, dynamic and dialectical perspective for the development of a comprehensive and consistent conceptual framework of organization, in which formal institutions, informal institutions and embedded actors delineate a dual-track interactive game of organized social exchange.

1.3.5 - Track 1 - Political Economy (Panel)***Institutional Systems and International Business: Emerging Research Themes*****Presented On:** 7/11/2004 - 14:30-16:00**Chair:** Arie Y. Lewin, Duke University and Michael A. Witt, INSEAD,**Discussant:** Lorraine Eden, Texas A&M University*Panelists:*

Arie Y. Lewin, Duke University (aylewin@attglobal.net)

Ram Mudambi, Temple University

Klaus E. Meyer, Copenhagen Business School

Vo Hung Nguyen, NISTPASS

Michael A. Witt, INSEAD

Explaining heterogeneity in business across countries is one of the central themes in the field of International Business. The institutional context seems to play an important role in introducing this heterogeneity, which suggests that there is explanatory leverage to be gained from deepening our understanding of the impact of institutions on business as well as the dynamics underlying change in the institutions themselves. This panel seeks to advance the scholarly debate about the interaction of institutions and business. It presents current research on two salient questions: First, exactly what kinds of organizational forms, behaviors, or capabilities are associated with what kind of institutional context? Second, at a higher level, how does the institutional context itself evolve over time in response to changes in endogenous preferences and exogenous conditions? This panel will entail the presentation of 3 papers, followed by comments from a discussant and a Q&A session.

1.3.6 - Track 2 - Economics (Competitive)

Global Financing Reporting Determinants

Presented On: 7/11/2004 - 14:30-16:00

Chair: Mohamed Azzim Gulamhussen, ISC TE - Business School

Discussant: Rob Larson, University of Dayton

National Culture and Financial Systems

Chuck C.Y. Kwok, University of South Carolina (ckwok@moore.sc.edu)

Solomon Tadesse, University of South Carolina

Countries differ in the way their financial activities are organized. In Anglo-Saxon countries such as the U.S. and the U.K., financial systems are dominated by stock markets whereas in Continental Europe and Japan, banks play a predominant role. Why do countries differ in the configuration of their financial systems? We argue that national culture plays a significant role. We find that countries characterized by higher uncertainty avoidance are more likely to have a bank-based system. The evidence supports the intertemporal risk-smoothing hypothesis of Allen and Gale (1997).

The Knowledge Dichotomy: A Knowledge-Based Explanation for Choice of Location by MNCs in EU Peripheral Regions

Bo Bernhard Nielsen, Western Washington University (bo.nielsen@wwu.edu)

Constantina Kottaridi, Athens University of Economics and Business

Comparing the two peripheral EU regions, i.e. the Nordic and the Southern regions, this paper investigates the 'knowledge dichotomy', i.e. the role of knowledge exploration vs. knowledge exploitation in explaining MNCs' strategic decision making about location of their subsidiaries. Although similar in terms of geographical position, locational advantages and disadvantages of the two regions are based in part- on the nature of their assets. A dichotomy is predicted according to which technological orientation attracts higher value-end production of the Schumpeterian type in the Nordic countries, whilst traditional cost-considering low-end activities of the Heckscher-Ohlin type are driven to the Southern countries. Our results show a clear division of FDI between the two peripheral regions based on the level and content of knowledge, indicating different sources of advantage of these regions. Important implications for policy and MNC location are discussed drawing on the role of policy design per se for developing competitive advantages and overcoming geographical disadvantages.

Global Convergence of Accounting Standards: Impact on Capital Markets and University Curricula

Lee H. Radebaugh, Brigham Young University (lee_radebaugh@byu.edu)

In 2005, listed companies in the European Union and Australia will be required to adopt International Financial Reporting Standards (IFRS) issued by the London-based International Accounting Standards Board for their consolidated financial statements. In addition, there is increased cooperation between the U.S.-based Financial Accounting Standards Board and the IASB to establish compatible standards so that eventually there will be one set of financial reporting standards for listed companies worldwide. However, there are still significant national differences to overcome, primarily rooted in cultural, legal, and political systems. The IASB and FASB are seen as organizations competing to see whose financial reporting standards will dominate worldwide listings. The objective of the panel is two-fold: to examine the trends in global convergence in accounting standards and to discuss ways to internationalize the accounting curricula to prepare students for these important changes. The panel will be formed of academics and professionals from the United States, Europe, and Australia to discuss these issues and to provide case studies on how some schools are dealing with the globalization of financial reporting standards. Three panel members have been confirmed.

1.3.7 - Track 3 - Emerging Markets (Competitive)

Strategic Issues in Central and Eastern Europe

Presented On: 7/11/2004 - 14:30-16:00

Chair: Susan Forquer Gupta, University of Wisconsin Milwaukee

Discussant: Jenifer Piesse, King's College, London

Strategic Flexibility in the Czech Republic

William Worthington, Texas A&M University (wjw4@tamu.edu)

The end of the Cold War has spawned the transition from a centrally planned economy to a market based economy for several Eastern European and Asian countries previously dominated by the Soviet Union. The volatility of these changes is a major source of uncertainty for the domestic firms within each country. Interorganizational relationships (IORs) enjoyed by these firms will likely ease the rapid transformation by adding strategic flexibility. Strategic flexibility is a key asset for any firm to possess in order to compete successfully in uncertain, changing environments (Smith & Zeithaml, 1996). Performance of such firms depends on their strategic flexibility (SF). Survey results indicate a link between interorganizational relationships and strategic flexibility. We also find support for a mediating effect of strategic flexibility between interorganizational relationships and performance. Empirical data are from a survey sample of 163 firms in the Czech Republic between 1999 and 2001.

Ownership, Intra-Industry Trade and Factor Intensities: The Case of Poland 1993-2000

Jorgen Uiff-Moller Nielsen, Aarhus School of Business (jum@asb.dk)

Konrad Pawlik, Aarhus School of Business

Using a unique database on imports and exports from public, private domestic and foreign-owned companies in Poland 1993-2002, this paper presents an analysis of the relation between intra-industry trade (IIT, measured by the Grubel-Lloyd index) and the ownership structure of Poland. Using a pooled regression model we find a positive association between the stock of FDI and the level of IIT for foreign-owned companies but no significant spill-over effects from foreign presence to the level and development of IIT for private and public domestic companies. A negative IIT growth for private and public companies and a small positive growth for foreign-owned companies in science-based industries indicate that advanced technological spill-over effects to the Polish economy are still in their infancy.

Meeting the New Competition in the Enlarged European Union: Can IT Exporters Provide a Model of Adjustment For Central European Companies?

Tomasz Mroczkowski, Kogod School of Business, American University (mrocz@american.edu)

The success of the upcoming fifth enlargement of the European Union will to a large degree depend on how effectively locally owned businesses adjust to the challenges of the new competition resulting from full integration. The paper first assesses the overall level of preparedness of locally owned companies in the Central European (CE) countries to join the EU in May 2004 as compared to the advantages enjoyed by EU-15 firms. While the overall level of preparedness of CE companies is low, some firms in high-tech sectors such as IT have developed more advanced internationalization strategies, giving them a better position to survive in the new environment. The second half of the paper presents the results of a survey of the competitiveness of IT exporting companies from the CE region. The paper concludes that a number of the companies from the IT sector are pursuing aggressive strategies of internationalization and product differentiation that could become a model for many Central European companies to emulate.

1.3.8 - Track 6 - Organization (Panel)***Language and Communication in International Management*****Presented On:** 7/11/2004 - 14:30-16:00**Chair:** Rebecca Marschan-Piekkari, Swedish School of Economics and Business Administration and Lena Zander, Stockholm School of Economics,*Language and International Management: A Review and Extension*

Denice Welch, Mt Eliza Business School, Australia (ldwelch@foxall.com.au)

Lawrence Welch, Mt Eliza Business School, Australia

Rebecca Marschan-Piekkari, Swedish School of Economics and Business Administration, Finland

Language, Communication and Social Knowledge in Foreign Knowledge Transfer to China

Peter J. Buckley, Leeds University Business School (pjb@lubs.leeds.ac.uk)

Martin Carter, Leeds University Business School

Jeremy Clegg, Leeds University Business School

Hui Tan, Leeds University Business School

Drivers of Interunit Communication in the Multinational Corporation

Wilhelm Barner-Rasmussen, Swedish School of Economics and Business Administration (wilhelm.barner-rasmussen@hanken.fi)

Ingmar Björkman, Swedish School of Economics and Business Administration

Language Diversity in International Teams

Jane Henderson Kassis, ESCP-EAP, European School of Management, France (jkassis@escp-eap.net)

International Management by Talking?: The Role of Communication and Language in Interpersonal Leadership

Lena Zander, Stockholm School of Economics, Sweden (lena.zander@hhs.se)

1.3.9 - Track 5 - Global Strategy (Competitive)***Where Did My Job Go? Is Outsourcing a Taboo or a Boon?*****Presented On:** 7/11/2004 - 14:30-16:00**Chair:** Ronaldo Parente, Salisbury University**Discussant:** Ivan Manev, University of Maine*Strategic Modularization and Performance Implications in the Brazilian Automotive Industry*

Ronaldo Parente, Salisbury University (rcparente@salisbury.edu)

Masaaki Kotabe, Temple University

This research revolves around strategy implications of modular production—a production method that has been increasingly adopted by global manufacturing firms. A conceptual framework is proposed and then tested using data from questionnaire survey of the automobile industry in Brazil. The conceptual framework examines the relationships between the determinants of strategic modularization and its effect on the performance of firms. In addition, our model describes moderating effects of codesign, physical proximity, and face-to-face communication. The findings indicate that the degree of strategic modularization seems to be determined by the level of customer requirements and by the extent of the firm's experience in collaborative relationships. Moreover, strategic modularization seems to have a positive direct effect on the speed of product development, product quality, relative strategic positional advantage, and relative market performance. Only physical proximity and the degree of face-to-face communication seem to have a moderating effect on market

performance. Finally, this study provides important theoretical contributions and sheds some light on these modular production issues while offering guidelines to executives in making the right decisions on modularization and providing managers a better understanding for implementing modular production in today's global business context.

The Convergence Strategies of Global High-Tech Companies: Application of SER_M Approach

Dong-Sung Cho, Seoul National University (dscho@snu.ac.kr)

Sang-Wuk Ku, Seoul National University

This paper analyzes the digital convergence strategies of global high-tech companies in network IT value chain with application of SER-M approach (Cho and Lee, 1998). Convergence in this paper can be defined as the situation that high-tech companies diversify their businesses to other related business sectors in network IT value chain. We analyzed the convergence strategies of 6 global high-tech companies which are SONY, Intel, Nokia, Microsoft, SK Telecom, and Yahoo. These companies could be positioned in each of business sectors in network IT value chain. Network IT value chain is composed of 6 business sectors which are core component, hardware, software, network, content, and service. And also, we applied SER-M approach which explains subject, environment, resource, and mechanism. We analyzed the convergence strategic drivers of the high-tech companies in the perspective of SER-M.

The Internet and the Internationalization of Small Knowledge-Intensive Firms: Promises, Problems Ad Prospects

Shameen Prashantham, University of Strathclyde (s.prashantham@strath.ac.uk)

Stephen Young, University of Strathclyde

This paper presents some exploratory insights; it is based on case studies and a preliminary quantitative study from a developing economy context (i.e., the software industry in Bangalore), concerning the role of the Internet in the internationalisation of small knowledge-intensive firms. Three main points are made in this paper. First, the Internet holds great promise in facilitating the internationalisation of small firms – especially those in peripheral regions like developing economies, and four small software firms in Bangalore that were studied shared this view. Second, Internet technology notwithstanding, traditional aspects of business such as the importance of face-to-face interaction and the building of trust remain vital; here a potential facilitator for small firms to overcome this barrier comes in the form of Internet-supported intermediaries. Third, ultimately the prospect that the Internet holds for internationalising resource-poor firms is that of international growth; a preliminary study of 30 Bangalore-based small software firms suggests that this notion holds credence and is worthy of further study, on a larger scale. These findings have implications for future research, practice and policy-making in terms of taking a holistic view of the use of Internet technology and the leveraging of network relationships.

Internationally Competitive Clusters in Developing Countries: India's IT Industry

Ravi Ramamurti, Northeastern University (r.ramamurti@neu.edu)

In this paper, we examine (i) the origins of India's internationally competitive cluster in Information Technology services, (ii) the sustainability of its competitive advantages, and (iii) the central role played by indigenous firms (rather than MNCs) in the cluster's emergence. We argue that Porter's diamond model may explain the rise of innovation-driven clusters in industrialized countries but it is less useful in explaining the origins in developing countries of production-driven clusters, which thrive on demand in far-away markets rather than home demand. We label such clusters "virtual diamonds." We find that the Indian cluster was built by indigenous firms, which painstakingly linked Indian supply with foreign (US) demand through a three-stage process spread over two decades. In the final stage, MNCs legitimized and strengthened the Indian IT cluster by locating service and R&D centers in India. We argue further that India's first-mover advantages, and technical upgrading by firms, make it likely that this dynamic cluster will remain internationally competitive in the future. Important implications follow for building internationally competitive clusters in developing countries and for the future of services outsourcing by industrialized countries.

1.3.10 - Track 2 - Economics (Competitive)***Global Corporate Governance and Structure***

Presented On: 7/11/2004 - 14:30-16:00

Chair: Iris Berdrow, Bentley College

Discussant: Robert Grosse, Thunderbird, AGSIM

Transparency and Corporate Governance in Malaysia Before and After the Asian Financial Crisis

Sidney J. Gray, University of Sydney (s.gray@econ.usyd.edu.au)

Tam Pham, University of New South Wales

Richard Morris, University of New South Wales

This paper examines whether improvements in firm-level corporate governance in Malaysia are associated with improvements in financial reporting transparency. The transparency levels of 104 Malaysian listed companies are examined in 1996 and 2001. Transparency is measured using indexes based on mandatory Malaysian accounting standards and those International Accounting Standards that are voluntary in Malaysia. While levels of transparency have improved since the crisis they are still relatively low. Explanatory variables examined include firm size, type of auditor, leverage, institutional shareholdings, shareholder dispersion, family control, and Malay ethnicity of directors.

When Do Owners Make a Difference? A Comparison of Market-Centered Versus Bank-Centered Governance

Sandra Marguerite Dow, University of Quebec at Montreal (sdow@jmsb.concordia.ca)

Jean M. McGuire, Concordia University

In this paper we examine the impact of significant ownership blocks on agency costs in market-centred (US) and bank-centred (Japan) governance structures. The analysis examines whether or not there exists a differential impact of ownership between two distinct governance regimes: market centred (US firms) and bank centred (Japanese firms). We find that significant owners in the US are generally quite effective in carrying out the monitoring function although the potential to consume private benefits increases as ownership stakes rise. In Japan, where managerial agency costs are of less concern, we find evidence that is consistent with entrenchment of powerful ownership blocks. Moreover, this entrenchment phenomenon is more pronounced among keiretsu members in contrast to independent Japanese firms. Our results also indicate that the propensity to consume private benefits is curtailed in poorer economic times.

Bank Governance and Performance

Ilduara Busta, Copenhagen Business School (ibv.int@cbs.dk)

This paper explains the special characteristics of the corporate governance of banks and its crucial role for good bank performance. Our findings can be briefly summarized into three main questions: (i) Why are banks different? Diverse features, such as, regulation, supervision, capital structure, risk, fiduciary relationships, ownership, deposit insurance... make banking firms special and their corporate governance unique with respect to other industries. (ii) What is different about bank governance? The dissimilarities come into view from the very beginning when we differentiate between three key strands of governance for banks: governance mechanisms internal to the firm, market discipline and regulatory and supervisory activity by the authorities. Boards of directors play a weaker disciplinary role in banks; even though boards are larger, more independent, have a superior number of committees and meet more often. Top executives compensation is higher in banking, but pay-performance sensitivity is lower. (iii) What works for banks? Within the governance system, the elements that seem to lead banks to increase performance are, among other, ownership concentration, certain levels of managerial shareholdings. Moreover, in a truly competitive environment, both in terms of product and corporate control markets, the external control machinery diminish the need for internal mechanisms.

Foreign Venture Capitalists' Institutionalizing Effects on the Internationalization of Entrepreneurial Ventures
 Markus Mäkelä, Helsinki University of Technology (markus.makela@hut.fi)
 Markku Maula, Helsinki University of Technology

Despite recent interest in the phenomenon of cross-border venture capital finance, roles and effects that foreign venture capital investors have on new venture internationalization have received little scholarly attention. We present an inductive case study of ventures with a foreign venture capital investor that actively participates steering the company, and with their primary markets abroad. Our results suggest that via their involvement, cross-border venture capitalists may introduce high costs for the venture. These effects result in institutionalization that appears to make the portfolio company similar to its peers in the location from which the focal venture capitalist operates. The paper illustrates how these isomorphic effects may positively contribute to developing the venture in cases where the isomorphic process drives them to internationalize on the 'right' markets for the company and according to an appropriate timing. In these cases, the cross-border investor may powerfully legitimate the investee firm in the foreign market, decreasing the liability of foreignness faced. These results imply that while planning cross-border investment rounds, entrepreneurial teams and local investors should carefully examine and decide internationalization objectives. The findings also imply that institutional arguments are relevant in explaining the internationalization behavior of firms.

1.3.11 - Track 5 - Global Strategy (Competitive)

Look Out! External Flows of Trade and Investment

Presented On: 7/11/2004 - 14:30-16:00

Chair: Mahmood A. Zaidi, University of Minnesota

Discussant: Jason Z. Yin, Seton Hall University

New Theory and Evidence on Intrafirm Trade

Subramanian Rangan, INSEAD (subramanian.rangan@insead.edu)

Metin Sengul, INSEAD

The share of all crossborder exchange that is coordinated internally within multinational enterprises (MNEs) is an excellent indicator of developments in global strategy. Still, intrafirm trade has remained relatively under theorized; in particular, the influence of MNE scope on intrafirm trade has not been developed. Also, the over time evolution in intrafirm trade has not been explored. In this paper we start to address these research opportunities. We develop hypotheses and explore the same in empirical analysis of a multi-industry U.S. MNE panel dataset spanning 16 years between 1982 and 1997. The analysis reveals: (i) MNE scope-related variables are significant in influencing intrafirm trade. Specifically, MNE geographic spread and corporate refocusing have pushed up intrafirm trade, whereas information technology spending and international competition (factors believed to reduce vertical scope) have pushed it down. (ii) In terms of evolution, while affiliate-affiliate intrafirm trade has, consistent with a "distributed network" depiction of MNEs, increased steadily, on an overall measure, it has, during the 1980s and 90s, remained in the neighborhood of around 28 percent.

Transforming the Scope of Activities of the Firm With Processes of Regional Economic Integration

Alvaro Cuervo-Cazurra, University of Minnesota (acuervo@csom.umn.edu)

Omar N. Toulan, McGill University

We study the influence of processes of regional economic integration on the scope of activities of large domestic firms. Building on the resource-based theory of firm growth, we contend that these processes alter the availability and value of resources in the product and factor markets which in turn affect the scope of firm activities. As a result, domestic firms show theoretically predicable patterns of evolution in their set of activities:

they are likely to slightly reduce their core vertical integration, deeply reduce their supporting vertical integration, reduce and then increase their related diversification, reduce their unrelated diversification, increase and then reduce their inward internationalization, and deeply increase their outward internationalization.

The Impact of Barriers to Export on Export Marketing Performance

Craig C. Julian, University of Adelaide (craig.julian@adelaide.edu.au)

Zafar Ahmed, Texas A&M University at Commerce

This study examines the impact that various barriers to export have on the export marketing performance of Queensland export market ventures. This study considers a comprehensive set of potential barriers to export identified from the literature. The unit of analysis was firms engaged in exporting to foreign markets. Data were gathered via a self-administered mail survey directed to the Managing Director of 689 Queensland firms identified by a Queensland State Government department as being involved in exporting. The firms comprising the sample were manufacturing firms. The findings indicate that export venture management characteristics and adapting to foreign market needs as barriers to export were the significant predictors of export marketing performance.

1.3.12 - Track 6 - Organization (Competitive)

Managing Innovation I: Setting the Stage

Presented On: 7/11/2004 - 14:30-16:00

Chair: Douglas Sanford, Towson University

Discussant: William H. A. Johnson, Bentley College

Setting the Stage for Efficient New Product Development: An Empirical Study of the Hong Kong Electronics Industry

Edwin K. W. Kwong, Fujitsu Microelectronics Pacific Asia Limited (edwink@fujitsu-hkdc.com)

Margaret A. Shaffer, Hong Kong Baptist University

This study examines how major actors in new product development (NPD) – champions, NPD teams and management – influence the cost of NPD. Managers from 53 electronics firms evaluated their most recently completed NPD projects. Regression analyses support the effects of NPD process on reducing NPD cost. When project radicalness is incorporated as a moderator, all variables, including champion leadership, team cohesion, team norm, goal clarity, management support and NPD process, played important roles in lowering NPD cost. These findings suggest that NPD cost control requires an orchestrating effort among actors.

Integrative Management Practices and the Exploration/Exploitation Dilemma in Large Established Japanese and U.S. Firms

Annique Un, Cornell University (cau3@cornell.edu)

I conduct comparative case analyses of large established U.S. and Japanese firms to understand how they manage employees to deal with the exploration/exploitation dilemma of knowledge creation. I find that although the firms tend to use different integrative management practices, these are not related to the country of origin. Instead, they are a reflection of theoretically distinct ways of managing employees to create knowledge. The practices can be grouped into three models, depending on how they are used on the employees: non-task-specific, task-specific, and hybrid. What has been called the Japanese way is actually a non-task-specific model of managing employees, whereas what has been called the American way is a task-specific model of managing employees. There is also a hybrid model that combines characteristics of both non-task-specific and task-specific models. Furthermore, each model has a similar impact on the solution of the

exploration/exploitation dilemma; all of them enable the achievement of both exploitation and exploration, rather than one at the expense of the other. However, there seems to be an order among the model in terms of the achievement of these two outcomes: the non-task-specific appears to be better, followed by the hybrid, and then the task-specific model.

Perceived Cultural Diversity and Their Benefits in New Ventures: Theoretical and Empirical Findings

Ricarda B. Bouncken, Brandenburg Institute of Technology (bouncken@tu-cottbus.de)

Founders of new ventures require internal resources but also external resources from networks during the formulation of their business idea and early growth of the venture. Cultural diverse founder teams may provide the emerging firm with diverse and diverse resources and networks, which improve the innovativeness of their idea and its implementation. However, cultural diverse teams are confronted with problems of misunderstanding that foster conflicts maybe detaining the survival and growth of the new venture. This study aims to explore forms and major influences from cultural diverse founders and their networks on the formulation of the innovative idea and on early growth. We build on a combination of the entrepreneurship theory and works from scholars on national cultures. The findings will be supported by six case-studies of cultural diverse founder teams in different stages of the entrepreneurial process, which show dissimilar approaches to cross-cultural management. The paper delivers insights about the process of new venture generation by cultural diverse founders. As a serendipitous finding the paper provides insights about diverging perceived cultural diversity. While giving managerial implications the paper contributes to an improved management of new ventures by cultural diverse founders.

The Role of Business Environments in the Formation of Entrepreneurial Cognitions: A Comparative Business Systems Research

Dominic S. K. Lim, University of Western Ontario (dlim@ivey.uwo.ca)

Eric A. Morse, University of Western Ontario

In this study, we investigate the relationships between business environments and entrepreneurial cognitions in the context of a venture creation decision. We focus on two aspects of business environments: cultural values and the type of business system (capitalism). Through a partial least squares (PLS) analysis on a sample of 760 entrepreneurs and non-entrepreneur business managers from eight countries, we holistically examine the causal relationships between cultural values, the type of business system and entrepreneurial cognitions. Entrepreneurial cognitions constructs investigated are arrangement, willingness, and ability scripts. Cultural values were found to mainly affect willingness scripts, while the type of business system had significant impact on arrangement and willingness scripts. Among three cognitive scripts, arrangement scripts are the most significant influence on a venture creation decision. Our contributions are threefold. First, we contribute to entrepreneurial cognitions theory development by investigating the role of various socio-environmental factors in the formation of entrepreneurial cognitions. Second, our findings confirm the relationship between the type of business system and a venture creation decision, which yields substantial implications for economic policy making. Finally, through an integrative research design, we demonstrate the viability and potential of comparative business systems approach in international entrepreneurship research.

1.4.1 - Track 4 - Alliances (Competitive)

Alliance Performance I: Role of Strategy

Presented On: 7/11/2004 - 16:30-18:00

Chair: Bahar Ceritoglu, Marmara University

Discussant: Shih-Fen S. Chen, Brandeis University

Growth Options Implications of International Joint Ventures

Tony W. Tong, The Ohio State University (tong.40@osu.edu)

Jeffrey J. Reuer, University of North Carolina - Chapel Hill

Mike W. Peng, Ohio State University

Real options theory suggests that joint ventures (JVs) confer valuable growth options to firms, but empirical research has yet to provide direct evidence on whether firms actually capture growth option value from JVs. In this paper, we first empirically estimate growth option value for a sample of firms and investigate how this value is related to their investments in international joint ventures (IJVs). We then develop a contingent view of growth options in IJVs and investigate the contingency effects of three important structural attributes and characteristics of IJVs. Our findings suggest that IJVs do enhance firms' growth option value, but only under certain circumstances. Specifically, we find that minority IJVs and diversifying IJVs have significant effects, and that other types of IJVs do not, even for those located in emerging economies seen as providing firms significant growth opportunities.

Knowledge Flows and Innovative Performance in Biopharmaceutical MNEs

Mo Yamin, Manchester School of Management (mo.yamin@umist.ac.uk)

Juliet Otto, GlaxoSmithKilne

This paper examines the impact of knowledge flows on Innovative performance for MNEs in the biopharmaceutical sector for the 1996-2001 period. The theoretical framework and hypotheses are derived from the literature on knowledge creation in the 'differentiated' MNE which emphasises the embeddedness of subsidiaries and the effect of such embeddedness on the subsequent integration of subsidiary knowledge with the rest of the MNE. Knowledge flows are measured by patent citations and co-patenting (the latter is better suited to capture more tacit knowledge flows). Innovative performance is measured at the level of the firm and is indicated by the number of patents per R&D spend. The findings indicated a stronger linkage between knowledge flows and innovative performance for biotechnology MNEs compared to pharmaceutical MNEs. In particular biotechnology MNEs rely more on external knowledge flows which has a strong positive impact on innovative performance. By contrast Pharmaceutical MNE rely more on internal knowledge flows.

Determinants of International Strategic Alliance Performance: A Meta-Analysis

Rekha Krishnan, Tilburg University (r.krishnan@uvt.nl)

Paulo. V Cunha, Tilburg University

The past decade has witnessed a significant growth in the number of studies examining the international strategic alliance performance. Although this area of research continues to attract research attention, there is little empirical consensus over the direction and magnitude of the determinants of international alliance performance. In this paper we use meta-analysis to provide quantitative synthesis of the empirical literature on the determinants of international strategic alliance performance. Our findings indicate that the behavioral variables like trust and communication have the highest positive impact on alliance performance among others. Conflict between partners systematically dampens international strategic alliance performance. Furthermore, cultural distance does not have a significant impact on alliance performance. We discuss the implications of these findings and offer directions for future research.

Do Japanese Firms Outperform U.S. Partners in Interfirm Cooperation?: Stock Market Valuation of Technology Alliances

Byung H. (Brian) Lee, California State University, Fullerton (blee@fullerton.edu)

Do Japanese firms perform better than U.S. partner firms in strategic alliances? Past research has suggested that Japanese firms are more benefited from interfirm cooperation than U.S. counterparts. In this study, we examined how stock markets value interfirm cooperation between U.S. and Japanese firms by using 228 alliances formed in high-tech industries during the period of 1995-2000. The results showed that stock markets expected that U.S. firms would perform better in technology alliances with Japanese partners, contradictory to prior work warning of potential erosion of competitiveness through alliances with Japanese firms. We also found that R&D investment significantly influenced market valuation effects of Japanese firms, while the similarity of technology bases between partners generated positive returns for U.S. firms.

1.4.2 - Track 5 - Global Strategy (Panel)

Globalisation and Innovation: The Multinational's Dilemma

Presented On: 7/11/2004 - 16:30-18:00

Chair: Balasubramanian Elango, Illinois State University

Discussant: Jeffrey L. Furman, Boston University

Profiting From Innovation: When Does Participation in the Global Innovation System Contribute to Firm Performance?

Jennifer W. Spencer, George Washington University (jspencer@gwu.edu)

Gurneeta Vasudeva Singh, George Washington University

This paper uses patent data to investigate the relationship between firms' strategies to leverage knowledge from their global innovation system and their market valuation, measured as Tobin's q. Hypotheses proposed that firms that appropriated knowledge from their global innovation system, evidenced by citing foreign research in their patent applications, would achieve higher market valuation than firms that did not. It was also proposed that this effect would be stronger in industries that were more globally-integrated. Empirical results showed that firms that appropriated knowledge from their global innovation system did earn higher market valuation in globally integrated industries. However, no such relationship arose in industries displaying less global integration.

Technological Strategies of the Largest Foreign MNCs in the European Regions

John Cantwell, Rutgers University and University of Reading (cantwell@rbsmail.rutgers.edu)

Lucia Piscitello, Politecnico di Milano

Since the late 1970s, large MNCs have increasingly extended or diversified their fields of technological competence through their use of internationally integrated networks for technological development. This has given rise to a distinction between traditional home base exploiting (HBE) and more locally creative home base augmenting (HBA) investments. Using counts of patents attributable to large firms in specified industries in regions within the largest European economies, HBE and HBA innovative activities are identified. All such foreign-owned MNC efforts depend positively on local inter-industry spillovers and intra-industry foreign-to-foreign spillovers, but the local science base impacts positively only upon HBA activities.

What Way(s) to Impactful Innovation? A Japan-U.S. Comparison and Empirical Test
 Xavier Martin, Tilburg University (x.martin@uvt.nl)
 Atul Nerkar, Columbia University

Research on international R&D differences has offered evidence that Japanese R&D is incremental while U.S. R&D is radical. In this paper we show that the differences in R&D outputs between Japanese and American inventors are systematically associated with differences in the knowledge inputs that Japanese and American inventors choose to use as part of the R&D process. We present a framework relating knowledge inputs into the innovation process with the subsequent technological impact of a patented innovation. We predict systematic differences between Japanese and U.S. R&D projects with respect to their input use strategies. In the context of the optical disk industry we show that incremental R&D efforts are indeed more likely to originate within Japan while more radical R&D efforts originate in the United States. Furthermore, this difference in the output of R&D efforts being undertaken in Japan versus the United States is a result of differences in the knowledge creation process between Japan and the United States, as predicted in our input strategy framework.

Innovation in Multinational Subsidiaries: The Role of External Knowledge, Sourcing Capacity and Combinative Capability

Anu Phene, University of Utah (mgtp@business.utah.edu)
 Paul Almeida, Georgetown University

Firms differ in their ability to recognize, absorb and exploit external knowledge. This paper suggests that the capacity to recognize and absorb outside knowledge (which we term sourcing capacity) is distinct from the capability to integrate it internally with other knowledge (combinative capability) and thus exploit it through innovation. The study constructs and tests a structural model to investigate how sourcing capacity and combinative capability facilitate innovation. The paper studies innovation in the context of the subsidiaries of multinational corporations, which can access knowledge from two sets of external sources – other firms within the multinational corporation and firms in the host country. Thus the study also tests whether (and which) sources of external knowledge are useful to innovation. Using patent citation data and partial least squares analysis, the study finds that a subsidiary's sourcing capacity facilitates the absorption of external knowledge from both sources. However absorbed external knowledge does not directly enhance innovative performance. It is the combinative capability of the subsidiary that permits the exploitation of absorbed knowledge. We find that only knowledge sourced from host country firms (not from the MNC) enhances innovative performance.

1.4.3 - Track 6 - Organization (Competitive)

Culture's Influences: Advances in Theory

Presented On: 7/11/2004 - 16:30-18:00

Chair: Yifeng Nancy Chen, Hong Kong Lingnan University

Discussant: Yifeng Nancy Chen, Hong Kong Lingnan University

The Moon and the Sun of Culture: Cross-Cultural Management From a Paradox Perspective
 Tony Fang, Stockholm University (tony.fang@fek.su.se)

For decades the field of international cross-cultural management has been predominated by a functionalist "either/or" paradigm of analyzing national culture in terms of bipolarized cultural dimensions. The strength of this paradigm lies in its clarity and parsimony in isolating cultural dimensions and juxtaposing one culture against another along these dimensions, thereby facilitating cross-cultural comparisons. But the paradigm does not seem to cope well with real-life observations and the ever-increasing intricacies, diversities, and dynamism of national culture in today's globalizing cross-cultural management environment. The purpose of this article is to develop a new perspective, that of paradox, to understand national culture and international cross-cultural

management. The article argues that culture is a paradox. National culture embraces paradoxical orientations in values, beliefs, attitudes, and behavior. National culture, in effect, undergoes both stability and change. A "both/and" paradox perspective with its philosophical roots in the Oriental Yin Yang philosophy is postulated to capture the richness and dynamics of culture. The article offers both research and managerial implications. Keywords: change, cross-cultural management, globalization, national culture, paradox, regional culture, subculture, Yin Yang

Exploring the Mediating Role of Authentic and Pseudo-Vertical Harmony in Leadership Processes: A Study in Taiwan

T.K. Peng, I-Shou University (tkpeng@isu.edu.tw)
Kuen-Yung Jone, Kaohaiung Medical University
Jim-Tang Wang, Kaohsiung Medical University

This study attempts to shed light on the influence processes of leadership by exploring the mediating role of vertical harmony in the relationship between transformational leadership and subordinate outcomes. Vertical harmony was dichotomized as authentic and pseudo depending on the quality of leader-follower interactions. Instrument was developed to measure the two types of harmony. Hierarchical regression analyses with survey data from 790 participants in Taiwan indicated transformational leadership's positive relationship with authentic vertical harmony and negative relationship with pseudo-vertical harmony. Hypotheses about the mediating role were partially supported. Implications for future research of vertical harmony and for managerial practices are addressed.

Western Originated Management Theories and Developing Countries

Tarik Timur, Memorial University (tarik@mun.ca)

It is a generally accepted fact that for decades the United States has been the dominant country in management education and management theory development. Every year, hundreds of thousands of students go to the home of management discipline to learn more about the art and science of management and return to their countries to implement what they learned in the United States. Developing countries are full of managers and academicians who are influenced by American management philosophy and techniques. The literature is full of management theories and solutions to management problems. But, how universal are these theories? By offering solutions, is it not presumed that these problems are common problems that could be found anywhere in the world, let alone question the universality of the solutions? The objective of this paper is to examine the main philosophy underlying the Western-originated management theories and underscore the situation created by the implementation of these theories in developing countries. It is argued that national culture affects management theories and practices in many ways, and it is time for developing countries to form management theories of their own.

In Search for a Bridge Between the Subjectivist and Positivist Studies of Culture in Cross-National Comparative Management

Laurence Romani, Stockholm School of Economics (iiblr@hhs.se)

A more fruitful dialogue within cross-cultural management could take place if a bridge between the two dominant paradigms inspiring studies (interperative and objectivist) was found. This paper explores the core of the methodological program of the dominant body of research in international comparative management (quantitative cross-national comparative management studies) in search for such a bridge. It first finds a conceptual similarity: cultural dimensions are not culture-free tools to compare cultures but subjectivist. This similarity supports the introduction of meanings in the core of cultural analysis as a bridge between the two paradigms. The paper discusses the implications of the conceptual similarity and the contribution from introducing meanings in the analysis of cultural values in quantitative cross-cultural comparative management studies. It shows the path toward a possible theoretical framework for developing cross-cultural management comparisons in between universal values and personal cognitions.

1.4.4 - Track 3 - Emerging Markets (Panel)

An Emerging Market Perspective on Global Strategy and Success

Presented On: 7/11/2004 - 16:30-18:00

Chair: Gerhard A. Wuehrer, Johannes Kepler University; Ven Sriram, University of Baltimore and Zeynep F. Bilgin, Marmara University,

Panelists:

Jozsef Berács, Budapest University
 Vito Bobek, University of Maribor
 Rajan Chhibba, Filip, India
 Helena Chiu, National Kaohsiung First University of Science and Technology
 Rusty Mae Moore, Hofstra University
 Dilek Zamantili Nayir, Marmara University
 Ashok/Meera Vasudevan, Tasty Bite, India

A brief look at the conference general topic reveals that the proposed panel fits very well within this context and is highly contributive to creating new perspectives for the audience. In fact, the basic idea of the panel is to identify and discuss the unique strategy factors responsible for the success of EM firms in global markets and thereby to create new dimensions/paradigms for marketing knowledge. The panel deals with the following questions: 1. What is really going on in Emerging Markets (EMs) from the point of view of international marketing operations? 2. What are the drivers of success for firms in EMs. 3. Are there unique success factors experienced in EMs that help as a guide to MNCs not familiar with these markets?

1.4.5 - Track 1 - Political Economy (Panel)

Were Hymer Writing Now: Stephen Hymer, International Business Scholarship and 'Globalisation'

Presented On: 7/11/2004 - 16:30-18:00

Chair: Christos N. Pitelis, University of Cambridge

Panelists:

Christos N Pitelis, CIBM, University of Cambridge (c.pitelis@jims.cam.ac.uk)
 Edward M. Graham, Institute for International Economics
 Peter J. Buckley, Centre for International Business, University of Leeds (CIBUL)
 Paz Estrella Tolentino, Birkbeck College, University of London
 John H. Dunning, University of Reading and Rutgers University

In his PhD thesis and subsequent work, Hymer dealt with the very defining issues of the field, that is why foreign direct investment (FDI) versus alternative types of foreign operations such as licensing, and the internal organization of multi-national firms (MNEs). He also dealt with some of today's widely debated issues, under the banner of "globalization", including MNEs and uneven and dependent development, global inequality and alternatives to multinational capitalism. There have been extensive debates about Hymer's explanation of FDI and the MNE - in particular the extent to which he dealt with transaction-cost related, and/or structural market failures - but very little discussion of Hymer's many other ideas, assertions and predictions. These include his "law of increasing firm size", his "law of uneven development", his views on the M-form organization, interpenetration of investments and global collusion, the ability of MNEs to maintain control with outsourcing, and his view that there exist better alternatives to "globalization". Nevertheless, Hymer has arguably failed to deal with very important issues, such as resource-based related views, and inter-firm cooperation. The panel aims to assess Hymer's contribution to IB, the relevance of his ideas today, and how his ideas can help advance IB research.

1.4.6 - Track 2 - Economics (Competitive)

Capital Markets and Global Business

Presented On: 7/11/2004 - 16:30-18:00

Chair: Elizabeth Maitland, University of New South Wales

Discussant: Raj Aggarwal, Kent State University

Stock Market Integration in ASEAN After the Asian Financial Crisis

Reid W. Click, George Washington University (rclick@gwu.edu)

Michael G. Plummer, John Hopkins University

This paper considers the degree to which the five stock markets in the original Association of Southeast Asian Nations countries (ASEAN-5) are correlated as a way to assess the feasibility of policy initiatives to enhance ASEAN stock market integration and the implications for portfolio investors. In particular, this paper considers whether the ASEAN-5 markets are integrated or segmented using the time series technique of cointegration to extract long-run relations. The empirical results suggest that the ASEAN-5 stock markets are cointegrated and are thus not completely segmented by national borders. However, there is only one cointegrating vector, leaving four common trends among the five variables. We therefore conclude that ASEAN-5 stock markets are integrated in the economic sense, but that integration is far from complete. On a policy level, initiatives to further integrate the stock markets are feasible, and in fact desirable. From the perspective of the international portfolio investor, benefits of international portfolio diversification across the five markets are reduced but not eliminated.

Common Risk Factors in Returns in Asian Emerging Stock Markets

Gordon Y.N. Tang, Hong Kong Baptist University (gyntang@hkbu.edu.hk)

Wai Cheong Shum, Hong Kong Baptist University

This paper examines the application of the Fama and French's (1993) three-factor model in three Asian emerging markets (Hong Kong, Singapore and Taiwan). The empirical evidence is consistent with the U.S. findings that the model can explain most of the variations in average returns. However, we find that the main contributing factor is the contemporaneous market excess returns. The impact of the size effect and book-to-market (BE/ME) factor is limited and in some cases insignificant, particularly in the Singaporean and Taiwan stock markets. When the three-factor model is modified by using lagged market excess returns instead in order to check for the predictability, the explanatory power of the model drops substantially but both the risk factors for size and BE/ME are now able to contribute significantly in explaining the cross-sectional variations of stock returns. Their predictive powers are strongest for small-size with high BE/ME portfolios.

Aggregate Imports and Bank Credit in Southeast Asia: A Cointegration Analysis

Tuck Cheong Tang, Monash University, Malaysia (tang.tuck.cheong@buseco.monash.edu.my)

This study has investigated the presence of a long run equilibrium relation of aggregate import demand function in the five Southeast Asia economies namely, Malaysia, Singapore, Indonesia, Thailand and the Philippines. The bank credit is included as non-traditional variable into import demand specification. The empirical results show that the volume of imports, relative price, domestic real activity, and bank credit are cointegrated in Indonesia and Thailand. However, no long run relationship is found for import demand behaviour in Malaysia, Singapore and the Philippines. The study provides some relevant for policy implications in particular, devaluation to improve the trade balances.

Stock Price Reaction to Capital Expenditures: Discredit of Investors?

Jairo Laser Procianoy, EA/UFRGS + LVBS (jlprocianoy@lvbs.edu.br)

This study provides evidence on stock price reaction to corporate investment decisions. Unlike other studies which consider announcements to be a costly signal of investment decisions made by each company's management, here quarterly net long term asset and net fixed asset account changes were considered. The results show a correlation between the changes in these accounts and that in stock price. We have come to the conclusion that these figures give us a different perspective from already found empirical evidence concerning announcement reactions and what is asserted in investment decision theory and stock pricing. Investors wait for managers' words of confirmation to react to stock prices.

1.4.7 - Track 3 - Emerging Markets (Competitive)***Market Orientation and Joint Venture in Emerging Markets***

Presented On: 7/11/2004 - 16:30-18:00

Chair: Karen D. Loch, Georgia State University

Discussant: Karen D. Loch, Georgia State University

The Impact of Market Orientation on the Internationalisation of Retailing Firms

Pervez N. Ghauri, Manchester School of Management, UMIST (pervez.ghauri@umist.ac.uk)

Helen Rogers, Manchester School of Management, UMIST

Katharine George, Manchester School of Management, UMIST

This paper investigates a Western retailer's market orientation levels in two emerging markets. We examine whether the market orientation–company performance link holds true for retailers in emerging economies, despite environmental differences. By using concepts from key studies we have assimilated a fully representative model - applied through interviews with top management from Tesco (a UK-based supermarket chain). We find that the market orientation–business performance link is valid for Western retailers in emerging economies. These retailers apply market orientation predominately through; the use of matching with suppliers of own brand goods; top management emphasis on market orientation and risk taking; intelligence generation and dissemination via global processes (e.g. Brand Review).

A Taxonomy of Emerging Market Joint Ventures

Hemant Merchant, Simon Fraser University (hmerchan@sfu.ca)

Empirical studies of the shareholder valuation impact of firms' international joint venture (IJV) participation have usually emphasized firm-specific factors, but rarely extended their analysis to location-specific factors. This is a crucial omission because the two sets of factors are inter-connected vis-à-vis their influence on firms' economic performance. Yet, previous work has neither identified how the two sets of factors complement each other nor investigated the effect of these complementarities on the shareholder value of firms who enter into IJVs. This study attempts to fill the noted gaps. The study first develops a typology of IJVs, and then performs cluster analysis on a sample of more than 200 equity IJVs. Results indicate eight clusters in the data, including three clusters with positive shareholder value creation. In deriving support for its six hypotheses, this study highlights both shareholder value-creating and shareholder value-neutral configurations of firm- and location-specific variables.

Diagnosing the Barriers to Food Retail Modernization: The Case of Israeli Arabs

Arieh Goldman, Hebrew University, Jerusalem School of Business Administration
(msgold@mscc.huji.ac.il)

Hayel Hino, Hebrew University, Jerusalem School of Business Administration

The paper studies the state of food retail modernization of the 1.2 Arab citizens of Israel. This group concentrates in a number of geographical areas and reside in Arab cities, towns and villages and in Arabic neighborhoods in the large cities. They are served by an Arab owned food retail system that is much more traditional than that serving Israeli Jewish population. This system consists of variety of traditional retail formats and about 100 supermarkets. Our study focused on identifying the barriers to the advancement of retail modernization. Study shows that socioeconomic factors, found in earlier studies in other emerging countries as the main barrier, have no impact in this case. The tendency to purchase perishable food lines in traditional outlets and the geographical diffusion barrier (distance of modern formats) were found to be the main limitation in supermarkets' market share growth. Further, we find that both of these factors are influenced by cultural and ethnic habits characterizing the study population.

Managing Ongoing Inter-Partner Relationships Within International Joint Ventures: An Empirical Investigation

Fan Liang, University of Tasmania (fan.liang@utas.edu.au)

Stephen Nicholas, University of Sydney

This paper examined the ongoing IJV partner relationship, including cooperation, conflict and conflict resolution strategies. Their implication for IJV performance was also investigated. Data came from Yunnan Province, a typical transitional sub-region of China. Non-parametric techniques were used in this study. It was found that a cooperative inter-partner relationship alleviated conflict between partners and encouraged partners' reliance on internal, over external, conflict resolution strategies. A cooperative inter-partner relationship of IJVs and appropriate selection of conflict resolution strategies also contributed to a satisfactory IJV performance. The contribution of the study lies in that the ongoing inter-partner relationship of IJVs was examined in a dynamic transitional economy, revealing the important roles of maintaining a cooperative relationship between IJV partners and using appropriate conflict resolution strategies.

1.4.8 - BALAS Session I: The "Janet Kelly" Panel (Panel)

Dealing Effectively with Latin America's Ethically-Questionable Practices and High-Risk Business Environment

Presented On: 7/11/2004 - 16:30-18:00

Chair: Miguel P. Caldas, Loyola University New Orleans

Special session organized by the Business Association of Latin American Studies (BALAS)

Panelists:

Harvey Arbelaez, Monterey Institute of International Studies (harvey.arbelaez@miis.edu)

Miguel Caldas, Loyola University New Orleans

Bryan Husted, ITESM, Monterrey, Mexico and Instituto de Empresa, Madrid

Marina Onken, Touro University International

1.4.9 - Track 5 - Global Strategy (Competitive)***Networks: Links for Lifts***

Presented On: 7/11/2004 - 16:30-18:00

Chair: Benjamin Stahl, Uppsala University

Discussant: Jongmoo Jay Choi, Temple University

Regional Business Networks in the Multinational Retail Sector

Stephane Justin Gilbert Girod, University of Oxford (stephane.girod@sbs.ox.ac.uk)

Alan M. Rugman, Indiana University

In this paper we examine the network relationships of a set of large retail multinational enterprises (MNEs). We apply the flagship/network model (made up of five partners: MNEs; key suppliers; key partners; selected competitors; and key organizations in the non-business infrastructure) to analyze the strategies of three retailers whose geographic scope, sectoral conditions and competitive strategies differ substantially. These three firms are Tesco and The Body Shop, two UK-based multinational retailers, and Moët Hennessy Louis Vuitton (LVMH), a French-based global retailer. We find evidence of strong network relationships for these three retailers, but they do not embrace network strategies for the same reasons. Their flagship relationships depend on each retailer's endowment of firm-specific-advantages (FSAs) and country-specific advantages (CSAs) and the conditions for transfer across borders. We provide recommendations on why and when to use a flagship based strategy and which type of network partners to prioritize in order to succeed internationally. Keywords: retailers; flagship; networks; LVMH; Tesco; The Body Shop; multinational enterprises; firm-specific advantages; country-specific advantages.

Focus on Your Customer: External Business Networks and Performance in Foreign Investments

Janet L. Shaner, IMD (shaner@imd.ch)

Martha L. Maznevski, IMD

For a firm, networks of relationships with organizations such as clients, suppliers, bankers, government agencies and industry associations may help build legitimacy and improve performance in foreign investments. This paper examines the links among foreign investment, legitimacy, social network and contingency theory and their relationship to the operating performance of a multinational firm. The results suggest that the composition of one's networks, as well as the structure, do influence firm performance in foreign investments. This information should help managers to develop more effective strategies for daily operations as well as for market entry, product extension and human resources strategies.

Toward a Knowledge-Based Conceptualization of Internationalisation

Shameen Prashantham, University of Strathclyde (s.prashantham@strath.ac.uk)

This conceptual paper makes three contributions to the internationalisation literature in response to previous criticisms by enabling (a) integration of apparently contradictory strands of the literature; (b) a clearer articulation than in the past of the role of network relationships; and (c) incorporation of the potential role of the Internet. Knowledge is at the core of received wisdom on internationalisation and apparent tensions in the literature can be resolved by recognising its different types, consequently varying roles and diverse sources. Furthermore, network relationships – of growing significance in the literature – yield social capital, which in turn leads to knowledge acquisition and creation; thus knowledge may partially mediate the role of these ties. Finally, consistent with the knowledge-based approach adopted in the paper, application of Internet technology is conceptualised in terms of information effects viz., information dissemination, acquisition and sharing which could lead to, respectively, enhanced international growth, knowledge and social capital.

1.4.10 - Track 6 - Organization (Competitive)***Managing Innovation II: Leading and Guiding***

Presented On: 7/11/2004 - 16:30-18:00

Chair: James Stewart, University of Maryland, University College

Discussant: John A. Volkmar, Gettysburg College

The Mediating Role of Innovation Strategy on the Relationship Between Industry Structure and National Context with Firm Performance

Brent B. Allred, College of William & Mary (allred@business.wm.edu)

K. Scott Swan, College of William & Mary

In this study, a comprehensive model of industry structure and national context is developed and tested to better understand the influences on firm innovation strategy and performance. Archival financial data from 730 companies in thirty countries and ten industries, along with national level data, was collected to test the mediation model and hypotheses. The results of the analyses provide support that both industry structure and national context play an important role in influencing firm innovation strategy and performance. In particular, industry dynamism and a country's patent protection were found to be positively related to firm performance. These relationships were mediated by the firm's innovation strategy. The findings of this study support the need to include both industry and national effects in research.

Does Socio-Cultural Context Affect the Relationship of Leadership to Innovation Influence? A Search For New Answers in the International Domain

Detelin S. Elenkov, University of Tennessee (delenkov@utk.edu)

Ivan M. Manev, University of Maine

We examine the role of socio-cultural context for leadership and its role for top managers' (TM) influence on innovations. This study develops a model for which suggest that, on the one hand, TM leadership is directly influenced by socio-cultural context, and, on the other, socio-cultural context moderates the relationship between TM leadership and TM influence on innovation. Data from 1,773 respondents in 12 European countries suggests support for a culture-specific view of leadership: socio-cultural context directly influences leadership factors and moderates the effects of leadership on TM influence on organizational innovation. However, the results do not confirm the hypothesized moderating effect of socio-cultural context on the relationship of TM leadership with TM influence on product/market innovation. Therefore, in their quest for successful innovation, top managers in MNCs need to adapt their leadership in bridging to the socio-cultural context in host countries.

Fostering Subsidiary Technology Innovation

John W. Medcof, McMaster University (medcof@mcmaster.ca)

William H. A. Johnson, Bentley College

Technological innovation in the subsidiaries of MNC's is analyzed using an extended version of agency theory that overcomes the weaknesses of that theory pointed out by Doz and Prahalad (1991). According to the theory, different structural configurations differentially foster innovation. It also implies a need to adopt broader definitions of control and the need for improved understanding of goal internalization methodologies and the paradox of formalization. Implications for theory, research and managerial practice follow.

1.4.11 - Track 5 - Global Strategy (Competitive)***Internationalization and Performance: Who Does it Better?***

Presented On: 7/11/2004 - 16:30-18:00

Chair: Ravi Ramamurti, Northeastern University

Discussant: Ravi Ramamurti, Northeastern University

Internationalization and Firm Performance: Meta-Analytic Review and Future Research Directions

Hardy Wagner, University of St. Gallen (hardy.wagner@unisg.ch)

Winfried Ruigrok, University of St. Gallen

Despite three decades of management research on the relationship between internationalization and firm performance, no consensus exists about its direction and magnitude. By synthesizing and analyzing research findings from 62 studies (174 samples, N = 35,631), we find empirical support for a non-zero, positive impact at the aggregate level. Equally important, meta-analysis reveals that the form of the relationship is dependent on contextual settings (i.e., 'company size' and 'company nationality'). Therefore, we develop a parsimonious moderator set (scale, scope, mode, object, goal, and pace and rhythm of internationalization) that may be used by future researchers as a platform for programmatic and systemic contextual inquiry.

Multinationality and Performance: Review, Reflection, and Research Agenda

Lei Li, University of Portland (lil@up.edu)

This paper provides a reflective review of the literature on the relationship between a firm's multinationality and its performance. It suggests the following areas for further conceptual and empirical development: (1) the cost efficiency implications of multinationality; (2) the causal relationship between a firm's multinationality and its performance or more realistically the endogenization of multinationality in connection with firm performance; and (3) conceptual refinement and measurement of multinationality as a construct. In addition, this paper proposes a conceptual model as an agenda for future research.

Economic Consequences of International Diversification: FDI Experiences of Australian Firms

Tatiana Zalan, University of Melbourne (tzalan@unimelb.edu.au)

Geoffrey Lewis, Melbourne Business School

Kevin Jarvie, Partners in Performance International

This study investigates the critical issue of the economic consequences of international diversification based on the foreign direct investment experiences of sixty-four large Australian firms during the period 1992-2001. The key findings of this study are that multinational firms destroyed economic value and were not rewarded for internationalisation by the stock market. We also find that 1) the firms that invested internationally do not out-perform purely domestic firms, 2) the returns from firm's foreign assets are generally lower than returns from their domestic assets, 3) there is no relationship between the degree of internationalisation and firm performance and 4) the domestic operations of multinational firms do not out-perform domestic firms. Confronted with this empirical evidence, we question why multinational firms would pursue value-destroying international diversification for which they are not rewarded by the stock market. We speculate that the most plausible interpretation of these results comes from agency theory and the phenomenon of the 'merger preference'

Liability of Internationalization: A Technical Efficiency Perspective
 Lei Li, University of Portland (lil@up.edu)

This paper proposes a meta technical efficiency perspective in the context of multinational enterprises (MNEs). It applies the stochastic frontier production function technique (SFPP) to investigating a sample of U.S. manufacturing MNEs and finds that an MNE normally encounters two phases of "liability of internationalization" in the course of its international expansion. In addition, it shows that the firms with intensive investment in internal competency development tend to alleviate or even avoid the "liability of internationalization" and enjoy a prolonged period of effective international expansion.

1.4.12 - Track 6 - Organization (Competitive)

Knowledge I: Networks and Flows

Presented On: 7/11/2004 - 16:30-18:00

Chair: Carlos Garcia-Pont, IESE

Discussant: David C Thomas, Simon Fraser University

Creating and Transferring Collective Knowledge Patterns in Networks - A Constructivist Perspective on Communication -

Michael Behnam, European Business School (michael.behnam@ebs.de)

Ulrich Gilbert Dirk, University of New South Wales

Vera Schueerhoff, European Business School

The problem of creating and transferring knowledge is one of the most critical issues in international networks. However, there is only little systematic understanding of the interplay between the knowledge sharing processes on the individual and organizational level. Against this background, the research contributions of this paper are threefold: Firstly, the paper underlines the primary role of worldwide learning and knowledge creation within Bartlett and Ghosal's concept of the transnational corporation. Secondly, the paper applies a new theoretical approach - the constructivism - into research on networks and demonstrates how it can be utilized to address the problem of efficiently create and transfer knowledge in networks. Thirdly, this paper sheds new light on the understanding of knowledge and thereby might help to sensitize managers for the complex individual and social procedures underlying knowledge transfer processes. Because of the many facets of knowledge, its inter-unit transfer cannot simply be managed by the company headquarters, it has to be seen as a complicated interplay of communication. Therefore three levels of knowledge transfer can be distinguished: the individual, subsidiary and network level. By drawing back on a constructivist perspective of communication we will show how viable knowledge patterns in networks could be constituted.

Knowledge Exploitation in Multinational Corporations: The Role of Centers of Excellence and Transnational Teams

Maria Andersson, Uppsala University (maria.andersson@fek.uu.se)

Katarina Lagerstrom, Uppsala University

We link this study with the recent literature on the existence of Centres of Excellence and transnational teams, and in particular, with the recent stress on the roles of these organisational forms, by which knowledge exploitation within multinational corporations (MNCs) occurs. Using unique case-study data - drawn from the same MNC- to explore theoretical arguments in recent research, interesting implications emerge. The main implication brings to question the existing view of knowledge exploitation as being a linear process of development, sharing, and utilisation, in that the empirical data indicates that it is a simultaneous process. Another important implication concerns the contradiction between striving for a common knowledge foundation and ongoing differentiation within MNCs.

Learning by Networking: Knowledge Search and Sharing in Multinational Organizations
James Nebus, Northeastern University (j.nebus@neu.edu)

The problems employees face in locating knowledge among distributed pockets of expertise can be particularly acute in large multinational organizations. This study focuses on people searching for knowledge by contacting others. The research questions are: why does a knowledge searcher contact a particular person for knowledge? And when does a person cross borders to look for knowledge, as opposed to source it locally? The developed theory predicts that the antecedents of a knowledge searcher contacting a potential knowledge source are four latent constructs: the contact's knowledge value, the searcher's expectation that the contact will share this knowledge, the searcher's estimated cost to obtain this knowledge, and the contact's accessibility to the searcher. The theory is tested in a field study within 12 European subsidiaries of an American HQ based MNE. The sample Data consisted of survey reports from 133 dyads, whose members include salespersons and consultants working on an RFP response task. The study's results underscore the importance of collegial relationships, as a knowledge seeker is likely to follow these informal networks while performing a knowledge search. In addition, data supported an information channel's reach as a predictor of a knowledge seeker traversing borders during the knowledge search.

The Impact of Manageable Mechanisms on Interunit Knowledge Flows in Multinational Enterprises
Magnus Persson, Uppsala University (magnus.persson@fek.uu.se)

Based on a sample of 75 subsidiaries this study investigates the impact of different subsidiary networking activities, organizational operational structure, and subsidiary control mechanisms on amounts of inter-subsi-dary flows of technological knowledge. Results indicate that temporary team structures are the most efficient networking method, followed by liaison mechanisms, and that permanent team structures have a negative impact on internal knowledge flows. Further, the operational structure of the firm, defined as internal product flows, has no impact on inter-subsi-dary knowledge flows. Finally, the use of incentive systems and socialization are strongly influencing knowledge sharing across subsidiaries in MNE 's.

ABSTRACTS FOR MONDAY, JULY 12, 2004

2.1.1 - Track 7 - Marketing (Panel)

Global Customer and Supplier Management

Presented On: 7/12/2004 - 08:30-10:00

Chair: Masaaki Kotabe, Temple University-IGMS

Panelists:

George Yip, London Business School (gyip@london.edu)
Tomas Hult, Michigan State University
Matthew Myers, University of Tennessee
Omar Toulan, McGill University

This panel will provide an integrated view of global customer and supplier management. Managing global customers and suppliers are broad topics that should appeal to a wide range of AIB members as they have implications for international management beyond their specific activities. For example, MNCs need to develop many aspects of their global management processes in order to implement global customer or global supplier management programs. Looking at the interface of marketing and supply chain management also adds to the appeal. The four panelists will bring different theoretical perspectives: global supplier relationships (Tomas Hult), customer segmentation theory (Matthew Myers), contingency theory (Omar Toulan), and industrial organization and dyadic relationships (George Yip). The panelists will address: 1. Tomas Hult – Knowledge Management and Global Supplier Relationships 2. Matthew Myers - Customer Driven Global Supply Chain Designs 3. George Yip – Global Customer-Supplier Management: A Dyadic View 4. Omar Toulan - Global Account Management And Inter-Organizational Fit. The chair, Mike Kotabe, will also bring his extensive experience of global supply chain management.

2.1.2 - Track 5 - Global Strategy (Panel)

Local Roots, Global Links

Presented On: 7/12/2004 - 08:30-10:00

Chair: Yves Doz, INSEAD

Panelists:

Yves L. Doz, INSEAD (yves.doz@insead.edu)
Peter Williamson, INSEAD
Seija Kulkki, Helsinki School of Economics
Jose Santos, INSEAD
Veli-Pekka Niitamo, Nokia
Julian Birkinshaw, London Business School

This panel focuses on how MNCs can best access and exploit unique local strategic resources - in particular complex collective knowledge from a local "cluster" - by both growing local roots in multiple locations, and by building global links, connecting multiple subsidiaries, alliances, and networks. How effectively MNCs develop this capability in today's knowledge-based economy will determine their future role as global brokers of strategic resources, and their sustained leadership in the global economy. This is one of the central issues in international business research and practice. The session includes three brief presentations by researchers (each focusing on a particular knowledge - intensive geography; Finland, Israel and Singapore) and two commentaries, one from the perspective of a knowledge - intensive corporation (Nokia) and one from that of an academic researcher who has studied how local entrepreneurship in MNCs subsidiaries plays a key role in global innovation.

2.1.3 - Track 6 - Organization (Competitive)

The Dilemma of Organizational Cultures in Multinational Organizations

Presented On: 7/12/2004 - 08:30-10:00

Chair: Susan C. Schneider, University of Geneva

Discussant: Mary Yoko Brannen, San Jose State University

Global Organizational Culture? - Modeling the Relationship Between National and Organizational Culture
Lena Zander, Stockholm School of Economics (lena.zander@hhs.se)

Cultural diversity challenges multinational companies (MNCs). To implement a global organisational culture, believed to be universal and culture-free begs the question whether it is possible to create without the influence of the home country's national culture. In the literature, national culture is seen as influencing organisational culture in the following ways: as a macro-variable in the external environment or as a micro-variable with people as culture carriers. A model is outlined proposing that company's 'task' and 'life story' generates elements of organisational culture that lead to firms differing within the same national context whereas the 'national culture' and 'societal institutions' are mechanisms leading to similarities across firms' organisational culture. The notion of a global culture-free organisational culture is challenged and discussed.

Merger of Two Subsidiaries: An Integration of Cultures as a Strategic Challenge
Krzysztof Obloj, University of Warsaw and L.Kozminski AEM (kobloj@wspiz.edu.pl)

This paper explores factors that influence actions at MNCs' subsidiaries during post-merger integration period. It addresses an intriguing question: what are the factors that will disrupt integration of two subsidiaries of multinational companies operating in the same country, same industry, using same technology and employing similar type of people? To answer this question I focus on micro-management of post-merger integration of two subsidiaries that operate as marketing satellites in pharmaceutical industry in Poland. The research was done at the intersection of academic research and consulting project. I was invited by management of two subsidiaries to offer solutions to the problems of integration as they arise. As a result I was able to document the integration process, with a focus on cultural problems that proved to be the most important barrier to integration

Addressing the Confusion of Organizational Culture: A Chinese-Inspired Binary Typology for Bridging Cultural Models

Mondo Sectar, Simon Fraser University (secter@telus.net)

Over the last four decades, scholars have developed dozens of typologies for representing basic cultural conditions and the types they define. Each typology advances a set of core domains or universal dimensions, usually ranging from two to nine. Many are presented in imaginatively useful graphic models. Two problems can be attributed to these. First, there is little agreement on what constitutes culture, and no consensus on a single domain. Second, there is little capacity to transfer data or findings between models, leaving scholars with no method of relating their results. These problems prevail even though the domains in most models have much in common. This paper introduces a Binary Matrix typology for modeling culture and cultural domains, by integrating two domains with three (a square with a cube). The semantic character of the domains and types they define is borrowed from the eight trigrams in the Chinese I-Ching Classic (Book of Change). I present a critical overview of more than forty cultural models. The number and variety of these attests to the prevailing state of confusion and disagreement in studying culture. I propose the binary matrix as a model for translating between typologies.

Culture and Social Cognition

Catherine T. Kwantes, University of Windsor (ckwantes@uwindsor.ca)

Cheryl A. Boglarsky, Human Synergistics Inc.

Differences between national samples' descriptions of what aspects of organizational culture are related to organizational, leadership, and personal effectiveness were examined using archival data from Canada, Hong Kong, New Zealand, South Africa, the United Kingdom, and the United States. Additionally, differences in preferred organizational culture were explored. Significant differences were found for both the perceptions of organizational relationship and organizational culture preferences. Social cognition was used as an explanatory framework for how these differences develop.

2.1.4 - Track 4 - Alliances (Competitive)***Alliances vs. Acquisitions in Entry*****Presented On:** 7/12/2004 - 08:30-10:00**Chair:** Angelika Lindstrand, Stockholm School of Economics**Discussant:** Vanessa Ratten, Queensland University of Technology*The Motives for International Acquisitions: Capability Procurements, Strategic Considerations, and the Role of Ownership Structures*

Shih-Fen S. Chen, Brandeis University - International Business School (shihfen@brandeis.edu)

Multinationals can start up greenfield ventures or acquire existing firms to enter foreign countries. This study posits that the motives for international acquisitions also depend on the decision of full vs. partial ownership, in that full acquisitions are more likely to be motivated by capability procurements, but partial acquisitions are more inclined to be driven by other strategic considerations. By splitting a sample of Japanese investments in the US into two sub-regimes, this study further confirms that the determinants of acquisitions are indeed specific to whether entries are made through full or partial ownership. In addition, the results show that ownership decisions have a non-linear impact on the choice of greenfield vs. acquisitive entries.

Greenfield Investment or Acquisition: The Combined Effects of National Cultural Distance and Subsidiary Autonomy

Arjen H.L. Slangen, Tilburg University (a.h.l.slangen@uvt.nl)

Jean-François Hennart, Tilburg University

This paper examines the effects of cultural distance (CD), the planned degree of subsidiary autonomy, and their interaction on an MNE's establishment mode choice, i.e. greenfield or acquisition. Previous studies have argued that an increasing CD leads MNEs to prefer greenfields over acquisitions, as a large CD complicates the integration of acquired subsidiaries. However, these studies did not always find supporting evidence. We argue that this is due to the fact that the integration difficulties associated with acquisitions in culturally distant countries are considerably reduced if acquired subsidiaries are allowed to operate autonomously, which should significantly lower an MNE's preference for greenfields in culturally distant countries. We test this contention on a sample of 246 expansions by Dutch MNEs into 52 countries, and – after controlling for a variety of other factors that have been found to influence establishment mode choice – find that an increasing CD leads to greenfields, but that this relationship is significantly weaker when subsidiaries are granted considerable autonomy. We also find that – keeping CD constant – MNEs planning to grant little autonomy to their subsidiaries prefer greenfields, and that this effect is mainly caused by the planned degree of subsidiary autonomy in production.

Entry Mode Choice and Foreign Direct Investment: Lessons From the Automotive Supplier Sector
Charalambos Th. Constantinou, University of Edinburgh, Management School and Economics
(charalambos.constantinou@ed.ac.uk)

The objective of this paper is to bring the Foreign Direct Investment (FDI) and Entry Mode Choice (EMC) literatures under the same umbrella and identify whether the choice of managers to enter a foreign market through a specific alliance is rational. Rationality translates into whether managers' decisions are driven by shareholders wealth maximisation objectives or whether their decision on how to enter a foreign market is driven by self-oriented motives. The set up of this paper is an international sample of automotive component suppliers involved into five types of cross-border alliances during the period 1990-2000: acquisitions of public targets, acquisitions of divested subsidiaries, acquisitions of divested assets, equity joint ventures, and contractual joint ventures. The results suggest that entry mode determinants proposed by the EMC literature can explain a significantly high percentage of entry mode choices of the automotive suppliers and also some of these determinant variables have a significant impact on the shareholders wealth. The impact, however, is not always the one expected.

Parent Intention, Resource Condition, and Control System: Examining the Determinants of Parent Control in International Joint Ventures

Dong Chen, Rutgers University (dongchen@pegasus.rutgers.edu)
Seung Ho Park, CEIBS/Rutgers

Parent control is the vehicle through which a joint venture can be managed to fulfill parent firms' objectives. In this study, we constructed an integrative framework of parent control in international joint ventures (IJVs). Parent control was categorized into three different types: output control, process control, and social control. The major determinants of each type of control were identified by investigating parent firms' attributes, inter-parent relations, and parent-IJV relations. We tested the framework with primary survey data on 259 IJVs in the People's Republic of China. Empirical findings showed that the multinational partners that seek financial returns tend to manipulate IJV outputs and enhance social regulation, while those focusing on exploring new markets are more likely to monitor routine operations. Parent firms' property contribution helps them increase output control and process control, while relationship contribution enhances their process control and social control. IJVs' importance to and dependence on parent firms turn out to be important predictors of output and process control, while parent competence positively affects all types of parent control. The research results indicated the distinctive features of each type of parent control and provided important implications for the design of parent control system in IJVs.

2.1.5 - Track 2 - Economics (Competitive)

Learning from the Other: MNE's as a Source of Control

Presented On: 7/12/2004 - 08:30-10:00

Chair: Tuck Cheong Tang, University of Monash

Discussant: Joseph A. Clougherty, Wissenschaftszentrum Berlin (WZB)

Multinational Firms and International Knowledge Diffusion: Evidence Using Patent Citation Data
Jasjit Singh, Harvard Business School (jasjit@jasjitsingh.com)

To understand the role of MNCs in international knowledge diffusion, I analyze citation patterns for half a million patents from 4,400 firms and organizations across six countries. I estimate the probability of individual knowledge flows using a weighted maximum likelihood approach for choice-based samples. My overall results suggest that there are significant bi-directional knowledge flows between MNCs and their host countries, but MNCs contribute less to host country knowledge than they gain from it. For knowledge flows within host countries, my specific findings are: (1a) Knowledge flows from domestic entities to MNC subsidiaries are as

strong as those between domestic entities; (1b) Knowledge flows from MNC subsidiaries to domestic entities are weaker on an average, with the pattern differing across sectors and countries; (1c) MNC subsidiaries are particularly good at learning from each other. For knowledge flows across borders, I find that: (2a) MNCs are as good at transferring knowledge from their subsidiaries to the home base as from the home base to the subsidiaries; (2b) Greater MNC subsidiary activity increases cross-border knowledge flows between host country domestic entities and the MNC home base, but the MNC home base gains more from it than the host country domestic players do.

Testing the Determinants of Multinational Subsidiaries' Export Behavior: A Cross-Country Empirical Study

Ana Teresa Tavares, University of Porto (atavares@fep.up.pt)

Stephen Young, University of Strathclyde

The paper tests the determinants of multinational subsidiaries' export behavior, focusing on the link between the strategic roles of subsidiaries, and their export patterns. A crucial finding is the negative relationship between value-added scope and export intensity. Subsidiaries which are larger, more recent, and located in smaller markets, are also more export-oriented. The results indicate that exports per se are not automatically beneficial, and challenge conventional wisdom on the effectiveness of traditional export-promotion policies.

Firm Configuration and Internationalization: A Model

Peter J. Buckley, Leeds University (pjb@lubs.leeds.ac.uk)

Niron Hashai, Hebrew University

We present a discrete choice model that exhibits a rigorous analysis of the location and control dilemmas of internationalizing firms. The model relates simultaneously to a destination country and to a resource abundant one, and differentiates between the costs of performing specific value adding activities and the costs of transportation and information flows. Based on the model we offer several static and dynamic propositions that enable us to derive new insights regarding the configuration of internationalising firms with different product attributes.

Going Global and Going Public: The Effect of Multinationality on the Performance of Newly Public Firms

Ram Mudambi, Temple University (ram.mudambi@temple.edu)

Susan Mudambi, Temple University

Arif Khurshed, University of Manchester

Smaller and younger firms are "going global" and account for an increasing share of multinational activity. Young and entrepreneurial companies around the globe are also "going public", with a prodigious increase in public listings and stock market capitalization. Surprisingly, neither the strategic management, marketing, entrepreneurship or finance literatures have addressed the question of the effect of multinationality on the performance of newly public firms. Does multinationality matter for newly public firms? Using data from UK firms, we find that multinationality does matter. Multinationality has significant and positive effects on long run initial public offering (IPO) financial performance. We also find that the factors affecting multinational IPO performance differ systematically from those affecting domestic IPO performance. The research findings present important implications for managers and researchers.

2.1.6 - Track 6 - Organization (Competitive)***Understanding Expatriates I: Addressing the Local - Global Dilemma***

Presented On: 7/12/2004 - 08:30-10:00

Chair: Jane Salk, University of Texas at Dallas

Discussant: Jane Salk, University of Texas at Dallas

Localization in China: Expatriate Perspectives

Jan Selmer, Hong Kong Baptist University (selmer@hkbu.edu.hk)

Many foreign firms intend to localize their business operations in China. The incumbent expatriates' ability and willingness to bring about their own replacement is crucial. However, expatriates could be less than enthusiastic about the prospect of making themselves redundant. They may not be mentally prepared for such an endeavour, considering themselves unable or unwilling to localize, impeding such a process. To examine this proposition, a mail survey was directed to Western business expatriates in China. Results showed that there was a negative relationship between localization and expatriates' unwillingness to localize, because they prefer to stay-on or are of the opinion that localization is not necessary. However, expatriates' perceived inability to localize was not associated with localization. Considering one self unsuitable to train locals or that it is not one's job to train local employees did not seem to obstruct localization as expected. Implications for firms intending to localize their business operations in China are discussed in detail.

Overcoming Liability of Foreignness by Expatriates in Local Workgroups

Arpita Joardar, University of South Carolina (arpita@sc.edu)

Tatiana Kostova, University of South Carolina

This paper examines how an expatriate sent to work with host country nationals at a foreign location gains acceptance there, given the phenomenon of liability of foreignness (LOF). We develop the concept of individual liability of foreignness and explain its mechanism using the social identity theory and the acculturation theory. The sources and remedies of individual liability of foreignness are identified. Using LOF as the overarching framework, we argue that an expatriate would be able to overcome the liabilities of foreignness and gain acceptance in the local workgroup under three conditions – (i) if he/she displays socially attractive behavior, (ii) if there is considerable similarity in the culture of the expatriate and the host country, and (iii) if the expatriate is high on cultural intelligence. Moreover, the relationship between socially attractive behavior and group acceptance of the expatriate is moderated by the local employees' perception of the sincerity of such behavior and the host country culture on the individualism dimension.

National Culture and MNE Subsidiary Control

David M. Brock, Ben-Gurion University (dmb@bgumail.bgu.ac.il)

Amir Shoham, Ben-Gurion University & Negev Academic College of Engineering

Oded Shenkar, Ohio State University

We investigate expatriate assignments as a vehicle for managerial control in multinationals. Our theoretical development and hypotheses indicate that not only will power distance be a particularly powerful predictor of expatriate assignment—both at home country level as well as in terms of cultural distance—but also that there will be an asymmetrical effect of home versus host country culture. We also investigate an age effect of expatriate incidence in high power distance contexts over time. Data collected from a multi-country sample of 236 subsidiaries allowed for analyses using various techniques and two different measures of the expatriate assignment. Results indicate support for all the hypotheses.

2.1.7 - Track 3 - Emerging Markets (Competitive)

Ownership/Governance in Emerging Markets

Presented On: 7/12/2004 - 08:30-10:00

Chair: Deidre Bird, Providence College

Discussant: Daniel G. Van Den Bulcke, University of Antwerp

Agency Costs of Controlling Minority Owners: Evidence From Korean and Indian Business Groups
Chinmay Pattnaik, Yonsei University (chinmay@yonsei.ac.kr)

This study examines the agency costs of controlling minority owners evident in Korean Chaebols and Indian Business Houses. Controlling minority owners are defined as owners with fraction of cash flow or ownership rights in a firm but possessing high control or voting rights using cross shareholding or pyramidal ownership structure. The agency cost of the controlling owner is significant in family based business groups with their participation in management and discretion over firms under their control. This facilitates their entrenchment to extract private benefits of control. This research emphasizes on two aspects of agency problems of such controlling minority ownership structure. First, the impact of the difference between control (voting) rights and ownership (cash flow) rights on firm value. Second the impact of identity of controlling owner on firm value. Empirical results show the value of the firm (net income) decreases with the increase in the divergence between control and ownership rights consistent with the minority shareholder expropriation hypothesis. The impact of family ownership and firm value is found to be non-linear. The firm value increases with the increase in family ownership up to a certain threshold decreasing there after.

Firm Behavior in the Face of Government Corruption

Jamie D. Collins, Texas A&M University (jamiemcollins@tamu.edu)

Nikolaus T. Uhlenbruck, Texas A&M University

In this study we investigated a phenomenon which nearly every company involved in international business has to deal with at some point – government corruption. We specifically focus on the relationship between social capital and the practice of engaging in corrupt transactions. This project is one of the few management research projects to-date which has sought to understand firm-level dynamics of corruption in international markets. The results indicate that corruption is perceived as an institution which firms, both foreign and domestic, take into consideration when making strategic management decisions. As was expected, there is a significant divergence from the stated perceptions of corruption and the practice of engaging in corrupt transactions in India. The results further indicate that firms in industries which are more professionalized are less likely to engage in corrupt transactions than are firms in less professional industries. Finally, the results of this study suggest that social capital (at the firm level and at the executive level) is a good predictor of whether or not firms will engage in corrupt transactions.

Foreign Investor Participation in Privatizations: Does the Institutional Environment Matter?

Jean-Claude Cosset, Université Laval (jean-claude.cosset@fas.ulaval.ca)

Narjess Boubakri, HEC Montreal

Omrane Guedhami, Memorial University of Newfoundland

Mohammed Omran, Arab Academy for Science and Technology

Using a two-stage estimation procedure, we examine the determinants of foreign investors' participation in the privatization process of developing countries, with a particular emphasis on the role of the institutional environment. First, we estimate the probability that foreign investors target privatized firms in a given country. We show that an investor-friendly institutional environment which protects shareholders' rights favors foreign investors' participation. Foreigners also prefer large firms from high growth economies and socially stable countries with low political risk. Second, we restrict our analysis to those firms that foreign investors actually choose. We show that the use of private sales is a key determinant of foreign investors' stake in a privatized firm.

2.1.8 - Track 1 - Political Economy (Panel)

Building Bridges Under Conditions of Adversity

Presented On: 7/12/2004 - 08:30-10:00

Chair: Michael R. Czinkota, Georgetown University

Panelists:

Coskun Samli, University of North Florida (jsamli@unf.edu)

Gabriele Suder, CERAM

John T. Steen, University of Queensland

Peter W. Liesch, University of Queensland

Gary Knight, Florida State University

Joachim Bueschken, University of Ingolstadt/Eichstaett

Peter Walters, The Hong Kong Polytechnic University

This is a revised proposal for a two period panel focusing on coping with adversity - an area which is under researched but (unfortunately) growing in importance. In light of the change of venue from Istanbul to Stockholm, several speakers have withdrawn. However I have held on to most of them and am trying to gain participation one or two more practitioners from the Nordic countries.

2.1.9 - Track 1 - Political Economy (Competitive)

Ethical Issues in International Business

Presented On: 7/12/2004 - 08:30-10:00

Chair: David B. Allen, Instituto de Empresa

Discussant: Jonathan Doh, Villanova University

Eternal Internal Belief Path of CEO EIB to Firm Performance

William Worthington, Texas A&M University (wjw4@tamu.edu)

Consistent with Stewardship Theory, some CEO's may see themselves as a steward of the firm. The reason why they do may lie within their internal values or belief system. To the extent that the CEO's values stem from a religious belief that his actions have eternal consequences, he may feel that stewardship is his duty and that his actions to the contrary may lead to unfavorable judgment. Addition of this paper: The Eternal Internal Belief (EIB) construct is proposed and defined, its impact on CEO framing of decision processes and on building TMT unity are discussed.

Consumer Ethical Beliefs: A Cross-Cultural Investigation Using Best Scaling Methodology

Patrice Auger, Melbourne Business School (p.auger@mbs.edu)

Timothy M. Devinney, Australian Graduate School of Management

Jordan J. Louviere, University of Technology, Sydney

This study uses best-worst scaling experiments to examine differences across six countries in the attitudes of consumers towards social and ethical issues. The experiments were conducted using representative samples of over 600 respondents from Germany, Spain, Turkey, USA, India, and Korea. The results show that cultural differences do impact consumer attitudes towards social and ethical issues and that these differences can be partially explained by Hofstede's measures of cultural distance. However, our results also show a number of similarities across the six countries and that these similarities can be used to cluster individuals into segments that are not country centric.

Measuring Ethics and Corruption Perception in Botswana

Gbolahan Gbadamosi, University of Botswana (gbadamosi@mopipi.ub.bw)

In an effort to gain some understanding about ethics and corruption perception in Botswana where little previous research has been conducted, this study sets out to examine some ethical measures. Using questionnaires, usable data was collected from 297 respondents in the public and private sector. Results indicated a number of significant intercorrelations among a number of the study variables especially with the ethical scales. It also gave some measure of support for the money ethic scale. Respondents indicated a generally low to moderate rating for their perception of corruption in Botswana. Management and policy implications of the findings, limitations of the study and suggestions for future studies were also highlighted.

An Analysis of Gender Differences: Women Need to Be Included in Any International Dialogue

Robert Ware, University of Michigan, Flint (bwarethelaw@aol.com)

Any dialogue should include women and consider the female perspective regarding economic, financial, and societal change. Often women are either under represented or excluded from such dialogues. The different impact economic, financial, and societal change has on females, in comparison to males, has been mainly documented through qualitative research and ethnographies. Few studies have tried to quantify the differences between the genders or try and determine the linkages among economic, financial, and societal factors. This research reviews the existing qualitative and ethnographic literature on the condition of women in the Americas. Using correlation and regression analysis, this paper validated many of the observations of qualitative ethnographers, and suggests that differences in income, the right to vote, and population composition are major drivers affecting the condition of women's economic, financial, and societal well being.

2.1.10 - Track 6 - Organization (Panel)***From Both Sides Now: Exploring HRM Issues for Foreign MNCs in India and Indian MNCs Overseas*****Presented On:** 7/12/2004 - 08:30-10:00*Panelists:*

Asha Rao, California State University (arao@bay.csu Hayward.edu)
 NM Agrawal, Indian Institute of Management
 Jayesh Chakravarti, Mindtree Consulting
 Hema Ravichandar, Infosys Technologies Ltd
 Wolfgang Hellenbrand, Infosys Technologies Ltd
 Ranjan Acharya, Wipro Ltd.
 Bharathi Srinivasan, Wipro Ltd.

In the past few years India has emerged as both a destination for global firms looking to outsource their operations, and as an economy with its own homegrown global firms. The growth has been both rapid and dramatic with little relatively little attention from management scholars. This symposium seeks to examine both the human resource models and challenges faced by multinational corporations (MNCs) in India and Indian MNCs overseas. The panel pulls together both leading executives at the forefront of the organizations involved and management scholars who study these firms to develop better models that can in turn be used by firms. The goal is to generate discussion and create greater knowledge on both fronts - academic and practitioner.

2.1.11 - Track 5 - Global Strategy (Panel)
A Dialogue Between the Resource-Based Theory and International Management

Presented On: 7/12/2004 - 08:30-10:00

Chair: Alvaro Cuervo-Cazurra, University of Minnesota, Carlson School of Management

Panelists:

Alvaro Cuervo-Cazurra, University of Minnesota, Carlson School of Management
(acuervo@csom.umn.edu)

Xavier Martin, Tilburg University

Stephen B. Tallman, University of Utah

Alain Verbeke, University of Calgary, Haskayne School of Business

Bernard Yeung, New York University, Stern School of Business

In this panel we will explore the relationship between the resource-based theory (RBT) and the international management (IM) literature. Although there is now an increasing explicit cross-fertilization of ideas between these two areas, their relationship can be understood as dating from far back. For example, the concept of Ricardian rents was developed in the field of international business over 150 years ago. It was applied at the level of the country, and then applied at the firm level to discuss the sources of advantage within the OLI paradigm. RBT in strategic management picked this idea to build on the analysis of competitive advantage, and is increasingly being applied to explain the advantages of firm in international competition. It can potentially providing a single theoretical approach to what used to be a multi-theory explanation, although there is need for further work in the area. Hence, in this panel we will explore the continuation of this cross-fertilization and the potential benefits that both areas of research can derive from "talking to each other."

2.1.12 - Track 3 - Emerging Markets (Panel)
Bridging Programs and Research to Emerging Markets and Transition Economies with Third Party Funding: How to Apply and be Successful.

Presented On: 7/12/2004 - 08:30-10:00

Chair: Candace Deans, University of Richmond

Bridging Education Programs and Research to Emerging Markets and Transition Economies With Third Party Funding: From Application to Implementation

Karen D. Loch, Georgia State University, Robinson College of Business (kloch@gsu.edu)

Bijan Fazlollahi, Georgia State University, Robinson College of Business

Mourad Dakhli, Georgia State University, Robinson College of Business

The conduct of an international research program presents an unique set of challenges for the scholar. Obvious challenges include costs (how to fund the work – programmatic or research) and time (delays due to distance, administrative headaches, unexpected events and crises that have negative impacts e.g. natural disasters, politics, personnel). Strong partners in the developing country are a necessary but insufficient condition to ensure success of the initiative. As many academic institutions experience budget shrinkage, there is increasing pressure to secure third party funding – yet many faculty have little knowledge and minimal experience on how to secure such funding. This scenario is coupled with an increased appreciation for the value of bridging educational programs and research to the developing world. The proposed panel offers insights into these challenges and answers to questions for aspiring 3rd party fund seekers. The panel chair and members have a wide and varied reservoir of experiences that will be shared with the audience and is otherwise not readily available. Grant programs with which the panelists have experience include: USAID, State Department, the EurAsia Foundation, ALO, BIE, and NSF.

Plenary 4 - "Celebrating the Life and Contributions of Sumantra Ghoshal"

Presented On: 7/12/2004 - 10:15-11:15

Chair: Donald Lessard, Massachusetts Institute of Technology

Discussant: Eleanor Westney, Massachusetts Institute of Technology and Christopher Bartlett, Harvard Business School,

Speakers:

Julian Birkinshaw, London Business School (jbirkinshaw@london.edu)

Lynda Gratton, London Business School

Richard N. Farmer Dissertation Award sponsored by Indiana University CIBER

Presented On: 7/12/2004 - 11:30-13:00

Chair: Bernard Simonin, Tufts University

Selection Committee:

Eleanor Westney, Massachusetts Institute of Technology (ewestney@mit.edu)

Cristina Gibson, University of California, Irvine

Elizabeth L. Rose, Victoria University of Wellington

Presentations by the 2004 AIB Richard N. Farmer Doctoral Dissertation Award Finalists

Determinants and Performance Implications of a Global Mindset: An Attention-Based Perspective

Cyril Bouquet, York University (cbouquet@schulich.yorku.ca)

Knowledge Spillovers: The Role of Geography, Technology and Intra-Firm Linkages in the Global Semiconductor Manufacturing Industry

Nandini Lahiri, Indian School of Business (nandini_lahiri@isb.edu)

Strategic Modularization and Performance Implications in the Brazilian Automotive Industry

Ronaldo Parente, Temple University (rcparente@salisbury.edu)

Dynamics of Multinational Rivalry

Tieying Yu, Boston College (tieying.yu@bc.edu)

2.2.2 - Track 4 - Alliances (Competitive)***Alliance Design: Risk vs. Reward*****Presented On:** 7/12/2004 - 11:30-13:00**Chair:** Iris Berdrow, Bentley College**Discussant:** Dev K. Dutta, Ivey Business School, University of Western Ontario***Managing Risk in the Make Versus Buy Knowledge Decision Involved in FDI***

Peter R. Massingham, University of Wollongong (peterm@uow.edu.au)

Gary Gregory, University of New South Wales

An increasingly important challenge for international business managers is how to acquire knowledge resources that will help them manage the complex tasks involved in foreign direct investment (FDI) in high psychic distance markets. This paper examines the way experienced Australian multinational firms seek knowledge involved in FDI. It examines knowledge search cycle behavior within the context of a make versus buy decision. We found that risk and the manageability of the knowledge resources were the key factors influencing the decision to develop (make) or acquire (buy) knowledge. A set of managerial implications based on a qualitative assessment of 27 case study firms is discussed. It specifies the managerial practices necessary for effective make versus buy decisions involving knowledge resources in international business.

Competing and Cooperating Similarity in Global Strategic Alliances: An Empirical Investigation

Jooheon Kim, Sookmyung Women's University, Seoul, Korea (jhkim@sookmyung.ac.kr)

Arvind Parkhe, Temple University

We used two new variables, competing similarity and cooperating similarity, in developing a comprehensive model that forces a simultaneous treatment of partner characteristics and partner capabilities in global strategic alliances (GSAs). An empirical test of this model on a sample of 82 GSAs generally supported our hypotheses, suggesting that competing similarity has a negative effect and cooperating similarity has a positive effect on alliance outcomes. Findings also show that deliberate "relational efforts" mitigate the frictional effects of differences in partner characteristics.

Resources and Equity Ownership in International Joint Ventures: An Empirical Analysis of International Joint Ventures in Turkey

Mehmet Demirbag, Sheffield University Management School (m.demirbag@shef.ac.uk)

David Weir, CERAM

Reliance is a conceptual dimension of joint ventures (JVs), which may further expand our existing knowledge of determinants of equity control and partners' influence on JVs' strategy. This paper builds upon prior research by providing a comprehensive account of partners' resources in JVs, and their impact on both ownership composition and partner's relative influence on JV strategy. Our findings provide relatively strong support to the resource-based explanation of strategic alliances.

The Interaction of Parent-Company Differentiation With IJV Autonomy in Predicting IJV Effectiveness
 William Newburry, Rutgers University (newburry@andromeda.rutgers.edu)
 Orly Yehekel, Tel-Aviv University
 Yoram Zeira, Tel-Aviv University

Recent research has found significant relationships between IJV autonomy and IJV effectiveness, particularly with respect to locally-driven activities (Hill and Hellriegel, 1994; Taggart and Hood, 1999; Newburry et al., 2003). Separate research has found that differences between IJV parents could be either functional or dysfunctional in terms of predicting IJV effectiveness (Parkhe, 1991; Yehekel et al., 2001). This study examines how these two sets of independent variables interact. I.e., it examines whether there is a significant interaction of IJV autonomy with functional and dysfunctional parent company differentiation in predicting IJV effectiveness. Our basic study results indicate that strategy autonomy is highly negatively associated with functional differentiation, while HRM autonomy is highly positively associated with dysfunctional differentiation. The results partially support hypotheses that the autonomy-effectiveness relationship will be less positive with greater functional differentiation and more positive with greater dysfunctional differentiation. The results provide strong support for hypotheses that activities closer to the local operating environment will influence these relationships by making autonomy more important to effectiveness.

2.2.3 - Track 5 - Global Strategy (Competitive)

Learning from Experience in the International Marketplace

Presented On: 7/12/2004 - 11:30-13:00

Chair: Marina Onken, Touro University International

Discussant: B. Elisabeth Rossen, University of Oslo

Experiential Learning in Foreign Markets: When Does it Matter More?

Danchi Tan, National Chengchi University (dctan@nccu.edu.tw)

This study investigates the relationship between local market experience and subsidiary performance. In particular, we explore the conditions under which local market experience has a stronger impact on subsidiary performance. Based on a sample of Japanese subsidiaries in the United States, our empirical results demonstrate that a firm's foreign market experience is indeed positively associated with its subsidiary performance. In addition, this positive relationship is even stronger when (1) the target industry is characterized by product customization, and (2) when the firm expands abroad at an earlier age. Our results also indicate that while learning from other firm experience may be an important way for a firm to learn about the foreign market, such learning cannot substitute for experiential learning as a means to develop location-specific capabilities in the foreign market.

Exploring the Limitations of the Knowledge Projection Model in MNCs

Louis Hebert, HEC Montreal (louis.hebert@hec.ca)

Philippe Véry, EDHEC

Paul W. Beamish, Ivey Business School

According to the "knowledge projection" model of the MNC, transferring industry experience, country experience can a priori increase the chances of success of new subsidiaries. However, with inconsistent findings, prior research is of limited assistance in understanding this relationship. This situation can be explained by a focus on firm's potential for experience accumulation, rather than on the actual transfer of experience. Deploying expatriate managers enable MNCs to apply experience in foreign markets and thereby may impact on foreign subsidiary's chances of success and survival. This paper examines how the use of expatriates to transfer experience can affect subsidiary survival. Our findings suggest that in order to increase chances of survival in a foreign market, the use of expatriates should be contingent on experience specificity, knowledge complexity and perceptions of context similarities.

When Does Experience Hurt? The Confidence-Competence Paradox

Oliver Gottschalg, INSEAD (oliver.gottschalg@insead.edu)

Maurizio Zollo, INSEAD

Experience is a principal source of knowledge and an important antecedent to organizational capabilities. At the same time, however, the accumulation of experience increases an organization's confidence in its own abilities. We identify this paradox of experiential learning in the extent to which experience leads to the asymmetric development of confidence and competence over time. When this happens, we argue, the magnitude of the stock of accumulated experience is likely to correlate negatively with performance. We then develop a contingency model in which perceived task characteristics, task homogeneity in particular, act as important determinants of how confidence evolves relative to competence and thus as moderators of the experience-performance relationship. We empirically test the corresponding theoretical argument in the context of a sample of 1,134 leveraged buyouts and find strong evidence that perceived task homogeneity does determine whether experience benefits or hurts the performance of these types of acquisitions.

Unpacking International Experience: Foreign Expansion, Firm Value, and the Role of Host Country Factors

Dorota Piaskowska-Lewandowska, Tilburg University (dorota@uvt.nl)

Harry G. Barkema, Tilburg University

In this paper, we extend the internationalization process theory with additional insights from the organizational learning and contingency theories, and identify two attributes of international experience: its depth and breadth. We propose that the traditionally advocated positive role of the depth of international experience for the success in the process of internationalization is conditional on the environmental conditions and internal capabilities of the firms to distinguish relevant experiences from irrelevant ones, and that these capabilities are proxied by the breadth of a firm's international experiences. Hypotheses on the impact of experience depth and breadth on firm value creation upon new ventures formations, conditional on host country policies, macroeconomic conditions, and cultural characteristics, are developed and tested on a sample of 425 foreign expansions of 25 multinationals over the period of 1980-1998, using sample selection corrected, second order multiple regressions. The combined evidence corroborates some of our predictions, while calling for further investigations.

2.2.4 - Track 7 - Marketing (Competitive)***Global Integrated Marketing Communications*****Presented On:** 7/12/2004 - 11:30-13:00**Chair:** Matthew B. Myers, University of Tennessee**Discussant:** Matthew B. Myers, University of Tennessee*Revisiting Word of Mouth Communication: A Cross National Exploration on Non-Opinion Leaders*

Mee-Shew Cheung, University of Tennessee (mcheung@utk.edu)

Meral Anitsal, University of Tennessee

Ismet Anitsal, University of Tennessee

Unlike traditional research which mainly focuses on word-of-mouth by opinion leaders, this study breaks free of the old assumptions that have guided previous research and aims to obtain a better understanding of the extent and importance of interpersonal influence in the mainstream market. This is also a cross-national exploration project that seeks to understand whether culture and market characteristics matter in word-of-mouth research. Using a grounded theory approach, this study attempts to explore the similarities and differences in word-of-mouth behavior between mainstream consumers in two countries that share very different cultural and business

systems – the United States and China. The findings show the pervasiveness of word-of-mouth behavior in both sets of samples. There are interesting similarities, as well as subtle but important differences between the two groups of informants' word-of-mouth behavior. This study will help global marketers better allocate their resources in formulating global integrated marketing communication and product diffusion strategies. It provides further incentive for a closer look at word-of-mouth communication in terms of the possibility to induce it, in directions desired, by businesses involved in the day-to-day marketing activities.

Advertising In International Markets: A Framework for Classification and Analysis

Carl Arthur Solberg, Norwegian School of Management (carl.solberg@bi.no)

The main contention of this article is that market communication in international markets needs to be considered from more than the "traditional" culture-and-scale economies trade off perspective. It presents a typology of four different advertising categories based on the firm's ability to advertise internationally and the globality of the industry: local advertiser, multi-domestic advertiser, export advertiser and global advertiser. Four cases from Norway representing each group of firms are described in some detail concerning the decision process involving the headquarters, the subsidiary or local distributor and the advertising agency; the information behaviour and the end result: degree of standardisation of different elements of the market communication.

Sponsorship-Linked Marketing in a Small Country Context: Event Study Findings

Margaret A. Johnston, University of Queensland Business School (margaret.johnston@optusnet.com.au)

T. Bettina Cornwell, University of Queensland Business School

Event studies of sponsorship announcements made by firms in the United States show that in most instances sponsorship-linked marketing contributes to the creation of shareholder value for the sponsoring firm. This research investigated the impact of sponsorship announcements on firms operating in a small country context, that of Australia. Using event study methodology, 51 sponsorship announcements made between 1996 and 2002 by 21 firms listed on the Australian Stock Exchange were investigated. Results showed that, on average, the sampled firms experienced a small, positive increase in firm value of 0.31 percent at the time of the sponsorship announcement. To explore whether Australian investors perceived sponsorship more favorably following the Sydney 2000 Olympic Games, announcements made before and after the Olympics were examined. No change in market sentiment was detected. Two sponsorship-related variables were also examined – contract fee size and contract length. While the market appeared indifferent to any of the contract amounts examined, it did show that shorter sponsorships were marginally preferred over medium or long-term contracts.

Linking Consumption to Consumer Expression of National Identity

Sergio Carvalho, Baruch College - The City University of New York (scarvalho@gc.cuny.edu)

Martha Cook, Baruch College - The City University of New York

This paper uses Carvalho's (2003) integrated model of national identity as the conceptual frame for analyzing consumption patterns that may arise from such identity. The theoretical model, drawn from theories of self-concept, social identity and intergroup relations, seeks to understand how consumers make sense of, interpret and negotiate the personal expression of their nation and their national identity, not only in routine times but also in times of crises when the national identity has been threatened by outsiders. This paper proposes salience as a mediating variable in the expression of feelings of national identity in consumption patterns. It studies citizens as consumers. It explores the concepts of consumer patriotism, consumer ethnocentrism, consumer animosity, and consumer nationalism as different responses to stimuli linked to national identity at three different levels of this identity salience.

2.2.5 - Track 3 - Emerging Markets (Panel)

Central and Eastern Europe: Opportunities and Challenges of EU Accession

Presented On: 7/12/2004 - 11:30-13:00

Chair: Vinod K. Jain, University of Maryland University College

Panelists:

Kalman Kalotay, Economic Affairs Officer, U.N. Conference on Trade and Development (UNCTAD)
(kalman.kalotay@unctad.org)
Tatiana Kostova, University of South Carolina
Tomasz Mroczkowski, American University
Francis Skrobiszewski, Managing Director, Hungarian Innovative Technology Fund

2.2.6 - Track 6 - Organization (Panel)

The Restructuring of Korean Companies After the 1997 Economic Crisis: Globalization Strategies & Human Resource Management

Presented On: 7/12/2004 - 11:30-13:00

Chair: Chung-Sok Suh, The University of New South Wales

Panelists:

Moonjoong Tcha, Korea Development Institute (mtcha@kdi.re.kr)
Christopher Wright, University of New South Wales
Seung-Ho Kwon, The University of New South Wales
Christopher Leggett, University of South Australia
Dong-Kee Rhee, Seoul National University

The proposed panel includes a range of papers that examine how Korean companies have responded to the post-1997 economic crisis. In particular, the papers in this panel consider the interrelated themes of Korean companies' globalisation and human resource management strategies. The panel brings together leading researchers in these fields who have conducted significant researches in these areas.

2.2.7 - Track 3 - Emerging Markets (Competitive)

Ownership/Governance in Emerging Markets

Presented On: 7/12/2004 - 11:30-13:00

Chair: Detelin S. Elenkov, University of Tennessee

Discussant: Detelin S. Elenkov, University of Tennessee

ASEAN Membership, Foreign Direct Investment and Poverty Reduction: Lessons For Vietnam
Hafiz Mirza, Bradford University School of Management (h.r.mirza@bradford.ac.uk)
Axèle Giroud, Bradford University School of Management

One of the reasons Vietnam joined ASEAN was because of a desire to share in the wealth of a rapidly emerging region. The paper establishes a model on the principal potential impact of FDI on Development, divided into three categories of effect: Direct Effects, Multiplier Effects (both consumption and value chain multipliers) and Spillovers. Because ASEAN countries – especially Malaysia, Singapore and Thailand – have been major

recipients of FDI for over three decades, TNCs have undoubtedly impacted significantly on growth and development in ASEAN countries. It seems that the benefits experienced by older ASEAN member countries are primarily due to “direct effects” and the consumption multiplier. The effect through the value chain multiplier is highly variable, probably “middling”, while the benefits from spillovers are still some way from being realised across national and regional economies as a whole. Developing countries such as Vietnam can learn from this experience to design policies to improve net benefits accruing from the value-chain and spillover effects, in line with their overall development goals.

Institutional Sustainability in Latin America: Unraveling Commitments

Carlos Rufin, Babson College (crufin@babson.edu)
Evanan Romero, Independent

We examine the likelihood of indirect expropriation of private assets—appropriation—or the capture of regulatory agencies by private interests. We first consider different theories that explain time inconsistency in public policy: ideology, political strategy, political transaction costs, and legitimation. We then compare the post-reform experience with regulatory independence and capture in the electricity industry in three Latin American countries: Brazil, the Dominican Republic, and Guatemala. Our comparison shows that in these countries, domestic resistance to reform packages that originated mainly abroad introduced imbalances into the implementation process that have progressively undermined the reforms. The result may be a vicious cycle in which the imbalances lead to crises that are then used as an excuse to reverse reforms by reasserting political control over the industry. We show that this process is largely consistent with the theoretical perspectives, and conclude with recommendations for managing the risk of instability in pro-market reforms.

Institutional Reform and Foreign Direct Investment Strategy in Latin America

Len J. Trevino, Washington State University (trevino@wsu.edu)
Franklin G. Mixon, University of Southern Mississippi

Cross-country differences in macroeconomic and institutional environments are used to explain MNE behavior, as proxied by FDI inflows to seven Latin American countries, namely Argentina, Brazil, Chile, Columbia, Mexico, Peru and Venezuela for the period 1988-1999. Results indicate that the institutional approach is dominant, thus supporting recent FDI research that has included statistical measures of institutional reform in their models. Since MNEs must conform to the institutional environment prevailing in the host country, managers should, ceteris paribus, undertake FDI where there is minimal institutional distance between the home and the host country environments. In addition, government officials should place increased emphasis on institutional reform if their objective is to increase inward FDI in their countries. Finally, any assistance provided by non-governmental organizations, such as the IMF and the World Bank, should emphasize institutional reform in addition to macroeconomic reform.

Business Development and Competitiveness in Mexico: Factors that Inhibit the Adoption of a Virtuous Circle of Innovation and Growth

Javier Flores, UNAM, Mexico D.F.
Juan Carlos Villa Soto, UNAM, Mexico D.F.
Guillermo Cardoza, Instituto de Empresa, Madrid

2.2.8 - Track 1 - Political Economy (Competitive)

Global Problems, Global Solutions

Presented On: 7/12/2004 - 11:30-13:00

Chair: Protiti Dastidar, George Washington University

Discussant: Michael Pustay, Texas A&M University

Modeling Anti-Counterfeiting Strategies in Response to Protecting Intellectual Property Rights in a Global Environment

Peggy Chaudhry, Villanova University (peggy.chaudhry@villanova.edu)

Victor Cordell, Monterey Institute of International Studies

Alan Zimmerman, City University of New York

Counterfeiting is a large and growing problem, accounting for up to \$200-billion a year in lost sales. It has negative effects on producing firms, home countries, consumers and even host country economies. There are many parallel actions taking place to reduce the amount of counterfeit goods on both a national and international level, however, it appears that enforcement continues to be a key problem for individual firms. Several researchers have proposed a multitude of possible anti-counterfeiting actions, these tactics range from policing distribution channels to developing covert sting operations. However, very little empirical research has been completed in this area to discover what types of tactics companies employ to deter pirates? This study develops a model of the intellectual property right environment that is currently being tested via phone survey. The major research questions address how managers conceptualize the intellectual property environment; how the intellectual property right environment affects the market entry decision; what anti-counterfeiting strategies are frequently used; and how effective is each tactic in the host country market?

An Analysis of MNCs' Market Strategies for Climate Change

Ans Kolk, University of Amsterdam (akolk@uva.nl)

Jonatan Pinkse, University of Amsterdam

Climate change became an important issue for MNCs in the 1990s. Whereas they initially aimed primarily at influencing the policy debate, corporate strategies increasingly include economic responses. Existing classifications for climate change strategies still reflect the political, non-market components. Using empirical information from the largest MNCs, this paper introduces a typology of climate strategies that addresses the market dimensions, covering both the aim (strategic intent) and the degree of cooperation (form of organisation). The aim turns out to be either innovation or compensation, while the organisational arrangements to reach this objective can be oriented at the company level (internal), at companies' own supply chain (vertical) or at cooperation with other companies (competitors or companies in other sectors – horizontal). The paper suggests possible determinants for differences in corporate climate strategies, and areas for further research.

Internationalization Under Terrorism-Induced Uncertainty

John T. Steen, University of Queensland (j.steen@business.uq.edu.au)

Peter W. Liesch, University of Queensland

Gary A. Knight, Florida State University

Michael R. Czinkota, Georgetown University

The compression of time and space in our modern, globalising economy heightens terrorism-induced systemic uncertainty for firms involved in international trade and investment and adversely impacts internationalisation decision-making. Judicious refinement of the structure advanced here for application in terrorism-induced uncertain contexts enables us to understand how systemic uncertainty affects firm internationalisation decisions.

The incidence of modern terrorism constrains the frontier of attainable internationalisation ventures (product/market/mode combinations) potentially available to the internationalising firm. Rewarding internationalisation ventures are eliminated because they are displaced from the frontier through perceptions-induced overestimates of uncertainty.

The Role of Reinvested Earnings in Foreign Direct Investment

Sarianna M. Lundan, University of Maastricht (s.lundan@os.unimaas.nl)

This paper demonstrates that reinvested earnings represent a significant and neglected component of foreign direct investment. We find that the American pattern of foreign investment, characterized by high levels of reinvested earnings and considerable stability in the patterns of reinvestment, is in direct contrast to the pattern exhibited by major European investors, whose cumulated reinvestment over time is negligible, and exhibits a highly variable pattern. We suggest that these patterns reflect differences in the desire for managerial control, and specifically the European firms' agency problems related to their stock of investment in the United States, which has grown as a result of extensive mergers and acquisitions.

2.2.9 - Track 1 - Political Economy (Competitive)

Policy Implications on Firm Performance and National Competitiveness

Presented On: 7/12/2004 - 11:30-13:00

Chair: Sushil Vachani, Boston University

Discussant: Paul Vaaler, Fletcher School-Tufts University

The Impact of Regulatory Stringency on the Foreign Direct Investment of Global Pharmaceutical Firms

Beth Ahlering, University of Cambridge (baa24@cam.ac.uk)

Cross-national regulatory differences in safety, price and intellectual property protection are an inherent feature of the operating environment of the global pharmaceutical firm. Institutional, transaction cost and more recent 'race to the bottom' theories assume that regulation represents a cost to the firm; therefore firms 'vote with their feet' and avoid investment in stringently regulated markets. However, a cross-national empirical study of the FDI levels of 20 firms across 19 markets reveals that regulatory stringency is not related to FDI, and price control stringency is positively related to FDI, when controlling for other market factors. National governments are not powerless in games of regulatory arbitrage, and have in fact developed adaptive strategies to maintain high regulatory standards and FDI simultaneously. Furthermore, global firms weigh various factors in their investment decisions, and suffer from classic optimisation problems, including information asymmetries and bounded rationality, which prevent total 'regulatory optimisation'. The implications for existing theories of international business, globalisation and regulation are discussed.

Privatization, Regulation, Competition and Performance: A Comparison of New Zealand and Australian Airports

Mark D. Domney, University of Auckland (m.domney@auckland.ac.nz)

Er Chen, University of Auckland

Heather I. M. Wilson, University of Auckland

This study explores the performance outcomes of privatization in a natural monopoly, the airport industry, under two contrasting regulatory regimes, minimalist in New Zealand and interventionist in Australia. Utilizing data envelopment and regression analyses, we find that profitability is negatively related to both privatization and regulation. However, for New Zealand airports, profitability is strongly related to market power, or lack of competition, and negatively related to efficiency. In Australia, privatization is negatively related to profitability, although efficiency improvements are noted for some individual airports. Thus, we conclude that privatization

and competition are not only complementary, as per the extant literature, but they are essential bedfellows. This implies that, in non-competitive markets, privatization could result in the exploitation of monopoly profits unless industry-specific regulation and/or competition are introduced. On the other hand, in the absence of market power and/or in the presence of competition, there may be little need for regulation.

The Role of Export-Driven Entrepreneurship in Economic Development

Farok J. Contractor, Rutgers University (farok@andromeda.rutgers.edu)

Sumit K. Kundu, Florida International University

In the puzzle of economic development, there is moderate agreement around one issue: that entrepreneurial, export-led development is likely to produce higher economic growth rates than inward-looking development. This paper begins by taking an overall look at the size and competitiveness of the economies of India, China, and Taiwan with particular reference to the software and the information technology (IT) sectors. It then focuses on the role of software export entrepreneurship in India and Taiwan as exemplars for other sectors and for formulation of government policy. In Taiwan, successful exporters constitute a model deemed worthy for other companies to emulate. In India, whether the booming software sector will prove to be a sufficient exemplar and catalyst for change throughout the economy and government, remains an open question. The paper concludes by taking a look at another related export sector—IT-enabled service exports. Throughout the various sections of the paper, government policy implications remain an important backdrop.

Quantifying National Competitiveness Specificity: A Test and Two Retests of a Management Level Method

Edmund R Thompson, Graduate School of Management, Ritsumeikan Asia Pacific University

(thompson@apu.ac.jp)

The competitiveness of nations is a key context of international business. Existing methods of identifying national competitive advantage broadly take either (i) a macro, comparative approach quantifying common, a priori determined indicators across many economies, or (ii) a micro, single country, industry-cluster approach using a more qualitative methodology. Both approaches have merits and to some extent complement each other. However, scholars have suggested the former approach measures too many generic, often redundant and invalid variables, while the latter has been argued to analyze too few and in too subjective and particularist a manner at an industry and not a national level. In consequence, neither approach quantifies the full specificity of an individual economy's advantageousness expressly from the perspectives of different firm types. This paper proposes and tests the reliability of a management-level method for quantifying the specificity of an individual economy's advantageousness that attempts to combine the pros, while ameliorating the cons, of both approaches so as to be able to analyze and model advantageousness in a more practically useful manner for (i) managers of different firm types seeking to make strategic resource allocation decisions and (ii) public policy makers seeking to enhance their economy's attractiveness as business locations.

2.2.10 - Track 6 - Organization (Competitive)***Understanding Expatriates II: Adjustment and Readjustment*****Presented On:** 7/12/2004 - 11:30-13:00**Chair:** Manuel P. Ferreira, University of Utah**Discussant:** Rabi S. Bhagat, University of Memphis***Boundaryless Careers: The Singaporean Expatriate Perspective***

Chei Hwee Chua, University of South Carolina (cheihwee_chua@moore.sc.edu)

Guenter K. Stahl, INSEAD

240 Singaporean expatriates on assignment to 28 countries participated in a study that examined the changing nature of the expatriate career concept, the perceived impact of an international assignment on career advancement and personal development, and the effectiveness of corporate expatriate career management systems. This study represents an important first attempt to provide an insight into the international career orientations of Asian managers and professionals. The findings suggest that Singaporean expatriates continue to accept offers of international assignments despite their dissatisfaction with the way their companies handle the repatriation process because the majority of them view their international assignment as an opportunity for personal and professional development and their international experience as a competitive asset that makes them more valuable for the external labor market. Many of them are willing to leave their company upon return instead of just viewing the international assignment as a prerequisite for future career advancement within their companies. These findings thus indicate that the emerging notion of "boundaryless" careers has extended beyond the North-American context, where the majority of the currently published research on expatriate careers is being published. The implications for theory and practice of International Human Resource Management are discussed.

Do You Speak Chinese? Language Proficiency and Adjustment of Business Expatriates In China

Jan Selmer, Hong Kong Baptist University (selmer@hkbu.edu.hk)

Although the standard of English proficiency is rising in China, using English in conversations with Chinese host nationals may be difficult. Therefore, proficiency in the Chinese language, may promote the adjustment of foreign business expatriates in China. To test this proposition, a mail survey was directed to Western business expatriates assigned to China. Controlling for the time expatriates had spent in China, results showed that their language ability had a positive association with their sociocultural adjustment, but not with their psychological adjustment. Not surprisingly, this positive relationship was strongest for interaction adjustment and weakest for work adjustment. The straightforward implications of these clear findings are discussed in detail.

Repatriation Readjustment of MNE Managers in Singapore: A Study of Human Resource Development Interventions

AAhad M. Osman-Gani, Nanyang Technological University (aahad@ntu.edu.sg)

Akmal S. Hyder, University of Gavle

With increasing interests for overseas business expansion, particularly in the dynamic Asia-Pacific region, expatriate development has become a critical international human resource development (HRD) issue for multinational enterprises (MNEs). There has been substantial empirical research on expatriate management in the west, but very little work has been done on repatriation, particularly in Asian context. This paper presents the findings of an empirical study conducted on key issues relating to repatriation readjustment of international managers, specifically to HRD interventions relating to training and development issues for effective readjustment to their home countries. The data was collected through a survey conducted on repatriation experienced by expatriate managers in Singapore. The results provide significant information about the types of repatriation training programs, training contents, duration, delivery modes, and providers of effective training programs that would lead to productive performance in overseas assignments.

2.2.11 - Track 5 - Global Strategy (Competitive)***Subsidiary Planet: Elephants and Minnows***

Presented On: 7/12/2004 - 11:30-13:00

Chair: Congcong Zheng, London Business School

Discussant: Bruce McKern, Stanford University

Exploring a Typology of Subsidiary Strategies in a Transitional Economy

Fan Liang, University of Tasmania (fan.liang@utas.edu.au)

Stephen Nicholas, University of Sydney

This study explores a typology of subsidiary strategic roles in Yunnan province, a transitional sub-economy in China. Applying the integration-responsiveness framework to transitional economy, multivariate analysis statistically confirmed four distinct subsidiary strategic roles, including quiescent subsidiaries, which have not been identified in prior research on successful subsidiaries hosted by developed economies. The research found that the strategic role of subsidiaries is significantly associated with the structural characteristics of parents, but not the structural characteristics of the subsidiaries. Suggestions for business practices and public policies of host economies are also provided.

Firm Strategy, Subsidiary Type and Subsidiary Autonomy in Multinational Corporations

Stewart Johnston, University of Melbourne (stewartj@unimelb.edu.au)

A conceptual framework of the HQ-subsidiary relationship in MNCs is constructed in which overall firm strategies are proposed to be congruent with distinct subsidiary types and subsidiary type is hypothesized to be associated with level of subsidiary autonomy. The framework is investigated using k-means cluster analysis and ANCOVA on a dataset of 313 responses from Australian subsidiaries of foreign-owned MNCs. The relative level of subsidiary autonomy could be predicted from subsidiary type.

Choice of Location and the Roles of Foreign Subsidiaries: Evidence From UK Regions

Constantina Kottaridi, Athens University of Economics and Business (ck@aueb.gr)

Fragiskos Filippaios, Athens University of Economics and Business

Marina Papanastassiou, Athens University of Economics and Business

In this paper we investigate the location determinants of inward foreign direct investment (FDI) in the UK at a regional level. The paper focuses on a relatively under investigated field, that of the linkage between choice of regional location- within a particular host country- and subsidiary roles. The key contribution stemming from this analysis is that we provide, for the first time, detailed support of the location factors affecting distinctive types of subsidiaries. The external environment affects differently the two types of subsidiaries under investigation with agglomeration features playing the most significant role. At the same time idiosyncratic FDI factors do seem to play the most important role for both types of subsidiaries. Important policy implications are then raised, regarding the design of well-targeted FDI promoting policies aiming both at upgrading regional potential and specific sectors and companies.

Mapping the Elephant: An Organizing Framework for Subsidiary Typologies

Michael J. Enright, University of Hong Kong (menright@business.hku.hk)

Venkat Subramanian, University of Hong Kong

Despite the significant number of subsidiary typologies present in the literature, there seems to be only limited scope for generalizing the results or capturing the wide range of roles that subsidiaries perform in multinational firms. From a theoretical viewpoint, extant typologies derive subsidiary roles from different multinational firm strategy types, rather than from examination of subsidiaries in their own right. Further, most typologies use only one or two dimensions to distinguish subsidiaries, limiting the research frame of both conceptual and empirical work. This paper proposes a four-dimensional new organizing framework that attempts to avoid under-specification while retaining tractability. A focus on knowledge creation and utilization leads to a division of subsidiary roles into leader, innovator, implementer, and observer, based on what the subsidiary does. Two scope dimensions (geographic scope and product scope) are then superimposed to capture the range of the subsidiary's influence. The result is finer-grained typology that better captures the range of subsidiary roles seen in the literature and in reality. Comparisons of this proposed organizing framework with past research is discussed and avenues for future research are explored.

2.2.12 - Track 3 - Emerging Markets (Panel)***Developing Partnerships and Programs in Developing Economies*****Presented On:** 7/12/2004 - 11:30-13:00**Chair:** Marjorie A. Lyles, Indiana University*Panelists:*

Marjorie A. Lyles, Indiana University Kelley School (mlyles@iupui.edu)

Nancy K. Napier, Boise State University

Thomas Wood Jr., Revista de Administracao de Empresas

H. Oner Yurtseven, Indiana University - Purdue University Indianapolis

This panel will discuss the significance of partnerships and of developing programs in transitional and developing countries. It aims to discuss what factors affect developing partnerships and whether the local schools are building new programming capabilities.

Poster Session 2 with Light Lunch

Presented On: 7/12/2004 - 13:00-14:30

Chair: Allan Bird, University of Missouri, St. Louis

An Analysis of Marketing Practices Implemented by Japanese Companies In Thailand: What are the Problems and How Do Japanese Companies Respond to these Difficulties

Emiko Amano, Akita University (eamano@hotmail.com)

This paper investigates, through interviews with the managing directors of eight Japanese companies, some difficulties and problems that Japanese companies confront in Thailand and identifies the lessons they learned from their experiences. This paper focuses on the marketing problems and difficulties confronted by Japanese companies dealing in consumer products in Thailand. The opinion of the managing directors offer some unique insights and important advice for Japanese companies intending to make future forays into Thai markets.

Re-Evaluating Compensation and Control in a Multi-Cultural Environment

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Re-Evaluating Compensation and Control in a Multi-Cultural Environment The extant domestic literature provides evidence that if administered in an unbiased manner, merit pay can be a significant motivator. However the same literature shows that judgment biases can lead to over rewarding of favored failures. The cross cultural literature provides evidence that collectivist societies treat "merit" pay at least partially as a form of salary. Using a behavioral experiment and subjects from countries that at the extremes of Hofstede (2001) individualism-collectivism spectrum this paper finds that subjects from the highly collectivist society (Taiwan) reward employees more often with some merit pay, regardless of their performance. Subjects from the individualist society (U.S.) more strongly reward good performers but are subject to significantly greater judgment biases, increasing the number and amount of merit awards to poor performers to whom they have prior commitment. Thus both societies have biases but from different angles and present employers with different control issues.

Alliance Commitment and Control: SMES From Developing Countries

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SMEs from developing countries tend to prefer to expand internationally through alliances. However, there is little research examining how to manage alliances once formed. In this study we combine commitment and control theories to explain how alliance commitment and process controls can lead to greater alliance performance. When tested on samples of developing country SMEs from two distinct regions we find support for our theoretical predictions. We discuss the managerial implications of using commitment and process controls in SME international alliances.

Export Orientation, Entry Mode and Governance Structure of Foreign Multinationals in China
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As an emerging market, China has become not only an offshore low-cost manufacturing site but also a promising market for both consumer and industrial goods. It has thus attracted a great number of foreign direct investments. This paper is to study the relationship among export orientation, entry mode, and governance structure of foreign multinationals in China. Preliminary findings indicate that the export intensity of FDI firms in China can well be explained by their governance structure in terms of local partnership, supervisory authority, business approach, market entry motivation, export experience, labor intensity, and capital intensity. The strategic and managerial implications will be addressed.

The Research on Cross-Group Invariance of Knowledge-Based Economy Assessment
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The purpose of this study is to investigate the construct model of Knowledge-Based Economy (KBE) assessment. The data source is 2002 World Development Indicators CD-Rom published by the World Bank. The World Bank Report had indicated that KBE construct model consists of five parts: economic incentive and institutional regime, innovation system, education and human resources, information infrastructure, and performance indicators. Utilizing the method of exploratory factor analysis, we extract some important factors characterizing KBE, a high order confirmatory factor analysis and cross-group invariance test of KBE is then conducted. Finally, this study concludes that, in order to construct the model of KBE, one need to look into the essentiality of innovation system, education and human resources, information infrastructure factors all together. The cross group factor invariance analysis and mean structure test. It is found that the factor structure of high-KBE group is similar to the low-KBE group, but better than in average performance.

Revisiting the Role of Cultural Distance in MNC's Foreign Ownership Mode Choice: The Moderating Effect of International Experience
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This study investigates potential moderating effects of firm's experience levels in the relationship between cultural distance and foreign ownership mode choice. Using the well established Japanese FDI data base, it is found that higher levels of experience, particularly decision-specific experience (prior experience with a particular ownership mode), mitigates potential impacts of uncertainty and costs caused by the high level of cultural distance, thus uncovering one possible answer to the 'national cultural distance paradox' observed in the literature. The 'decision-specific experience-moderated cultural distance' variable, not the 'absolute cultural distance' variable, is found to be an important determinant of a firm's foreign ownership mode choice. Furthermore, this variable dominates the other experience-moderated cultural distance variables (general international business experience- and host country experience-moderated variables) in the ability to discriminate between full ownership and shared ownership modes.

Do Subcultures Matter? Variations of Value Priorities in a Multicultural Workforce in the Asia Pacific Region
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For decades, research has investigated cultural values in organizations. Interest in this area has been accentuated by changing staff demographics due to globalization. Composition of employees in organizations has evolved from a homogenous nature to a heterogeneous one. Undoubtedly, further research is imperative for dealing with cross-cultural issues in organizations. Researchers have acknowledged that competence in managing workforce diversity is a major concern in IB. This paper presents findings of a study, which investigated variations in value priorities in a multicultural workforce in an Asian MNC. The research utilizes the

content of human values postulated by Schwartz (1992, 1994) as a basis of investigation. Findings indicate there are significant inter-cultural variations in values across the ethnic groups involved in this study - the Chinese, Malay, and Indian. Findings also indicate whilst there are no statistically significant intracultural variations in value amongst the Singaporean-Chinese, Malaysian-Chinese, PRC Chinese and Indonesian-Chinese, there are clear differences in trends in value prioritising within these Chinese subgroups. Thus researchers should not discount that intracultural differences in value perceptions still exist, despite non-significant P-values in some findings. These trends, and inter/intra-cultural differences provide insight into the inherent diversity in organizations, and have significant implications for IHRM.

China and the 'Round-Tripping' Phenomenon: A Re-Evaluation and Future Trends

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In this paper, we use our privileged access to SAFE and MOFTEC sources to outline some motivations for Chinese round-tripping not fully developed in the current literature. We see that, in the past, a large proportion of Chinese round-tripping has flowed through Hong Kong SAR, that the investment disguised as FDI which returns was distributed mostly among the comparatively developed coastal cities and that round-tripping was focused particularly on trade-related activity. Despite its distortional effect on Chinese FDI statistics, its abuse of government foreign investment attracting measures and the negative consequences for tax revenues, we argue the practice of round-tripping has brought certain benefits to the development of China's economy. Again, these benefits are not always articulated clearly in the literature. Not least, round-tripping has helped to promote access to international capital markets and has catalyzed the internationalization of Chinese enterprises. Moreover, we argue that the inflationary effect of round-tripping on Chinese FDI data should continue to diminish. Finally, a future research agenda is proposed.

The Environmental Antecedents of Knowledge Management Capabilities: An MNC Subsidiary Examination

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This study examines the relative influence of the environmental market conditions of competitive intensity and market dynamism on knowledge management capabilities and its influence on performance. The results of a survey of 131 managers of subsidiaries of foreign MNCs indicate that while both competitive intensity and market dynamism individually influence knowledge management capabilities, when examined jointly, market dynamism is a more influential environmental market condition than competitive intensity. A significant positive relationship between firms' knowledge management capabilities and subsidiary performance was also found. Our findings indicate the importance of understanding local market conditions and developing proper strategic configurations for MNC subsidiaries.

Large Business Groups From Southeast Asia

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This article explores the particular characteristics of large business groups in Southeast Asia and makes a first attempt to offer some explanations. The most striking feature is that ethnic Chinese businessmen run many of the largest Southeast Asian groups. Analysing these ethnic Chinese groups in more detail, I argue further that the largest groups are usually family-controlled and managed, highly diversified and very internationally oriented. The second half of the article seeks to explain these characteristics by combining insights and concepts from socio/cultural and economic research and management studies. The following three broad factors are discussed: the institutional context; the specific position of the founders as cultural immigrant minority; and the actor-specific perspective highlighting entrepreneurial skills of founders and their family members. It suggests that existing research is fragmented and can only partly explain the nature of these large

multinationals from Southeast Asia since it largely overlooks the actor-specific perspective. It suggests more interdisciplinary as well as empirical research is needed in order to better understand this phenomenon.

Dependence & Diversity of Markets: Effects on Market Orientation

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An inconsistent pattern of findings drawn from past research on the market orientation – performance relationship hints at the presence of extraneous sources of influence relating to locational factors. Data collected from a sample of exporters based in a small domestic economy reveal a link between market orientation and performance that is comparable to findings reported in other trade-dependent settings. The study also shows that the formation of a market orientation is hindered to the extent to which a firm is dependent on diverse and distant foreign markets.

A Longitudinal Study of Performance Difference of Japanese FDI in Different World Markets

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The study explores the relationship between the geographic location of a foreign subsidiary and its performance to investigate if a firm performance in FDI varies by motive and location of FDI. We investigated this issue using a sample of 8241 foreign subsidiaries of Japanese firms for the period 1986 to 2001 in different world markets categorized based on economic development. We classified firms into three categories based on motives – natural resource seekers, market seekers and efficiency seekers. The results show that performance varies depending on location for market seekers and efficiency seekers for all the years barring 1986, while for natural resource seekers the results are mixed for different years. Thus we conclude that performance of a foreign subsidiary of Japanese firms is dependent on motive-location choice.

Alliance Portfolio Management: Multilevel Practices of Multinational Corporations

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It is widely recognized that firms are becoming increasingly embedded within interorganizational networks. To improve our understanding of the organizational structures and practices to manage firms' alliances portfolios, we undertook this exploratory study through semi-structured interviews with senior multinational company executives. We found that managers consider alliance portfolio management to be an important, yet still emerging, strategic issue. Further, our evidence suggests that firms are establishing structures and practices at multiple levels to manage their interfirm networks.

The Internationalization Patterns of Norwegian Firms: Does Industry Matter?

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The theoretical as well as empirical literature on companies' internationalization has primarily focused on firm-level and country-level factors in order to explain firms' cross-border activities. With the exception of a limited number of studies emphasizing rivalistic behavior in oligopolistic industries, industry factors have been neglected as potential important determinants of companies' internationalization. We argue that differences across industries with regard to competition level, research intensity, tangibility of the products, and the existence of clusters should influence the impetus and opportunities to internationalize. We examine the role of such factors using data covering the internationalization patterns of the 100 largest non-financial Norwegian companies over the period 1990 to 2000. We find that industry factors contribute significantly to explaining the internationalization of these companies, and that the effects of industry factors remain strong when firm-level characteristics are taken into account.

Japanese 'Mini Banks': Retail Banking Services Through Convenience Stores

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This paper analyzes how leading Japanese convenience stores (CVS) have organized themselves over the last two decades to offer services that are typical to the services of retail banks. These stores act as "mini banks" and offer services such as loan repayments, utility bill collections, online purchase payments, funds transfers and credit cards. In addition, most stores offer more sophisticated financial services through automated teller machines and multimedia kiosks. The two main drivers of the evolution of "mini banks" are CVS' strengths in strategic application of information technology and opportunities in financial sector, which resulted from a series of government initiated reforms. Leading CVS have strategically combined these two drivers in developing their "mini banks", while exploiting their 24 X 7 advantage. This "mini bank" model creates value for CVS in three ways. First, it generates commissions from financial transactions, and second it increases extra traffic to the stores. Finally it enhances customer loyalty through some unique services for which customers come back to a particular CVS chain. This unique model, thus, offers an interesting banking paradigm that could be replicated in other parts of the world if similar environments and opportunities exist.

International Strategic Alliances: Objectives, Motives and Success

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This paper reports the findings of an empirical investigation of strategic alliance agreements between UK firms and their European, Japanese and US partners. The aim of this paper is to shed some light on the international strategic alliance activity of UK firms and ascertain the objectives and motives of international strategic alliances. In addition, the perceived performance of the strategic alliance is considered together with the perceived level of satisfaction of a range of alliance activities. The findings should prove to be a useful guideline for researchers and practitioners engaged in understanding international strategic alliances. The analysis should allow managers to examine the important issues in the formation of international strategic alliances and allow them to understand the assessment of performance and satisfaction of the alliances formed.

The results of the study indicate that the majority of UK firms engage in international partnerships for marketing related activities and are essentially driven by the financial cost and risk of entering a foreign market; access to overseas market and improving market share. The findings have also indicated that the majority of UK managers are satisfied with the overall performance of the international strategic alliance

Inter-Linkages Between Marketing and Supply Chain Management: A Citation Based Analysis

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The increase in the amount of international research in management, accounting, finance, marketing and MIS journals (Werner 2002, Werner and Brouthers 2002), increase in the international activities of business faculty (Kwok and Arpan 2002), and the growth in the number of international business journals (DuBois and Reeb 2000), are all evidence of the growing importance of international business research amongst business school faculty. Scholars in various business schools are recognizing the importance of inter-disciplinary research. Marketing and supply chain management are two such disciplines that have seen tremendous globalization in the recent past and in due process have developed increasing levels of inter-connectedness. This study uses a citation based approach to explore a particular aspect of the link between marketing and supply chain management: the impact of key marketing journals on the supply chain management discipline. A list of 30 publications for the year 1999, based on the work by Gibson and Hanna (2003) was used as the sample space. The results of our study indicate that the top five journals with the greatest impact on the supply chain management are, the Journal of Marketing, Harvard Business Review, Management Science, Journal of Marketing Research and Transportation Journal.

Dig Your Well Before You Thirst — Pre-Entry Strategy of Foreign Telecommunications Operators in China

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In China, domestic telecommunications network operation has been prohibited to foreign operators, and along with this so have the major equity-based forms of international business. As a result, foreign operators' strategies towards China represents something of a challenge to conventional international business thinking. Instead of the textbook selection of entry mode, we see the extensive use of a form of entry associated with an embryonic market — the representative office. The activities of these offices in China encapsulate the role of pre-entry strategy and also the idiosyncrasies of doing business in China. We find that a physical presence, in the form of a representative office "acts as a sign of faith and a gesture of goodwill" by the foreign firm in the host country (Buckley, Newbould and Thurwell, 1978: 27). The goodwill thus generated helps the foreign firm transform itself into an insider. This privileged insider status enables the firm to obtain exclusive information and other resources that yield competitive advantages. Using a qualitative research methods and face-to-face interview data, ten functions of the representative office are found. The findings enrich our understanding of foreign firms' positioning strategy in a restricted environment.

R&D Spillovers From Foreign Direct Investment and the Innovation System in China's Electronics and ICT Sector

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This study investigates the determinants of innovation in China's electronics and ICT sector. We extend the system of innovation approach by integrating foreign direct investment (FDI) into the conceptual framework, and by empirically examining the relation between foreign and domestic firms in terms of R&D spillovers. We find that the size and profitability of firms and the FDI intensity of industries determine the innovation expenditure of firms. Internationalization of firms and concentration of industries do not have significant effects on the innovation propensity of firms. The findings provide the evidence of the positive R&D spillover effect from FDI.

Cultural Impacts on the Management Style and Performance of International Joint Ventures in China: A Perspective of Foreign Parent Firms

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This paper aims to examine the relationships between cultural impacts, management styles and performance. Empirical results from 82 senior managers in Japan and Taiwan, whose firms joint venture with local partners in China indicate that cultural dimensions (i.e. power distance and individualism) have little impacts on management styles and performance. However, it is found that power distance and individualism show a pattern of negative correlation in the Japanese group but not in Taiwanese group. Building on our findings, several suggestions are made for further research.

Exploring Non-Economic Motives for Buying Gray Market Goods

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The traditional idea of gray marketing or parallel marketing has been that genuine trademarked goods will move from a low-priced market to a high-priced market. Supposedly, the opportunity for cost savings is what motivates consumers to buy gray market goods. This study describes a parallel market in reverse—consumers buy authentic trademarked goods at a higher price even when the same products, produced locally or regionally

by a subsidiary or licensee of the manufacturer, is available at a lower price. It also suggests that the motivation for such behavior is non-economic rather than economic. It offers a typology of consumer buying motives for gray market goods. The managerial implications are discussed and directions for future research are suggested.

Managing Partnerships With State-Owned Joint Venture Companies:

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Vietnam is gearing up to join the Asian Tigers. Business opportunities beckon yet foreign investors often still need to co-operate with local state-owned enterprises to gain access to crucial local resources. This creates unusual management challenges. We outline some of the key challenges arising in such relationships and offer insight in how to manage them.

How Internationalizing Firms Develop their Absorptive Capacity Over Time: The Case of Acquisitions

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Over the past three decades, researchers have modeled the internationalization of firms as a process where firms learn (or develop their capabilities) to operate in foreign countries. Recent research has shown that a firm's absorptive capacity in terms of initiating and implementing new foreign expansions is limited. Our paper develops new theory and evidence showing that a firm's absorptive capacity – applied to its expansions through international acquisitions – develops over time. We also develop theory and hypotheses on conditions favoring the development of a firm's absorptive capacity in terms of relevant, earlier international experience. The hypotheses are tested using a Poisson regression approach and data on 25 companies that made 798 international acquisitions over a period of more than three decades (1966-1998).

Dynamic Interactions of Goal Congruency, Cultural Difference, Learning and Conflict That Affect Performance of International Joint Ventures

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Dynamic strategic portfolios are examined within the context of cross-border learning in IJVs. This paper tests the multifaceted interactions among strategic goal congruency, learning, conflict, and IJV performance, using a structural equation model. Cross-border learning is recognized as a kernel variable which is influenced by matching strategic motives, cultural difference, conflicting relations, and absorptive capacity, and which affects the performance of IJVs. The test results show that congruent strategic motives had a positive effect on cross-border learning, which was reinforced by absorptive capacity, and which in turn led to better performance. Conflictual relations between partners and heterogeneous cultural background were shown to discourage cross-border learning.

The Impact of Managerial and Firm Characteristics on Corporate Restructuring: Evidence From Korea

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This study examined the impact of managerial and firm characteristics on the corporate restructuring in Korea after the economic crisis. Unlike of the existing explanation about corporate restructuring in advanced economies, we analyzed the influences of actors and factors specifically important to corporate restructuring in Korea and similar countries. The result shows that prior performance, firm capital structure and firm specific resources influence the extent of corporate restructuring. While prior performance impacted both portfolio and

employee restructuring, firm capital structure and firm specific resources influenced the employee restructuring. Unexpectedly the impacts of managerial characteristics are found to be low on the extent of corporate restructuring

Corporate Governance in Singapore: Developments and Prognoses

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This paper surveys the regulatory and structural environment in Singapore, and presents empirical evidence on corporate governance practices in areas such as ownership structures, disclosure practices, board of directors, the use of share option schemes, and the impact of government corporate ownership. It discusses corporate governance reforms that have been implemented or proposed, and assesses their likely impact on future corporate governance practices in Singapore. Remaining concerns with the future of corporate governance in Singapore are also highlighted.

Japanese Banks' International Expansion: An Application of Internalization Theory

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This paper revisits the "defensive expansion" argument in the bank FDI literatures. We examine Japanese banks' international expansion in the 1986 to 2001 period with an internalization theory perspective. We carry out a firm-level examination to look at the factors that affect a bank's decision to expand into a foreign country. Results from the empirical tests show that firm-level influences contribute to the direction and extent of the international expansion of banks. Specifically, the number of a bank's clients' foreign activities pulls a bank to establish foreign subsidiaries but this effect is most pronounced when a bank does not have an existing set of subsidiaries in a particular host country.

Conflict of Interests Within Multinational Corporations and Technology Transfer to China - A Framework

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This paper studies intra-organizational conflict between headquarters (HQ) and the foreign subsidiary regarding the scope of technology transfer to an environment of high imitation risk, such as China. The purpose is to provide HQ with the means to design the transfer so as to minimize subsidiary opportunism and promote cooperation. The proposed framework embodies ideas both to evaluate imitation risks, from an organizational learning and resource-based perspective, and to provide instruments to design the conflict situation, derived from game theory. Information symmetry and trust between the conflicting parties reduce opportunistic behavior and contribute to sustain competitive advantage.

Case: Medimmune and Managing Global Supply Chains

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The case presents the opportunity to look at an important new industry, a player of growing capability and importance in the marketplace, and assess the hurdles of multiple supply chains that confront companies in this phase of development. Further, the case sets out the "symbiotic" relationship between biotech companies and regulators. In 2002 sales rose to \$848 million and results from 2003 are expected to top \$1 billion. In fifteen years, MedImmune has become one of the leading firms in its product development of monoclonal antibodies (MAb). Antibodies are produced by the body's immune system as a response to an "invading"

substance such as pollen grains. Their flagship product is Synagis, which currently accounts for over 80% of revenues. Synagis tackles the leading cause of premature infant's hospitalization due to bronchitis and bronchiolitis. MedImmune strategy is evolving and yet must stay true to its roots. Its original focus was on R&D and this has morphed into "Operational Excellence" involving the design of global supply chains for each product (including both mature and developing products). Whether the firm strategy, and its supporting structure, can again change to focus on capturing market share is an open question.

Keiretsu is Dead – Long Live the Keiretsu: Opportunistic Behavior and Partner Switching

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The stability of the vertical keiretsu system has long been acknowledged as the main competitive advantage of the Japanese automobile industry. The switching behavior of the entire population of first-tier Japanese automobile suppliers from one car assembler to another is investigated in this study. Hypotheses on internationalization, assembler performance, supplier performance, and keiretsu affiliation were derived from the Japanese management, resource-dependence, and buyer-supplier literatures. The dependent variable was the category variable switching/no switching by Japanese first-tier automobile suppliers during the period 1996 to 2000. A logistic regression was performed on the entire population of Japanese first-tier suppliers. Results indicate that international presence measured in terms of exports and number of subsidiaries, assembler performance, and size of supplier influence the switching practices of 482 Japanese automobile suppliers. The traditional stable keiretsu seems to be changing as first-tier suppliers are switching to more profitable assemblers like Toyota and Honda.

Interpersonal Citizenship Behaviors of Employees in Greater China: A Social Capital Perspective

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To understand the relational context of citizenship behaviors, we draw upon social capital theory to propose and empirically examine a new model of interpersonal citizenship behavior (ICB). Our focus is on those behaviors that are cooperative actions aimed at helping work colleagues. From a social capital perspective, we examine the effects of trust, social network characteristics (i.e., network strength, network range, contact frequency, and network size) and relational norms and values (i.e., norm of reciprocity and individualism-collectivism) on ICB within a Chinese context where relationships and networks are especially salient. With data from a sample of 388 employees of a multinational bank with operations in Hong Kong, Taiwan, and Shanghai, we test hypotheses using multiple hierarchical (moderated) regression analyses. Direct influences on ICB include interpersonal trust, network strength, and individualism-collectivism. The cultural elements of norm of reciprocity and individualism-collectivism are both involved in several interactions with all network characteristics except network range. Implications for researchers and practitioners are discussed.

Ownership Structure of Target Firm and Type of Takeover Process: Evidence From Listed Companies in China

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In this paper, we view takeover as a process. We distinguish between two types of takeover process: takeover through one-time purchase (TOP), and takeover through sequential purchases (TSP). We examine the impact of ownership structure of the target firm on takeover process in the context of China. Based on the sample of 129 cases of takeovers of listed Chinese companies, we found that First, TOP is more likely to occur when target's ownership concentration is high. Second, state plays a key role in driving the process of corporate restructuring in China. Third, institutional shareholders tend to be neutral when their invested firms face a takeover attempt. Finally, shareholding does not give employees commensurate power for shedding a real influence on acquisition activity; nor do it for managers.

Study of Competitive Position and Competitive Advantage of Japanese MNCs' Subsidiaries in China

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In this study the Eclectic Paradigm of international production is applied in the analysis of MNCs' competitive advantage. The determinants of competitive advantage achieved by Japanese MNCs' operations in China are analyzed in the light of ownership, locational and internalization advantages. After examining the responses to questionnaires by 230 Japanese MNCs operate in China, the author concluded that competitive advantage of Japanese MNCs' operations in China is largely derived from ownership advantages and partly from locational factors, and that no significant relationship exists between internalization advantages and competitive advantage.

Production Scope Evolution of MNC Subsidiaries in Emerging Markets: A Case Study of Pfizer in China (1993-2002)

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Production scope evolution is closely related with MNCs' international expansion and subsidiaries' development. Based on a case study of the production scope evolution of Pfizer's subsidiary in China during 1993 to 2002, this paper tries to examine how subsidiaries' production scope evolve over time and what influence their evolution paths. Two findings emerge. First, for subsidiaries operating in emerging markets, managers usually have to face larger discrepancy between keeping global integration and local responsiveness, and local market conditions have strong impact on subsidiaries' production scope evolution. Second, by combining strategies related with different aspects of the content and processes of production scope evolution, managers can strike a balance between leveraging corporate strength and meanwhile being responsive to local market conditions.

Competing in the Emerging Economy of China: The Case of IKEA

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Issues emerged in the development of multinational firms in emerging economy were discussed, through a case study on IKEA China. Several propositions were provided through systematic analysis on various factors intervening the business practices and firm performance in similar international businesses, competing in such countries as China that is in transition.

The Challenge of Systemic Change: Corporate Governance Reform in Thailand

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This paper brings together institutional and political perspectives in a framework for mapping the process by which strategic change initiatives are introduced into a system but result in outcomes that may not be intended, expected or desired by the original architects of change. This general framework links stakeholders, structural elements and their interactions to emergent system-level phenomena. It also enables comparison across different systems undergoing change; for example, to understand why the outcomes of the "same" initiatives may vary dramatically in different contexts. To illustrate the framework, we examine the process by which an initial flurry of corporate governance reforms in post-financial crisis Thailand have been largely stymied, in spite of a seemingly clear need for such reforms and the conviction of some domestic and foreign promoters of such reforms.

Is the Chinese Currency Undervalued?

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Recently, many U.S. policy makers and business executives have argued that the Chinese currency, the renminbi (RMB), is undervalued at its current exchange rate of 8.28 yuan to the dollar. The alleged low value of the RMB has been blamed for the loss of manufacturing jobs in the United States and a general deflation in the industrial countries. Thus, the RMB has been under increasing pressure to revalue or float. Is the RMB, however, really undervalued at its current level? This paper addresses this question through basic analyses in terms of purchasing power parity (PPP), balance of payments flows, and portfolio balance. We found no convincing support for this claim. Inclusive of both tradable and non-tradable components in prices indices, PPP tends to overestimate the value of the RMB. China's surpluses in trade and current accounts are relatively small, and show no indication of currency misalignment. While China's accumulation of international reserves appears higher than the international norm, factors other than the exchange rate (such as preferential treatment for foreign investment and control on capital outflows) have played a major role.

Singapore's Regionalization Blueprint: The Empirics of the Case For Selective Intervention

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Siang Yeung Wong, Singapore Management University

Strategic management for economic development has been the hallmark of the Singapore 'success story'. State-led, market-driven intervention has underscored the city-state's development strategies. This paper revisits this development blueprint in the context of Singapore's efforts at regionalization. The paper takes a closer look at Singapore's regionalization imperative, and the 'portability' of the strategy – in the framework of Regionalization 21 – beyond the city-state. Evidence from Singapore's industrial-township projects in Indonesia, Vietnam and India are presented. We conclude that the calculated, schematized efforts, though remarkable, have been overly optimistic and have failed to engender equally compelling results, more often than not frustrated by the intricacies of socio-political realities in the host economies.

An Institutional Theory Perspective On the "Global Convergence" in Japanese Corporate Governance

Toru Yoshikawa, Singapore Management University (toru@smu.edu.sg)

Phillip Phan, Rensselaer Polytechnic Institute

There is a rising global pressure to adopt Anglo-American corporate governance practices because of globalization of capital markets. Non Anglo-American firms such as those of the Japanese also face domestic forces in their home country that influence their governance practices. We present an institutional theory based framework that explains the determinants of non Anglo-American firms' choice of corporate governance practices. We argue that the institutional distance and a firm's institutional embeddedness affect whether a firm will adopt Anglo-American corporate governance practices.

Authority Sharing Between MNCs and Local Governments in Transitional China: A Proposition

Xueyuan Zhang, Erasmus University (xzhang@fbk.eur.nl)

The "state paternalism" in transitional China has been called for attention in international business, but has been little addressed in depth. Of particular relevance, the role of local governments should be taken into account, as a consequence of decentralization of economic reform in China. Considering this feature, this paper attempts to argue that a partnership with local governments, from the TCE perspective, will help MNCs to mitigate transaction costs in the new institutional environment. However, MNCs are heterogeneous from the organizational capabilities (OC) perspective. Given the unique bargaining power of China, only those MNCs that possess specific capabilities that are admired by local governments will be co-opted into the partnership. This partnership leads to authority sharing in practice, which benefits to the operation of MNCs in localities.

2.3.1 - Track 4 - Alliances (Panel)***Dynamic Perspectives on International Alliances and Acquisitions*****Presented On:** 7/12/2004 - 14:30-16:00**Chair:** Tailan Chi, University of Kansas**Discussant:** Charles Williams, University of Illinois at Urbana-Champaign

The panel session presents four papers that cover a wide range of dynamic perspectives on international alliances and acquisitions. The foci of the papers range from the dynamic evolution of an individual investment project in the form of interfirm collaboration or acquisition, to the implications of a firm's internal dynamics for the use of alliances and acquisitions as a growth strategy, to the impact of industry dynamics on alliance formation, and to the implications of institutional evolution and economic cycles for domestic and across boarder acquisitions and their value consequences. The choice of entry mode and its value implications are in the core of the theories on international business and multinational enterprises. It is our intension that, by bringing this set of cutting-edge studies on international alliances and acquisitions, we can further develop and refine our understanding of these pivotal international business activities and the nature of the multinational enterprise.

Knowledge, Incentives and Mode of Investment in a Continuous-Time Setting

Anju Seth, University of Illinois at Urbana-Champaign (anjuseth@uiuc.edu)

Bart Taub, University of Illinois at Urbana-Champaign

Tailan Chi, University of Kansas

Globalization through Acquisitions and Alliances: An Evolutionary Perspective

Harbir Singh, University of Pennsylvania (singhh@wharton.upenn.edu)

Maurizio Zollo, INSEAD

Is the Growth of Strategic Alliances a Permanent or a Transitory Phenomenon? The Case of Biologicals

Jean-Francois Hennart, Tilburg University (j.f.hennart@uvt.nl)

Maciej Szymanowski, Tilburg University

Domestic and Cross-Border Acquisitions: A Comparative Analysis of Value Creation and Motives

Anju Seth, University of Illinois at Urbana-Champaign (anjuseth@uiuc.edu)

Protiti Dastidar, George Washington University

Rajshree Agarwal, University of Illinois at Urbana-Champaign

2.3.2 - Track 5 - Global Strategy (Competitive)

Reasons and Results: External Factor Effects and Foreign Investment

Presented On: 7/12/2004 - 14:30-16:00

Chair: Nejat Capar, American University of Sharjah

Discussant: Madan Annavarjula, Northern Illinois University

The Lead Market Strategy in International Innovation Development

Marian Beise, Kobe University (rian@rieb.kobe-u.ac.jp)

Thomas Cleff, FH Pforzheim

This paper presents an assessment of the lead market role of countries for innovation projects. The concept suggests that for many innovations lead markets exist that initiate the international diffusion of a specific design of an innovation. Once a specific innovation design has been adopted by users in the lead market chances are that it subsequently becomes adopted by users in other countries as well. Lead markets can be utilised for the development of global innovation designs. By focusing on the design of the innovation which responds to the preferences within the lead market, a company can leverage the success experienced in the lead market for global market launch. In order to follow a lead market strategy of new product development, it is necessary to assess the lead market potential of countries before an innovation is developed and tested in the market. This paper presents an indicator-based methodology that approximates the lead market attributes of countries. This assessment methodology was applied to two innovation projects at the truck division of DaimlerChrysler AG. The method produces information that is of in the development phase and the market entry of globally standardised innovations.

The Moderating Role of Internationalization on the Adoption of Voluntary Environmental Standards

R. Scott Marshall, Portland State University (scottm@sba.pdx.edu)

Darrell Brown, Portland State University

In this paper, we examine how local institutional pressures influence firms across country and industry to adopt the same voluntary environmental standards, and determine whether firms' internationalization moderates the impact of local pressures on standards adoption. Our findings suggest that normative pressures influence strategic choices to adopt voluntary standards. Further, higher internationalization of assets increases the influence of coercive pressures on decisions to not adopt; and, higher internationalization of sales decreases the influence of normative pressures to adopt.

Understanding the Location Strategies of the European Firms in Asian Countries

Rizwan Tahir, The University of Auckland (r.tahir@auckland.ac.nz)

Jorma Larimo, University of Vaasa

The purpose of this paper is to empirically investigate how the location-specific variables and strategic motives have influenced the location strategies of the Finnish firms in ten South and Southeast Asian countries from 1980 to 2000. Despite the increased interest in FDIs, very few studies have been undertaken to empirically analyze the influential location-specific variables together with the strategic advantages in order to analyze the FDI choices of foreign investors. To the best of our knowledge, particularly the strategic motives have remained primarily anecdotal. This is apparently the first study to empirically analyze how the location-specific variables and strategic motives have influenced the location strategies of Finnish manufacturing firms in Asian countries. The research results indicate large market size of the host country low cultural distance between the host and home countries and low wage rates in the host country increase the probability of undertaking market-seeking and efficiency-seeking FDIs. Similarly, it has been found that low levels of inflation, low levels of risks and the high level of exchange rate fluctuations in the target country increase the probability of undertaking risk-reduction seeking FDIs.

2.3.3 - Track 6 - Organization (Panel)

Strategy and Organization in Global Corporate Networks

Presented On: 7/12/2004 - 14:30-16:00

Chair: Bruce McKern, Stanford University

Discussant: Jose de la Torre, Florida International University

Panelists:

Bruce McKern, Stanford University (bmckern@stanford.edu)

Dong-Sung Cho, Seoul National University

John Mathews, Macquarie University

Charles Snow, Penn State University

George Yip, London Business School

The focus of the panel is global corporations in which the dominant organizational architecture is the network form, which is emerging as the structure best adapted to contemporary global competition. The network architecture is characterised by both high integration and high differentiation, with a high degree of lateral communication flows, differentiated roles for subsidiaries, and significant delegation from the HQ to the global SBUs. Organizational networks exist as both the internal architecture of an international corporation and as sets of external relationships between a corporation's headquarters units, its SBUs and the outside environment, with different implications for operational routines, processes and culture. External networks can include company-to-company alliances, groupings of corporations in fluid, informal structures, and formal multi-firm alliances. Under the pressures of global competition, the network is becoming the dominant form in both domains of architecture. In the more complex and faster changing environment that most firms face today, networks respond to the pressure for responsiveness and innovation, but at some cost to control and stability. This panel explores the changing network form of international organisation from two broad perspectives: corporate strategy and organizational architecture; and external networks of affiliate relationships.

2.3.4 - Track 7 - Marketing (Competitive)

International Mode Decisions

Presented On: 7/12/2004 - 14:30-16:00

Chair: Sanjeev Agarwal, Iowa State University

Discussant: Susan Mudambi, Temple University

International Technology Transfer: The Nature and Determinants of Licensing Dispersion in Foreign Markets

Preet S. Aulakh, York University (paulakh@schulich.yorku.ca)

Shibing Jiang, York University

This paper extends the study of international licensing by focusing on license dispersion pattern, i.e., exclusive licensing versus non-exclusive licensing in foreign markets. Drawing from the transaction cost analysis and agency theory, we first examine the benefits and costs of exclusive and non-exclusive licensing. Next, we identify a number of factors related to the nature of the technology, e.g., rent potential and tacitness of the licensed technology, firm related factors, e.g., licensor size and competence of licensees and foreign market characteristics, e.g., intellectual property laws and cultural distance, that determine a licensor's decision of dispersion pattern of its technology.

Divestment By Foreign-Based Companies: Founding Conditions, Sourcing and Firm Boundaries

Vitor Corado Simões, CEDE/ISEG, Technical University of Lisbon (vcs@iseg.utl.pt)

The process of globalisation, trade liberalisation and regional integration is leading to company reconfiguration, in terms of value chains, and patterns of activities carried out abroad. Cost and rationalisation driven investments are much more mobile than traditional market-seeking investments. In this business context divestment is recording an increasing trend. There is a new breed of research on international divestment decisions. Closely connected is the research on joint-venture survival. Another strand comes from the field of geography. This paper endeavours to combine these strands of research although drawing mainly on international business and strategy perspectives. It is aimed at confirming empirically a divestment decision framework developed in a previous paper, by undertaking six case studies of foreign divestments in the clothing and footwear industries in Portugal. The findings show the existence of a complex inter-action among a set of factors, organised in four groups: MNC strategy, subsidiary characteristics, and sectoral and territorial contexts. The processual dimension is very relevant, as the evolution of strategies and subsidiary roles is explicitly considered. Founding conditions, however, act as a countervailing factor. Another important aspect is commitment decline. This is, however, moderated by two forces: territorial context and actions by national/local authorities.

Firms' Internationalization Process in a Late Investor Country: Pseudo-Longitudinal Analysis of Timing

Sonia Maria Suarez-Ortega, University of Las Palmas de GC (ssuarez@dede.ulpgc.es)

Aristides Olivares-Mesa, University of Las Palmas de GC

This paper analyzes the timing of the internationalization process of Spanish manufacturing firms in the period 1990-1998. Following the Uppsala Internationalization Model, we tested four postulates: the entry mode sequence, the geographical sequence, the combined sequence and the acceleration postulate. Using the event history analysis, our results show that Spanish firms follow the Uppsala Model and that the whole process has actually been accelerated. Results also suggest that it is more likely that firms will change destination of activities in the short run and mode of entry in the long run.

2.3.5 - Track 1 - Political Economy (Panel)***The Birth of the Field of International Business Education*****Presented On:** 7/12/2004 - 14:30-16:00*Panelists:*

Stefan Robock, Columbia University (shr8@columbia.edu)

Don Lessard, Massachusetts Institute of Technology

Jack N. Behrman, University of North Carolina

Noritake Kobayashi, Keio University

Daniel Van den Bulke, University of Antwerp

The objective of the panel is to present an oral history of the emergence of the field of international business education. Prior to the middle 1950s, virtually all business schools in the United States and abroad were training future managers with a curriculum that completely neglected the international dimension of business, although in the real world international business had become a significant and growing force in the world economy.

2.3.6 - Track 3 - Emerging Markets (Competitive)

Internationalization Issues: The Case of China II

Presented On: 7/12/2004 - 14:30-16:00

Chair: James D. Goodnow, Bradley University

Discussant: Daniel Wayne Baack, Saint Louis University

Internationalization of the Chinese Cellular Industry: The Inward-Outward Connection

Nir B. Kshetri, The University of North Carolina--Greensboro (nbkshetr@uncg.edu)

China based handset makers, mobile service providers and cellular technology producers are rapidly internationalizing their business activities. This paper examines the globalization pattern of the Chinese cellular industry from the angle of inward-outward connections in the internationalization process. We propose a model that explains the factors, actors and moderators that have influenced the inward-outward connection in the internationalization of the Chinese cellular industry. Managerial and policy implications are discussed and directions for future research are suggested.

Strategic HRM, Market Orientation and Firm Performance in Chinese Enterprises

Li-Qun Wei, Chinese University of Hong Kong (weiliqun@baf.msmail.cuhk.edu.hk)

Chung-Ming Lau, Chinese University of Hong Kong

This study examined the impact of strategic human resource management (SHRM) and market orientation on firm performance by using a sample of firms from mainland China. Results showed that the both are confirmed to be related to firm performance in China. Furthermore, it was found that the effect of SHRM on firm performance was stronger when there is a higher extent of alignment between line and HR functions. The effect of market orientation on firm performance was stronger in larger firms in China.

The Emergence of a New Organizational Form: The Case of Wholly Owned Foreign Subsidiaries in China

Jiatao Li, Hong Kong University of Science and Technology (mjtli@ust.hk)

Jing Yu Yang, Hong Kong University of Science and Technology

This paper explores two key research questions: 1) what are the growth trends of MNC-university R&D collaborations in China; and 2) what key factors determine the MNC's choice of local universities/research institutes as alliance partners in carrying out their R&D investments in this emerging market. Based on the 327 international R&D alliances established in China over the 1995-2001 period, we examine the effects of key factors such as location attractiveness, research orientation, alliance structure, MNC host country R&D experiences, and nationality/cultural distance of partners on the selection of university/research institute as local R&D alliance partners. Logistic regression models are used to examine the relationship between these key factors and the formation of MNC-university R&D alliances in China.

Impacts of R&D, Exports and FDI on Productivity in Chinese Manufacturing Firms

Yingqi Wei, Lancaster University, Lancaster, UK (y.wei@lancaster.ac.uk)

Xiaming Liu, University of Surrey, Surrey, UK

This paper assesses the impacts of R&D, export and the presence of foreign direct investment (FDI) on Chinese manufacturing productivity based on a panel data on more than 10,000 indigenous and foreign-invested firms for the period 1998-2001. Indigenous Chinese firms are found to significantly benefit from their own export activities and R&D spillovers. Given some specific characteristics of China as a transition economy, OECD invested firms produce strong negative intra-industry spillovers on indigenous Chinese firms across regions but strong positive intra- and inter-industry spillovers within the same regions. Overseas Chinese firms from Hong Kong, Macao and Taiwan exert positive intra-industry productivity spillovers only. The robustness analysis suggests that different measures of FDI could lead to different results. Our findings have important implications for both business managers and policy makers.

2.3.7 - Track 4 - Alliances (Competitive)

Alliance Performance II: Role of Governance

Presented On: 7/12/2004 - 14:30-16:00

Chair: Rusty Mae Moore, Hofstra University

Discussant: Louis Hebert, HEC Montreal

International Joint Venture Performance: Empirical Evidence From Finnish International Joint Ventures
Jorma Larimo, University of Vaasa, Finland (jorma.larimo@uwasa.fi)

The past three decades have witnessed a growing theoretical and managerial interest in international joint ventures (IJVs). The previous studies on IJV performance and the determinants of IJV performance have indicated strongly varying results. Based on ca. 80 empirical studies focusing on the analysis of IJV performance 13 variables were selected for the more detailed analysis in the study. The paper also focuses on how much do the results depend on the measurement of performance. The empirical part of the paper is based on 657 IJVs established by Finnish companies in over 60 foreign countries during 1970 and 1999. The results indicated clear differences based on the measure of performance. Based on survival 42 % and based on stability 64 % of the reviewed IJVs were some kinds of failures. Independent of the measure of performance the size of the Finnish partner, relatedness of the IJV, difference in uncertainty avoidance, and age of the unit had significantly influenced the performance. In addition some other variables were significant, but they were dependent of the measure of performance.

Determining International Strategic Alliance Performance: A Multi-Dimensional Approach
Bo Bernhard Nielsen, Western Washington University (bo.nielsen@wwu.edu)

This paper considers the relationship between subjective measures of international alliance performance and a set of variables, which may act as predictors of success before the alliance is formed (pre-alliance formation factors), and a set of variables which emerge during the operation of the alliance (post-alliance formation factors). The empirical study, based on a web-survey, investigates a sample of Danish partner firms engaged in 48 equity joint ventures and 70 non-equity joint ventures with international partners. The results show a significant relationship between alliance performance and partner reputation preceding alliance formation as well as strong relationships between collaborative know-how, trust, and protectiveness and alliance performance during the operation of the alliance.

Knowledge, Control, and Joint Venture Survival: The Role of Product Relatedness
Jane Wenzhen Lu, NUS Business School
Dean Xu, Peking University

This paper proposes an institutional-theory-based contingency framework to the study on the relationship among knowledge, control, and IJV survival. Based on a sample of 1,080 Japanese international joint ventures established in China, our findings indicate that product relatedness between foreign parents and IJVs enhances IJV survival rates. Product relatedness between local parents and IJVs does not have a direct effect on IJV survival, but reduces the improvement in IJV survival rates associated with product relatedness between foreign parents and IJVs. Foreign managerial control is inversely associated with the likelihood of IJV survival, but this negative effect disappears in the presence of product relatedness between foreign parents and IJVs. Our findings highlight the differential effects that different types of product relatedness have on IJV survival, and demonstrate the contingent value of foreign managerial control.

The Impact of Repeated Partnerships on MNC Performance
 Anthony Goerzen, University of Victoria (agoerzen@uvic.ca)

A phenomenon that has become the focus of recent research on interorganizational network growth is that firms often enter into repeated relationships with prior partners. The implications of this tendency on an individual firm's economic performance, however, are not well understood. From transaction cost and network perspectives, competing hypotheses are tested on a large sample of multinational corporations. Results indicate clearly that firms with a greater propensity to enter into repeated partnerships experience inferior performance.

2.3.8 - Track 6 - Organization (Competitive)

Managing Subsidiaries: The Ideal and the Real

Presented On: 7/12/2004 - 14:30-16:00

Chair: Antoine Monteils, University of Houston Downtown

Discussant: Jim Mccullough, University of Puget Sound

Is Centralization Good for Performance? A Subsidiary Perspective
 Carlos Garcia-Pont, IESE Business School (cgarcia@iese.es)
 Fabrizio Noboa, IDE / IESE Business School

Subsidiaries are paramount to Multinational corporation (MNC) performance. Subsidiary economic and/or financial performance has to be combined with subsidiary initiative to be able to contribute to overall MNC performance. The trend to centralization, either regionally or globally, changes the embeddedness of the subsidiary, specifically, their interdependence along the global, local, and internal markets, and, by extension, decreases the organizational slack of the subsidiary. Changes in organizational slack and level of embeddedness reduce the resources available for innovation and the development of subsidiary initiatives. The case study presented, based on a longitudinal study through personal interviews and a network analysis of the subsidiary relations in two points in time, 1998 and 2003, shows how the centralization process of the division has affected the overall capabilities of the subsidiary reducing its strategic contribution to the overall division. Propositions for further research are developed.

The Struggle for Influence in the Federative MNC
 Ulf Andersson, Uppsala University (ulf.andersson@fek.uu.se)
 Mats Forsgren, Uppsala University
 Ulf Holm, Uppsala University

In this paper we argue that a model of the multinational corporation (MNC) as a federation, in which the headquarters is a player among others in the bargaining process for strategic influence, can give better insights into the "life" of the MNC than traditional models with a more hierarchical perspective. A causal model is developed and confronted with data from 97 subsidiaries in 20 MNC divisions. The result confirms that some sub-units have considerable power to influence the MNC's strategic decisions on investments in technology. It also indicates that the sub-unit's role as a giver of technology inside the MNC is a crucial factor in the bargaining process, in its turn underpinned by the quality of the sub-units' external business network in terms of closeness to important customers and suppliers. The results also support the view that an important power base for the headquarters beside its formal authority is a good knowledge of the subsidiary's business network.

The Development of Network Relations of MNC Subsidiaries: How Internal MNC and External (Local) Relations Evolve

Rian Drogendijk, Tilburg University (h.j.drogendijk@uvt.nl)

Managing relations is a very complex task for internationalizing firms and their subsidiaries. MNC subsidiaries not only face a local environment and a local network of contacts, but they are often confronted with a diversity of national environments through an increasing collection of intra-company linkages. This paper investigates conceptually how subsidiaries of MNCs build relations with internal MNC counterparts and external market and non-market actors as they mature and build resources and capabilities. It shows that, in order to understand the dynamics of stakeholder management in MNC subsidiaries, we need to adopt an integrated view on the variety of stakeholders in their internal and external environment that subsidiary managers face.

Estonian Top Managers Under Fire: When the Foreign Owners Constrain their Actions

Tiia Vissak, University of Tartu (tiia.vissak@ut.ee)

It has been often claimed that in multinational networks, subsidiaries are reaching more important roles and a higher decision-making freedom. Still, it is not always true. The paper argues that a multinational corporation might constrain its affiliate's actions even if the latter is innovative, has strong economic results and/or its managers actively try to reach higher autonomy in the parent company's network. Moreover, if its executives' views contradict with the multinational's strategies, they might have to resign or be fired. The paper begins with a literature review, then, a case study of seven foreign-owned enterprises in Estonia (where the managers left voluntarily or were forced to leave), a discussion of the results and some recommendations for the future research follow.

2.3.9 - Track 1 - Political Economy (Panel)

A Roundtable on Political Risk: A Review and Reconsideration

Presented On: 7/12/2004 - 14:30-16:00

Chair: Lorraine Eden, Texas A&M University

Discussant: Steve Kobrin, University of Pennsylvania

Panelists:

Jonathan Brookfield, Texas A&M University (jbrookfield@cgsb.tamu.edu)

Jennifer Oetzel, American University

Witold Henisz, University of Pennsylvania

Llewellyn D. Howell, Thunderbird - AGSIM

A new risk environment has emerged out of the ashes of the Cold War, and in a post 9/11 world, the salience of political risk seems clear. A core topic for AIB, the topic is also a timely one, given the continued bombings and terrorist attacks occurring around the world. The purpose of this panel is to take a new look at political risk in the context of recent events. Lorraine Eden will introduce the panel and provide an opening commentary. Afterwards, four presenters will comment on particular aspects of political risk. Jennifer Oetzel will discuss the efficacy of different measures of political risk. Jonathan Brookfield will look at the impact of certain kinds of political risk on firm strategies and organizational form. Witold Henisz will consider political risk and the institutional environment, and Lew Howell will consider political risk from the point of view of both an academic and a practitioner. Finally, Steve Kobrin will reflect on the four presentations in the context of recent world developments and discuss how things have changed in the twenty five years since the publication of his article "Political Risk – A Review and Reconsideration" in JIBS.

2.3.10 - Track 6 - Organization (Panel)***Voices from the Field: A Dialogue with Anthropologists on International Organizing*****Presented On:** 7/12/2004 - 14:30-16:00**Chair:** Julia Gluesing, Wayne State University**Discussant:** Mary Yoko Brannen, San Jose State University*Panelists:*

Marietta Baba, Michigan State University

Jean Canavan, Artifacts Group LLC

Janine R. Wedel, George Mason University

Julia Gluesing, Wayne State University

Since the 1990s the scope of anthropology has broadened as anthropologists from many nations are working together to address topics that have emerged from world-level connections among cultures, such as the politics of cultural identity, transnational organization, and global consumer behavior. Globalization forces are drawing anthropologists into a more global perspective on their work as they focus more attention on the entire continuum that spans from local to global, with many shades of variation between them; e.g., regional, local re-contextualized as in diaspora studies, or transculturation (one culture transforms into another due to global influence).

The complexity of the global problems are compelling anthropologists to work on larger, multidisciplinary projects, combining theories and methods with those of other disciplines to create more robust approaches to understanding (e.g., remote sensing, dynamic simulation modeling).

This panel proposal is submitted by leading scholars and practitioners in the field of business anthropology who are committed to increasing the contribution of anthropology, its theory and methods, to people and their effectiveness in international organizations. The panelists and discussion facilitator bring their diverse perspectives to bear on issues that cross both national and AIB track "geographies" to provide a summary of the current global challenges facing MNCs. This panel that summarizes and synthesizes current perspectives and research on international organizing and managing structures and processes in MNCs should appeal to a large number of AIB members interested in alliances and networks, business strategy, emerging markets and transition economies, macro- and micro-organizational behavior and human resource management.

2.3.11 - Track 5 - Global Strategy (Competitive)***Diversification, Capabilities, and Knowledge: The Value of Knowing What You are Doing*****Presented On:** 7/12/2004 - 14:30-16:00**Chair:** Stewart Johnston, University of Melbourne**Discussant:** James Nebus, Northeastern University*International Diversification, Resources, Intra-Network Knowledge Sharing and MNC Value*
Jangho Lee, School of Business, Sogang University (jhlee@ccs.sogang.ac.kr)

The goal of this paper is to undertake empirically grounded and systematic test of the proposition that MNC's international diversification, the interaction of firm's international diversification and its resources and the interaction of firm's international diversification and its intra-network knowledge sharing between its worldwide units positively affect MNC value. Regression results reveal that international diversification reduces rather than increases Korean MNC value if not managed effectively. Regression results including three interaction terms show that interaction of advertising intensity and international diversification has a statistically significant positive impact on Korean MNC value, while interaction of R&D intensity and international diversification has no statistically significant effect on Korean MNC value. R&D intensity represents technological capability of the firm. Regression results suggest that the technological capability of the Korean firm investing in foreign countries may not be internationally competitive. Regression results also show that interaction of intra-network knowledge sharing and international diversification has a statistically significant negative impact on Korean MNC value. That suggests that the costs of building necessary infrastructure for global learning might be too great for smaller-sized Korean MNCs despite rapid advancement in information and transportation technology and subsequent large-scale decrease in costs of communication and transportation.

Organizational Capabilities and the Effectiveness of Knowledge Flows Within Multinational Corporations
Tina Claudia Chini, WU Wien (tina.chini@wu-wien.ac.at)
Björn Ambos, University of Edinburgh
Bodo B. Schlegelmilch, WU Wien

This paper aims to shed light on the – often neglected – inter-linkage between organizational capabilities and knowledge transfer effectiveness. Given the current fragmentation of the field and the often contradictory assumptions regarding causal linkages among distinct knowledge transfer capabilities, our study takes on an exploratory approach. Utilizing empirical data on 286 relationships of MNC units, i.e. headquarters and subsidiaries, we test alternative structural equation models linking knowledge transfer capabilities and knowledge transfer effectiveness. Our results show that context factors are probably overestimated in literature and that differences between lateral and hierarchical knowledge transfers are vital to increase the effectiveness of knowledge flows.

A Modified Resource Based View of the Internationalization of Different Sized Companies
Niron Hashai, College of Management, Israel and Hebrew University (nironh@huji.ac.il)
Tamar Almor, College of Management, Israel

A modified version of the Resource Based View (RBV) is presented, which is tested empirically on a sample of different sized companies that operate internationally. We pose that firms create and sustain their competitive advantages not only by creating superior capabilities, but also by compensating for inferior ones by using different types of strategic configurations. Therefore we expect that small and medium sized multinationals (SMMs) and larger multinationals (MNCs) differ in their internationalization and internalization strategies. This difference is expected to stem from size and resource constraints of SMMs compared to larger MNCs. Results show that the value activities of MNCs are more internationally dispersed than those of SMMs. Although SMMs concentrate most of their value activities in the home country, the international dispersion of market activities

by SMMs is almost as high as that of MNCs. In terms of internalization SMMs tend to internalize R&D activities and externalize production activities, whereas MNCs do exactly the opposite. However when explaining international marketing activities it was found that knowledge intensity, rather than size, was the explanatory variable; technology based firms tend to internalize marketing regardless of size, while non-technology based firms tended to externalize marketing activities by using alliances.

Must Asset-Seeking MNEs Settle For Joint Ventures? A Contingency Perspective Aligning Strategic Motives and Organizational Capabilities

Chiung-Hui Tseng, National Cheng Kung University (ctseng@mail.ncku.edu.tw)

Prior research, relying on the transaction cost theory, suggests that an equity joint venture is preferred to a wholly-owned subsidiary when the multinational enterprise (MNE) needs to obtain local assets, which if obtained through replication or acquisition entail high transaction costs. Drawing on the organizational capability perspective, this paper argues that the asset-seeking MNE may still choose a wholly-owned subsidiary as a vehicle for accessing local assets if its existing capabilities are highly applicable to the pursuit of associated assets. The aim of this paper is not to comment on the merits and demerits of the transaction cost theory and the organizational capability perspective. Rather, it is purported to show the differences and compatibility of the two theories in explaining ownership decision driven by distinct foreign investment motives, and to suggest that taking into account the organizational capability perspective provides MNEs with a more comprehensive basis for assessing investment strategy.

Plenary 5 - "Bridging With the Other: The Moral Challenges of Global Capitalism"

Presented On: 7/12/2004 - 16:30-18:00

Chair: John Dunning, Emeritus Professor of International Business at Reading and Rutgers University

Panelists:

Lord Brian Griffiths of Fforestfach, Vice Chairman, Goldman Sachs Europe

H.R.H. Prince El Hassan Bin Talal, Royal Palace, Amman, Jordan

Jack Behrman, Luther Hodges Distinguished Professor of International Business and Ethics (Emeritus)
University of North Carolina

Robert Davies, Chief Executive, Prince of Wales International Business Forum, London

ABSTRACTS FOR TUESDAY, JULY 13, 2004

3.1.1 - Track 4 - Alliances (Competitive)

Network Competition and Network Organizations

Presented On: 7/13/2004 - 08:30-10:00

Chair: Anthony Goerzen, University of Victoria

Discussant: Jan-Erik Vahlne, Göteborg University

A Network Analysis of the Internationalisation of Team Sports

April Lee Wright, University of the Sunshine Coast (april.wright@business.uq.edu.au)

Peter W. Liesch, University of Queensland

Recognising that sports are no longer a metaphor for business but are delivered to spectators by networks of business relationships, this paper adopts a theory building approach to explain the internationalization of professional team sports leagues. Team sports have become internationalized in recent years at the level of the player, the team and the league. The paper integrates network theory issues of structure, value flows and change dynamics, sport economics concepts of skilful competition and outcome uncertainty, and theory regarding the nature of knowledge and its transferability to frame an explanation of the drivers of the internationalization of team sports.

Bridging International Strategy and Structure With Entrepreneurship: The Internationalization of Non-Established Companies

Thomas Hutzschenreuter, WHU (th@whu.edu)

Bernd Oehring, J P Morgan

Fabian Guenther, WHU

This study investigates which organizational mechanisms non-established companies choose at the outset of their internationalization and which factors influence these choices. Existing research on the internationalization of established companies suggests that the need for efficiency, the need for local adaptation, environmental complexity and local resource levels are relevant factors; however, this research indicates that these factors may not be sufficient to explain the organizational design chosen by non-established companies during their internationalization. Case study research was undertaken, analyzing six German companies that use the Internet as the basis of their business models. The research suggests taking into account the additional factor of resources available at headquarters, specifically management capacities, as this appears to have an influence on the organizational design chosen by non-established international companies. It appears that the sooner non-established companies go international, the more they tend to have decentralized international headquarters-subsidiaries relations with high degrees of informal coordination.

Internationalisation Theory, Knowledge and the Resource-Based View of the Firm

John T. Steen, University of Queensland (j.steen@business.uq.edu.au)

Peter W. Liesch, University of Queensland

We review several models of firm internationalisation and demonstrate that they relate to the resource-based view of the firm, in particular, through the core resource of knowledge and the capability of managerial judgement. Following from this discussion, we introduce a novel network approach to the internationalisation literature that has many similarities with the core concepts in the resource-based view. By way of demonstration, this approach is used to explain aspects of the internationalisation of a large international chemicals company.

A Micro-Level Analysis of the Impact of Inward Foreign Direct Investment Via Foreign Affiliate-Local Enterprise Linkages

Joanna Scott-Kennel, Victoria University of Wellington (joanna.scott-kennel@vuw.ac.nz)

This paper investigates the impact of inward foreign direct investment (IFDI) at the micro- (firm) level for a small, developed economy. It identifies a range of inter-firm linkages, and constructs a model measuring the degree of linkage of the foreign affiliate in a host economy. A survey of 516 affiliates in New Zealand revealed a significant impact on local firms via competitive pressure, demand and supply, assistance, and resource transfer, and confirmed that degree of linkage is positively linked to industry upgrading.

3.1.2 - Track 6 - Organization (Panel)

New Multi-Levels Approaches in International Business

Presented On: 7/13/2004 - 08:30-10:00

Chair: Kwok Leung, City University of Hong Kong

A Multi-Level Examination of Individual, Subgroup and Group Effects of Demographic Faultlines

Dora Lau, Chinese University of Hong Kong (doracslau@yahoo.com)

Keith Murnighan, Northwestern University

International business is multi-level in nature. Understanding activities of international business, such as trade, operation of MNCs, and expatriate management, require concepts across the individual, firm, and country levels. Academics have long recognized multi-level issues in international business. They first emphasized on defining and conceptualization of constructs across levels. For those more applied-oriented, multi-level variables are used to give a more comprehensive understanding of important phenomena. With richer data and advance tools, recent emphasis is on understanding cross-level influence of multiple variables. Multi-level issues will continue, if not become more important, in international business. We intend to open new avenues for this trend by introducing new concepts and applications concerning multi-level issues in this panel submission.

A Multi-Level Structural Equation Model on Social Axioms

Mike Cheung, University of Hong Kong (mikewlcheung@hku.hk)

Kwok Leung, City University of Hong Kong

Kevin Au, Chinese University of Hong Kong

International business is multi-level in nature. Understanding activities of international business, such as trade, operation of MNCs, and expatriate management, require concepts across the individual, firm, and country levels. Academics have long recognized multi-level issues in international business. They first emphasized on defining and conceptualization of constructs across levels. For those more applied-oriented, multi-level variables are used to give a more comprehensive understanding of important phenomena. With richer data and advance tools, recent emphasis is on understanding cross-level influence of multiple variables. Multi-level issues will continue, if not become more important, in international business. We intend to open new avenues for this trend by introducing new concepts and applications concerning multi-level issues in this panel submission.

Reconceptualizing Culture and its Role in International Business: A Multi-Level Perspective

Rabi S. Bhagat, University of Memphis (rbhagat@memphis.edu)

Karen South Moustafa, University of Memphis

International business is multi-level in nature. Understanding activities of international business, such as trade, operation of MNCs, and expatriate management, require concepts across the individual, firm, and country levels. Academics have long recognized multi-level issues in international business. They first emphasized on defining and conceptualization of constructs across levels. For those more applied-oriented, multi-level variables are used to give a more comprehensive understanding of important phenomena. With richer data and advance tools, recent emphasis is on understanding cross-level influence of multiple variables. Multi-level issues will continue, if not become more important, in international business. We intend to open new avenues for this trend by introducing new concepts and applications concerning multi-level issues in this panel submission.

3.1.3 - Track 6 - Organization (Panel)***The Localization Processes of Japanese Companies in the Chinese Societies in Hong Kong, Taiwan, and Mainland China*****Presented On:** 7/13/2004 - 08:30-10:00**Chair:** Heung Wah Wong, The University of Hong Kong*Panelists:*

Shigeto Sonoda, Chuo University, Tokyo, Japan

Heung Wah Wong, The University of Hong Kong

Akira Hayashi, Kanda University of International Studies, Tokyo, Japan

Dongmei Wu, Chuo University, Tokyo, Japan

Yasuyuki Kishi, Chuo University, Tokyo, Japan

3.1.4 - Track 7 - Marketing (Competitive)***The Resource-Based View*****Presented On:** 7/13/2004 - 08:30-10:00**Chair:** Saeed Samiee, University of Tulsa**Discussant:** J. Chris White, Michigan State University*External Resources and SMEs Export Performance*

Timothy J Wilkinson, University of Akron (twilkin@uakron.edu)

Lance Eliot Brouters, University of Texas at El Paso

Keith D. Brouters, Temple University

In this paper, we attempt to further develop an international resource-based view of small and medium sized enterprises (SMEs) by examining a new set of resources/capabilities: external non-market resources and capabilities located in the home country. Specifically, we empirically examine the impact of the use of a set of non-market home country resources (state government export promotion programs) on SME export performance. We hypothesize and find that, even controlling for internal resources, the use of home country non-market resources and capabilities positively contributes to SME export performance satisfaction. Managerial implications are discussed.

Antecedents and Outcomes of International Knowledge Transfer: An Integrated Framework and Research Propositions

Janet Y. Murray, Saint Louis University (murrayjy@slu.edu)

Mike C. H. Chao, Saint Louis University

Although knowledge transfer has been well studied, knowledge transfer between teams across nations in the new product development context, which is the essential aspect of knowledge management by multinational firms, has received scant attention by researchers. We developed an integrated framework by utilizing the resource-based view of the firm, complemented by organizational learning and knowledge-based theory. Using the international acquisition context, our integrated framework incorporates both micro- and macro-environmental factors as antecedents, with multiple outcomes of international knowledge transfer (i.e., new product development performance and new product market performance).

Resource Exploitation Under Resource Dependence Constraints: The International Expansion Strategy of Smaller U.S. Based Semiconductor Equipment Manufacturers (1996-2000)

Tatiana S. Manolova, Suffolk University (tmanolova@suffolk.edu)

This study looks at how smaller U.S. suppliers of semiconductor manufacturing equipment exploit their resources on a global scale under conditions of dependence on key customers and how the interaction between resource exploitation and resource dependence determines their international expansion. I test four hypotheses grounded in the resource-based view of the firm and the resource dependence theory of interorganizational relationships. The study panel consists of 66 U.S.-based publicly traded suppliers of semiconductor equipment over a five-year period (1996-2000), and thirty-nine markets, to a sample size of $n = 11154$ company-market-year observations. Tests reveal complex quadratic relationships between technological competence and international expansion. Sales dependence on a key customer constrains the scope of international operations but may facilitate market entry within the limited scope of markets served. Further, small suppliers tend to be present in their key customer's home market and the markets the key customer invests in. As technological intensity and sales dependence increase, however, smaller suppliers are more likely to make additional entries in the markets the key customer invests in and less likely to make additional entries in the key customer's home market. Implications for theory and practice are discussed.

3.1.5 - Track 6 - Organization (Panel)***New Perspectives on International Assignments*****Presented On:** 7/13/2004 - 08:30-10:00**Chair:** Rosalie L. Tung, Simon Fraser University

There is growing recognition among academicians and practitioners alike that effective management of human resources is pivotal to a firm's international competitiveness. As such, international assignments have received a lot of research attention in the past two decades. While much progress has been made, in light of the magnitude and diversity of issues associated with the subject, there is always a need for new perspectives for analyzing the problems involved. These include a better understanding of the criteria for selecting people for international assignments to minimize failure (the focus of Thomas' paper); alternatives to traditional sources of human supply in international assignments (the focus of Tung & Chi's paper, and Worm's paper); the interplay between work and family lives of expatriates, including the positive roles that families can play in international assignments (the focus of Caligiuri and Lazarova's paper); and the question of why some companies, such as Ikea that adopts an ethnocentric approach in their overseas operations, has been so widely successful (the focus of Fang's paper). All of these perspectives shed important light on international human resource management and cross-cultural management, in general, and international assignments, more specifically.

Cultural Intelligence: Managing the Paradox of International Assignments

David C. Thomas, Simon Fraser University (dcthomas@sfu.ca)

Foreigners in their Home Country? The Case of Taiwanese Ex-Host Country Nationals

Rosalie L. Tung, Simon Fraser University (tung@sfu.ca)

Shu-Cheng Chi, National Taiwan University

Work-Life Balance and the Effective Management of Global Assignees

Paula Caligiuri, Rutgers University (caligiur@rci.rutgers.edu)

Mila Lazarova, Simon Fraser University

Short-term Assignments as an Alternative to Traditional Long-term International Assignments

Verner Worm, Copenhagen Business School (vw.int@cbs.dk)

To Adapt or Not to Adapt to Local Culture? Human Resource Management at IKEA in China

Tony Fang, Stockholm University (tony.fang@fek.su.se)

3.1.6 - Track 3 - Emerging Markets (Competitive)***Strategic Issues in Emerging Markets: China, India, and Turkey*****Presented On:** 7/13/2004 - 08:30-10:00**Chair:** Lyn Suzanne Amine, Saint Louis University**Discussant:** John D. Daniels, University of Miami*Strategic Response of a Japanese Joint Venture During India's Economic Liberalization*

Ashok Som, ESSEC Business School (som@essec.fr)

The Indian economy began its liberalization process in 1991 under the structural adjustment program of the IMF and the World Bank. The structural adjustment program required India to deregulate in phased manner, eliminate the license regime and to open its economy to foreign capital. With the opening of the economy, the Indian market become intensely competitive and turbulent with the entry of greater foreign participation. This paper tries to build a conceptual model of strategic response through effective human resource management policies and practices within such a market environment. The article tries to understand this phenomenon from a contingency perspective through a single detailed case-study of an Indo-Japanese Joint Venture. Several issues relating to organizational redesign, effective corporate responses like organizational redesign, professional and employee oriented modes of management and a hybrid model of Indo-Japanese HRM interventions are discussed.

Chasing the Dragon: Accounting for the Under Performance of India by Comparison With China in Attracting Foreign Direct Investment

John S. Henley, Management School, University of Edinburgh (J.Henley@ed.ac.uk)

This paper compares and contrasts the performance of India and China in attracting foreign direct investment (FDI). Both economies are large emerging markets that had rather similar profiles in 1978. Today, China ranks number one as the world's preferred foreign investment destination. Closer examination of the FDI statistics suggests that India's performance has been significantly understated while China's performance continues to be overstated. However India still lags for a number of reasons. These include a high tariff regime, poor infrastructure (power, ports, roads and railways), a regulatory system that is too often not business-friendly, a policy of reservation of many potentially export-oriented sectors for small businesses and inflexible labour laws.

The government's large budget deficit is preventing investment in necessary physical infrastructure yet India needs to increase the rate of private investment to enhance the economic growth rate and reduce poverty. The paper concludes that based on China's experience of promoting FDI, further economic devolution to state level is the best way forward. While this is likely to exacerbate inter-state income inequality in the short term, it does offer the possibility of redistribution in the longer term.

An Analysis of Business Strategies of Turkish Apparel Firms

A. Cemal Ekin, Providence College (ekin@providence.edu)
Mehmet S. Kumbaraci, PISA Tekstil A.S., Turkey

This paper explores the business strategies of Turkish apparel firms by examining the core paradigms that have guided the industry over decades. It presents the current state of industry as manifest in the companies' core strategies within a strategic fit framework. It identifies the current problems faced by Turkish clothing manufacturers and marketers in this international industry. Then the paper offers some recommendations to foster the competitiveness of Turkish apparel firms. Finally, it draws conclusions by comparing the business behavior and strategies of Turkish firms by defining the structural and firm-specific factors.

Complex Configurations in the Turkish Economy

Attila Yaprak, Wayne State University (attila.yaprak@wayne.edu)
Bahattin Karademir, Cukurova University
Huseyin Ozgen, Cukurova University
Richard Osborn, Wayne State University

The significance of the roles business groups play in the economic development of emerging nations has inspired an interesting body of literature in the last decade. Indeed, this heightened interest has led to the dedication of a special issue of the Academy of Management Journal to the topic in 2000. While scholars have focused attention on "takeoff" economies like S. Korea, Chile, and Taiwan in the literature, other emerging economies, such as Turkey, have not received as much attention. Given Turkey's position as a strategic and cultural bridge between the East and West, focus on the development of its business groups might shed light on the trajectories family conglomerates in other developing countries might take. To contribute to this understanding, we develop and discuss four business group archetypes we see emerging in Turkey. We describe the evolutionary pathways each has taken and hypothesize about the role each might play in serving as an entry mode platform for foreign investors that want to penetrate not only the Turkish, but also the European Union and the Central Asian, markets. We also comment about the likelihood of success for each archetype while serving in this role.

3.1.7 - Track 2 - Economics (Competitive)***Biting the Big Mac Index: A Global Review of Currency Trends and Issue*****Presented On:** 7/13/2004 - 08:30-10:00**Chair:** Dorothee J. Feils, University of Alberta**Discussant:** Dorothee J. Feils, University of Alberta***Is Exchange Rate Pass-Through Symmetric? Evidence From U.S. Imports***

Jiawen Yang, The George Washington University (jwyang@gwu.edu)

This paper addresses the question of whether exchange rate pass-through into the import price is symmetric between appreciation and depreciation of the home currency. The dramatic increase of the dollar in the early 1980s and the subsequent decline provided a necessary setting for testing whether there was a structural change in the exchange rate pass-through. Examining import price data for 98 disaggregated SIC industries in the U.S. manufacturing sector and the U.S. import price for all commodities, I find mixed evidence regarding the stability of exchange rate pass-through. The majority of the industries experienced no significant change in their pass-through elasticity over the periods of dollar appreciation and depreciation in the 1980s. A few industries, however, did show increasing exchange rate pass-through as the dollar depreciated, while a few other industries demonstrated decreasing exchange rate pass-through as the dollar depreciated. There is some weak evidence that the exchange rate pass-through for U.S. import price for all commodities increased when the dollar depreciated during the latter part of the 1980s.

Euro and Purchasing Power Parity

Arvind Mahajan, Texas A&M University (mahajan@tamu.edu)

Naiwei Chen, Texas A&M University

Euro was created on January 1, 1999 and became the sole legal tender of the 12 countries comprising the euro zone on July 1, 2002. Regulatory harmonization and real and financial sector changes associated with the adoption of this single currency were supposed to facilitate cross-border trade and enhance economic convergence and market efficiency in the euro zone. If they did, then the purchasing power parity (PPP) condition should hold better due to these changes. This paper examines the validity of both absolute PPP (APPP) and relative PPP (RPPP) during three sub-periods from January 1973 through February 2003. We test PPP within the currency bloc (i.e., the euro zone) as well as between currency blocs. Using the seemingly unrelated regression (SUR) approach, we obtain evidence, which, in general, supports PPP. RPPP has performed well consistently since January 1973. APPP has been holding well between currency blocs since April 1979, but appears to deteriorate within the euro area after the introduction of the euro. Our evidence shows that APPP deviations between currency blocs have become much less persistent and have a half-life of less than a year but have worsened in the euro zone.

Anatomy of a Currency Crisis: Turkey 2000-2001

Animesh Ghoshal, DePaul University (aghoshal@depaul.edu)

The last decade has seen a proliferation of currency crises in emerging markets. In this paper we focus on the Turkish crisis of 2000-2001, in the context of three "generations" of models for analyzing such crises. The IMF backed stabilization program, which attempted to use an active crawling peg as an inflation anchor, is reviewed. The crisis is seen to be a consequence of capital inflows, real currency appreciation, increasing external vulnerability, and the rapid exit of capital. We conclude that it was a mistake to liberalize the financial system before implementing adequate supervisory measures, and to adopt a crawling peg which was not supported by fiscal reform.

3.1.8 - Track 1 - Political Economy (Competitive)

Causes and Constraints for International Trade and Investment

Presented On: 7/13/2004 - 08:30-10:00

Chair: Jennifer Spencer, George Washington University

Discussant: Lorraine Eden, Texas A&M University

Is WTO Antidumping Agreement Working?

Jason Z. Yin, Seton Hall University (yinjason@shu.edu)

Once again, WTO Cancun ministerial conference in September 2003 failed to make any progress on key issues of its Antidumping Agreement. It is a major setback for WTO in its effort to set new rules to promote fair practice in international trade. It raises concerns about the functionality of WTO as the governance body of international trade. This paper conducts a survey of the WTO antidumping data to see what actual and potential problems lurk in its shadows. It analyzes the attributes of all antidumping cases against China to see the way the WTO Antidumping Agreement has been abusively employed. Based on the analysis, three fundamental changes are suggested to reform the existing Antidumping Agreement to promote free and fair trade and the efficiency of world economy.

National Cultural Distance and Bilateral Trade Flows

Arjen H.L. Slangen, Tilburg University (a.h.l.slangen@uvt.nl)

Sjoerd Beugelsdijk, Tilburg University

This paper examines the effects of national cultural distance (CD) and language similarity on the amount of merchandise trade between 4517 pairs of countries. We hypothesize that bilateral trade flows initially increase with CD, as firms should increasingly rely on exports rather than foreign direct investment (FDI) when cultural differences increase. However, when cultural differences become sufficiently large, firms should be less likely to engage in international trade, as the negotiation and communication styles of their trading partners become too different to smoothly close successful international business deals. We thus expect bilateral trade flows to eventually decrease with CD. In addition, we hypothesize that language similarity increases bilateral trade flows, as people from countries with a common language should be able to communicate more easily, and should be less likely to misinterpret the other person's message. Controlling for a variety of other variables, such as the combined market size and level of economic development of trading countries, and their geographic distance, we find strong empirical support for a curvilinear (inverted U-shape) relationship between CD and the amount of bilateral trade. We also find that countries with a similar language tend to trade more.

A Simple and Flexible Dynamic Approach to Foreign Direct Investment Growth: Did Canada Benefit From the Free Trade Agreements With the United States?

Nicolas Forsans, CIBUL, University of Leeds (nf@lubs.leeds.ac.uk)

Peter J. Buckley, CIBUL, University of Leeds

Jeremy Clegg, CIBUL, University of Leeds

Kevin T. Reilly, Leeds University Business School

This paper asks a simple question: Did Wilfred Laurier's dream of free trade with the United States, when it came to fruition in 1989, also have a benefit in terms of foreign direct investment into Canada by US multinationals? By introducing a dynamic framework, rather than the literature's traditional static framework, and by using a structural break framework, rather than modelling policy changes as an intercept shift only, the paper concludes that (a) the signing of the free trade agreements between Canada and the United States increase by a factor of two the responsiveness of growth in the Canadian economy on the US foreign direct investment decision; (b) limited dynamics are found in the form of lagged effect of changes in the real Canadian interest rate; (c) the effect of the change in the exchange rate is static and constant over the whole 1955 to 2000 period and was unaffected by the introduction of free trade between the United States and Canada.

International Trade, Investment Flows, and Country-Level Corruption

Mohsin Habib, University of Massachusetts - Boston (mohsin_h@hotmail.com)

Leon Zurawicki, University of Massachusetts - Boston

Corruption in a country can have detrimental effects on both international trade and foreign direct investment. Corruption can reduce the attractiveness of the country for foreign investors. In the worst case, investors may opt to go somewhere else where they do not have to deal with the unnecessary burdens (financial and otherwise) of corruption. Corruption-induced operational issues can have similar effects on exporting to the country. Importing from a country that is corrupt is not problem-free either. With respect to import, the concerns that are raised have to do with overall productivity, commitment to product quality, delivery schedules, etc. Finally, the outward flow of FDI from a country can be affected by its corruption. Corruption can send mixed signals about the intent and motivation of the investors. Host countries may find building trust a challenge and decide to look for alternate sources of FDI. The paper examines the effects of corruption on import, export, FDI inflow, and FDI outflow. The findings confirmed significant negative relationships in all four cases. Further, it was found that the impact of corruption is higher in case of FDI inflow than export to a country. The paper ends with policy implications of the findings.

3.1.9 - Track 1 - Political Economy (Competitive)***Stakeholders and Society: MNC Strategies and Performance Outcomes*****Presented On:** 7/13/2004 - 08:30-10:00**Chair:** Jonathan P. Doh, Villanova University**Discussant:** Gurneeta Vasudeva, George Washington University*Do MNCs Care About Core Labor Standards? Evidence from the FDI Flows*

Baban Hasnat, State University of New York College at Brockport (bhasnat@brockport.edu)

This paper explores the relationship between foreign direct investment (FDI) and core labor standards. The channels through which labor standards may influence FDI flows are discussed. It then provides an empirical examination of the relationship using secondary data for the period 1995-1999 for 142 countries and employing ordinary least squares regression techniques. Contrary to popular belief, higher labor standards are found to be positively associated with higher foreign FDI inflows. In other words, low labor standards are not an attraction for FDI. The results are insensitive to the level of development of the countries included in the study. Consequently, calls to restrict the activities of multinational corporations for fear of "social dumping" or "race to the bottom" appear to be mistaken.

Petroleum Industry & Reputation. Developments In Corporate Reputation Over the Period 1990-2002.

Susanne Van de Wateringen, University of Amsterdam (s.l.vandewateringen@uva.nl)

A good reputation is one of the most valuable assets a company can have. A problematic reputation can hinder companies in their performance. In competitive markets with products that hardly differ in price, technology or availability, reputation can make a difference. Petroleum companies are frequently associated with environmental issues such as oil spills and the issue of climate change. As environmental performance rankings remain non-conclusive due to methodological shortcomings, those issues may affect the sector's reputation. This paper examines whether the observation of a problematic reputation for multinationals in the petroleum sector is sustained by empirical data for the period 1990-2002. Considering methodological limitations, the analysis shows two downward trends for all companies indicating a common reputation effect. For individual companies, the effect of catalyst events is observed. However, the contribution of the paper is not only empirical. Conceptually, the results show the complexity of measuring the multidimensional concept of reputation; the importance of reputation commons, catalyst events and a reputation mechanism.

Corporate Social Strategy in the Multinational Enterprise: Antecedents and Value Creation

Bryan W. Husted, Tecnológico de Monterrey and Instituto de Empresa (bhusted@itesm.mx)

David B. Allen, Instituto de Empresa

In this paper, we examine the relationship of the multinational firm's market environment, stakeholders, resources, and values to the development of strategic social planning and strategic social positioning. Using a sample of multinational enterprises in Mexico, we examine the relationship of these different ways of conducting social strategy to the creation of value by the firm. The market conditions of munificence and dynamism, and the resource for continuous innovation are found to be related to strategic social positioning. The social responsibility orientation of the firm is related to strategic social planning. Positioning is related to value creation for the multinational firm, but planning is not. We discuss the implications of these findings for research and practice.

Investigating the Effects of Stakeholder Concerns of Australian Global Firms on Economic Performance

Nicholas Mangos, Flinders University of South Australia (nicholas.mangos@flinders.edu.au)

Global corporations have been encouraged to increase their emphasis on social responsibility/stakeholder accountability and to accommodate the interests and needs of a variety of stakeholders in their codes of conduct. such as employees , community, product safety issues, and the environment. This study examines the relationship between economic performance and stakeholder management of Australian Global firms. It specifically empirically investigates the nature and form of the relationship between economic performance and stakeholder concerns and further tests the assumption of linearity. The findings of the study reveal that the relationship between secondary stakeholders (community concerns with environment issues) and economic performance are statistically significant, whilst the same cannot be said for primary stakeholders (employee concerns and product safety issues)

3.1.10 - Track 5 - Global Strategy (Competitive)
The Old Squeeze Play: Exogeneous Pressures on International Strategy**Presented On:** 7/13/2004 - 08:30-10:00**Chair:** Abdul A. Rasheed, University of Texas at Arlington**Discussant:** Douglas Sanford, Towson University*The Effect of Environmental Uncertainty on the Value of International Real Option Investments*

Mona Verma Makhija, Ohio State University (makhija_2@cob.osu.edu)

Seung-Hyun Lee, University of Texas-Dallas

International investments provide firms with important real options that allow them to gain strategic flexibility during periods of uncertainty. In general, the greater the uncertainty faced by the firm, the greater will be the value of the real options embedded in its international investments. To gain insight into this relationship, we considered four different combinations of environmental uncertainty and currency changes. We examined the relationship between the differing types of environmental uncertainty and real options value of international investments using a database of Korean firms over a six-year period. We found evidence that higher uncertainty, whether accompanied by currency appreciation or depreciation, results in greater real options value of international investments for these firms. However, when uncertainty was low, currency effects were more likely to appear. These results suggest that the role of uncertainty and organizational context are critical for understanding the real options effects of international firms.

Strategy Making and Culture

Kamal Fatehi, Kennesaw State University (kamal_fatehi@coles2.kennesaw.edu)
Hameed G. Nezhad, Metropolitan State University

Strategy making entails the process of environmental scanning which enables the firm to identify environmental forces, and prepare a plan of action to deal with them. It calls for gathering information, deciding what to look for, where to look, and what to select from the multitude of information available. The process is not an objective and mechanistic activity that is free of human biases. The scanning and information gathering is a culturally based perceptual process. The external environmental assessment aspect of strategy formulation is a five-step process of scanning behavior, information selection, interpretation, validation, and prioritizing. Because these steps are based on culturally programmed perception processes, country differences can be expected in each step. Strategy formulation and implementation also deal with internal organizational issues that center around relationships among people. Both internal and external steps in strategy process involves perception and thinking, and both are influenced by culture. Therefore, the process of strategy making varies among people of different cultures. This paper addresses these issues and discusses implications of cultural differences on strategy process.

Why Foreign and Local Firms Dominate Different Industries in China: The Battle of Competence Approach

Ming Zeng, INSEAD (mzeng@ckgsb.com)
Peter Williamson, INSEAD

This paper develops a “battle of competence” approach to understand why certain groups of firms (multinational versus local Chinese firms) dominate different industries in China. We conducted a longitudinal, comparative case study of the evolution of four industries (i.e., white goods, TV, PC, Telecommunication equipments) in China over the last 20 years. Our findings show that Chinese firms are likely to dominate in the industries where technology is mature or easy to purchase in the market, local environment is complex and important, and the demand on functional competences is low. Our research identifies three important drivers of competitive advantage: the dynamic fit between internal competences and external environments, the combinative capability to effectively and efficiently integrate various competences, and the dynamic capability to continuously create bundles of new resources and knowledge.

Country Institutional Differences and Multinationality Advantage in Banking

Mehmet Erdem Genc, Baruch College (mehmet_genc@baruch.cuny.edu)
Xavier Castaner, HEC (France)

In this paper, we seek to answer the following questions: “Do country-level institutional differences affect benefits of multinationality? If so, how?” Focusing on resource and knowledge transfers as the key source of multinational advantage, we argue that the degree to which multinationals can benefit from such transfers depends on the extent to which knowledge or other resources are applicable across units. We further argue that the greater the institutional similarity across different countries in which the MNE is present, the greater the applicability and transferability of resources across its units. Hence, we claim that the greater the institutional similarity, the greater the firm performance and, further, the greater the effect of multinationality on performance. We test these arguments in a sample of 85 multinational banks using data from 2001-2002. We find that (1) institutional similarity significantly improves MNE performance, (2) multinationality does not have an independent effect on performance, and (3), contrary to our expectation, the positive effect of institutional similarity actually decreases with increasing levels of multinationality. Our paper contributes to the literature on multinationality, learning and resource transfer within MNEs, and the contingent resource-based theory of the firm.

Plenary 6 - Cem Kozlu - "Turkey and the EU"

Presented On: 7/13/2004 - 10:15-11:15

Chair: Esra Gencturk, Koc University

Discussant: Hildy Teegen, George Washington University

Cem M. Kozlu (Ph.D. Bogazici University, Turkey & honorary Ph.D. Denison University, USA).

President of Coca Cola Central Europe, Eurasia and Middle East Group. Has served as member of Turkish Parliament between 1989 and 1991. Published four books on business and economics, including a college textbook on International Marketing.

3.2.1 - Track 1 - Political Economy (Panel)***Corruption: Sources, Nature, Measurement, and Impact on International Business***

Presented On: 7/13/2004 - 11:30-13:00

Chair: Klaus Uhlenbruck, Texas A&M University

Discussant: Pankaj Ghemawat, Harvard Business School

Panelists:

Klaus Uhlenbruck, Texas A&M University (kuhlenbruck@tamu.edu)

Fikret Adaman, Bogazici University

Ali Carkoglu, Sabanci University

Mohsin Habib, University of Massachusetts

Bryan Husted, Tecnologico de Monterrey

Peter Rodriguez, University of Virginia

Leon Zurawicki, University of Massachusetts

This panel joins scholars from various disciplines and cultural backgrounds that have focused on a specific hazard in international business: government corruption. Defined as the abuse or misuse of public power for private benefit, corruption reduces economic growth, skews investment incentives and impairs foreign and domestic firms. With increasing globalization and the opening of emerging markets, corruption has become a major problem in international business. This panel will address these problems comprehensively, discuss strategies for firms and policy makers to deal with corruption and suggest directions for future research.

3.2.2 - Track 5 - Global Strategy (Panel)***Global Innovation Research Framework*****Presented On:** 7/13/2004 - 11:30-13:00**Chair:** Harry Lane, Northeastern University*Panelists:*

Nick Athanassiou, Northeastern University (n.athanassiou@comcast.net)
 Harry Lane, Northeastern University
 James Nebus, Northeastern University
 Mike Zack, Northeastern University
 Patrick Regner, IIB, Stockholm School of Economics

The purpose of this panel is to present a framework for global innovation. The practical significance of the framework is to prescribe processes that make people more effective in implementing an innovation strategy by enabling their firms to become superior learners. The framework consists of three components. The first is a knowledge map plotting firms that compete in the same strategic group. Its axes correspond to two ways in which innovating firms can compete: exploiting their knowledge assets, for example intellectual property; or having superior learning capabilities relative to their competitors. The second component is a focus on environmental complexity, a potential barrier to learning and innovation. We argue that globalization is a manifestation of complexity. The third component of the framework identifies the processes necessary to learn from this environmental complexity. The combination of people and processes create effective learning and implementation in these global organizations. The framework argues that the key processes to learning in a complex environment are collaborating, discovering, architecting, and contexting. The framework's applicability is shown in the context of two innovating organizations, Compaq (Ireland) and Couplet (Sweden).

3.2.3 - Track 6 - Organization (Panel)***The Role of Dialogue in Cross-Border Multiple-Identity Organizations*****Presented On:** 7/13/2004 - 11:30-13:00**Chair:** Srilata Zaheer, University of Minnesota and Margaret S. Schomaker, University of Minnesota,*Panelists:*

Margaret S. Schomaker, University of Minnesota (mschomaker@csom.umn.edu)
 Jane E. Salk, University of Texas at Dallas
 Olivier Irrmann, INSEAD

As the forces of globalization and international expansion have gathered speed, organizations of many different types have found themselves spanning borders. While the exigencies of cross-cultural business dealings is a well-established area of research, exciting new subjects of inquiry are emerging as well. One such area, 'organizational identity', examines the relationship between employee and organization. When a firm bridges two countries, and the institutions and cultures of those countries, it runs the risk of developing multiple organizational identities. While reducing such a firm to a single identity may not be possible or desirable, recognizing the presence and influence of multiple identities is without doubt necessary. With the interests of so many firms at stake, international business research is moving beyond the traditional boundaries of the field and seeking further insight from a number of other disciplines. Inquiry as to the nature and implications of multiple organizational identities seems ideally suited to exploration through a multidisciplinary lens. This panel focuses on dialogue as a means of bridging multiple identities. As such, the panelists draw from such fields as communication studies, linguistics, and sociology in an exploration of various aspects of the role of communication in aligning multiple identities.

3.2.4 - Track 7 - Marketing (Competitive)

Scale Construction and Measurement

Presented On: 7/13/2004 - 11:30-13:00

Chair: Attila Yaprak, Wayne State University

Discussant: Georg Fassott, University of Kaiserslautern

Supplier Selection Construct: Instrument Development and Cross-Regional Validation

Chin-Chun Hsu, University of Nevada Las Vegas (vincent.hsu@cmail.nevada.edu)

Vijay R. Kannan, Utah State University

G. Keong Leong, University of Nevada Las Vegas

Keah Choon Tan, University of Nevada Las Vegas

The importance of supplier selection in supply chain management is well established in the literature. Although the role of supplier selection in supply chain management has been researched extensively, little research has been done in conceptualizing and measuring the specific construct of supplier selection. This study identified the various measures used to select strategic suppliers, and proposed a three-factor supplier selection construct. The three-factor construct proposed that supplier selection is a function of the buyer's assessment of supplier's quality, service and strategic fit. An initial sample of 100 practicing managers from the U.S. Institute of Supply Management (ISM) was used to explore the proposed supplier selection construct. Subsequently, two separate samples consisting of 310 U.S. and 115 European members of American Production and Inventory Control Society (APICS) were used to verify and confirm the research model. Research results support the three-factor supplier selection construct and show that the model is common across geographic boundaries.

The MIXADAPT Scale: A Measure of Marketing Mix Adaptation to the Foreign Market

Luis Filipe Lages, Universidade Nova de Lisboa, Faculdade de Economia (lflages@fe.unl.pt)

Cristiana Lages, Warwick University

Due to the innumerable difficulties associated with marketing strategy conceptualization and operationalization, it was not possible to find consensus during the last decades on a unique marketing strategy construct. The existing diversity of measures impacts on the reliability of existing findings, as researchers question if existing findings are a consequence of the variables or a consequence of their operationalization. To overcome this state of affairs, based on a survey of Portuguese and British exporters, this paper presents a four-dimensional multi-item scale for assessing the degree of marketing mix adaptation to the foreign market (the MIXADAPT scale). The four dimensions are: 1) product adaptation; 2) promotion adaptation, 3) price adaptation and 4) distribution adaptation to the foreign market. The scale shows evidence of reliability as well as convergent and discriminant validity in both samples. Additionally, the scale also reveals factorial similarity and factorial equivalence across the two samples. The findings are used to generate managerial and theoretical implications as well as directions for future research. **Keywords:** Cross-Country Study; Export Marketing Program; Measurement; MIXADAPT Scale

Developing a Multidimensional Instrument to Measure Psychic Distance Stimuli

Douglas Dow, Melbourne Business School (d.dow@mbs.edu)

Amal Karunaratna, Adelaide University

This paper develops and tests broad range of potential psychic distance stimuli including differences in culture, languages, religions, education, and political systems. Using trade intensity amongst a set of 38 nations as the dependent variable, it is shown that the most commonly used psychic distance surrogate: a composite measure of Hofstede's cultural dimensions, accounts for less than half of the total variance explained by a comprehensive set of indicators.

Measuring Culture's Influence On Web Content: The Generation of an Instrument

Daniel W. Baack, Saint Louis University (baackdw@slu.edu)

Nitish Singh, California State University, Chico

Culture has been found to affect marketing communications and influence consumer behavior. A review of the literature reveals the need for a valid, reliable, and generalizable framework with which to measure culture. This paper addresses this need by comparing the cultural frameworks of Hofstede (1980) and Schwartz (1994) in the context of internet communications. A sample of retail websites from 15 different countries was analyzed using a variety of methods including an exploratory factor analysis. The resulting framework is found to be valid and reliable. This research may benefit both future academic research on the topic and attempts by practitioners to make web communication culturally sensitive.

3.2.5 - Track 3 - Emerging Markets (Competitive)***Internationalization of SME's*****Presented On:** 7/13/2004 - 11:30-13:00**Chair:** Pervez N. Ghauri, University of Manchester**Discussant:** Bindu J. Vyas, King's College*The Contingent Effect of Technological Innovation on the Relationship Between International Strategy and Performance of Entrepreneurial Firms*

Congcong Zheng, London Business School (czheng@london.edu)

Susanna Khavul, London Business School

This paper looks at effectiveness of international strategy in international entrepreneurial firms (IEFs). Although international strategy (in terms of entry timing, market focus, and use of intermediary) has attracted a lot of academic interests, the results of those researches are inconsistent. It might result from the theorization of direct relationship between international strategy and performance in the existing empirical literature. We propose a contingent approach to remedy the inconsistency. We theorize that the effectiveness of international strategy is based on firm's technology innovation, one of the most important aspects of competitive advantages of entrepreneurial firms. We theorize that although early entry timing and focused market would be good for firm international performance in technology-based industries, technology innovation moderates the relationship between both entry timing and market focus's relationship with performance. We also theorize that high innovation firms can benefit more from use of intermediary. Data from 146 Chinese IEFs in technology-based industries show that we have partial support for our hypotheses.

Barriers to Venture Capital Investment in Innovative SMEs in CEE Economies – Causes and Policy Implications

Ilian Petkov Iliev, Judge Institute of Management, Cambridge University (pi204@cam.ac.uk)

There is increasing realization in policy circles of the increased importance of VC in national and regional Systems of Innovation (SIs). Optimally, VCs play a positive role in SIs for a variety of actor classes – providing finance and managerial competence for start-ups; options on technology and a stream of quality acquisition targets for corporations; a different technology transfer route for knowledge institutions. However, in CEEs recent increases in VC activity have been predominantly in low-tech traditional areas of the economy, privatised enterprises, and firms attractive mostly for multinational distribution networks. This is despite the presence of substantial levels of innovative activity in these economies. This anomaly can be traced to several aspects of CEE SIs, such as limited knowledge flows between industry and knowledge institutions; low participation by SMEs in production networks and SI; weak linkages between domestic corporations and SMEs; institutional barriers to academic entrepreneurship; low levels of innovation in CEE SMEs; and weak linkages between VCs and knowledge institutions. The paper explores barriers to VC investment in innovative SMEs in CEE, and focuses on policy measures aimed at the alleviation of such barriers, and the enhancement of the role of VC in CEE SIs.

Firm Capabilities, External Resources and Electronic Commerce in SMEs: A Study in Singapore
N. Rao Kowtha, National University of Singapore (kowtha@nus.edu.sg)

In this study, we examined how the firm's internal capabilities and external resources influence the adoption of electronic commerce. Few studies of small business E-commerce have examined the adoption question in an integrated fashion. The focus tends to be on one dominant perspective such as innovation diffusion, top management or firm IT capabilities. It might be more fruitful to consider these as domains of firm resources and capabilities, and examine how these resources and capabilities collectively impact the extent of innovation adoption. We conceptualized firm internal capabilities in terms of entrepreneurial orientation, boundary spanning, technological capabilities, financial commitment and IT skill intensity. External resources included vendor relations, trading partner support and governmental support. We collected data from multiple respondents in 60 SMEs in Singapore. Our results show that entrepreneurial orientation, technological capabilities and vendor relations significantly influence the extent of E-commerce adoption. IT skill intensity shows a marginally significant relationship to the extent of adoption. Governmental support influences the establishment of a preliminary website but has no relationship to subsequent development of E-commerce capabilities.

Diversification and Innovative Capability of Technology-Based Firms in a Transitional Economy: An Institutional Voids Perspective
Changhui Zhou, Guanghua School of Management, Peking University (czhou@gsm.pku.edu.cn)

This paper draws on an institutional voids perspective to mainly analyze the effect of business diversification on innovative capability of technology-based firms in a transitional economy. The paper also extends this perspective to develop hypotheses concerning the liability of newness and smallness. To test our hypotheses, we conducted a nation-wide survey of technology-based firms in China's national science parks. Based on a sample of 764 firms, we employed a zero-inflated Poisson (ZIP) estimation model. Results provide strong support for our conceptual framework.

3.2.6 - Track 2 - Economics (Competitive)

Derivatives Rule OK

Presented On: 7/13/2004 - 11:30-13:00

Chair: Harvey Arbeláez, Fisher Graduate School of International Business

Discussant: Animesh Ghoshal, DePaul University

The Feldstein- Horioka Puzzle Revisited: Gross Versus Net, and Direct Versus Portfolio
George J. Georgopoulos, York University (georgop@yorku.ca)
Walid Hejazi, Rotman School of Management, University of Toronto
Edward A. Safarian, Rotman School of Management, University of Toronto

It is well documented that there is a significant home bias in terms of where domestic savings are invested. This empirical regularity is known as the Feldstein - Horioka puzzle. This result has been replicated many times. Our analysis extends previous studies in three important ways: distinguishes between gross versus net capital flows; separates out retained earnings given their special role in FDI; and allows FDI and portfolio flows to have differential impacts. We conclude that although there is a home bias, it is much less than has been previously predicted. Furthermore, the role of capital flows in financing multinational investments (FDI) is a significant and increasingly important factor in the global economy. This has both short-run and long-run implications not evident from analysis beginning with the Feldstein-Horioka approach.

Empirical Evidence on the Incentives to Hedge

Bengt Pramborg, Stockholm University School of Business (bpg@fek.su.se)

Niclas Hagelin, Stockholm University

We investigate Swedish firms' use of financial hedges to reduce their foreign exchange exposure for 1997-2001. The study uses survey data, which enables us to differentiate between hedging aimed at translation exposure and transaction exposure, respectively. The survey responses show that more than 50% of the firms employ financial hedges and that transaction exposure is more frequently hedged than translation exposure. We find that the likelihood of using financial hedges is increasing with firm size and exposure. We also find that liquidity constraints are important in explaining transaction exposure hedging while the existence of loan covenants explains translation exposure hedging.

Real Options and Organizational Embeddedness - A Structurationist Perspective

Michael Behnam, European Business School (michael.behnam@ebs.de)

Dirk Ulrich Gilbert, University of New South Wales

Jan Herzog, European Business School

Within the last decade, Real Option Valuation (ROV) has gained more and more recognition by academia and practitioners. Being a tool commonly associated with yielding "objective" valuation results and even serving as an approach in strategic management, most literature abstracts from the effect of organizational factors on ROV. Interpretations, evaluations and decisions, however, are not just taken on the grounds of "objective" criteria, they are rather subject to individual perception, power relations and norms in organizations. Therefore, it is important to analyze how this social respectively organizational embeddedness affects ROV and vice versa. After giving a short overview on the existing literature on ROV, we will take a look on the case of Enron Corp., underlining our argument for the importance of organizational embeddedness in ROV. Furthermore, assuming a Structurationist Perspective, we want to conceptualize its effects before we draw implications on the use of ROV as a tool in and an approach of strategic management. While we will argue that the primary function of ROV is not only to be a valuation tool, but also a tool to achieve inter-subjectivity, we will specify the conditions under which ROV can fulfill this function.

3.2.7 - Track 1 - Political Economy (Panel)***THE Great Debate: IB is a Failed Discipline: Yeh or Ney?*****Presented On:** 7/13/2004 - 11:30-13:00**Chair:** Joseph Cheng, University of Illinois Urbana-Champaign and Timothy M. Devinney, Australian Graduate School of Management,*Panelists:*

Julian Birkinshaw, London Business School (jbirkinshaw@london.edu)

Robert Hoskinsson, University of Oklahoma

Stefanie Lenway, University of Minnesota

Richard Osborn, Wayne State University

Torben Pedersen, Copenhagen Business School

Anju Seth, University of Illinois at Urbana-Champaign

Bernard Yeung, New York University

There have been several panels related to this subject in the past at various conferences and there are related publications from these events (a JIBS Special Issue and Peter Buckley's forthcoming volume). What makes this panel unique is that the panel is based on prior discussion and work related specifically to the topic at hand. In addition the panel members have viewpoints that can be characterized as distinctly at variance with prior panels, which have automatically assumed that the continuance of the field is per se desirable. It is interesting

that prior panels have glossed over this most basic part of the debate. Finally, the format of the panel is a structured debate, rather than specific presentations of papers or ideas that we normally see in conferences. The intent is to engender quite wide discussion by forcing variance into the argument by taking purposefully extreme viewpoints.

3.2.8 - Track 1 - Political Economy (Panel)

Industrial Parks and the Middle East Peace Process

Presented On: 7/13/2004 - 11:30-13:00

Chair: Seev Hirsch, Tel Aviv University

The proposed panel will address the issue of the role of industrial parks in fostering regional business cooperation in the Middle East. The panel will explore various issues related to the link between industrial parks and economic development, the international experience regarding the impact of industrial parks on development and business cooperation, relevant legal aspects in the case of bi-national industrial parks as well as the link between the academia and training future entrepreneurs and managers of firms in industrial parks.

International Business Transactions and Peace Making

Seev Hirsch, Tel Aviv University (hirsch@post.tau.ac.il)

Hisham Awartani, A-Najah University, Nablus

Industrial Parks in the Context of a New Marshall Plan for the Middle East

Steff Wertheimer, Chairman, Iscar Group of Companies

Lessons From the Experience of Cross Border Industrial Parks

Hafiz Mirza, Bradford University (h.r.mirza@bradford.ac.uk)

Niron Hashai, Hebrew University of Jerusalem

Cross-Border Israeli/Palestinian Industrial Parks

Abdel Malik Al Jaber, CEO, Palestinian Industrial Estate Development Holding Company

Reuven Horesh, College of Management, Israel. Formerly Director General of Israel's Ministry of Trade and Industry

3.2.9 - Track 4 - Alliances (Competitive)

Alliances Portfolios: Synergy or Chaos

Presented On: 7/13/2004 - 11:30-13:00

Chair: Bernard Martin Wolf, York University

Discussant: Thomas Hutzschenreuter, WHU

One More Only if it is One of Us: The Number of Partners and the Stock Market Reaction to Alliance Formation
Esteban García-Canal, Universidad de Oviedo (egarcia@uniovi.es)
Pablo Sánchez-Lorda, Universidad de Oviedo

In this paper we analyze the interaction between two dimensions of strategic alliances whose real impact on the potential value of the alliance has not been highlighted yet: the number of partners and the direct competition among them. Building on the Relational View of the alliances, we argue that increases in the number of partners reduce the potential value creation of the alliance when it is a cross-industry agreement. On the contrary, when all of the partners belong to the same industry, the effect on the potential value creation of the alliance will be positive. An empirical test of the stock market reaction to alliances announced by European telecom firms between 1986 and 2001 has confirmed our hypotheses.

Transformation of Chains to Constellations

Johan M. Westberg, FENIX, Stockholm School of Economics (johan.westberg@fenix.chalmers.se)

Network theory is used for describing and analyzing the development of the Japanese mobile telecom industry and the extended interactions with international actors. By using mainly organizational means, Japanese mobile operators have already started to accomplish what European operators expect new technologies will deliver and what they have paid so dearly for. The observed change is interpreted to mean that former industrial models of unbroken value chains are being replaced by kaleidoscopic value constellations. Managerial implications and implications for large international telecom equipment vendors are discussed.

Competition in International Alliance Formation: The Role of Experiential Learning and Culture Distance

Janell D. Townsend, Michigan State University (townsend@bus.msu.edu)

Sengun Yenyurt, Michigan State University

G.M. Naidu, University of Wisconsin-Whitewater

Recent history has recorded a preponderance of collaborative venture formations by business entities. Correspondingly, as there has been an increase in the incidence of partnering activity, national boundaries have begun to fade and companies now search for strategic partners on a global basis. This article positions organizational ecology and the resource based view as complementary theoretical foundations for understanding the internationalization process with respect to the phenomenon of international marketing collaboration. Longitudinal nominal data on international marketing alliance formation between the years of 1984 to 2003 in the U.S. pharmaceutical industry are examined using event history methods. The findings support the hypothesized negative effect of competitive intensity for collaboration and the positive effect of past experience on new international marketing alliance formation. Further, we differentiate alliances on the basis of the cultural distance between the home countries of the two parties involved, and evaluate the effects of collaborative venture experience accordingly.

3.2.10 - Track 6 - Organization (Competitive)***Trusting Individuals, Organizations, and Societies*****Presented On:** 7/13/2004 - 11:30-13:00**Chair:** Aparna Girish Hebbani, University of Pittsburgh-Johnstown**Discussant:** Mourad Dakhli, Georgia State University*The Construct of Trust: An Assessment of Measurement Invariance Across Three Cultures*

S. Arzu Wasti, Sabanci University (awasti@sabanciuniv.edu)

Hwee Hoon Tan, National University of Singapore

Holly H. Brower, Butler University

Çetin Önder, Sabanci University

In recent years, the model of dyadic trust developed by Mayer, Davis and Schoorman (1995) has gained considerable popularity in the U.S. trust literature. In this paper, we evaluate the measurement invariance of the scales developed by Mayer and Davis (1999) across three cultures: U.S., Turkey and Singapore. Our results indicated that of the four proposed antecedents to trust, the propensity to trust scale had unacceptably low reliability across all three cultures and therefore was eliminated from further analyses. Confirmatory factor analyses conducted with each sample separately revealed that while the four factor model in which the other three antecedents of trust, namely, ability, benevolence and integrity and trust itself were allowed to load on their respective factors yielded the best fit for the Singapore and US samples, the unusually high correlation between benevolence and integrity in the Turkish sample resulted in estimation problems. Further analyses conducted with the US and S samples also indicated that the four scales demonstrated metric invariance, suggesting that substantive correlational hypotheses could be tested across these two cultures with the scales developed by Mayer and Davis (1999).

The Role of Social Capital and Trust in Facilitating Alliance Performance

Vanessa Ratten, Queensland University of Technology (v.ratten@qut.edu.au)

Yuliani Suseno, University of Queensland

Alliance performance has long been an important yet controversial construct in the international business literature (Arino, 2003). This paper examines alliance performance from a learning perspective. The literature on alliance learning has grown in significance over the past decade. Corresponding with this growth has been an increase in the amount of literature devoted to social capital. The aim of this paper is to link the two literatures together in order to help understand the dynamics behind the factors that engender better alliance performance in firms. A conceptual model is developed in which trust is an antecedent of social capital. We argue for the need to distinguish the types of social capital – external or internal, both having impacts on alliance performance. Key managerial implications and directions for future research are also discussed.

The Fabric of Trust in Times of Conflict

Israel Drori, College of Management, Israel (israeld@colman.ac.il)

This paper uses an ethnographic approach to describe the development of trust-relations between Jewish Israeli managers at the divisional headquarters of a global textile concern and Jordanian managers at the concern's production site. The study analyzes trust-relations during three different periods: at the stage of initial contact between Israeli and Jordanian managers, a period of becoming acquainted during an era of peace between Israel and Jordan, and the transformation of trust-relations following the outbreak of the Al-Aqsa Intifada in September 2000. The paper details how each party entered into trust-relations with different calculative perspectives of risks and motivations and different sets of socio-cultural values and expectations. Then, the paper examines the three principles of how trust evolves and changes over time, through accommodation, conflict, and inclusion. The case indicates that perspectives of self-interest and collective boundaries are not fixed, and demonstrates how interpersonal bonds may sustain cooperation in trust-relations, even during a wider political conflict.

3.2.11 - Track 5 - Global Strategy (Panel)***Researching Service MNEs: Past Trends, Present Thoughts, and Future Directions*****Presented On:** 7/13/2004 - 11:30-13:00**Chair:** Sumit K. Kundu, Florida International University**Discussant:** Jean J. Boddewyn, Baruch College, CUNY*Panelists:*

Sumit K. Kundu, Florida International University (kundus@fiu.edu)

Farok J. Contractor, Rutgers University

Peter Enderwick, University of Waikato

Alan M. Rugman, Indiana University

Hemant Merchant, Simon Fraser University

The objective of this panel is to present the state of research on service multinational enterprise, and to provide an in-depth understanding of the increasing importance of service firms in international trade and investment in both developed and developing countries. It is an established fact that service sector has come to play a crucial role in the gross domestic product, employment, and balance of payment situation for developed and developing nations. In the past few studies have shed light on the distinctive characteristics of 'services', and the lack of research on the part of international business scholars to investigate the macro and micro factors affecting the internationalization of service firms/industries. There are a lot of untouched areas in service sector that awaits further investigation. Hopefully this panel will open doors for AIB participants interested in conducting international business research in the services through intellectual dissemination of ideas and challenging them to probe interesting questions.

3.2.12 - Track 6 - Organization (Competitive)***The Powerful Dynamics of Negotiation: Explanations and Ethics*****Presented On:** 7/13/2004 - 11:30-13:00**Chair:** David C. Thomas, Simon Fraser University**Discussant:** Asha Rao, California State University*Accomplishing Positive Valence in Cultural Stereotype Violations: A Framing and Re-Framing of Negotiation Practice*

Malcolm Henry Cone, University of Otago (mcone@business.otago.ac.nz)

Virginia Philips, University of Otago

This paper is an attempt to develop a better theory of cross cultural negotiation. The authors argue that it is possible to identify the ways in which the negotiating process can be strategically managed by skilled practitioners to achieve desired outcomes. This cultural stereotype violations model is structured from a process analogous to a game of four dimensional chess, drawing upon literature from the distinct domains of negotiation, communication and culture, it allows insights into how moves in the negotiation process are constructed. It allows us to identify what it is that leads to success and failure in the negotiating process. This approach draws from cognitive psychology, anthropology, game theory, psychoanalysis and family therapy models of strategic interventions, to propose a radical departure from current negotiation theorising, which is the authors believe trapped in a paradigm that does not recognise the significance of identity formation in the communication/negotiation process.

Negotiating Complexity and Legitimacy in Independent Power Project Development

Carlos Rufin, Babson College (crufin@babson.edu)

Rajesh Kumar, Aarhus School of Business

Srinivasa Rangan, Babson College

Globalization, domestic financial constraints, and the spread of the free market ideology led many developing countries to encourage private sector participation in infrastructure activities during the 1990s. One set of such activities brought together private power plant developers and developing country utilities to set up independent power projects. The development of power projects involves multiple sets of negotiations with multiple actors over a period of time to ensure the successful completion of the project. Many power projects have failed to meet the expectations of either the developer, the developing country, or both of the parties. We highlight the origins and consequences of the complexity of power project development. Given the inherent complexity of power project development, it is imperative that developers learn to manage this complexity better. Developers need to find the right balance between a strategy of complete contracting and a strategy based on relationship building in the development of the project. The appropriate balance between the two shifts over the life cycle of the project. Relationship building is critical at the initiation of the project, whereas complete contracting should dominate in the project implementation stage.

Mobile Phone Wars: Language and Information Technology as Tools of Power and Negotiation in the London Branch of a German MNC

Fiona Moore, Kingston University Business School (f.moore@kingston.ac.uk)

This paper is a description of an interdisciplinary project which considers the question of whether language is, as some researchers argue, a means by which a dominant Head Office imposes its will upon a subaltern local branch. Taking as a case study the London branch and Frankfurt Head Office of a German financial MNC, and using methodologies from anthropology and business studies, I examine the ways in which the employees use language in general, jargon, jokes and information technology in their daily activities, with a particular view to how relations between the bank's (mainly) German management and (mainly) English local staff are handled, and how areas of potential difficulty within the organisation, such as anti-German feeling on the part of the local staff or communication between branch and Head Office managers, are negotiated through language use. I conclude that language is in fact not a means of reinforcing the dominance of one group over another, or of constructing a "global" elite in opposition to a "local" workforce, but it is instead part of a complex strategic discourse between diverse groups in the organisation, which bridges internal divides at the same time as it creates them.

What are they Thinking? Considerations Underlying Negotiators' Ethical Decisions

Cheryl Janet Rivers, School of International Business, Queensland University of Technology

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Mismatched ethical expectations between international business negotiators are one of the biggest barriers to bridging the communication gap that exists. Using inappropriate tactics can hinder the negotiation process and cause breakdown. Despite this, there is scant understanding of what negotiators think about in their choice of tactics. This paper extends current understanding of ethical decision making in negotiation by presenting a study that uses multi-dimensional scaling (MDS) analysis of Australian negotiators' ratings of appropriateness of ethically ambiguous negotiation tactics. Four dimensions that underlie these ratings are identified. These are the immediacy of impact of the tactic; the impression using the tactic gives to the other party; the level of emotional commitment required to execute a tactic; and, how clearly the intended signal will be received by the other party. Likely cross-cultural differences in these dimensions and their influence on perceptions of appropriateness of ethically ambiguous negotiation tactics are discussed. This information can be used by negotiators to help them decide which tactics to avoid in their international business negotiations and which tactics will not damage the bridge being built by the negotiators to bring them together.

Poster3 - (Poster)***Poster Session 3 with Light Lunch*****Presented On:** 7/13/2004 - 13:00-14:30**Chair:** Esra Gencturk, Koc University

Improving Overall Customer Satisfaction on Services Rendered Through Total Quality Management (TQM)
Arawati Agus, Universiti Kebangsaan, Malaysia (araa@pkriscc.cc.ukm.my)
Zafaran Hassan, Universiti Teknologi MARA, Malaysia

This paper is based on the result of a TQM study aimed at identifying the relationship between TQM and customer satisfaction as well as to investigate the strength of their manifest indicators. Several studies have proven that TQM practices have significantly positive impact on organizational performances in many manufacturing companies. However, this study sought to enhance understandings of relationships between TQM practices and customer satisfaction of a public service sector in Malaysia. Statistical methods include reliability analysis, correlation analysis, a two-way ANOVA analysis and a structural equation modeling. Results from the structural equation modelling suggest that employee focus and training are very important factors in TQM implementations in the public service sector, followed by customer focus, benchmarking and top management commitment. The result also highlights the unique contribution of TQM towards overall customer satisfaction.

Characteristics of Services, Managerial Risk Perceptions and Export Performance: An Empirical Examination of American and Indian Service SMEs

Madan Annavarjula, Northern Illinois University (madan@niu.edu)
Sam Beldona, Wichita State University
Mohan Madan, Indian Institute of Management

In an era of globalization and falling trade barriers, businesses across the world are increasingly seeking out export markets as a means of sustained growth. Currently in the United States of America, services trade accounts for nearly 70% of its Gross Domestic Product and contributes to roughly 75% of non-farm private jobs. US exports of business, technical and professional services have grown by over 300% since 1985 and have helped garner a surplus of \$80 billion in 1999. Academic research in this area has largely concentrated on manufacturing industry while the export performance of service industry remains relatively under-explored. The paucity of attention on export performance of services sector could be partially based on the nature of services affecting the risk perceptions of managers. The intangible nature of services along with certain unique characteristics like simultaneity in production and consumption, and lack of scope for standardization poses challenges in quantification and analysis of the same. This research is aimed at providing an empirical linkage among the characteristics of the service business, their effect on the managerial risk perceptions and the resultant export performance of service firms.

Transnational Corporations and Integrated International Production:

Funda Barbaros, Ege University (rfunda@bornova.ege.edu.tr)
Nese Kumral, Ege University
Sedef Akgüngör, Ege University
Ayten Kaya, Ege University

The theory of economic development emphasizes the importance of foreign incoming firms on the development of local economy. Local development through multinational firms is possible with existence of strong forward linkages, where the incoming firm supplies productive inputs to local firms or backward linkages in which the incoming firm purchases inputs from local firms. The paper explore the extent to which the Ege Region foreign manufacturing firms are characterised by integrated international production where forward and backward

linkages are locally spread out to facilitate local development. Through a structured survey questionnaire, we conducted interviews with the managers of transnational corporations in Ege Region. The findings indicate that foreign firms in Ege Region manufacturing industry are internationally integrated and that they are not independent with respect to R&D and marketing activities. The two major activities in which the parent firms have wide control over the affiliates are R&D and finance

The Context of International Business: Global Entrepreneurs and Ethics

Nancy L. Bodie, Boise State University (dbodie@boisestate.edu)

This interdisciplinary research paper explores the types of ethical dilemmas entrepreneurs encounter when conducting business globally. Although ethical considerations affect business organizations of all sizes, little research exists which addresses the ethical situations of American founders from smaller entrepreneurial firms who are doing business internationally. Using social cognitive domain theory and moral psychology as conceptual frameworks, this study is unique in its integration of social scientific analysis, and international business, ethics and entrepreneurship. Over half of the founders who provided examples identified ethical issues as the most difficult business issues they faced in doing international business, and payments as the most frequently encountered ethical business issue.

The Effects of National Innovation Systems on Internationalisation: Investment Agency Perspectives

Banu Bozkurt, Aston Business School (bbozkurt76@yahoo.com)

Oktay Ozdenli, Aston Business School

David Bennett, Aston Business School

Kirit Vaidya, Aston Business School

National investment agencies are responsible for promoting their countries according to factors that can be used by potential investors. Some investors will have innovation intensive businesses and would like to know whether they can achieve their needs in a new international location. This paper examines whether national investment agencies promote their countries with innovation related factors. The reasons behind why they promote their national innovation capabilities and the factors that are important for companies when they are internationalizing are important variables.

Developing a Conceptual Foundation for the Internationalization Process of the Firm

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Arun Kumar Jain, Indian Institute of Management

The purpose of this study is to lay the conceptual foundation for understanding and explaining the internationalization process of firms. The motivation for this arises from the fact that there seems to be no holistic framework to explain the accelerated internationalization witnessed during the decade of 90s. This study combines relatively extensive literature survey and an empirical study of eleven Asian firms to arrive at a conceptual foundation of the internationalization process of firms. A two stage methodology is proposed for the entire research on the internationalization of firms, however, this study deals only with the first stage of the proposed research. In the first stage, the literature survey has revealed certain gaps in the conceptual development of various theories and models so far. Two of these are a) understanding the evolution and internationalization of firms from their inception and b) developing a vector of internationalization. The first stage research also involved doing an empirical study of eleven firms drawn from India, Korea and Japan. A longitudinal case study method of research was adopted for this research to understand the evolution and internationalization of firms from their inception.

Constructing a Conceptual Causal Model on Web Shopping

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Jeng-Her Alex Chen, University of Hawaii - Manoa

Trust and privacy have been widely recognized as important issues in the field of Electronic Commerce. This study proposes a research model with trust and privacy as two endogenous variables along with other exogenous variables like independent self-construal, interdependent self-construal, technological knowledge, and Website quality, that are expected to effect Internet consumers' trust level and privacy concerns. All the above six latent factors are connected by eight hypotheses developed based on theories and previous research findings.

Electronic Intermediary: A New Exporting Channel in International Commerce

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Patriya Tansuhaj, Washington State University

James McCullough, University of Puget Sound

Electronic commerce has brought significant changes in the economics of marketing channels and the structure of distribution in export marketing. The popularity of electronic commerce allows market intermediaries, who connect between manufacturers and customers, interested in taking advantage of a computer network's capacity to reduce transaction costs. As the result, an electronic intermediary is emerging. In export marketing, an electronic intermediary allows trade parties to achieve cost-efficient international trade. Moreover, an electronic intermediary is bringing significant changes in export marketing. Nevertheless, existing studies don't pay attention to the electronic intermediary. Instead, they emphasize a direct Internet-based exchange, which is believed to decrease transaction costs. This study suggests an electronic intermediary as a hybrid-exporting channel combining a traditional intermediary and a direct Internet-based exchange. A direct Internet-based exchange may be considered the best exporting channel to reduce costs but it involves high risk. Risk may be reduced by using a traditional intermediary, but profit is smaller than that from a direct Internet-based exchange. This study believes an electronic intermediary as an alternative to balance profit and risk. Theoretical underpinnings of the electronic intermediary in the export marketing are also identified and discussed.

Degree of Internationalization: Measurement, Antecedents, and Performance Effects: A Study of Small- and Medium-Sized Firms (SMEs)

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This research aims to develop a measure of degree of internationalization (DOI) specifically for SMEs, and to study the antecedents and outcomes of internationalization of SMEs. DOI was measured by two sub constructs: structure (composed of foreign ownership structure and export structure of a firm) and process or engagement in international business of a firm (composed of export intensity, international diversification, exporting staff employment, and export promotion level). Top management international attitude was hypothesized to be positively related with DOI. DOI, in turn, was posited to have a positive relationship with a firm's performance. The study with 61 Thai SMEs found that only export organization structure and export promotion expenses as percentage of total sales were valid measures of DOI. Only attitude toward foreign investment and ownership was found to be positively related with DOI. Finally, degree of performance satisfaction relative to expected performance was negatively related with DOI. In sum, this study has an exploratory nature in developing a DOI measure specifically for SMEs. It is also important to note that top management has a direct and an important role in a firm's internationalization behavior.

Case: Wadi Internationalization Efforts: The Only Way to Survive
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 Diaa Ghaly, Wadi Holdings

We present a case that describes the strategy, structure, operations, and internationalization challenges of Wadi Group, an entrepreneurial agricultural production and distribution firm headquartered in Cairo Egypt. Faced with an ever-changing socio-economic environment in its home market, Wadi is attempting to diversify its product line and expand to cover other countries in the region and beyond. Considering the different dynamics at play in the global marketplace, Wadi's growth and success in Egypt may be more difficult to replicate in other markets.

Internet Usage in Purchasing: Comparison of U.S. and European Practice
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 Rudolf Large, HTW des Saarlandes University of Applied Sciences, Germany
 Richard Halstead-Nussloch, Southern Polytechnic State University
 Zoltan Kova'cs, University of Veszpre'm, Hungary

There is a widely held view that the U.S. behavior presages Europe's Internet usage in the future, although international differences in mode usage have largely been ignored in research. It is to address this research gap that this survey of U.S. German and Hungarian practice in internet-usage and supplier communications was conducted. Hungary was selected as an example of the transition economies of Central and Eastern Europe. Germany was included as an example of a technically advanced European economy. This study has four major research objectives related to comparing multi-country firm purchasing behavior. These are: 1. Comparing internet usage with the use of traditional Mode. 2. Identifying independent factors that determine level of internet-usage. 3. Identification of internet-user-types actively purchasing for B2B. 4. Identification of organizational characteristics of firms actively using the internet for B2B purchasing.

Executives' Perceptions Over Prospective Contributions From Developed Country Partner-Firms to Trans-National Alliances in LEMs
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 Adam Cross, Leeds University Business School

For many technology-intensive firms, strategic alliances represent a flexible strategic option for coping with the challenges of rapidly changing business environments commonplace today in large emerging markets (LEMs). This study addresses an important aspect of alliance formation in LEMs; namely the identification of sources of conflict that might arise at the initial phase of an alliance involving developed country and LEM firms. Different expectations of two national groups of European executives (German and British) considering prospective biotechnology alliances in Brazil, as well as of their Brazilian counterparts, are examined. The relevant literature on partners' contributions to alliances is reviewed and a model of FDI motivation is adapted to synthesise views concerning the expected contributions to the alliance of the developed country partner-firm. Empirical findings show a number of potential areas of conflict between the parties concerning these contributions, mainly involving resource-seeking contributions such as advanced technology, technical personnel and capital. Implications for academics, practitioners, and policy makers are discussed.

Consumer Acceptance of International Websites: European Evidence

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Boris Bartikowski, EUROMED Marseille School of Management

Nitish Singh, California State University, Chico

The technology acceptance model (TAM) is one of the most important theories in the information technology literature. It has however rarely been applied in marketing. This article proposes an application and extension of the TAM in order to study consumers' acceptance of international websites. The websites we study are provided from American and Japanese firms and are evaluated by French and German customers. Our results support the general applicability of the TAM for explaining consumers' acceptance to use international websites. We extend the model by providing empirical support for Cultural adaptation of a Website as a major variable to integrate.

A Taxonomy of International Business Strategies in a Transitional Market: A Longitudinal Analysis of Selected Firms in the Czech Republic

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The purpose of this study is to identify relationships between external and internal influences on decision-making that have impacted international business strategies in a transitional economy. Drawing from secondary sources on overall international business activity as well as primary interview data obtained from twenty enterprises operating in the Czech Republic (including firms controlled by both domestic and foreign investors), the author proposes a taxonomy composed of five categories of strategic characteristics. In general, the findings suggest that strategies developed by domestically owned niche-focused or recent startup enterprises as well as those carefully guided by inbound foreign direct investors tend to be more successful. Moreover, the findings suggest that the more successful firms (i.e., those experiencing significant domestic and international sales growth) are those who develop unique marketing strategies. Uncontrollable externalities do not appear to have an impact on firms' subclassifications as successes versus failures. The findings also suggest that regionally oriented exporting tends to be the dominant strategy. Globally oriented export activities are relatively modest whereas outbound direct investment activities are very minor compared with inbound foreign direct investment activities.

Culture and Strategy

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This paper is about implementing a new corporate strategy. The case is a Norwegian Shipping company. The process is a parallel one; running both in the head office in Oslo, Norway and in its main foreign operation in Kuala Lumpur, Malaysia. The paper offers a theoretical discussion of the so-called resource-based strategy and how the resources of the firm add to its competitive advantage. As for the implementation process itself, it is argued that there have to be a "fit" between the cultural values of the national context of the firm and the implementation process.

A Strategic Analysis of Malaysian Construction Firms: Their Modes of Strategy Development

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Everywhere, everybody is talking about having goals and objectives and looking for success factors that may ensure survival of their businesses. Successful companies share one thing in common: they all have well defined strategies. A well-planned strategy will lead to corporate success.. These strategies influence business decisions and actions and often are formulated based on the strengths of a particular company. Organizations develop their strategy differently from one another. The way their executives define and the processes they undertake in developing their company's strategy also differ. The objective of this research is to conduct a strategic analysis of the Malaysian Construction Industry and to investigate current practices on strategic decision-making processes within the Malaysian construction firms that had identifiable influences upon their mode of strategy

development. The Construction Industry (CI) is one of the most important industries in Malaysia's economic growth. The findings highlights interesting features of the construction industry in Malaysia, common to many ASEAN countries and how they differ from those in the more developed countries.

New Approaches in International Business Research and Teaching

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The modern positivist approach, which has been widely accepted in pure and social sciences, is being severely criticized by both "modernists" and "postmodernists" who claim that it cannot give a "true" explanation of reality. This applies to international business which is closely related to applied social sciences such as economics, finance, marketing, and management. The "postmodern" attitude against modernism is also observed in the classroom where some instructors tend to replace scientific teaching with disparate anecdotes. This paper examines the merits of the anti "modern" reactions and concludes that "postmodernism" cannot provide a primary methodological substitute that can replace modern empirical research in international business. Still, misuses or misapplications of modern methods should not be free from criticism and should be duly improved, whenever possible. While acknowledging the impacts of technological developments that may necessitate the reordering of international business activities because of new perceptions such as the compression of time and space, the international business instructor should not abandon modern research methodologies which are necessary for the students' acquisition of scientific skills.

Does Ownership Structure Influences Firm Value? Evidence From India

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Corporate Governance deals with the issue of how the suppliers of finance to various corporations assure themselves of getting a return on their investment. Several Studies have examined the relationship between ownership structure and firm performance. Using different data samples from different countries, most of the studies provide evidence that ownership influence firm performance. This study examines empirically the effects of ownership structure on the firm performance for a panel of Indian corporate firms, from an 'agency perspective'. We examine the effect of interactions between corporate, foreign, institutional, and managerial ownership on firm performance. Using panel data framework, we show that a large fraction of cross-sectional variation, in firm performance, found in several studies, can be explained by unobserved firm heterogeneity. We also provide some evidence that the shareholding by institutional investors and managers affect firm performance, after controlling for observed firm characteristics and unobserved firm heterogeneity and the effect is non-linear.

The Impact of Social Ties on Knowledge Transfer Within Multinational Corporations

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This paper attempts to bridge the gap between social ties and knowledge transfer using theories from the knowledge-based view of the firm and the network theories from sociologically based research. The paper theoretically addresses the research question-How does network size, network content, and network density of managers working in different units of a multiunit firm affect the flow of knowledge from one unit to the other? Directions for future research is provided with a model questionnaire that can be used for purposes of empirical testing of the propositions developed here.

A Longitudinal Review and Analysis of Past Research on International Diversification

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Drawing data from ABI/INFORM Global Advanced System and examining the past researches related to international diversification made over the last 17 years from 1987 to 2003, also this research adopts literature review and narrative analysis to make thorough studies on a total of 143 papers in the related field written from

1987 onwards. Through narrative and explanatory analyses of these 143 papers, this study summarizes some valuable findings. It also employs institutional theory perspective and dynamic capability perspective to build an integrated conceptual model of international diversification. The results of this study are expected to provide researchers with a comprehensive reference for enrichment in this field of study. Finally, some academic and managerial implications and future direction are presented for academic research in this field and for top managers engaging in the activities of international diversification.

Determinants of Industry Globalization: The Relative Importance of Scale Economies and R&D

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Hongquan Zhu, Ohio State University

Although prior research on the drivers of globalization has identified a number of drivers of globalization, we do not have empirical evidence on the relative importance of these drivers at different stages of globalization. The purpose of this paper is therefore to compare the importance of one such driver of industry globalization, the ability to differentiate the product (indicated by R&D intensity) with another, the ability to benefit from low production costs (indicated by scale economies). The relative importance of the two drivers reflects the mix of competitive advantage (low cost and differentiation) in each industry that influences global integration. By using intra-firm trade data of U.S. industries, the study attempts to test that the relative importance of R&D intensity versus scale economies is (1) not different in multidomestic firms, (2) low in simple global firms, reflecting a core competency of low cost; and (3) high in complex global firms, reflecting a core competency of differentiation, the realization of which depends heavily on R&D intensity.

International Study of a Penetration Level of Takeoff in Technology Adoption: Two Generations of Wireless Telecommunication Technologies

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Traditionally technology adoption literature has considered the diffusion process to be a trajectory with a uniform continuity. However, recent empirical studies have identified a sharp increase in the growth dynamics at the takeoff point of adoption. Dynamics of the takeoff point in technology adoption is of special interest since at this point markets shift from early adopters to mass markets and attributes of customer segments change dramatically. The study contributes to current literature by reporting findings from international adoption of two subsequent technologies, i.e. analog and digital wireless telecommunications technologies. The study presents a much faster global adoption of technology in the second generation than in the first generation in terms of the number of countries experiencing takeoff point during the adoption. Secondly, the paper does not find support for positive lead-lag effect in penetration level of takeoff points. Lastly, penetration level of takeoff points varies greatly between countries and technologies.

Determinants and Patterns of International Expansion: Seven Case Studies of Smaller-Sized Firms in the High-Technology Sector

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This paper presents the results of an exploratory study on the determinants and patterns of international expansion of smaller-sized firms in the high technology sector. The fieldwork was completed in the summer and fall of 2001 in China and the United States and included interviews with the General Managers of three Shanghai-based subsidiaries and with the CEOs of four smaller-sized U.S. companies that have undertaken extensive international expansion. Findings show all companies were technological leaders in their narrowly defined market niches and pursued internationalization in order to exploit technological competencies on a global scale. Strength of relations with established customers both triggered and facilitated international expansion. Companies followed differential patterns of international expansion, characterized by replication, competitor imitation and customer-following. Propositions for future research are formulated, and implications for theory and practice are discussed.

The Role of HR in Cross-Border Knowledge Integration

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Theories of knowledge-based competition emphasize the firm's ability to both create and integrate knowledge as the source of value creation. This paper brings human resource management directly into this forum by exploring the different roles subsidiary HR groups play and how these roles are managed in a global context. These roles are used to describe variances found in different subsidiary HR groups, while encompassing a set of fundamental localization and globalization parameters that, once established, allow researchers to draw inferences about the knowledge integration and function of an entire multinational HR network. To do this, the paper drew upon knowledge-based views and MNC research to develop a framework that describes the different roles of subsidiary HR groups based on their local flexibility and global efficiency strategies. These roles then influence the degree and type of knowledge integration that occurs within each local unit. Therefore, the premise of this paper is to show how different local unit roles represent different HR subgroupings and how those roles might be managed within the MNC.

Job Satisfaction: A Comparative Study

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A comparative study of Malaysian and Australian managers used the 7-item general satisfaction scale developed by Taylor and Bowers (1972) in a survey to determine that job satisfaction is likely to be higher in individualistic than in collectivistic countries. Hofstede (1980) classified Malaysia as a collectivist country and Australia as an individualist country. The results indicated that Australian managers appeared to have higher levels of job satisfaction compared to their Malaysian counterparts. Further research is suggested to empirically demonstrate employee expectations of organisation general satisfactions, and relationships between these expectations and work attitude in Malaysia and Australia.

Clustering Countries in Cross-Cultural Management Research: A Comparative Analysis of Neural Network Models With Traditional Statistical Approaches

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Haroon A. Babri, Lahore University of Management Sciences

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The globalisation of business has led to an increasing awareness of the cross-cultural environment and its importance for making significant management decisions. In the past, the study of cross-cultural differences and similarities had been the concern of cultural anthropologists. However, in order to better understand the international business environment, there is a growing need to focus on cultural differences from a management viewpoint rather than from a pure anthropological one. The clustering of countries has important implications for managers and academicians. Managers in multinational enterprises (MNEs) can better understand the basis for similarities and differences between countries. With this knowledge, they can more effectively place international assignees, establish compatible regional units, and predict the results of policies and practices across national boundaries. Country clusters can also help academicians by defining the extent to which results should be generalized to other countries. In this paper we introduce a novel clustering technique based on the neural processing paradigm and attempt to empirically investigate its application in a particular research setting, and then compare the results with the results from traditional statistical approaches. The results demonstrate that the Neural Network approach can develop more stable and robust clusters with improved classification accuracy.

Shopping West in the East: Are International Large-Scale Retailers Offering Patronizing Values Over Domestic Rivalry in Chinese Community Market

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This paper examines customer perceived value and the loyalties toward large-scale retailing services in Taiwan. Three different forms of ownership are involved for comparing, international joint venture (IJV), wholly owned subsidiary (FDI), and domestic. This paper is not only the first research that used PERVAL in measuring perceived value in services setting, but also the first further assess the differences of value perception between different ownership of retailing services. This research has found that level of value perceived by the customers may not be affected by the forms of ownership, efficient service specific knowledge or experience may be decisive factors in securing customer preference in this market. We have also proved the reliability of PERVAL while using in retailing service. Strong correlation has been found between customer perceived value and customer loyalty in terms of referral and repurchase intention. Some future research directions are recommended with discussions and conclusion.

Social Capital and Small Firm Internationalisation: A Conceptual Discussion

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Stephen Young, University of Strathclyde

This conceptual paper discusses the utility of invoking social capital theory in relation to the internationalisation process, the literature on which predominantly contains knowledge-based perspectives drawn from resource-based theory. Social capital theory has the potential to enrich and enhance the explanatory power of these extant views. It is pointed out that little is known about the relative role of different types of social capital – such as bridging and bonding, local and foreign. It is further argued that while, in the context of internationalisation – especially of small knowledge-intensive firms – bonding social capital may tend to be geographically proximate and bridging social capital, geographically distant, two cases of ties may prove to be exceptions. The first pertains to network relationships with locally based MNC subsidiaries, which potentially result in bridging social capital. The second pertains to ethnic network relationships overseas, which potentially result in bonding capital. A more sophisticated understanding of different types of social capital and their potentially differential role in small firm internationalisation will deepen scholarly insight, and improve practice and policy-making in this very important area.

When the Embargo Falls, What Should U.S. Business Know About Working With the People of Cuba?

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In this empirical study of the differences in work values between Cuba and the U.S., the Schwartz Values Survey is used to compare these two societies. The data reveal a set of findings that, in part, confirm the expectations of the conventional wisdom on a comparison between a Latin culture-communist system and an Anglo culture-capitalist system (e.g., individualism). However, the study findings for collectivism might be viewed as defying this conventional wisdom. Given the complete dearth of comparative empirical research on Cuba for the past fifty-plus years, this study, while exploratory, should serve as a foundation and starting point for subsequent investigation of the Cuban work values system. Additionally, it should provide preliminary information on the Cuban work attitudes and behaviors for U.S. business interested in engaging in commerce in Cuba post-embargo.

Partner Selection in International Joint Ventures

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Jorma Larimo, Professor

The goal of this paper is to analyze the relative importance of various task- and partner-related selection criteria and the influence of various foreign partner-specific, IJV location-specific and other investment-specific variables as well as the influence of motives for the establishment on the relative importance of various selection criteria. Furthermore, the study analyzes the relationship between IJV performance and relative importance of various selection criteria. The empirical part of the study is based on 60 IJVs established by Finnish companies in various foreign countries mainly in the 1990s. The results of the study indicated that in general partner-related selection criteria had been clearly more important than task-related selection criteria. Furthermore, location-specific variables, investment-specific variables and motives for the establishment had influenced the relative importance of various selection criteria used. Instead foreign partner-specific variables had much more limitedly influenced the relative importance of various selection criteria. The influence of contextual variables in general was seen to be much stronger on the relative importance of task-related criteria than partner-related criteria. Finally, some clear differences were found in the relative importance of some selection criteria used between better and poorly performing IJVs.

Toward a Metric for Quantifying "Rule of Law" and Evaluating the Legal Environment of Business in Emerging Economies

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This paper proposes a new approach to developing a metric for quantifying "rule of law" as a way to track a country's legal environment of business over time, to evaluate and compare the business climates in different countries in making foreign investment decisions, and to guide managers in adapting their firms' foreign investment decisions and strategies to differing national legal environments. The model developed in this paper is based on characterizing a country's legal system, or the legal system as applied to different economic sectors, by an (x, y) coordinate pair on a two-axis graph representing the characteristics of autonomy and generality. Based on this model, four types of legal systems are identified, only one of which is compatible long-term with market capitalism; and, within the preferred legal model, variations can be correlated with cyclical changes in a country's balance between regulated and free market spheres of commerce. It is believed that well-developed methodologies currently in use for annually evaluating economic freedom around the world could be adapted to generate the data needed to identify the (x, y) coordinate pairs for different countries.

Working with Complex Multi-agency Partnerships: Motivational Issues and Impacts

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Paul Williams, Swansea University

Complex multi-agency partnerships are increasing in many countries. Yet these relationships suffer from high if not higher failure rates than their arguably more straightforward private sector counterparts. Although institutional structures vary from country to country, some commonalities exist at the broad level. On this basis this paper looks to investigate the motivational issues associated with this form of relationship. The authors first compare literature on public and private sector collaboration, highlight key comparative drivers of intent for both types of organisation, explore the relationship between them, and propose a framework for primary investigation. Case study analyses of two complex strategic partnership initiatives, each involving collaboration between a number of statutory, voluntary and private sector stakeholders are then used to illustrate the complexity of managing relationships in this context.

Corruption and FDI: An Empirical Analysis

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The present study adds a further link to the chain of studies on corruption and capital flows. It is argued here that not only does corruption reduce foreign direct investment inflows to a country, but also different forms of corruption have separately identifiable effects on the variable in question. Using data from Global Competitiveness report of the World Economic Forum, it is manifested in a cross sectional setting that (i) corruption has a negative and significant impact on the foreign direct investment inflows, and (ii) corruption in the field of import/export permits has a positive and significant impact on FDI inflows, whereas corruption in the fields of annual tax payments, access to public utilities and judicial decisions are strong deterrents against FDI. The negative association between corruption and FDI Inflows withstands the use of instrumental variables technique

Foreign Direct Investment and Globalization

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John E. Spillan, Pennsylvania State University, DuBois Campus

Inward Foreign Direct Investment (FDI) has many beneficial affects on the development of the host country's economy. Since 1989, the Czech Republic, Hungary and Poland have been assiduously working to change their economies from command to market oriented. Since 1991 enormous amounts of FDI have been flowing into these three reforming states. Their economic engines have been ignited and they are poised to be part of the European Union, one of the largest free markets in the world. Our analysis suggests that immobile assets, including traditional location-bound natural resources as well as sub-national economic clusters, have become very important determinants of location choice for FDI. This paper traces the chronology of FDI and the location factors that have motivated investors to seek the Czech Republic, Poland and Hungary as their choice for long term capital investment. Foreign investors are confronted with a set of complex decisions when choosing a location. The aim of this paper is to advance understanding of the importance of FDI and the location criteria used by foreign investors in selection of location.

International Expansions of Local Firms From a Transitional Economy: A Test of Learning Through Transitional-Foreign Joint Venture

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Dara Szyliowicz, Texas Tech University

International expansion of fledging multinational corporations (MNCs) from transitional economies may follow a different path from those followed by well-established MNCs in the West. In such economies, these companies often participate in joint ventures (JVs) in their home countries. Research in this area has mostly focused on the experience in the MNCs' host country. What has not been looked at is the prior learning process in the home country. The purpose of this work is to investigate the effect of local organizational learning on firms' international expansion through international JVs during their early internationalization process. Building on the absorptive capacity framework of external knowledge evaluation, assimilation, transformation, and utilization developed by Zahra and George (2002), our study examines the role of the learning process in subsequent international expansion based on a sample of 3,595 Sino-foreign JVs between 1985 and 2002. Our findings suggest that there is a positive relationship between local firms in transitional economies entering into joint ventures with partners from developed country and their subsequent international expansion.

Determinants and Knowledge Creation Performance of Foreign Market Entry Mode Choice: An Integrated Perspective of Transaction Cost Theory and Institutional Theory

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Shih-Chieh Fang, National Kaohsiung First University of Science and Technology

The purpose of this paper is to propose an integrated perspective of transaction cost theory and institutional theory as the determinants of Multinational Companies' (MNCs') foreign mode choice. This study highlights the value of comparing and integrating the transaction cost logic with the institutional theory. Furthermore, the contingency approach emphasizes that the fit model of integrated foreign mode determinants and their consequence will further enhance MNCs' knowledge creation performance. However, in order to provide a constructive explanation for knowledge creation issue of multinationals' entry mode choice in the integrated perspective of transaction cost and institutional perspectives, further empirical research and literature review is required. Key terms: Multinational Company (MNC), foreign entry mode choice, transaction cost theory, institutional theory, knowledge creation

The Difference Between Direct and Financial Foreign Investments: Implications for Emerging Markets

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Through a stylized framework of foreign investment, this paper compares FDI and FFI flows in their allocation efficiency, production efficiency, and financial impacts on the recipient countries. For FDI, the sources, uses, and income distribution of capital are linked. For FFI flows, the sources, uses, and income distribution of capital are separated. Due to the different linkages in the investment process, this paper proposes that FDI has a better capital allocation and production efficiency than international financial capital flows in the host country. Therefore, emerging market and transitional economies may not benefit from international financial capital flows as much as FDI. For financial capital flows to benefit the host country, they have to meet two minimum conditions. First, these flows have to be steady and non-stop. Second, these flows have to generate cash flows for the host country that match the liability servicing requirements. Due to the nature of FFI flows and current stages of the financial market development in developing countries, these conditions are difficult to satisfy. The empirical evidence from macroeconomic level data supports these propositions.

3.3.1 - Track 4 - Alliances (Competitive)

Alliance Performance III: Role of Partner Fit

Presented On: 7/13/2004 - 14:30-16:00

Chair: G. Tomas M. Hult, Michigan State University

Discussant: Ben Gomes-Casseres, Brandeis University

Partner Sponsorship and Joint Venture Performance

Hemant Merchant, Simon Fraser University (hmerchan@sfu.ca)

In a recent study, Sim & Ali (1998) compared the attributes and performance of joint ventures (JVs) between firms from developed versus developing countries. This study extends Sim & Ali's (1998) work by circumventing its key limitations. It compares the structure and capital market performance of JVs across three sponsor categories: i) partners from developed countries, ii) partners from newly industrialized countries, and iii) partners from developing countries. Based on a sample of almost 700 JVs involving American firms and non-American partners, this study finds that the structure of JVs varies significantly across sponsor categories. These differences reveal themselves in terms of American firms' differential market performance. Moreover, some JV characteristics consistently influence firms' shareholder value whereas the impact of other characteristics depends upon a particular sponsor category.

The Impact of Degree of Similarity in Organizational Culture on Product Innovativeness in New Product Alliances: A Resource-Based View and Social Network Theory Perspective

Ferdane Nukhet Harmancioglu, Michigan State University (harmanci@msu.edu)

In the new product development (NPD) literature, it has been widely recognized that the inherent risks associated with new product development, the rising R&D costs, increased international and domestic competition and the need for innovation as a result of rapid technological developments provide impetus for firms in entering business alliances. Consequently, the common goal of firms in establishing these ongoing, formal relationships must be to jointly acquire and utilize information and know-how related to research and development of new product innovations in order to gain or retain competitive advantages in turbulent environments. Thus, the presented paper focuses on the information sharing aspects of business relationships, drawing upon the resource-based view, social network theory and the literature on new product development. The main objective of this study is to investigate the impact of the degree of similarity in the organizational culture of new product alliance partners on their relationship characteristics and the degree of innovativeness of new products they develop. Although the unit of analysis of the proposed framework has been at the dyad level, inferences for the possible outcomes of alliance compositions in hybrid alliances are also provided for a more thorough analysis of joint new product development.

Performance of Cooperative Alliances: A Comprehensive Model of the Transaction Cost, Social Capital, and National Culture Perspectives

I Han, National Taiwan University (yvohan@ms3.hinet.net)

Cooperative alliances have been a popular governance form in the contemporary international business landscape. Whether involving equity sharing, firms form cooperative alliances aiming to achieve synergies to create better performances than otherwise using arm's-length transactions or their own internal competitive advantage. Transaction cost economics concerns efficiency problems, where moral hazards, adverse selection, cheating, and holdup can be resolved via appropriate assignments of residual claimants or residual controls (Chi, 1994). On the other hand, social networks, as a distinctive governance form other than market and hierarchy (Powell, 1990), which potentially possess social capital within its boundary both structurally and relationally, emphasize the value of trust and reciprocal norms as coordination mechanisms. However, it seems that business alliances embedded in existing social networks are more prevalent in some countries (e.g. Japan, Taiwan, Italy) than in others (e.g. UK, USA). This phenomenon provides a key to the possible linkage between social capital and national culture. This paper proposes a comprehensive model bridging three major perspectives—transaction cost, social capital, and national culture—to find out the determinants on performance of cooperative alliances. Propositions derived from each of the three perspectives as well as from their interactions are the main contribution of this paper.

It Takes Two to Tango: Impact of Expatriates on the Relationship Between Experience Diversity as Tacit Knowledge and Firm Performance in International Joint Ventures

Dev K. Dutta, Ivey Business School, University of Western Ontario (ddutta@ivey.uwo.ca)

In this paper, we examine experience diversity of MNEs as a repository of tacit knowledge and its impact on subsidiary performance. Using a large sample (N=2789) of Japanese FDI investments through international joint ventures (IJVs) in the manufacturing sector in Asia, we find that tacit knowledge of the MNE comprises two primary forms – geography-related experience and industry-related experience. Contrary to popular expectation, these two forms of tacit knowledge do not directly affect JV performance. They do so only in the presence of expatriates. Even under this condition, geography-related experience has a negative impact on IJV performance while industry-related experience has a positive impact. This leads us to suggest that tacit knowledge associated with diversity of experience of the MNE is heterogeneous in nature and affects IJVs in multiple and conflicting ways. It thus becomes important to distinguish between different forms of tacit knowledge of the MNE and their likely impact on the alliance partnership when joint-venture management decisions are made in practice.

3.3.2 - Track 5 - Global Strategy (Competitive)

Soaking up the Spillovers: Organisational Knowledge Sharing

Presented On: 7/13/2004 - 14:30-16:00

Chair: Tina Claudia Chini, WU Wien

Discussant: Bjorn Ambos, University of Edinburgh

From Which Peers Do Firms Absorb Knowledge Spillovers?: Evidence From the Global Semiconductor Manufacturing Industry

Nandini Lahiri, Indian School of Business (nandini_lahiri@isb.edu)

This paper examines the flow of external knowledge spillovers between industry peers when firms are multi-unit. Since such inter-firm knowledge flows must involve both a source ("spillover firm") and a recipient ("focal firm"), I consider the characteristics of both the focal and of the spillover firms to explain the spillover process. First, controlling for the total absorption of knowledge spillovers by the focal firm, I find strong support that knowledge sharing mechanisms or "intra-firm linkages" within the spillover firm increases the likelihood of knowledge spilling over to the focal firm. Within the dyad pair, the effects of both geographic overlap and technological overlap between the focal and the spillover firms enhance absorption of knowledge spillovers by the focal firm, curvilinearly. However, intra-firm linkages of the focal firm substitute for both geographic overlap and technological overlap in firm dyads. Finally, the impact of focal intra-firm linkages on the flow of knowledge spillovers is greater than the impact of spillover intra-firm linkages on flow of knowledge spillovers in firm dyads, thus suggesting that firms benefit on the net from maintaining such intra-firm linkages.

An Investigation into Knowledge Sharing Across Cultures

Wen-Kuei Liang, Tatung University (wkliang@ttu.edu.tw)

MNC contains groups with different national culture; therefore, knowledge transfer is not limited to knowledge itself, but includes the value of the different national cultures. However, rare scholars focus on the effects a national culture has on the knowledge transfer; even those that do so only confine themselves in theoretical discussions, lacking empirical evidences. This research contains three questions: (1) Does national culture differences affect the effective knowledge transfer across cultures? (2) Does knowledge type affect effective knowledge transfer across cultures? (3) Does knowledge transfer mode affect transfer effectiveness across cultures? Survey response was received from fifty-two subsidiaries in Taiwan; in-depth interviews were also conducted in Bridgestone Taiwan Corporation and McDonald's Restaurant Taiwan Corporation to cross-verify research findings. Three major findings are: (1) national cultural difference has effect on effectiveness of cross-border knowledge transfer; (2) knowledge type would moderate the relationship between national culture and transfer effectiveness; (3) transfer mode would moderate the relationship between culture and effective transfer. Under different cultural contexts, the influences on the effectiveness of cross-border knowledge transfer caused by knowledge type and transfer mode must be properly managed to improve its effectiveness, thus enhancing the overall corporation competitiveness.

Intra-Firm Technology Transfer: The Case of Japanese Manufacturing Firms in Asia

Axèle Giroud, Bradford University School of Management (a.l.a.giroud@bradford.ac.uk)

Hafiz Mirza, Bradford University

In this paper, we seek to examine Japanese manufacturing firms' policies towards technology transfer to subsidiaries located in 10 major recipient countries in Asia, namely China, Hong Kong, Indonesia, Malaysia, the Philippines, Singapore, South Korea, Taiwan, Thailand and Vietnam. The aim of the paper is, first, to describe the types of transfer normally occurring from the parent company to local subsidiaries; and then classify these transfers to highlight specific trends in parent company's transfer policies. The paper begins with a discussion

on the key trends in Japanese FDI across Asia; and the literature review helps in framing the complex issue of technology transfer. The results presented in this paper were obtained through a mail survey among Japanese parent companies with manufacturing activities in Asia. We conduct a factor analysis to identify key elements of transfer, to illuminate policies adopted by parent companies in terms of transfer. Three factors emerge, showing that companies differentiate clearly between transfer of control systems, transfer of human resource practices and transfer of innovatory capabilities. It is found that the first type of transfer occurs more systematically than the other two types, which depend much more on the specificities of subsidiaries and host economies.

Adaptation and Replication in Knowledge Transfer Relationships Among International Telecom Firms
Charles Williams, University of Illinois (fcw@uiuc.edu)

Two fundamental attributes of knowledge in organizations – causal ambiguity and context-dependence – suggest two key mechanisms of transfer: replication of knowledge from a source and adaptation of knowledge to the recipient's setting. I hypothesize that replication and adaptation will both contribute to knowledge transfer. In addition, I propose that adaptation is a process of recombination that will contribute to the long-term performance of the receiving firm by increasing its ability to recombine and innovate in the future. I find that both replication and adaptation contribute to knowledge transfer and that the two mechanisms are positively correlated, suggesting that firms often use both mechanisms in the transfer process. I find that adaptation by the source firm has a positive direct impact on the performance of the receiving firm. These results have two implications. First, the context-dependence of knowledge means that adaptation is an essential mechanism for knowledge transfer. Second, the source firm plays an important role in adaptation. Adaptation by the source firm contributes positively to performance, suggesting that adaptation by the source firm may transfer some portion of the highly tacit capabilities required for recombination and innovation.

3.3.3 - (Panel)

1st Annual WAIB Panel

Presented On: 7/13/2004 - 14:30-16:00

Chair: Lyn Suzanne Amine, Saint Louis University

Panelists:

Susan Forquer Gupta, University of Wisconsin-Milwaukee (sgupta@uwm.edu)
Peggy Chaudhry, Villanova University
Nancy Napier, Boise State University
Susan Trussler, University of Scranton

The goal of this panel is to promote a dialogue among AIB members about working together and "bridging with the other." The four panelist's comments are based on personal experience and research as IB faculty members. Their personal insights and research findings will ensure authenticity and intrinsic value as 'first-hand experience' of solving problems, "building bridges" and achieving success in teaching and IB research. The topics are: 1. "Making the Best of Mentoring Relationships" 2. "Gender Issues Related to Rank and Tenure Decisions" 3. "International Team-Teaching: Experiences in Vietnam" 4. "Interdisciplinary Work: Challenges and Rewards" These topics roughly follow a chronological sequence in the career of a faculty member. Each presentation will be strictly limited to 15 minutes. The panel organizer will then moderate a plenary discussion with the panel and the audience during the last 30 minutes. (138 words)

3.3.4 - Track 6 - Organization (Panel)

Bentley, The Global Business University: The Realities and Benefits of a Globalized Curriculum

Presented On: 7/13/2004 - 14:30-16:00

Panelists:

Iris Berdrow, Bentley College (iberdrow@bentley.edu)
 Joel Deichmann, Bentley College
 Goli S. Eshghi, Bentley College

Bentley College educates students to be leaders in business and related professions in a global economy, by combining the communicative, creative and reflective strengths of the arts and sciences with the analytical, technological and problem solving strengths of business. The challenging demands of our competitive education environment require us to develop a "globalized" curriculum. This panel discusses what it means to be a "Global Business University", defines a globalized curriculum and considers the benefits for students, faculty, the institution and employers.

3.3.5 - Track 6 - Organization (Competitive)

Knowledge II: Becoming Strategically Intelligent

Presented On: 7/13/2004 - 14:30-16:00

Chair: Tamar Almor, College of Management, Israel

Discussant: Tamar Almor, College of Management, Israel

The Internationalization Process of the Firm: Progression Through Institutionalization, Exploitative and Explorative Learning

Pieter Pauwels, Maastricht University (The Netherlands) (p.pauwels@mw.unimaas.nl)
 Tinne Lommelen, Limburg University Center (Belgium)
 Paul Matthyssens, Limburg University Center (B) and Erasmus University (NL)

This paper presents a typology of six scenarios of progression in internationalization. The analysis builds upon experiential learning and the presumption of stress-reducing behavior to theorize on the dynamic character of internationalization. A multiple case study of 20 internationalization episodes results in six ideal-typical scenarios of progression. Each scenario represents a longitudinal interaction between four constructs: market knowledge, internationalization knowledge, attitudinal and behavioral commitment. To capture progression in internationalization, two scenarios build upon institutionalization, two on exploitative learning and two on explorative learning. In only two of the six scenarios a change in market knowledge is directly linked with a change in behavioral commitment. Eventually, these scenarios are designed as building bricks for the description and explanation of internationalization episodes.

The Role of Firms' Knowledge Strategies in Developing Deep and Broad Knowledge

Henk W. Volberda, Erasmus University Rotterdam (h.volberda@fbk.eur.nl)
 Frans A.J. Van den Bosch, Erasmus University Rotterdam
 Raymond Van Wijk, Erasmus University Rotterdam
 Justin Jansen, Erasmus University Rotterdam

Earlier studies have indicated that finding a balance between deep and broad knowledge is an essential part of a firm's knowledge strategy. Although these studies have indicated that deep and broad knowledge have positive performance implication, research into how firms develop deep and broad knowledge remains limited.

This study examines how organizational elements –decentralization, knowledge flows, and innovation – as part of a firm's knowledge strategy affect the depth and breadth of knowledge of a firm's organizational units. Overall, the findings show that the effect of the elements on depth and breadth of knowledge is multifaceted. The results showed that depth of knowledge is increased by decentralization of decision-making, as well as through both explorative and exploitative learning within units. A unit's knowledge base was found to be broadened by explorative learning within units and when a firm encourages its units to transfer knowledge horizontally with other units. Accordingly, the study shows how firms are able to influence knowledge accumulation over time through developing certain knowledge strategies.

Antecedents and Consequences of Organizational Intelligence: A Cross-Cultural Comparison of the Perceptions of Product Managers in USA and UEA

Mumin Dayan, Al Ghurair University (mdayan@agu.ac.ae)

Mustafa Colak, Temple University

Hayat Ebru Erdost, Ankara University

This paper examines differences in antecedents and consequences of organizational intelligence in USA (N=184) and UAE (N=157). Important differences were predicted and found. Although USA and UAE product managers tend to be similar on some factors (e.g., declarative and procedural knowledge), the results revealed that there are significant differences between two countries on cultural and communication related antecedents, and product related consequences. For the antecedents, the differences exist on informal communication, clan culture and hierarchy culture. While USA product managers attached great importance to informal communication, UAE product managers attached least importance. Clan culture was rated very highly by USA product managers and very low by UAE product managers. However, UAE product managers attached great importance to hierarchy culture, while USA product managers attached least importance. For the consequences the differences exist on product creativity and product timeliness. While USA product managers rated product creativity and product timeliness to be important, UAE product managers rated them to be low.

3.3.6 - Track 3 - Emerging Markets (Competitive)

Organizational Issues in Emerging Markets

Presented On: 7/13/2004 - 14:30-16:00

Chair: Pervez Nasim Ghauri, University of Manchester

Discussant: Margaret Takeda, University of Tennessee-Chattanooga

Power and Performance of Outside Directors: Evidence from Korean companies

Jootae Kim, Dankook University (jtk512@unitel.co.kr)

Dong-Sung Cho, Seoul National University

Most studies about the effectiveness of the board of directors have been performed based on structural approach which investigates the relationship between board structure and firm performance. Many empirical studies about this relationship have not showed consistent results and this tells us that we need another approach to explain the impact of the board of directors on corporate performance. We suggest that a new approach to analyze the internal mechanism of the board of directors is required to show clearly the relationship between the board of directors and corporate performance. Through reviewing the existing literature in this area, we build a research model showing three requirements for effective outside directors and three roles of outside directors. We supposed the positive relationship between these three requirements and three roles and performed regression analysis with the data from Korean firms. From the empirical test, the positive relationship was supported and the strategic implication of this study is discussed.

Organizational Change Through Knowledge Acquisition and Transfer: A Study of Constraints in Transitional Economies

Aldas Pranas Kriauciunas, Purdue University (akriauci@mgmt.purdue.edu)

This research examines the constraints arising from a firm's founding environment, through organizational imprinting, on the ability to undertake change at later points in time. First, I predict that firms will favor knowledge routines reflecting their founding environment. Second, I predict that the magnitude of an external shock will affect relative knowledge routine usage levels between firms founded in different environments. These predictions are tested using survey data from firms in five Central European countries. The results indicate that (1) differences in knowledge routine usage are a result of the founding environment, but differently than predicted; and (2) economic shocks can both motivate change and overcome constraints arising from organizational imprinting. The analysis indicates that: (1) imprinting and adaptation may explain firm differences when economic environment shifts are small; (2) under conditions of increasing economic shock magnitude, some firms disappear through selection and others adapt to overcome the constraints of imprinting; and (3) imprinting can break down under conditions of large economic shock. Through this research, we will better understand the change process in firms and their ability to adjust to shifts in their environment. In particular, organizational imprinting can constrain organizational change, but that constraint can be overcome.

Chandler Revisited: Interface Between Strategy and Structure During Institutional Transition

Ishtiaq Mahmood, National University of Singapore (bizipm@nus.edu.sg)

Chi-Nien Chung, National University of Singapore

This study examines if the relation between diversification and control—a classic concern of Chandler—still holds during institutional transitions. A growing number of deregulation across emerging economies in recent years has inspired scholars to examine the influences of institutional transitions on firms. While some studies focus on how the transition affects strategy, others shed light on the effects on structure. Yet none has looked at how transition affects the interface between strategy and structure. Our goal in this paper is to address this gap. Our empirical analyses are based on longitudinal data on the 100 largest business groups in Taiwan over the time period of 1973-1998. While groups are somehow similar to multibusiness organizations studied by Chandler, important differences remain between groups and multibusiness firms. The empirical contribution of this paper is to develop measures that are specific to groups. Our evidence suggests that the combination of high diversification and high control is not necessarily related to poor performance. We attribute the possible cause to a unique combination of family, a type of traditional social structure, and marketization, a feature of institutional transition.

Firms' Business Networks: A Multi-Country Study in Developing Economies

Dan Li, Texas A&M University (dli@cgsb.tamu.edu)

Manuel P. Ferreira, University of Utah

Sungu Armagan, University of Utah

The composition of firms' business network has been attended to in recent research but has not yet been subjected to empirical study in developing countries. In this study, we test empirically hypotheses related to the composition of firms' network of business relationships. Using firm-level data from twenty-six developing economies, collected by the World Bank in 1999-2000, we utilize a set of logistic regression models to investigate the composition of firms' business networks. Results show that in contrast to smaller firms, larger firms are more like to have formal business relationships, and relationships with local and foreign financial institutions, government/government agencies, and foreign firms. We also noted that the stability of firms' business network changes as firms grow. Specifically, large firms seem to have more stable business networks. In addition, the composition of the network of business relationships varies substantially across these countries.

3.3.7 - Track 8 - Japanese (Competitive)

AJBS Session

Presented On: 7/13/2004 - 14:30-16:00

Chair: Tom Roehl, Western Washington University

Discussant: Patricia Nelson, University of Edinburgh Management School

Special Session organized by the Association of Japanese Business Studies (AJBS)

Cross-National Transferability of HRM Practices: A Comparative Study

Markus Pudelko, The University of Edinburgh Management School (markus.pudelko@ed.ac.uk)

In view of increasing perceptions of Japanese HRM as in crisis, the paper examines whether Japanese HR managers are seeking to adapt Western practices to overcome these difficulties, and if so, which Western model is most favoured. Given the esteem accorded until recently to Japanese HRM by many Western commentators, the extent to which Western HR managers (still) see reasons for learning from Japan is also examined. What specific aspects of HRM each set of managers are disposed to are analysed in detail by surveying the views of Japanese and Western (US and German) HR managers. Results show that both Western and Japanese HR experts perceive Japanese HRM increasingly critically, and that Japanese managers now seek to learn chiefly from American HRM practices. It is argued, however, that predominant Japanese focus on the US model may be unwise: learning from other models is not just a question of which direction to go but also how far to go. Taking inspiration from a more 'balanced' model, such as that of Germany, might also provide valuable guidance because it better 'fits' the Japanese context than the in many ways opposite American model.

Convergence and Restructuring: A Comparison of Japan and the United States

Abdul A. Rasheed, University of Texas at Arlington (abdul@uta.edu)

Toru Yoshikawa, Singapore Management University

Deepak Datta, University of Kansas

Joseph Rosenstein, University of Texas at Arlington

The growing integration of financial and product markets is increasing pressures for restructuring in most developed economies. Restructuring activities by firms can reduce agency problems and potentially bring about convergence in governance and management practices across countries. Based on environmental, institutional, and agency theories, we develop several propositions comparing the extent of restructuring in the U.S. and Japan and about the drivers of restructuring in Japan. Using comparative data for both countries for two samples of firms, one in high technology industries and one in more traditional industries, the study found that the pace of restructuring is slower in Japan than in the United States. Further, results indicate that product market integration has been a stronger driver of restructuring efforts by Japanese firms than the demands of market investors.

The Time Element in Japanese

Brenda Sternquist, Michigan State University (sternqui@msu.edu)

Jae-Eun Chung, Ohio State University

Carol A. Finnegan, Michigan State University

Western manufacturing representatives struggle to understand the needs and time orientation of Japanese retail buyers. Due to a divergence between western and eastern perceptions of time, western managers fail to recognize the importance of stable relations to Japanese businesses. This article addresses the extent to which supplier replaceability, role performance, economic dependence and mutuality impact Japanese buyers' long-term orientation in buyer-seller relationships. The framework presented is tested in Japan with 156 buyers for

Department stores and Specialty stores. Results indicate that supplier replaceability has no impact in the Japanese context. The results also show that how well a supplier performs its tasks has a significant influence on the buyer's willingness to share sensitive information and become financially dependent upon the supplier. Finally, mutuality and economic dependence positively influence the buyer's long-term orientation.

3.3.8 - Track 1 - Political Economy (Panel)

The New International Economy: Alternative Perspectives on Institutions and Organisations in IB Research

Presented On: 7/13/2004 - 14:30-16:00

Panelists:

Elizabeth Maitland, University of New South Wales (e.maitland@unsw.edu.au)
 Darryl Jarvis, University of Sydney
 John H. Dunning, University of Reading and Rutgers University
 Linda Weiss, University of Sydney
 Alan M. Rugman, Indiana University

This panel explores alternative perspectives on economic, social and political institutions and organisations. Integrating international business, international relations and international studies, the 'new' international political economy analyses the institutional basis of economic, political and social exchange. The 'new' international political economy approach raises the following issues: 1. what is the institutional basis of economic, political and social exchange; 2. how are economic, political and social organizations understood and analysed; 3. what modifications are required in the assumptions of standard IB models; 4 what new perspectives will be provided to existing IB research 5. what should be the relationship of IB to international relations and international studies.

3.3.9 - Track 1 - Political Economy (Competitive)

Development Linkages to Trade, Investment, and Privatization

Presented On: 7/13/2004 - 14:30-16:00

Chair: Brigitte Levy, University of Ottawa

Discussant: Hildy Teegen, George Washington University

The NAFTA Trade and Investment: Does the Level of Development Matter?

Walid Hejazi, University of Toronto (hejazi@rotman.utoronto.ca)
 Ed Safarian, University of Toronto

Much attention has been given to the impact free trade agreements have had on member countries. There has been relatively little attention given to the impact on non-members, especially as it relates to both trade and FDI. This paper uses a gravity model framework to estimate the impact the NAFTA had on U.S trade and FDI relationships with both member and non-member countries. We refine our estimated impacts to account for each country's level of development. We confirm the results of many previous studies on the ability of the standard gravity model to explain trade and FDI patterns, but also establish that in addition to these standard gravity effects, there are many additional statistically significant impacts that are related to both membership to the NAFTA and levels of development.

FDI, EU Membership and Economic Development: A Comparative Analysis of Ireland and Turkey

William L. Casey, Babson College (casey@babson.edu)

Farhoud Kafi, Babson College

As a member of the EU, the Republic of Ireland has been successful in recent decades in using foreign direct investment (FDI) as an engine of economic growth and development. Despite the expectation that Turkey will become a member of the EU in the future and the fact that the country already shares with Ireland some competitive advantages as a FDI venue, such as favorable labor market conditions, inward FDI in Turkey in recent years has been relatively small. This paper compares and contrasts economic, political and cultural conditions in the two countries, relating to FDI inflows, and focuses on how a redirected Turkish industrial policy, supported by enlightened EU policy, could promote in Turkey the type of inward FDI that translates into sustainable economic growth and development.

The Impact of Foreign Direct Investment on Development

Fabienne Fortanier, University of Amsterdam (f.n.fortanier@uva.nl)

The debate on the ultimate costs or benefits of foreign investment for host country development is yet undecided. This paper analyses the existing literature, which is dominated by inputs from development economics, macroeconomics and industrial economics. It is argued that lacunas exist due to the failure of systematically taking into account host country characteristics, and, in particular, the attributes of the foreign affiliate as shaped by firm strategy. An inclusive framework is then developed to address the impact of FDI on development, and to highlight the substantial contribution that research in International Business can make to redirect the debate into more promising venues.

The Role of Cross-Border Acquisitions in Privatization and Restructuring of Banking Around the World

Wendy Jeffus, Southern New Hampshire University (jeffus@bc.edu)

This paper analyzes privatization activities in the banking sector. The data consists of 572 privatizations from 99 countries between 1985 and 2002. The total value of transactions is over \$141 billion. Focusing specifically on control privatizations where the government gives up a controlling stake in the firm and on cross-border acquisitions where the acquirer is from a foreign country, this paper takes a close look at the distinctions in these samples. The objective of this study is to explore regional and country specific characteristics of privatization activity between 1985 and 2002. More specifically, trends both overall and by region in cross-border transactions. Section I covers the general trends in banking privatizations. Sections II through VIII cover the following six regions: Africa, Asia & the Pacific, Europe, Latin America & Caribbean, Middle East & North Africa, and North America, respectively. Section IX concludes.

3.3.10 - Track 6 - Organization (Competitive)***Culture's Influence II: Management Implications***

Presented On: 7/13/2004 - 14:30-16:00

Chair: Laurence Romani, Stockholm School of Economics

Discussant: Martha L. Maznevski, IMD

National Variations in Work-Family Conflict in Seven Countries: A Closer Look at Vertical and Horizontal Individualism and Collectivism

Rabi S. Bhagat, University of Memphis (rbhagat@memphis.edu)

Karen South Moustafa, University of Memphis

Emin Babakus, University of Memphis

B.R. Baliga, Wake Forest University

We explore the significance of the contextual differences of horizontal and vertical individualism and collectivism in seven countries in fostering work-family conflict. Research in the area of work-family conflict has been conducted in individualistic cultures where the incidence of such conflicts has traditionally been higher. Our objective was to explore the values of four types of cultural archetypes as proposed by Triandis in examining the external validities of work-family research. Implications of the study are explored for sustaining dialog across borders and cultures.

Investor Commitment in Cross-Border Venture Capital

Markus Mäkelä, Helsinki University of Technology (markus.makela@hut.fi)

Markku Maula, Helsinki University of Technology

Investments that span national borders have become an increasingly common phenomenon in venture capital during recent years. Yet, academic research focusing on international aspects of venture capital investments and syndication is nearly nonexistent. Using an inductive approach with evidence from twenty-nine cases of investment relationships in international venture capital syndicates, we develop a grounded theory model of the factors influencing investor commitment to the syndicate and continued development of the portfolio company. In our model, we posit that changes in expectations concerning the value creation influence the commitment level of investors. This relationship is moderated by the distance between the investor and investee (geographical and cultural distance and foreignness), embeddedness of the focal investor in the networks of the co-investors, and by the significance of the investment for the investor. The model contributes to existing literature on interorganizational commitment in international settings. The research is also one of the first studies focusing on cross-border venture capital.

Cultural Influences on Choice of Information, Media and Source in Environmental Scanning

Luciara Nardon, University of Oregon (lnardon@uoregon.edu)

Studies of environmental scanning conducted in the U.S. suggest that characteristics of the external environment routinely represent a strong influence on both scanning frequency and choice of information source. However, similar studies conducted in other countries frequently fail to reproduce these findings. This paper attempts to resolve this seeming contradiction by arguing that variations across national cultures influence this relationship. Specifically, it is proposed that cultural assumptions about the nature and dynamics of the external environment, relationships, and communication patterns all serve to moderate the effects of environmental uncertainty on the choice of information, media, and source in organizational settings. Implications for research and practice are discussed.

Organizational and Network Collectivism

Steven White, INSEAD (steven.white@insead.edu)

Aki Nakamura, Waseda University

In this paper we propose a distinction among collectivists to capture a fundamental difference in mental models of "collective" that has important organizational implications but has not been specifically identified in prior conceptual and empirical research. Drawing on research in social psychology, comparative management and organization theory addressing Japanese, Chinese and East-West phenomena, we develop a distinction between network and organizational forms of collectivism. Organizational collectivists perceive an organization as an exchange partner that contextualizes any interpersonal relationships within its boundaries. In contrast, network collectivists perceive an organization as an arbitrary boundary around a collection of individuals with whom they have strong, weak or no particularistic relationships. We find this distinction to be a useful way to interpret the sources of tension and conflict reported by Japanese and Chinese in Japanese subsidiaries in China, with important managerial implications. While our qualitative and interpretive study does not allow us to test alternative hypotheses or draw society-level conclusions, it does suggest ways in which organization theory, especially that addressing individualism-collectivism phenomena, could be enriched.

3.3.11 - Track 5 - Global Strategy (Competitive)***Shopping for Firms: Acquisitions can be Fun*****Presented On:** 7/13/2004 - 14:30-16:00**Chair:** Cesar E. Baena, Bordeaux Business School, France**Discussant:** Oliver Gottschalg, INSEAD*The Asian Crisis and Inward FDI in Korea: The Choice Between Acquisition and Greenfield Investment*

Soonkyoo Choe, Yonsei University (skychoe@yonsei.ac.kr)

Changdao Jin, POSCO Research Institute

In this study, we examined the firm-specific determinants of the foreign investor's choice of entry mode between acquisition and greenfield investment in Korea before and after the Asian crisis. Our analysis reveals that, before the crisis, foreign firms with a higher level of technological resources and international experience preferred to establish new ventures from scratch in entering the host country. After the crisis, however, foreign firms with similar characteristics had a tendency to undertake acquisitions rather than greenfield investments. These findings suggest that, even though the advantage of the acquisition relative to the greenfield investment has substantially increased in the Asian market after the crisis, the new acquisition opportunities were more actively utilized by technologically and/or internationally competent foreign investors. Therefore, it seems that these firm-specific resources grant the foreign investors an organizational capability to better manage cross-border takeovers even in the uncertain local environment.

International Acquisitions, Knowledge Sharing, and Firm Performance: Striking a Balance Through Reorganization

Mario Schijven, Tilburg University (m.p.g.schijven@uvt.nl)

Harry G. Barkema, Tilburg University

This study synthesizes two research streams grounded in international strategy and in organization to come to a more integrated understanding of how organizations learn. It is hypothesized that the performance contribution of international acquisitions is contingent on the MNC's potential for intraorganizational knowledge sharing. Failure to strike a balance between the initial acquisition of new knowledge emanating from international acquisitions and the subsequent intraorganizational sharing of this knowledge is argued to impede learning and, as a result, weaken performance. Furthermore, we argue that firm-level reorganization can serve as an instrument for the realization of this balance and focus, more specifically, on content and process aspects of

reorganization towards a state that is characterized by a theoretically appropriate level of intraorganizational knowledge sharing potential. Using panel data on 25 large Dutch MNCs covering over thirty years, we find support for our predictions. Deeper insights into these effects are gained by re-estimation of the models on subsamples of international acquisitions that differ in terms of product and cultural relatedness.

Effects of Cultural Distance and Country Experience on the Performance of Cross-Border Acquisitions

Ernst Verwaal, Erasmus University Rotterdam (everwaal@fbk.eur.nl)

Rene Olie, Erasmus University Rotterdam

Research on the relationship between cultural distance and the performance of cross-border acquisitions shows mixed results. Some studies find a negative effect, while other studies show a positive effect of cultural distance on the cross-border acquisition performance. The negative effects are mainly related to the costs associated with integrating different company cultures across borders, while the positive gains emerge from the access to culture-specific routines and capabilities. In this study we argue that the different results found in previous research might be explained by the moderating impact of country-specific experience of the acquiring company. The empirical analyses demonstrate a strong negative moderating effect of country-specific experience on the relationship between cultural distance and cross-border acquisition performance, which explains different outcomes of the culture-performance relationship. Implications for management and future research are discussed.

The Speed and Success of International Acquisitions: The Cognitive Perspective

Anna Nadolska, Tilburg University (a.nadolska@uvt.nl)

Harry G. Barkema, Tilburg University

Although acquisitive growth is an important foreign expansion strategy for firms, many acquisitions turn out not to be successful. In our paper we analyze the conditions under which firms learn from their previous experience with acquisitions. We distinguish two cases: when firms think they learn, but they do not and when firms misattribute, i.e., inadequately consider dissimilarities as similarities between their different foreign expansions. Based on our theory we develop hypotheses about the influence of experience on the speed and success of acquisitions at various stages of internationalization process. Our hypotheses - tested using a Poisson regression approach and survival analysis on data on 25 companies that made 798 international acquisitions over a period of more than three decades (1966-1998) – were strongly corroborated.

3.3.12 - Track 6 - Organization (Competitive)

Bridging Across Cultures II: The Organizational Dynamics

Presented On: 7/13/2004 - 14:30-16:00

Chair: Selim Ilter, St. John Fisher College

Discussant: Susan Schneider, University of Geneva

The Impacts of Physical, Cultural and Psychic Distance on Communication Practices in a Public Relations Firm

William Newbury, Rutgers University (newbury@andromeda.rutgers.edu)

Nevena Yakova, Rutgers University

This manuscript examines three potentially competing drivers of MNC interoffice communication: physical distance, cultural distance and psychic distance. Based upon a study of over 300 employees from 46 offices of an international public relations firm, this study's basic model finds that physical distance, cultural distance and psychic distance all positively influence interoffice communication. Supplemental examinations find that, in fact, an inverted u-shaped relationship exists for cultural distance and psychic distance, but not for physical distance. These results suggest that employees use communication as a method of bridging various types of distances

between MNC offices, at least up until a point. The results also suggest a supplement to more established communication theory, where distances are generally associated with less communication. Since interoffice communication may inherently involve contacting someone who is not often the subject of casual encounters, most interoffice communication may fall within the highly distant segment of previous studies, and thus, may not follow the same patterns. Additionally, interoffice communication is strongly positively related to interoffice trust. However, no interaction between our three distance measures and trust was found.

Conform Or Rebel? When Does Keeping to the Rules Enhance Firm Performance?

Alexander Eapen, Tilburg University (a.eapen@uvt.nl)

Rekha Krishnan, Tilburg University

Manufacturing firms in developing countries often seek to enhance indigenous technology capabilities by sourcing new and superior technologies from western firms. In this paper, we borrow mimetic isomorphism from institutional theory to explore the differential performance implications of conforming to general collaboration behavior by Indian manufacturing firms. We first specify an 'antecedent model' capturing the determinants of collaboration and estimate its parameters using logistic regression. We then build a conformity index on the basis of the predictions of the logistic model to measure the adherence of firms to general sector-wide collaboration behaviour. We subsequently estimate a 'conformity-performance' model to understand the performance implications of conformity. Results show that R&D intensive, diversified, group and large firms are more likely to enter into technical collaboration with foreign firms. We also observe an inverted U shaped effect of Advertising intensity on the propensity to collaborate. We finally find that the performance effect of conformity varies depending on whether the firm is profit making (strong) or loss making (weak). Conforming to established collaboration behaviour penalizes strong firms and favors weak firms.

Cultural Identity in Post-Acquisition Integration: A Study of a Cross-Border Acquisition.

Anna Vladimirovna Zoueva, Manchester School of Management, UMIST

(a.zuyeva@postgrad.umist.ac.uk)

Today, mergers and acquisitions (M&A) are the most common form of foreign direct investment in the world. However, their success is continuously undermined by national as well as organizational cultural differences between the integrating companies. In this paper, I offer and explore through a case study of a cross-border acquisition an alternative view on cultural conflicts in post-acquisition integration. I treat the organizational culture clash as a conflict between two organizational identities. Using social identity theory, I propose that the more the members of the acquired organization identify with their company, the more likely their attitudes towards the acquirer's culture to be negative. The case study also illustrates that cultural identity is a dynamic construct, and is elaborated and added-on during the interaction with the partner company.

Cultural Intelligence: Opportunities, Issues, and the Concept of Mindfulness

David C. Thomas, Simon Fraser University (dcthomas@sfu.ca)

The potential for defining a reliable measure of a cross-cultural facet of intelligence has enormous implications for explaining and predicting the increasingly prevalent cross-cultural interactions that occur in business settings. In this paper I present a definition of cultural intelligence that explicitly introduces the concept of mindfulness as a key component that links knowledge with behavioural skills. It builds on previous definitions by grounding the conceptualization in the cognitive domain and differentiating cultural intelligence as a capability that includes skilled behaviour. However, alternatives to previous conceptualizations with regard to the constituent elements and their relationship to each other are presented with a view toward a tighter specification of the construct. Also, outlined is a developmental stage model of cultural intelligence. Implications for the assessment of cultural intelligence are discussed.

3.4.1 - Track 4 - Alliances (Panel)***International Business Relocation: Developing the Research Programme***

Presented On: 7/13/2004 - 16:30-18:00

Chair: Brent Burmester, University of Auckland

Panelists:

Brent Burmester, University of Auckland (b.burmester@auckland.ac.nz)
Jean-Louis Mucchielli, TEAM, University of Paris
Gabriel R. G. Benito, Copenhagen Business School
Julian Birkinshaw, London Business School

The literature devoted to the subject of international business relocation (IBR) reveals it has been addressed in a fragmented and unsystematic fashion. The purpose of the proposed panel is to consider extant work on the subject and more particularly to consider paths for development of theory relating to IBR. Panel members are or have been engaged in research into different facets of IBR and will discuss their work on the subject so as to introduce themes for development through open forum discussion. The session is intended to be as interactive as possible, rather than a set of formal presentations, as this is a relatively new topic on which there is little extant research. Coverage will range over the concept of IBR, its different forms, its relationship with internationalisation and de-internationalisation, causation and motivation, incidence, implementation, and policy implications. The emphasis is on reviving interest in a relatively neglected, but important line of research in international business.

3.4.2 - Track 5 - Global Strategy (Competitive)***Internationalization and Technology: An Electrifying Choice***

Presented On: 7/13/2004 - 16:30-18:00

Chair: Klaus Uhlenbruck, Texas A&M University

Discussant: Mike C.H. Chao, Saint Louis University

Explaining the Dynamic Capabilities of E-Commerce Corporations: In Search of an Integrative Approach

Nitish Singh, California State University, Chico (ncsingh@csuchico.edu)
Sumit K. Kundu, Florida International University
Daniel W. Baack, Saint Louis University

Traditionally dynamic capabilities have been seen as high performance-stable organizational routines that are conditioned by firm's history. However, in a dynamic technological marketplace like Internet, stable organizational routines conditioned by firm's history and path dependencies become obsolete in face of ever changing environment and technological ferment. The paper presents a conceptual model that explains the process of dynamic capability formation among E-Commerce Corporations on the Internet. The model identifies e-business strategic factor markets as a source of strategic resources for the Internet-based firms. Furthermore, the paper elaborates how strategic resources from e-business strategic factor markets are transformed into unique resource configurations, which eventually lead to the formation of online dynamic capabilities.

Virtuality, Internationalization and Productivity

Robert Ware, University of Michigan, Flint (bwarethelaw@aol.com)

Since the peak of the Dot.com investment boom in 2000, over 4,800 firms with Internet-focused strategies have either merged or failed, causing one of the largest financial market “bubbles” in history to burst and plunging the infant Cyber industry into disarray. This paper investigates how firm productivity has been affected by firm internationalization and the virtual environment of the Internet. Empirical results suggest that Internet-focused firms with aggressive internationalization strategies enjoy higher levels of employee productivity than Internet-focused firms that are domestically focused. These findings suggest that some survivors of the Dot.com market collapse aggressively embraced strategies that maximized their exposure to Internet consumers through internationalization.

Home-Country Environmental Conditions, International Expansion, and Firm Value: The Case E-Commerce Firms in the United States.

John Mezas, University of Miami (jmezas@miami.edu)

Namgyoo Park, KAIST - Korea

Utilizing the sudden technology sector crash, we conduct a natural experiment investigating how dramatic changes in home-country resource availability in the e-commerce sector affect stock market response to international expansion. This environmental jolt demarcated two distinctly different periods of e-commerce resource munificence: pre and post crash. Based on 217 international expansions by 42 e-commerce firms from 1995 to 2001, results indicate that the stock market responds more favorably to international expansion during the less munificent period, and that environmental munificence moderates stock market response to international expansion mode selection. Business model also affected stock market response to international expansions. These findings demonstrate the importance of home-country environmental conditions to studies of international expansion.

3.4.3 - Track 6 - Organization (Competitive)***New Perspectives on Global Teams*****Presented On:** 7/13/2004 - 16:30-18:00**Chair:** Mary M. Maloney, University of Minnesota**Discussant:** Allan Bird, University of Missouri, St. Louis*Building High Performing Teams: An Empirical Study of Team Cultural Orientation, Leadership Style and Task Structure*

Irene K-H Chew, Nanyang Technological University (akhchew@ntu.edu.sg)

Joo-Seng Tan, Nanyang Technological University

In this paper, we hypothesized that collectivistic team members will perform better under a transformational leader when working on an unstructured task, while individualistic team members will perform better under a transactional leader when working on a structured task. In a sample of 400 auditors, constituting 80 teams of 5 members, we found that collectivistic team members performed significantly better than individualistic team members when working on both structured and unstructured tasks, and transformational leadership had stronger motivational effects on collectivistic team members than on individualistic team members. Implications on research on cross-cultural team performance and leadership are discussed.

The Role of Membership Changes and Culture in Knowledge Transfer in Small Groups

Sungu Armagan, University of Utah (pmgtsa@business.utah.edu)

Manuel P. Ferreira, University of Utah

Groups can capitalize on knowledge to the extent that it is shared among its members. However, groups are in constant flux. Their membership structure changes as new members join the group and others leave. In the present paper, we examine the effects of membership change on knowledge transfer and knowledge stock within the group. Specifically, we focus on membership changes that involve the replacement of an oldtimer by a newcomer that joins the group. We argue that membership changes affect the extent of knowledge transfer, the type of knowledge (i.e., architectural vs. component) transferred, as well as the knowledge stock within the group. In addition, we argue that the group's cultural context (i.e., collectivist vs. individualist cultures) and the newcomer's tenure in the group moderate the relationship between membership change and knowledge transfer. Groups and, thus, organizations can benefit from recognizing these relationships and variations across national cultures to improve knowledge flows within groups and enhance their innovative ability.

Leadership Matters: Proposing What Effective Virtual Team Leaders Do to Make Teams Effective

Mine Ozer, University of Texas-Dallas (mineozer@student.utdallas.edu)

A major concern of today's organizations is to handle work that is geographically dispersed and asynchronous. In order to gain rapid access to knowledge, competencies and resources regardless of where they exist, organizations develop new forms of teams so called virtual teams working in different parts of the world. Virtual teams are a response to the challenges associated with today's downsized and lean organizations, and to the resulting geographical dispersion of essential employees. However, virtual teams have their own obstacles such as the number of people involved, the multiple organizational contexts within which they function, and the potential cultural and geographical distances. Therefore, team effectiveness in virtual teams requires coordination mechanisms. This paper proposes boundary spanning leadership behaviors as a coordination mechanism for team effectiveness in virtual teams.

3.4.4 - Track 4 - Alliances (Competitive)***Alliances in China: Beyond Subcontracting*****Presented On:** 7/13/2004 - 16:30-18:00**Chair:** Jane Wenzhen Lu, NUS Business School**Discussant:** I Han, National Taiwan University*Knowledge Transfer, Replication and Creation in Non-Equity Alliance: The Case of Contractual Joint Ventures in China*

Yue Wang, University of New South Wales (yue.w@unsw.edu.au)

Stephen Nicholas, University of Sydney

Research on knowledge transfer and learning within foreign invested enterprises (FIEs) in China is rare. This paper studies knowledge transfer, replication and learning process in one major type of FIEs, contractual joint ventures (CJVs). CJVs are a non-equity subcontracting arrangement using a quasi-hierarchical organization structure to transfer knowledge and learn. Based on interview data, the paper shows how CJVs learned to imitate subcontracting know-how of Hong Kong partners and how Hong Kong partners learned from operating in China's local environment. The paper also identified the unique cooperative learning (as opposed to competitive learning) pattern between CJV Hong Kong and Chinese partners, which was largely built upon character-based trust and contributed to the knowledge creation within CJVs. Theoretical implications of the findings are discussed.

Collaborating With Universities and Research Institutes: Global R&D Alliances in China

Jiatao Li, Hong Kong University of Science and Technology (mnjtli@ust.hk)

We examine the entry rate of wholly owned foreign subsidiaries (WOFS) in China at a population level differing from the extant literature treating the entry-mode mainly as a firm-level phenomenon. Drawing on the institutional and ecological perspectives, we examine the effects of the community of foreign-invested firms in China on the emergence of the WOFS as a new organizational form over the 1979-95 period. Our findings suggest the importance of examining these higher-level institutional processes.

Learning From International Subcontract Partnership--A Contract Manufacturer's Perspective

Hui-Mei Wang, Fu-Jen Catholic University (gfin0007@mails.fju.edu.tw)

This study aims at establishing a knowledge transfer model within the context of international subcontracting partners from contract manufacturers' (i.e. suppliers) perspective. Drawing inspiration from dynamic Resource-Based View and Relational View, this study addresses the role of joint action pertaining to the process of knowledge transfer between partners and identifies its antecedents and competence building effects. Based on 110 survey data of Taiwanese contract manufacturers in information technology industry and a linear structural equation analysis, this study empirically investigates the antecedents of joint action: IT investment and relational capital, and the reciprocal relation between joint action and competence building. Further, the strength of the relationships between these theoretical constructs is examined in light of the possible moderating effects of tacitness of knowledge and absorptive capacity. Empirical results largely support the hypotheses and the importance of learning by doing for a knowledge-seeking partner is supported. However, the feedback effect of enhanced competence on joint action is not valid, which implies the nature of simultaneous cooperation and competition in partnership.

Building Supplier Networks in Mainland China: A Study of Taiwan's Machine Tool Industry

Jonathan Brookfield, Texas A&M University (jbrookfield@cgsb.tamu.edu)

Ren-Jye Liu, Tunghai University

Hsien-Cheng Chien, Tunghai University

Taiwan's machine tool industry is a success story, and central Taiwan is home to an integrated subcontracting infrastructure for machine building. High land costs, however, have made it difficult for companies to expand. To cope, some companies have begun to establish operations in mainland China. Focusing on sourcing strategies and supplier networks, this paper looks at the experience of three Taiwanese machine tool companies in mainland China. The cases reveal a number of interesting patterns. First, the machining departments of Taiwanese operations in mainland China appear to be considerably larger than those found in Taiwan. Second, the supplier networks of Taiwanese machine tool companies in mainland China tend to be geographically concentrated, and these networks seem to be taking on a kind of tiered structure. Third, few Taiwanese suppliers seem to have invested alongside Taiwanese machine tool companies in mainland China. Generally speaking, Taiwanese companies have helped develop local suppliers and are moving towards a more complete localization of parts production. Based on available evidence, it appears that at least some of the strengths of Taiwanese manufacturing are transferable to the new location and environment.

3.4.5 - BALAS Session II: BALAS Presidents Panel (Panel)***Emerging Trends and Innovative Business Practices in Latin America*****Presented On:** 7/13/2004 - 16:30-18:00**Chair:** Jaime Alonso Gomez, ITESM, Monterrey

Special session organized by the Business Association of Latin American Studies (BALAS)

Panelists:

Denise Dimon, University of San Diego (dimon@sandiego.edu)

Patricia Marquez, IESA, Caracas

Marta Lorena Gutierrez, Universidad de los Andes, Bogota

3.4.6 - Track 3 - Emerging Markets (Competitive)***Strategic Issues in Central and Eastern Europe II*****Presented On:** 7/13/2004 - 16:30-18:00**Chair:** Klaus E. Meyer, Copenhagen Business School**Discussant:** Klaus E. Meyer, Copenhagen Business School*Strategy, Structure and Performance: A Conceptual Treatment of Privatization in Emerging Economies*

Kalpana Seethepalli, George Washington University (kalpanac@gwu.edu)

Hildy Teegen, George Washington University

In the last decade, privatization of state owned enterprises (SOEs), and restructuring and liberalization of state owned industries have become global trends, with a significant proportion of this phenomenon occurring in emerging economies. Emerging economy environments are considered risky, however, and these need to be accommodated in private investor strategic responses to host government privatization efforts. Drawing on the international business and strategic management literatures, we develop a conceptual framework that proposes investment strategies of private sector firms in response to risky environments in ways that enhance the performance outcomes of privatization programs. Considering the transaction between the government and private investor as the unit of our analysis, we argue that the privatization transaction can be structured in such a way as to mitigate the various risks in emerging economies indicating a risk-structure relationship, and that designing such a structure can lead to better outcomes suggesting an underlying risk-structure-outcomes relationship. Taken together, our research agenda guides our exploration of the influence of risk on privatization in emerging economies, and in particular, the ways in which firms and governments can address these risks to improve the likelihood of desirable outcomes.

Institutional Business Environment and Firms' Networks for Financial Resources in Eastern Europe

Dan Li, Texas A&M University (dli@cgsb.tamu.edu)

Manuel P. Ferreira, University of Utah

Sungu Armagan, University of Utah

The external business environment is a major determinant of which sources firms select to obtain financial resources. When political, legal, infrastructural, and institutional imperfections raise the cost of accessing financial resources in capital markets, firms are likely to search for alternative informal sources of financial capital. We utilize data from over 3,000 firms in 26 Eastern European transition economies to examine the extent to which firms seek informal sources for financial resources in different institutional environments.

Specifically, we utilize a measurement model and logistic regression models to assess how three dimensions of the institutional environment - regulatory, financial, and political - influence whether firms select informal sources of financial capital. Our results indicate that inefficient legal systems and government corruption are strong determinants of firms' reliance on informal channels for financial resources. We also found that smaller firms are more vulnerable when access to financial resources is limited. In addition, we conduct a subgroup analysis to investigate how firms' form of establishment impacts the financial sources sought after. Private firms are more sensitive to access of financial resources than joint ventures, privatized firms, and state-owned firms. Finally, the country's regulatory environment significantly affects financial decisions by state-owned firms.

Social Networks of Leaders From Post-Soviet Countries: Theorizing on the Role of Cultural and Individual Factors on Leaders' Network Building Behavior

David L. Ford, University of Texas at Dallas (mzad@utdallas.edu)

Kiran M. Ismail, University of Texas at Dallas

With the introduction of western-styled leadership development and training programs in regions such as Eastern Europe and Central Eurasia, Western organizations are encouraging the leaders and managers from these regions to build strategic alliances and networks with other leaders and managers in order to gain from the positive benefits of information sharing and maintaining knowledge sharing networks. This paper explores the extent to which Western-based concepts of networking can be applied to Post-Soviet cultures such as those found in Central Eurasia. Based on social-identity theory, the paper proposes that the characteristics of leadership networks are largely influenced by the socio-political and cultural environments surrounding the individuals, which shape and constrain their view of the world around them, and partly influenced by the personal beliefs that people form as a result of their cognitive differences, experiences and education.

3.4.7 - Track 2 - Economics (Competitive)

Box Wallahs and Nawab's : Trade and Government Policy

Presented On: 7/13/2004 - 16:30-18:00

Chair: George J. Georgopoulos, York University

Discussant: George J. Georgopoulos, York University

The EU Anti-Dumping Policy Against Russia and China - The Quality of Products and the Choice of an Analogue Country

Jorgen Ulf-Moller Nielsen, Aarhus School of Business, Denmark (jum@asb.dk)

Aleksander Rutkowski, Aarhus School of Business, Denmark

This paper uses the theory of international trade in vertically differentiated products in order to evaluate if the EU, since 1992, in its anti-dumping policy against the two non-market economies, Russia and China, has calculated higher dumping margins, when the level of economic development and the quality of the products of the chosen analogue country are higher. The conclusion is that even though the EU chooses analogue countries at a higher level of economic development than Russia and China, the differences in the quality of products and levels of economic development between the dumpers and the analogue countries do not systematically explain the size of dumping margins.

Do International Crises Tear the Fabric of Trade? Oil Trading in the Gulf Crisis
Robert J. Weiner, George Washington University (rweiner@gwu.edu)

This paper brings together two strands of the IB literature. The first examines the fabric of trade – the patterns of buying and selling firms in international markets, as opposed to the direction of trade among countries. The second looks at crises, and their effects on the global economy. The paper focuses on trade intermediation, and the role of international trade intermediaries (ITIs, often referred to as “trading companies”) in world markets. The paper examines the role of ITIs in the international oil market during the Gulf Crisis. The paper takes advantage of a unique database of individual sales transactions, which identifies the buyer and seller of each cargo of crude oil sold in the international market. The crisis provides a natural laboratory for assessing two views regarding trade intermediaries. The first view stresses the flexibility and information-gathering advantages of intermediaries; in a rapidly-changing environment, these advantages should increase. The second view stresses risk. Crises should lead both to an increased need for risk-taking, but also decreased capacity by lightly-capitalized trading companies. The second effect may outweigh the informational advantages of ITIs, and their role in the market will diminish.

Subnational Investment Abroad: The Case of California
Howard Jerome Shatz, Public Policy Institute of California (shatz@ppic.org)

This paper studies outward foreign direct investment (FDI) behavior within an economically integrated area by analyzing California FDI compared to FDI from the rest of the United States. Even though the level of California outward FDI appears low relative to the size of its economy, the processes that give rise to parent firms – that is, firms that carry out direct investments – do not differ from those in the rest of the United States. However, the behavior of those investors does appear to differ. The coefficients of the main determinants of the geography of outward FDI are statistically different for FDI from California compared to FDI from the rest of the United States. The differences may be related to the choices available to investors from California versus those from the rest of the United States, to California’s location on the Pacific Rim, or to its distance from the majority of economic activity in the United States, the East Coast.

Export Orientation and Domestic Merger Policy: Theory and Some Empirical Evidence
Joseph A. Clougherty, Wissenschaftszentrum Berlin (WZB) (clougherty@wz-berlin.de)
Anming Zhang, University of British Columbia

The recent ‘open-economy industrial organization’ literature generally finds export-orientation to enhance the weight of post-merger international competitive gains; thereby, favoring lenient domestic merger policy. We observe, however, that mergers seldom generate the ‘significant synergies’ that are supportive of international competitive gains. Further, we explore a joint-economies of production effect which suggests that domestic mergers tend to generate international competitive losses (not gains). Accordingly, we contend that export-orientation favors strict (not lenient) domestic merger policy. In order to support this contention, we develop a model illustrative of how non-synergistic domestic mergers in the presence of international sales might reduce national welfare and incur stringent merger-reviews. Further, using a panel data set composed of U.S. merger reviews by industrial sector over the 1997-2001 period, we empirically support export-orientation leading to strict merger policy.

3.4.8 - Track 6 - Organization (Competitive)***The Social Psychology of International Management: Exploring the Universals***

Presented On: 7/13/2004 - 16:30-18:00

Chair: Davina Vora, University of Texas at Dallas

Discussant: Catherine Kwantes, University of Windsor

The Influence of Organizational Politics on Nurses in China: Mitigating Effects of Participative Management and Guanxi

Margaret A. Shaffer, Hong Kong Baptist University (shaffer@hkbu.edu.hk)

Sandy K. Y. Chan, Hong Kong Buddhist Hospital

The relationship between perceived organizational politics and work related outcomes together with the moderating effect of participative management and guanxi are examined in a sample of 355 Hong Kong nurses. Consistent with Western studies, findings indicate that perceptions of organizational politics decrease job satisfaction, affective commitment, normative commitment and work performance and increase neglect behavior and intention to exit. Participative management weakened the influence of perceptions of organizational politics on job satisfaction, affective commitment and intention to exit. Guanxi had direct rather than indirect effects on work outcomes. Comparative data from a small (N – 51) sample of Beijing nurses revealed significant differences between the two regions.

Coping With Organizational Stresses in Eight National Contexts:

Rabi S. Bhagat, University of Memphis (rbhagat@memphis.edu)

Balaji Krishnan, University of Memphis

Delwyn Harnisch, University of Nebraska at Lincoln

Karen South Moustafa, University of Memphis

David L. Ford, University of Texas at Dallas

In an era of rapid globalization, it is important that managers of global corporations understand the processes that individuals use in coping with organizational stresses. In this eight-country study of dissimilar cultures, we examined the significance of problem-focused and emotion-focused coping along with decision latitude as three important mediators of the relationship between organizational stress and psychological strain. Our results indicate that problem-focused coping is negatively correlated with organizational stress in some cultural contexts and acts as a weak mediator; however, emotion-focused coping was not found to be very effective in most situations. Decision latitude was a partial mediator of the relationship between organizational stress and psychological strain. The results are discussed in terms of developing a culture-based theory of organizational stress. The significance of such research endeavors for understanding the intricacies of coping patterns in enhancing dialog across borders is also discussed.

Emotional Intelligence and Leadership Effectiveness in Singapore: An Empirical Analysis On their Relationships

AAhad M. Osman-Gani, Nanyang Technological University (aahad@ntu.edu.sg)

The purpose of this research is to investigate the nature of relationships existing among Emotional Intelligence (EQ) and Leadership Effectiveness (LE) of managers working in Singapore. The research also studied the influences of demographics and organization variables on EQ and LE. Empirical data were collected from 400 middle and junior level managers, who rated their supervisors' EQ and LE dimensions. Two validated research instruments were used for measuring the constructs through using a survey approach. The results showed significant relationships existed among some dimensions of EQ and LE, although overall correlation was not found to be statistically significant. Implications of the findings were discussed for HRD interventions and for professional practice.

Towards A Motivation-Based Theory of the Firm: Integrating Governance and Competence-Based Approaches
Oliver Gottschalg, INSEAD (oliver.gottschalg@insead.edu)

Governance-based and competence-based theories of the firm have often been perceived as competing, and at best complementary, approaches to explain firm existence and firm heterogeneity. Fundamental to our argument is the insight that according to both perspectives, firms exist because they are able to coordinate (certain types of) human activity more efficiently than markets. However, the two approaches focus on different motivational mechanisms to accomplish this objective. While the governance-based perspective emphasizes the role of incentives (extrinsic motivation), competence-based theories highlight the desire to comply with norms and values of the firm as a social community (intrinsic motivation). Based on the received literature on motivation we develop a theory of how firms can use a variety of complementary and interrelated motivational mechanisms to direct human activity to organizational goals. A comparison between firms and markets with respect to the available motivational mechanisms for the coordination of human activity and their effectiveness indicates the "generalist" nature of firms relative to markets as well as the firm's superiority to coordinate a broader range of activities. This theory encompasses the governance-based and competence-based perspective and thus possibly constitutes a first step towards their integration to a more universal strategic theory of the firm.

3.4.9 - Track 1 - Political Economy (Panel)

Anticipating and Mitigating Institutional Policy Risk and Shock: What Have We Learned in the Last 35 Years?

Presented On: 7/13/2004 - 16:30-18:00

Chair: Jonathan P. Doh, Villanova University

Discussant: Carlos Rufin, Babson College

Since Vernon's (1971) contribution to IB research in which he identified the concept of the "obsolescing bargain," research on MNC-host state bargaining has made important contributions understanding emergent risks in international business environments. In extending Vernon's original thesis, researchers have offered theoretical and empirical contributions drawn from institutional theory, transaction cost economics, and the resource based view, among others. However, recent examples of radical and seemingly unanticipated changes in government policy suggests new insights may be required to help managers, policy-makers, and researchers anticipate and respond to sharp, unexpected institutional policy risk and shocks. In this panel, we explore extant literature on the political environment of countries hosting multinational activities with the objective of developing theoretical and empirical insights that help better specify general political risks and hazards, and the likelihood and character of policy shocks, in particular. This interactive paper session will include presentations from scholars who have contributed to literature on political and institutional risks who will extend their previous contributions to explore how IB can begin to develop models and frameworks to help guide insights designed to anticipate – and potentially mitigate – unforeseen and potentially damaging institutional policy risks and shocks.

Anticipating and Mitigating Institutional Policy Shocks: Signals (and Risk Mitigants) from Civil Society and the NGO Sector

Jonathan P. Doh, Villanova University (jonathan.doh@villanova.edu)

Sushil Vachani, Boston University

International Coercion versus National Politics and the Diffusion of Ideas: The Sustainability of Market-Oriented Infrastructure Reforms, 1977-1999

Witold J. Henisz, University of Pennsylvania (henisz@wharton.upenn.edu)

Anticipating Institutional Policy Risk: A Political Business Cycle Perspective
Paul M. Vaaler, Tufts University (paul.vaaler@tufts.edu)

Institutional Inertia: Lessons from India's Experience with Slow Privatization
Ravi Ramamurti, Northeastern University (r.ramamurti@neu.edu)

Rent Seeking in Host Countries: Excessive Opportunism and Policy Shock
Ram Mudambi, Temple University (ram.mudambi@temple.edu)

3.4.10 - Track 6 - Organization (Competitive)

Understanding Expatriates III: Characteristics of Time and Person

Presented On: 7/13/2004 - 16:30-18:00

Chair: Jan Selmer, Hong Kong Baptist University

Discussant: Jan Selmer, Hong Kong Baptist University

Expatriate Managers Managing in a Global 'Timescape' Context
Michael Harvey, University of Mississippi (mharvey@bus.olemiss.edu)
Timothy Kiessling, California State University- Stanislaus
Milorad Novicevic, University of Mississippi

Rapid globalization and the increasing complexity of conducting business in a hypercompetitive marketplace, has some expatriate managers concerned about their performance due to the lack of time to make strategic decisions. Emerging is the realization of a new measure of time, global time, while exacerbating the growing complexity of the expatriate manager's tasks (i.e., cross-cultural differences in the concept of social time entail differences in weighting the value of time for the firm strategic actions and responses). This paper examines the dimensions of global time, develops a framework for visualizing the multidimensionality of global time (i.e., "timescapes") and its impact on the expatriate's role, and provides insights into how to develop a support infrastructure for expatriate managers who have to deal with the issues associated with managing and competing in global time.

You Can Take it With You: Individual Differences and Expatriate Effectiveness
Hal B Gregersen, Brigham Young University (hal_gregersen@byu.edu)
David A. Harrison, Pennsylvania State University
J. Stewart Black, University of Michigan
Lori A. Ferzandi, Pennsylvania State University

We report the collaborative efforts of two research teams that independently investigated the effects of stable personality traits and dynamic behavioral competencies on key expatriate effectiveness indicators: adjustment, assignment withdrawal cognitions, and performance. Correlation and regression analyses of multiple-source and longitudinal data from three studies, including a diverse sample of expatriates in Hong Kong and Korean and Japanese expatriates posted around the world, indicate several direct and indirect effects of individual differences on expatriate effectiveness.

Women Expatriates Working in Germany: Factors of Success

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This study examined the factors that affect successful adjustment to work and general living conditions of foreign women professionals working in Germany. Through surveys and interviews, the study determined that certain work conditions, such as role ambiguity, had a negative effect on work adjustment, as does the perception that being a foreign woman confers an advantage in working with German co-workers. In terms of general adjustment, the time spent off the job with Germans was found to have a positive effect. Interview results provided greater and more complex understanding of the results. The study concludes that although Germany represents a culture that is not high on cultural novelty for most of the participants, and is a developed country, adjustment to both work and general living conditions still provide challenges that expatriate women and HR managers should try to anticipate.

3.4.11 - Track 5 - Global Strategy (Competitive)***Subsidiaries: Tricks and Treats*****Presented On:** 7/13/2004 - 16:30-18:00**Chair:** Rebecca Marschan-Piekkari, Swedish School of Economics**Discussant:** Ana Teresa Tavares, University of Porto*Subsidiary Size and the Level of Subsidiary Autonomy In MNCs: A Trigonometric Model Investigation of Australian Subsidiaries*

Stewart Johnston, University of Melbourne (stewartj@unimelb.edu.au)

Bulent Menguc, Brock University

The study examines the relationship between subsidiary size and subsidiary autonomy in a sample of 313 Australia subsidiaries of US, UK, European and Japanese MNCs. The best fit to the data was a triphasic model that closely replicates Hedlund's (1981) proposition.

Leveraging Innovations: Exploring Interaction Effects

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Innovations drive firm growth, but in order to survive in increasingly global and competitive arenas it is not enough to be innovative. Firms also have to efficiently leverage the value added of one innovation in many other different locations, through internal transfer. In this paper we investigate the phenomenon of innovation transfer in MNCs. Based on a sample of 91 innovation transfer projects between different subsidiaries we draw conclusions about the interaction effects of innovation characteristics on the transfer costs. Specifically we investigate how complexity, tacitness and specificity are affected by integrative mechanisms, in term of transfer mechanisms and corporate embeddedness. The results confirm the existence of such interaction effects, with implications concerning the consideration of not only innovation characteristics, but also the mechanisms used in the transfer process.

Subsidiary Formation in the Japanese Service Sector

Kiyohiko Ito, University of Hawaii at Manoa (kito@cba.hawaii.edu)

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We analyze the nature of how corporate families in Japan are formed. The creation of subsidiaries is an efficient way to make use of productive resources and competencies outside the boundaries of the parent firm, and to nurture them in a different environment. This paper focuses on issues related to quantity in subsidiary creation, rather than the quality of subsidiary management in this organizational arrangement. Our empirical results suggest that larger parent companies, with more productive employees, tend to create more subsidiaries, after controlling for the parent's sales growth and age. While the resource-based view of the firm has focused on corporate resources and performance, our results enrich the framework's applicability, extending it to consider resources outside the parent firm's organizational boundaries.

3.4.12 - Track 6 - Organization (Competitive)***International HRM II: Selecting the Right People, Developing Them*****Presented On:** 7/13/2004 - 16:30-18:00**Chair:** Nicholas Mangos, Flinders University of South Australia**Discussant:** Nicholas Mangos, Flinders University of South Australia*The Impact of International Experience on CEO Selection*

Peter Hans Magnusson, St Louis University (magnusph@slu.edu)

David J. Boggs, Saint Louis University

Multinational companies increasingly value international experience as a desirable CEO attribute. Using a resource-based, strategic perspective, and building on existing research concerned with the subject of CEO selection and performance, this theoretical paper develops a model of CEO selection that incorporates the construct international experience along with previously identified constructs, such as technical expertise, personal values, and people skills. Following the model presentation three propositions are presented relating international experience to CEO selection. Managerial implications and suggestions for related future research are provided.

The Intercultural Hiring Interview: Studying Nonverbal Behavior

Aparna Girish Hebbani, University of Pittsburgh-Johnstown (hebbani@pitt.edu)

This study employed the theoretical perspective of uncertainty reduction (Berger & Calabrese, 1974) to examine the effects of the similarity/dissimilarity of interviewers' and interviewees' nonverbal behaviors exhibited during an intercultural hiring interview on interviewers' perceptions of and hiring decisions about interviewees. Mock hiring interviews were conducted between 15 male Indian graduate student interviewees and 2 male Caucasian U.S. professionals who participated as interviewers. The procedures attempted to replicate real-life interviews as closely as possible. Videotapes of the interactions were rated by trained coders with respect to the amount and similarity of the nonverbal behaviors displayed by research participants. Interviewers completed questionnaires (after each interview) rating their level of attributional confidence and the perceived hireability of the applicant. Regression analyses showed that across the interviewers, attributional confidence was a significant predictor of interviewees' hireability and, at the individual interviewer level, some nonverbal behaviors (facial expressions, eye contact, and forward lean) predicted hireability to some degree but not attributional confidence. The results have implications for organizations attempting to increase the diversity of their workforce and for future communication research on intercultural hiring interviews.

Engineering the Engineers: Newcomer Self-Efficacy, Cultural Orientation and Socialization

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Although socialization tactics and their impact on organizational newcomers have been extensively studied, few studies have been conducted in Asia in this respect. The influence of individual differences such as self-efficacy and cultural orientation on socialization outcomes also has not been studied. We address some of these questions in the present study conducted in Singapore. The study replicates past research on socialization tactics beyond North America. We also examined the moderating effects of self-efficacy and the intra-cultural variation of idiocentrism-allocentrism on the outcomes attributed to organizational socialization tactics. Our sample consisted of 135 engineering graduates from a university in Singapore. We collected our data in three waves over a period of 12 months. We included both newcomer adjustment outcomes and self-reported performance measures. The results support the tactics-outcomes model. As expected, newcomers with higher initial self-efficacy showed a more innovative role orientation and those with lower self-efficacy tended to report better social integration, under institutionalized tactics. Contrary to expectations, however, idiocentrists reported increasing custodial role orientation under collective tactics and tended to integrate better with investiture. The results and implications for research are discussed.

An Exploratory Analysis of Corporate Training Activities and the Impact on Premium Production in the Turkish Insurance Industry

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Serhat Yanik, Istanbul University

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In today's highly competitive environment, human resources has become the most strategic asset of companies. Companies that want to keep their competitive advantage try to update their knowledge base through training and development activities. The purpose of the study was to investigate corporate training activities and its impact on premium production of firms operating in Turkish insurance industry. Insurance industry has been experiencing a radical change in terms of macroeconomical, competitive, and financial (solvency) factors. A postal survey was used to collect empirical data from the 52 firms in Turkish insurance industry. To determine the extent of the links between corporate training and premium production level, a research model was developed. In the first part of the research, insurance firms' vision-mission statement, human resource strategy and training policy; the existence of a training department; training budget and training hours were analyzed with a descriptive approach. In the second part, the extent of the relationship between model factors and premium production level were investigated. The results indicate that of the six variables included in the model, only two (total number of employees and total number of agencies) had a correlational relationship with premium production.

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 Couvelaere, Vincent; *Total France, France*: Poster1
 Cross, Adam Russell; *CIBUL, University of Leeds, United Kingdom* (arc@lubs.leeds.ac.uk): Poster2, Poster3
 Cuervo-Cazurra, Alvaro; *University of Minnesota, USA* (acuervo@csom.umn.edu): 1.1.9, 1.3.11, 2.1.11
 Cui, Geng; *Lingnan University, Hong Kong*: Poster1
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 Cunha, Paulo V; *Tilburg University, Netherlands*: 1.4.1
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Dirk, Ulrich Gilbert; *University of New South Wales, Australia*: 1.4.12

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- Feils, Dorothee J.; *University of Alberta, Canada* (dorothee.feils@ualberta.ca): 1.1.6, 3.1.7
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- Ferzandi, Lori A.; *Pennsylvania State University, USA*: 3.4.10
- Fey, Carl F.; *IIB, Stockholm School of Economics and SSE in Saint Petersburg, Sweden* (carl.fey@hhs.se): 1.1.12, 1.2.12
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- Frayne, Colette; *Seattle University, USA*: PreConf4
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- Gaur, Ajai Singh; *National University of Singapore, Singapore* (g0301020@nus.edu.sg): Poster2
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- Georgopoulos, George J.; *York University, USA* (georgop@yorku.ca): 3.2.6, 3.4.7
- Geyikdagi, Necla V.; *Yeditepe University, Turkey* (geyikdagi@superonline.com): Poster3
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 Gooderham, Paul; *Norwegian School of Economics and Business Administration, Norway*: 1.2.12
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 Guenther, Fabian; *WHU, Germany*: 3.1.1
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- Kumar, Vikas; *Saint Louis University, USA*: Poster2, Poster3
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Singh, Gurneeta Vasudeva; *George Washington University, USA*: 1.4.2

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Vahlne, Jan-Erik; *Göteborg University, Sweden* (jan-erik.vahlne@handels.gu.se): Plenary1, 3.1.1
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Valdelamar, Didimo Dewar; *Tecnologico de Monterrey, Mexico*: Poster1

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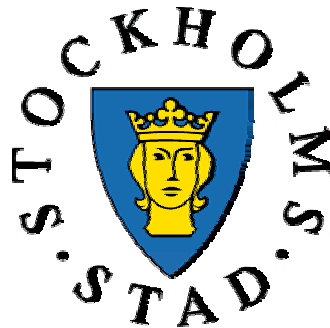
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